



ALGORAND VENTURES INVESTMENT REPORT 2023

INTRODUCTION

This report details investments made by Algorand Ventures into the Algorand ecosystem throughout 2023, its first full year of operation. It succeeds the [Ecosystem Funding Report \(2020-2022\)](#) published in July 2023.

Since its inception, the strategic mandate of Algorand Ventures has been to support the health of the Algorand ecosystem and to help drive on-chain activity by providing timely investments to the most promising teams building critical apps and infrastructure on the Algorand blockchain. The purpose of this report is to provide clarity and accountability to the Algorand community as to how Algorand Ventures has performed on its mandate.

This report details investments made by Algorand Ventures in both fiat and Algos, organized by investment vertical (access and infrastructure, DeFi, real-world assets (RWAs), consumer and Web3, and impact). It then attempts to analyze the ecosystem ROI for major investments.

Given its mandate, ecosystem ROI in our case is determined in the short term primarily by observable on-chain adoption, usage, and engagement metrics. In the longer term, as more network effects take hold and the space matures, additional financial return benchmarks may be incorporated. The focus on a few relevant metrics for each vertical aims to provide valuable guidance for current and future projects seeking investment from Algorand Ventures.

The xGov program and other grant-making activities are out of scope for this report.

A NOTE ON ECOSYSTEM ROI

The investment guidelines for Algorand Ventures define ecosystem ROI as “a simple metric that serves to proactively and/or retroactively assess the value of a project to the Algorand ecosystem”. This definition tries to take into account the range of ways in which a company or protocol can positively impact our ecosystem, and it guides the deliberative process of deciding which projects are investment-ready. Some examples of ecosystem ROI include:

- DeFi: Total value locked (TVL)
- NFT marketplaces: Trade volume over a given period
- Access (Wallets): Monthly active users (MAUs), those who opened the app in the past 30 days

Each project typically has one to three metrics used to assess success, avoiding a “one size fits all” approach. More granular definitions of these metrics are provided in the corresponding sections below.



INVESTMENT CRITERIA AND PROCESS

Seed-stage investments must be approved by the Algorand Foundation investment committee (IC). The IC is currently chaired by the Global Head of Business Development with other voting member seats filled by the CTO, CFO, COO, and General Counsel of the Algorand Foundation. Non-voting observer members of the IC include the CEO, EVP of Ecosystem Growth, Compliance Manager, and the Head of Algorand Ventures.

The Algorand Foundation maintains an ecosystem map of projects that is regularly updated by vertical leads and ecosystem success managers who serve as the established points of contact with high-priority projects. Every quarter, these staff members convene to discuss potential investment opportunities from their assigned verticals and projects.

This process was designed to provide a level playing field that allows respective leads to easily compare priority projects across verticals while keeping budgetary constraints in mind. From these sessions, top priority projects are shortlisted for potential consideration as investable candidates, pending the collection of additional information required for the drafting and presentation of an investment memo.

Once the requisite information has been gathered from the project and deal terms solidified, the established points of contact act as the sponsor(s) of the investment memo (drafted in collaboration with the Algorand Ventures team). This memo captures salient details including product descriptions (and demos where applicable), current and potential ecosystem ROI based on associated metrics, past investment rounds and backers, strategic rationale for investment, and more.

Upon its completion, the investment memo is circulated to members and observers of the IC. After review and discussion of an investment memo, the IC will deem an application “approved,” “approved with conditions,” “rejected,” or in need of “further review,” via a simple majority vote of the five-person committee. After the IC response has been logged and published in the corresponding meeting minutes, the sponsor is informed of the outcome so that it can be shared with the project.

For approved cases, investment documents are reviewed by the Foundation legal team in parallel with compliance and due diligence checks before being executed and funded.



FINANCIAL SUMMARY OF INVESTMENTS

This report only includes investments wherein Algorand Ventures receives potential financial upside in the form of simple agreements for future equity (SAFEs), simple agreements for future tokens (SAFTs), simple agreements for future tokens or equity (SAFTEs), convertible notes, direct equity purchases, or other similar investment instruments.

In 2023, the direct investments made by Algorand Ventures were sourced and selected using a stage-based strategy. This strategy led to deals with smaller tickets and lower valuations for projects that are earlier in their lifecycle and, conversely, larger tickets with higher valuations for more mature projects. Specifically, these two general investment types were executed via an accelerator program into pre-seed stage companies or the investment committee into seed stage companies.

In total, \$4,735,466 was invested into 25 projects.

PRE-SEED INVESTMENTS (VIA ACCELERATOR PROGRAM)

In Q2 2023, Algorand Ventures made six pre-seed investments in teams that participated in the [AXL Ventures program](#). Each participating company received \$50,000, with half of the amount coming from Algorand Ventures and half coming from Borderless Capital. All investments were made on the same terms: a SAFTE with a \$1.11M post-money valuation cap. The participating projects were:

- [Algogator](#), a portfolio management tool enabling users to track their net worth across a broad range of assets and DeFi protocols.
- [Algoscan](#), a blockchain explorer and analytics platform.
- [Galapago](#), an NFT liquidity protocol that allows users to borrow against the value of their NFTs or lease their NFTs to others for a fee.
- [GoPlausible](#), a protocol for creating and sharing verifiable credentials and utility NFTs that has generated over 10K mints thus far.
- [Notiboy](#), a decentralized notification system that enables dApps to send notifications to users in a censorship-resistant and decentralized manner.
- [Parcision](#), a decentralized prediction platform for financial market-related events.



In total, Algorand Ventures committed \$150,000 to the six projects above. Since then, Algoscan and Parcision have ceased operations and Algogator has combined forces with CompX to build the next generation of DeFi services. A seventh project, Kilde, also participated in the accelerator program but has been omitted from the list above as Algorand Ventures never completed the investment.

In 2024 accelerator programs will continue to be the main channel used by Algorand Ventures for making pre-seed investments. In April, the Blockchain Founders Group will commence its Algorand Startup Accelerator Program with eight to ten teams participating in tactical workshops and mentorship programs as they refine their product and pitch to investors. Going forward we expect to announce additional partner programs that will expand access to early-stage startup support and investment networks.

SEED INVESTMENTS (VIA IC)

Starting in late Q4 2022 and extending throughout 2023 Algorand Ventures committed to investing \$4,585,466 across 19 seed-stage deals. The average investment size was \$241,340 and the median investment was \$250,000. The lack of skew between the average and median can be attributed to the tight range of parameters applied to investment size, with no company receiving more than \$500,000 in a single deal. The smallest investment made was \$75,000.¹

Of the 19 approved deals, 13 (73% of funding) were funded in Algo and six (27% of funding) were funded in fiat. All were US dollar denominated. The total Algo funding was 24,728,498 Algo, (a \$3,360,000 value at the time) and the total fiat funding was \$1,225,466.

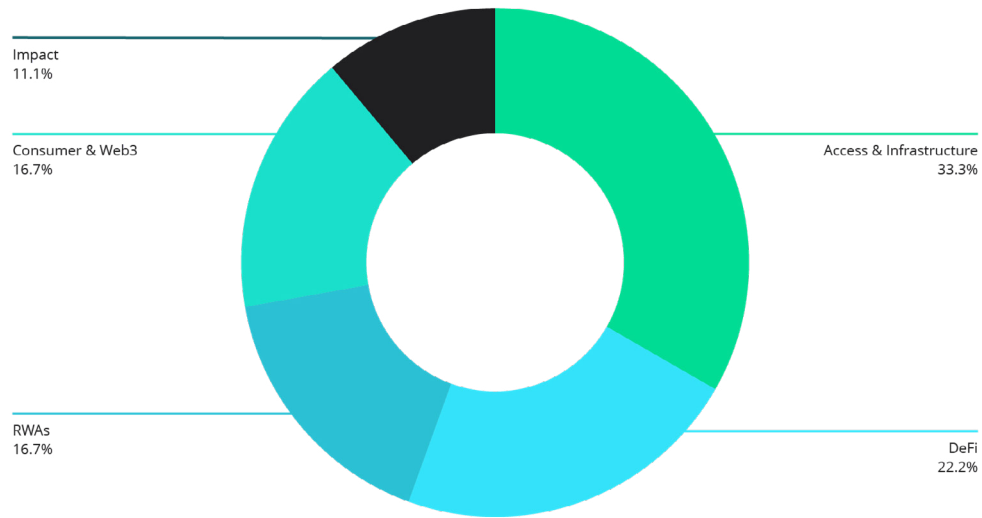
INVESTMENT DISTRIBUTION ACROSS VERTICALS

The 19 projects that received investment span verticals that contribute to the overall health and vibrancy of the Algorand ecosystem. Six projects are in access and infrastructure, four are in DeFi, four are in consumer and Web3, three are in RWAs, and two are in impact.

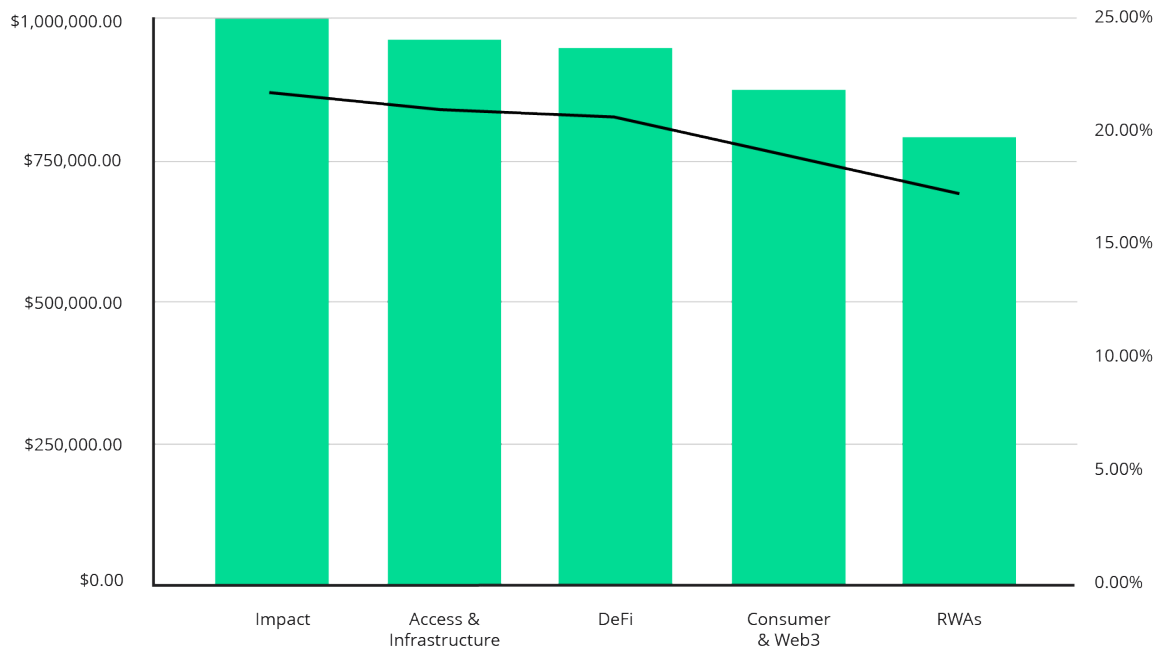
¹ This does not include the pre-seed investments made via accelerator programs, which were all \$25,000.



Algorand Ventures Investments by Vertical



Algorand Ventures Investments by Vertical, \$ & %



Each of the five verticals received anywhere from 17.3 to 21.8% of the total investment funding disbursed, representing an average funding per vertical of \$917,093.

INVESTMENT RECIPIENTS AND AMOUNTS

Investment	Amount in USD	Vertical
PlanetWatch	\$500,000.00	Impact
Lofty	\$500,000.00	RWAs
HesabPay	\$500,000.00	Impact
PACT	\$300,000.00	DeFi
Paima Studios	\$250,000.00	Consumer & Web3
EXA Market	\$250,000.00	Consumer & Web3
NFDomains	\$250,000.00	Access & Infrastructure
Rand Gallery	\$250,000.00	Consumer & Web3
Ultrade	\$250,000.00	DeFi
Messina	\$250,000.00	Access & Infrastructure
Vestige	\$200,000.00	DeFi
ANote Music	\$200,000.00	RWAs
Folks Finance	\$200,000.00	DeFi
Pera	\$191,716.00	Access & Infrastructure
Fracctal Monsters	\$125,000.00	Consumer & Web3
Onramp Money	\$100,000.00	Access & Infrastructure
Defly	\$100,000.00	Access & Infrastructure
Ctrl Alt	\$93,750.00	RWAs
Gora	\$75,000.00	Access & Infrastructure
Total	\$4,585,466.00	

ACCESS AND INFRASTRUCTURE

Access and infrastructure continues to be an investment priority, as we recognize that the continued growth of any successful blockchain ecosystem requires a diversity of access points and critical infrastructure to enable the free flow of users, value, and data. For this report, access and infrastructure is divided into two subcategories: wallets and on-chain utilities (encompassing name services, bridges, and oracles).

WALLETS

For the wallet subcategory, ecosystem ROI is measured by the number of app downloads and MAUs. A wallet with large and growing MAUs count is typically emblematic of an ecosystem with sticky applications that drive the cycle of user acquisition.

Pera

Algorand Ventures invested \$191,716 into the [Pera wallet funding round](#), alongside Borderless Capital and DWF Labs. Arrington Capital committed to invest in the round, but has still not funded its investment.

Pera has achieved over one million app downloads on Android and iOS. The consistent accrual of downloads can be largely attributed to its design-driven product focus and native app implementations on mobile. MAUs peaked at 122K in March 2023, dipped mid-year, and recovered to 100K by the end of 2023. We expect Pera to gain new users as the Algorand ecosystem grows, with MAUs increasing proportionally with the increase in new accounts on Algorand.



Defly

Algorand Ventures invested \$100,000 into [Defly](#).

Defly, a wallet purpose-built for trading within the Algorand DeFi ecosystem, achieved strong engagement and stickiness with a high number of users returning to the wallet regularly. This recurring usage is driven by its DeFi app integrations and is further evidenced by the number and value of swap transactions. In 2023 Defly was downloaded 11K times and generated approximately \$22M worth of swap volume. Recently, Defly has seen about 4K MAUs with about half of those users being active on a weekly basis.

ON-CHAIN UTILITIES

For on-chain utilities, there is no uniform measurement for ecosystem ROI, as the projects' utility to end users varies.

NFDomains

Algorand Ventures invested \$250,000 into [NFDomains](#).

Blockchain name services, similar to the domain name system, simplify the user experience by replacing complex public cryptographic keys with readable words and phrases. This motivated our investment in NFDomains (NFD), led by TxnLab. In 2023, 11,060 NFDs were minted for 1,677,501 Algo (equivalent to ~\$262K at the time of minting). Ongoing collaborations and integrations with leading wallets, such as Pera and Defly, will continue to drive NFD minting volume for the foreseeable future.

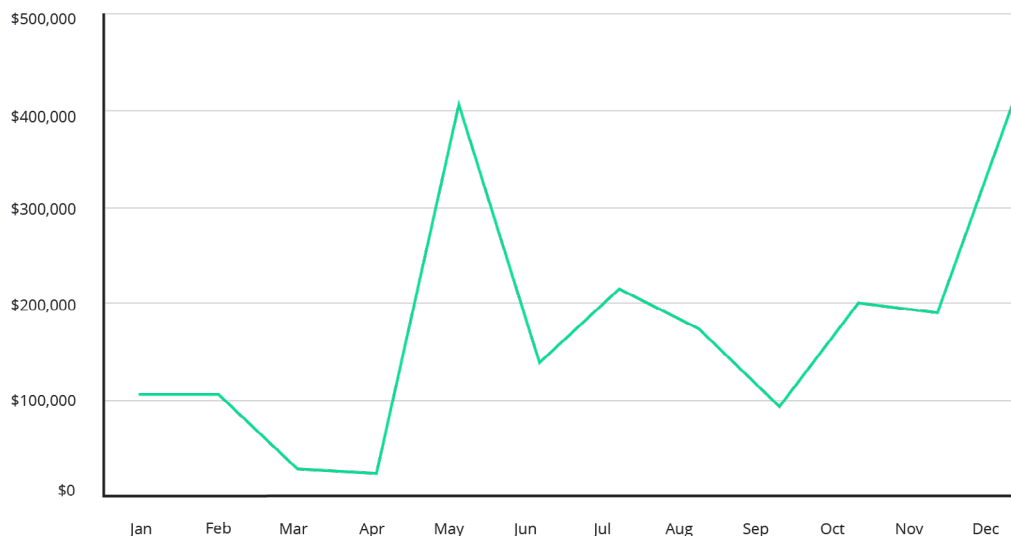
Messina

Algorand Ventures invested \$250,000 into [Messina](#).

Messina enables value flow and liquidity exchange between Algorand and EVM-compatible chains, filling an important gap in the Algorand ecosystem. Since launching in 2022 Messina has processed thousands of transactions worth over \$10M in 11 currencies. In 2023 this resulted in \$175,333 in average monthly volume passing through Messina. As new tokens are launched and trading opportunities arise in 2024, we expect volumes to grow.



Messina - Monthly Volume (USD)



Gora

Algorand Ventures invested \$75,000 into [Gora](#).

Oracles provide a crucial service for smart contracts to access real-world data. Gora has designed a solution that incentivizes nodes to stake tokens and reach consensus on data truthfulness, thus ensuring network security. This architecture has resulted in 114 active nodes staking 2,344,566 GORA, or 30% of the total token supply. Although the Gora network is currently processing a small volume of application calls, we expect this number to grow as more apps take advantage of data feeds encompassing everything from sports scores to weather to flight tracking.

Onramp Money

Algorand Ventures invested \$100,000 into [Onramp Money](#).

Onramp Money streamlines fiat on and off-ramping services in emerging markets, allowing users to buy crypto with local currencies through a range of payment methods. Following its recent integration with Metamask, Indian Rupee volume has grown exponentially in Onramp Money's largest market, India. Onramp Money also recently completed its integration into [Meld](#), Pera Wallet's primary API for loading fiat to non U.S. customers. This move is expected to significantly increase volume in 2024 as the Algorand Foundation strengthens its engagement with partners and developers in India and beyond. To meet this demand, Onramp Money plans to expand its offerings to include more currencies, wallets, and payment systems.



DEFI

For DeFi, ecosystem ROI is measured by TVL. While we recognize this is not a singular measure of success, TVL can be used as a rough proxy for adoption to consider ecosystem ROI when assessed with additional context.

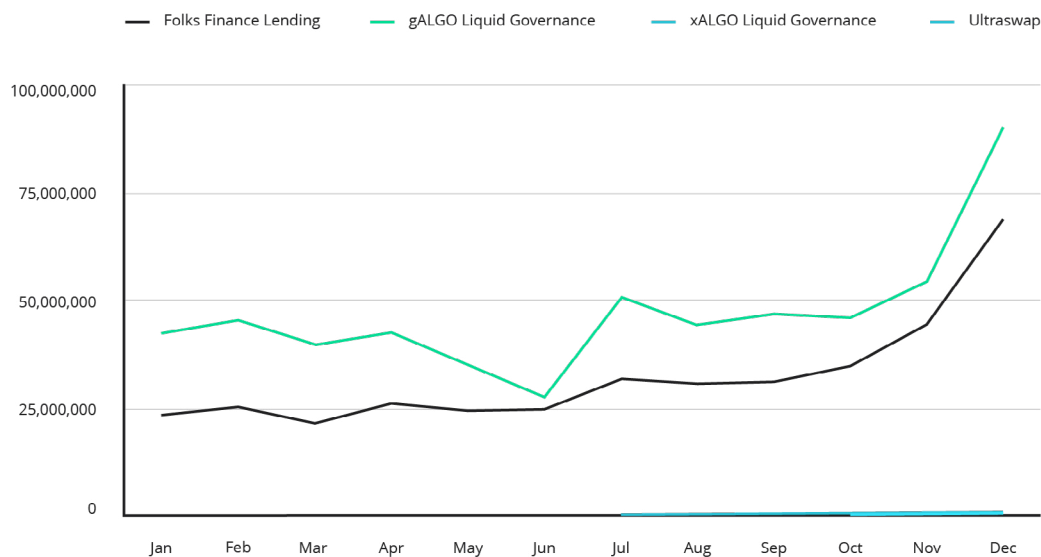
The competition for capital among DeFi protocols has also led to a number of collaborative partnerships, creating synergies for compounding yield across protocols. This dynamic has helped increase and maintain the total TVL on Algorand, albeit unevenly due to the different risk and yield profiles enabled by different protocols (such as a money market versus an automated market maker).

Folks Finance

Algorand Ventures invested \$200,000 into [Folks Finance](#).

Folks Finance captured the majority of user outflows from AlgoFi's closure in July 2023, accelerating its TVL growth and becoming a leader in Algorand DeFi. By the end of 2023, Folks Finance had accrued over \$160M in TVL thanks to its innovative features and Wormhole cross-chain integrations. Due to its successful fundraising rounds and continuous product development, we expect Folks Finance to maintain an anchor-like position within the Algorand ecosystem, especially as new users are attracted to additional yield opportunities via cross-chain integrations.

Folks Finance - TVL (USD)

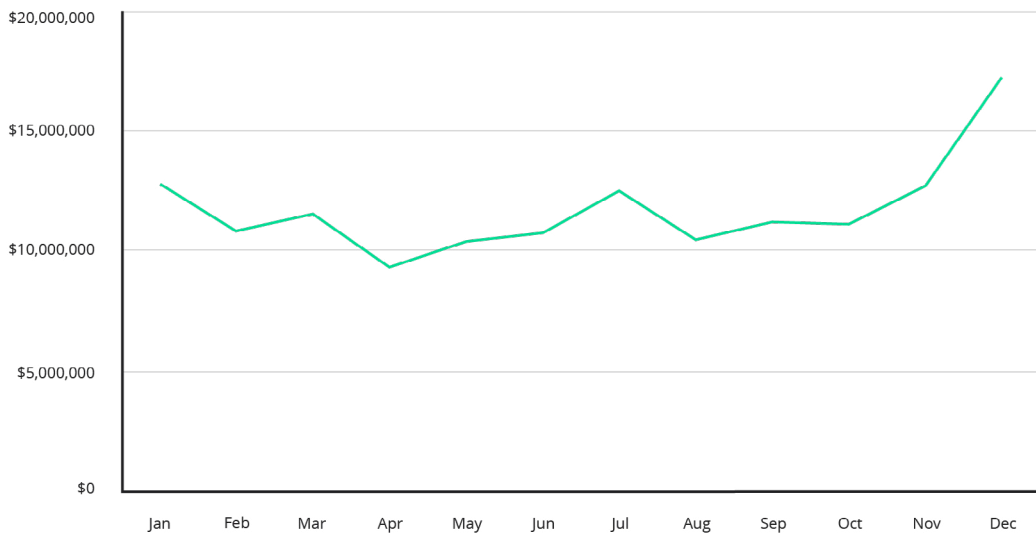


Pact

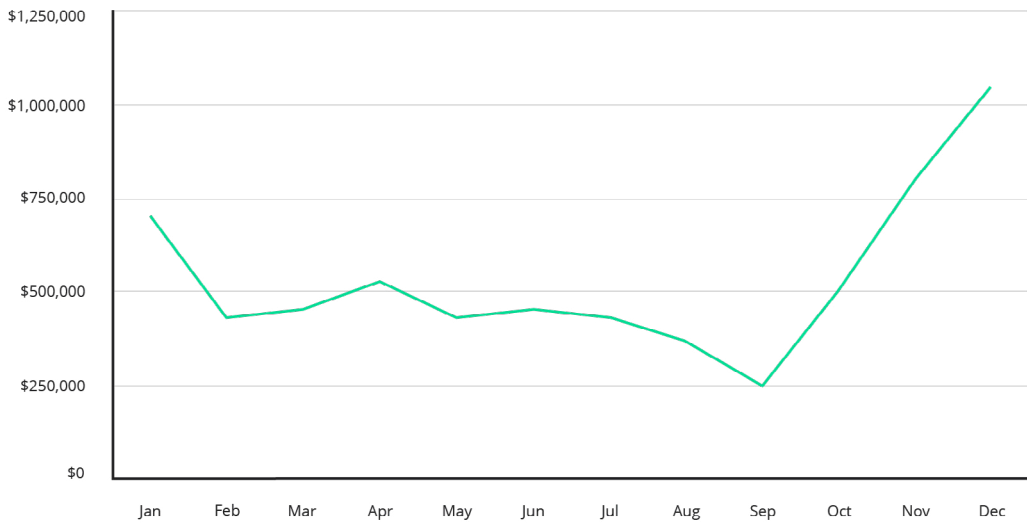
Algorand Ventures invested \$300,000 into Pact.

Pact strives to attract liquidity and offer competitive swap pricing with minimal slippage. Despite the challenges posed by impermanent loss (IL) risks, Pact has found creative methods to steadily grow TVL and transaction volume throughout 2023. By the end of the year, Pact exceeded \$15M in TVL and \$1M in monthly transaction volume.

Pact - TVL (USD)



Pact - Transaction Volume (USD)



Ultrade

Algorand Ventures invested \$250,000 into Ultrade.

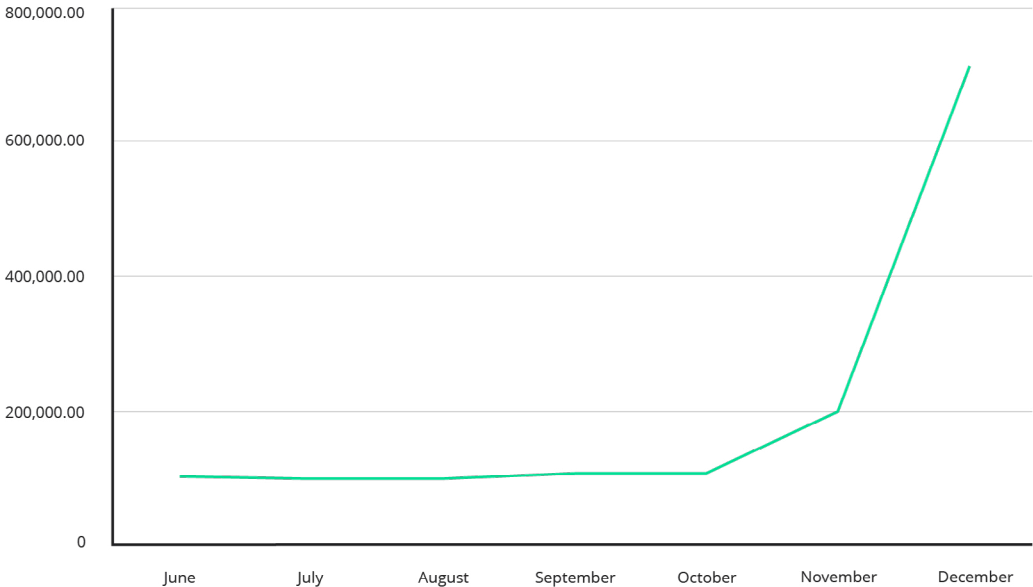
Ultrade provides a whitelabel decentralized exchange solution that makes it easy for projects to bootstrap token liquidity. Ultrade is currently in testnet with a mainnet launch slated for Q2/Q3 2024.

Vestige

Algorand Ventures invested \$200,000 into Vestige.

The core Vestige product offers DeFi tools for Algorand Standard Assets (ASAs) and is exploring expansion in new areas like decentralized storage, developer tooling, and gaming. The Vestige Aggregator processed over 1.5M transactions in 2023, with the majority of these transactions originating from users of the Pera swap feature. This performance is coupled with the success of the Vestige Vault, which enabled the creation of 714 unique vaults. The vaults allow projects to trustlessly burn or time lock their tokens, thus further contributing to a total of \$713,602 TVL by the end of 2023. The Vestige product suite is expected to see further TVL growth in 2024 due to multiple token launches.

Vestige - TVL (USD)



REAL-WORLD ASSETS (RWAS)

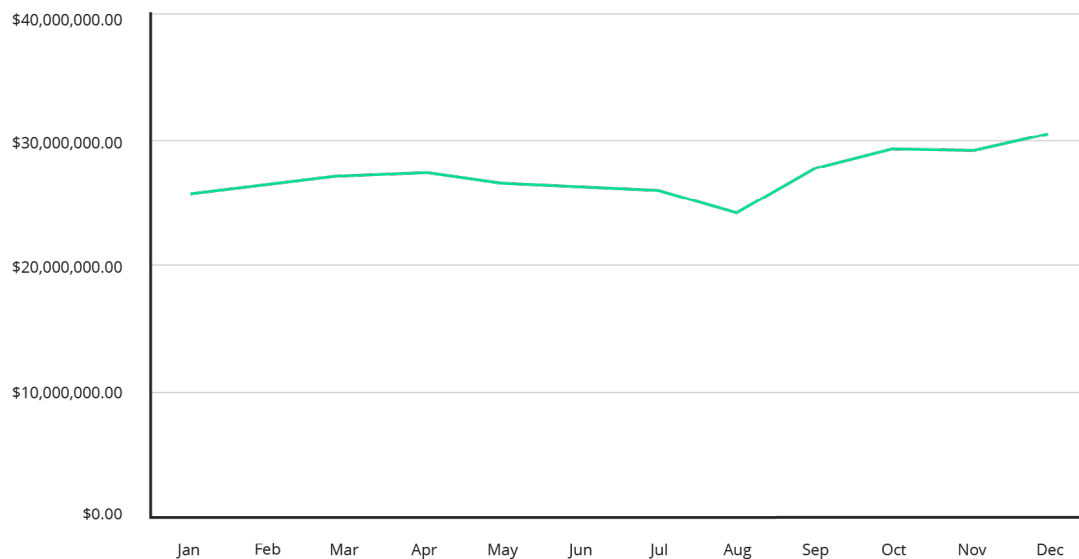
For RWAs, ecosystem ROI is measured by the growth of on-chain value issued and traded. This is an appropriate metric because the continued expansion of various on-chain asset types and their associated values represent the underlying demand and adoption of RWAs.

Lofty

Algorand Ventures invested \$500,000 into Lofty.

Lofty is a leader in the tokenization of real estate, having launched over 120 properties with total on-chain value exceeding \$30M. As new property tokens are issued, more users transact in the marketplace, thus increasing secondary trading volume. The recent launch of the Lofty AMM provides instant liquidity to token holders for 21 properties, which will further enhance market dynamics as Lofty continues to scale its new listings and user acquisition.

Lofty - On-Chain Value (USD)



A>Note Music

Algorand Ventures invested \$200,000 into [A>Note Music](#).

A>Note Music enables users to invest in tokenized music catalogs that pay out regular royalties based on revenue streams such as commercial usage and online streaming. At present, 22 music catalogs have been tokenized. In aggregate, these 22 catalogs have a combined value of \$5.72M and have distributed \$720,060 in royalties, a number which continues to grow month over month as additional catalogs come on-chain.

Ctrl Alt

Algorand Ventures invested \$93,750 into [Ctrl Alt](#).

Ctrl Alt provides infrastructure for the issuance and management of tokenized alternative assets such as private credit funds and renewable energy projects. To date, Ctrl Alt has issued two real estate properties on Algorand. We look forward to seeing Ctrl Alt tokenize more alternative assets on Algorand, driving additional on-chain volume and liquidity.

CONSUMER AND WEB3

Consumer and Web3 applications represent one of the easiest onramps into the blockchain space as users do not need to be expert traders or developers to participate. For this report, consumer and Web3 is divided into two subcategories: NFT markets and gaming. These subcategories are synergistic, as many Web3 games leverage NFT markets with large existing user bases to bootstrap their gaming audience with sales of items that can be used in-game.

NFT MARKETS

For NFT markets, ecosystem ROI is measured by sales volume. There is a vibrant creator economy on Algorand and NFT marketplaces are its transactional backbone, with multiple collections garnering continued success and popularity. Algorand Ventures invested in two NFT marketplaces in 2023 which collectively accounted for more than 60% of all NFT sales.

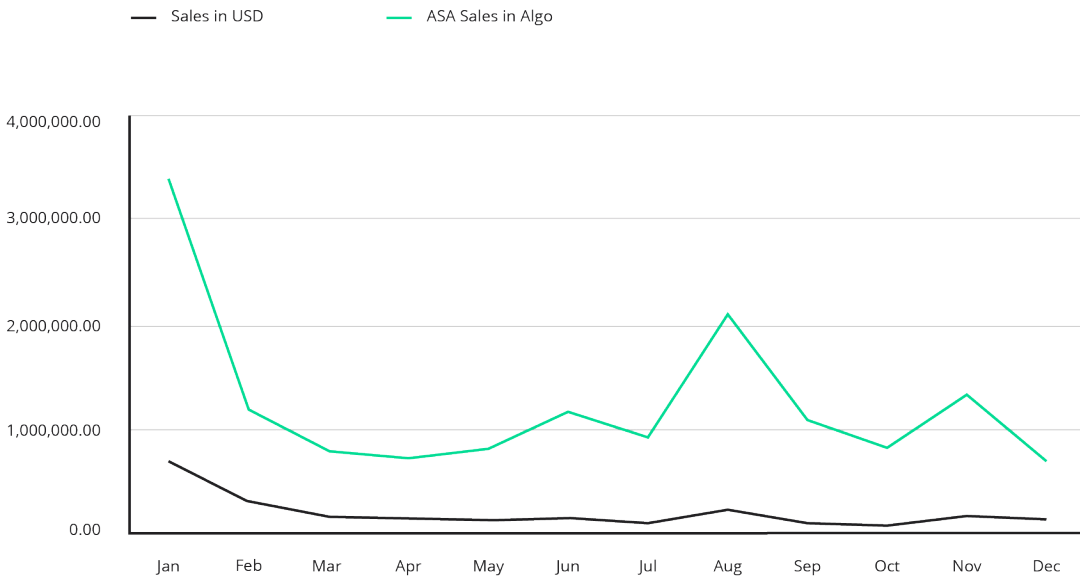


Rand Gallery

Algorand Ventures invested \$250,000 into Rand Gallery.

Throughout 2023 Rand Gallery's sales volume in Algo fluctuated, while sales in USD terms remained relatively flat. In total, Rand Gallery generated 15,092,845 Algo in sales, or \$2,440,812 in USD terms.

Rand Gallery - 2023 Sales (USD)



EXA Market

Algorand Ventures invested \$250,000 into EXA Market.

EXA Market continues to attract new users to its market by collaborating with prominent artists and experimenting with novel campaigns and drop mechanisms. In 2023 EXA Market generated 825,980 Algo in NFT sales. The release of the EXA token in 2024 will supplement the initial growth observed in 2023.

GAMING

For gaming, ecosystem ROI is measured by on-chain transaction volume, where data is available. Games that demonstrate continued user and transaction volume growth can catalyze a surge of activity in the ecosystem and therefore remain of interest. Several independent studios that are actively developing innovative games continue to attract our attention.

Fracctal Monsters

Algorand Ventures invested \$125,000 into [Fracctal Monsters](#).

Fracctal Monsters is a pet-taming and training game where players battle monsters to earn glory and token rewards. In 2023, Fracctal Monsters generated a significant amount of on-chain volume due to logging game actions on-chain and selling ARC19 game cards associated with playable monsters. Ultimately this resulted in 1,278 players generating sales worth over 2M Algo, leading to 8.24M on-chain transactions.

Paima Studios

Algorand Ventures invested \$250,000 into [Paima Studios](#).

Algorand Ventures' investment in Paima Studios was an extension of previous funding provided to Milkomeda for its development of the A1 chain, which sought to provide an EVM compatibility solution for apps looking to deploy on Algorand.

Paima Studios is focused on bringing a new set of tools and Web3 primitives into the gaming space. It developed a number of games that could conceivably be deployed on the A1 chain but the Algorand ecosystem ROI of such deployments is difficult to measure since those games did not create direct transactions on Algorand.

IMPACT

The impact vertical demonstrates some of the best use cases for blockchain while furthering the Algorand Foundation's mission to advance economic inclusion, opportunity, and environmental sustainability across the globe. For the impact vertical, ecosystem ROI is measured by transaction volume.

HesabPay

Algorand Ventures invested \$500,000 into [HesabPay](#).

HesabPay tackles remittance challenges in politically and economically unstable regions using Algorand. Its on-chain Hesab Afghani ([HAFN](#)) has facilitated millions of transactions, enabling fast and cost-effective critical aid delivery in regions where digital payments are scarce. In 2023, HesabPay generated 2,854,344 transactions among 119,453 opted-in users. As HesabPay launches new corridors we look forward to observing their increasing impact in additional geographies.

PlanetWatch

Algorand Ventures invested \$500,000 into [PlanetWatch](#).

PlanetWatch has historically contributed a sizable percentage of on-chain transaction volume for Algorand. This is largely due to the size and strength of its air quality sensor network that contributes data in exchange for rewards in the form of PLANET tokens. In 2023, PlanetWatch generated 50,974,421 transactions, spread among 322,229 accounts operating more than 70,000 air quality sensors worldwide.



CONCLUSION

In contrast to previous funding programs, Algorand Ventures provided investment support to ecosystem projects in a much more strategic and disciplined manner. As a result, it has funded fewer projects than in the past, but has increased its average investment size in those projects considerably. We are pleased to see that for the most part, these companies have helped drive a measurable increase in adoption and on-chain activity for the Algorand ecosystem while delivering critical public goods and infrastructure for the broader community.

As applications and use cases for blockchains evolve, so will the priorities and funding criteria for Algorand Ventures as it upholds its mandate of supporting ecosystem health. We actively welcome thoughtful proposals, particularly those that help to define additional or novel ecosystem ROI metrics for a more dynamic investment allocation process.

Building on the 2023 [Build-A-Bull hackathon](#), which attracted a significant amount of developer and project attention, Algorand Ventures will continue to lean on hackathons and developer programs for access to early stage builders. We will focus on supporting founders in their entrepreneurial journey with new accelerator partnerships and incubation programs to help them prepare for launching successful businesses on Algorand and raising venture funding.

We encourage builders to stay engaged with our [developer bootcamps](#), participate in future hackathons and continue building projects that contribute to the [Algorand ecosystem](#).