



TRANSPARENCY REPORT

JULY 1, 2023 – SEPTEMBER 30, 2023

MESSAGE FROM THE CFO

Welcome to the Q3 2023 Algorand Foundation Transparency Report. This Report covers the period from July 1, 2023, to September 30, 2023.

On September 6, 2023, we announced Algorand Foundation's investment into Pera Wallet, alongside other investors. Pera is a critical component of our ecosystem, and the aim is for the Foundation to support the further development and improvement of this key infrastructure. Having multiple high-quality wallet providers is of great value to the ecosystem, and therefore, we have and will continue to explore ways of investing in and supporting other wallets as well.

At the time of the previous report, we had partially completed the Token Purchase Agreement with DWF Labs to raise a total of 50M USD in exchange for Algo. I am pleased to confirm the remaining tranches were successfully closed, and during the period 341.5M Algo were sold for 35M USD. At the time of this agreement, a MOU was also signed to help facilitate investments by DWF Labs in projects in the Algorand ecosystem. This initiative has been progressing well. DWF has announced its first investment, in Pera, and the Foundation has introduced another 20 projects to them to date, a number of which are now in the negotiations stage.

I have been interacting with the community via asktheCFO@algorand.foundation and have incorporated the following suggestions for improving the report:

- Disclosure of the names of grantees that have hit milestones and consequently received payments due to them under legacy grant agreements.
- Enhancement around the disclosure of Algorand Governance rewards released in the period. The new table shows not only what has been paid out during the period but also what governance period payments relate to and the amounts allocated for current and future spending (e.g., xGov funding).

In addition, we have added Monthly Active Users (MAU) as a new metric, complementing existing metrics like the number of new wallet openings. As ever, please feel free to reach out to asktheCFO@algorand.foundation with any feedback.



FOUNDATION HOLDINGS & RECONCILIATION

At the end of the reporting period, the Foundation had a balance of 2,108M Algo. This can be verified on chain via our [published wallet addresses page](#) on the Foundation website.

The breakdown that follows provides an explanation of both Algo and USD spending during the period, organized by the major categories of Foundation responsibilities and broken down into three areas:

- Spending allocated towards incentives, historically used to reward Governance participation and increasingly redirected by the community in more targeted ways.
- Direct spending on the development of the ecosystem via equity / token investments, loans, investments in third-party funds, etc.
- Funds used by the Foundation in its mission to develop and support the Algorand ecosystem.

Reference to USD throughout the report, where applicable, also includes stablecoins. Investments are shown at cost, and those in Algo are translated using the spot price at the time of the transaction.

BALANCE SHEET HOLDINGS ('000)

	Jun 30, 2023	Sep 30, 2023	Movement
Investments (USD)	97,855	99,169	
Foundation Holdings (Algo)	2,542,118	2,108,572	(433,546)

RECONCILIATION ('000)

	USD 3 months to Jun 30, 2023	Algo 3 months to Sep 30, 2023
Structured & OTC Selling	-	(341,461)
Spend Allocated by the Community		
Governance Rewards	-	(54,111)
Ecosystem Support, xGov, DeFi Rewards, NFT	-	(8,000)
Investments, Grants & Loans		
Investments & Associated Income	(299)	(4,826)
Grants, Bursaries, Bounties & Champion Payments	(49)	(5,476)
Loans	(242)	(1,971)
Algorand Ventures Operations	(156)	(330)
Algorand Foundation Expenditures		
Business Development & Access	(701)	(1,087)
Ecosystem Support	(701)	(1,090)
Communities	(523)	(12)
Marketing, Events & Partnerships	(1,791)	(5,334)
R&D, Education, Platform Infrastructure & Tooling	(3,107)	(8,041)
Core Foundation Operations	(3,349)	(1,805)
Net Movement	(10,918)	(433,544)



STRUCTURED & OTC SELLING

The structured selling program was paused on June 6, 2023, and has remained inactive throughout Q3 2023. However, the Foundation sold and settled 341.5M Algo during the period, all of which was via the bilateral OTC Token Purchase Agreement with DWF Labs.

SPEND ALLOCATED BY THE COMMUNITY

In Q3 2023 the community decided to spend 62.111M Algo. As usual, the major way in which the community distributes Algos is through decisions about governance rewards. The table below explains the breakdown of rewards rolled forward from prior Governance periods, those allocated and distributed in the current Governance period, and those rolled forward to future Governance periods.

Nature of Reward	Opening Balance from Prior Periods Algo '000	Allocation for this & Future Periods Algo '000	Extinguished / Reallocated Algo '000	Spent in Period Algo '000	Closing Balance For Future Periods Algo '000
Governance Period 6 (Q1 2023)					
xGov Community Funding Pilot	2,000	-	-	-	2,000
Community Curated NFT Collection	250	-	-	-	250
Governance Period 7 (Q2 2023)					
Governance Rewards	40,000	-	(2,139)	(37,861)	-
DeFi Rewards	15,000	-	1,250	(16,250)	-
Targeted DeFi Rewards	1,250	-	(1,250)	-	-
xGov Rewards	-	-	2,139	-	2,139
Governance Period 8 (Q3 2023)					
Governance Rewards	-	24,500	-	-	24,500
DeFi Rewards	-	17,500	-	-	17,500
Targeted DeFi Rewards	-	7,500	-	(7,500)	-
NFT Rewards Program	-	500	-	(500)	-
xGov Rewards	-	-	-	-	-
Total	58,500	50,000	-	(62,111)	46,389



Please note that the structure of the Algorand Governance program creates a lag between community voting decisions and the funds being released by the Foundation. The nature of each rewards program determines when and how rewards are distributed. In addition, please note:

- For Governance Period 7 (GP7), a total of 54.111M Algo were distributed for both Governance and DeFi Rewards.
- For GP7, 2.139M Algo have been segregated into a separate wallet named xGov Term Pool 1. These rewards will be distributed to the eligible xGovs at the end of the one-year lockup period and therefore their distribution will be accounted for in a future Transparency Report.
- The distribution of General and DeFi Rewards for Governance Period 8 (GP8) took place on October 5, 2023 (after the governance period ended), and therefore they will be accounted for in the Q4 2023 Transparency Report.
- For GP8, a total of 8M Algo were distributed relating to both the Targeted DeFi and NFT Rewards programs of GP8. The amounts distributed to each project have been provided below.

Targeted DeFi Reward Recipients	
	Algo
Folks Finance	1,875,000
Pact	1,875,000
Tinyman	1,533,178
Algomint	815,250
Humble	473,289
Meld Gold	354,417
GARD	134,829
Wormhole	127,130
AlgoRai Finance	123,969
Messina.one	106,525
xBacked	81,413
Total	7,500,000

NFT Reward Recipients	
	Algo
Rand Gallery	250,000
Shufl	125,000
Algogems	125,000
Total	500,000



The NFT Governance Rewards Program, a major initiative in Q3 2023 developed in partnership with the NFT community, is worth highlighting in this report. While there are improvements to be made, we are pleased with the outcome the program has had on the ecosystem. The objective was to increase the number of traders, NFT sales, new users and creators in the marketplaces. The participating NFT marketplaces designed, built and implemented the following in Q3 2023:

- Rand Gallery launched a leaderboard to track and reward top collectors in both primary and secondary sales. Volumes increased by over 120% in August 2023.
- Shufl prioritized rewarding creators with a 5X boost in royalties and commissions for the top three creators to produce unique NFTs for giveaways. The marketplace saw the number of sales grow by 360% and listings grow by 737% in August 2023.
- Algogems offered a mix of rewards and a chance to win Algo to encourage engagement on the platform. The marketplace saw a 50% increase in volumes in August 2023.

While there are improvements to be made, we are pleased with the outcome the program has had on the ecosystem.

INVESTMENTS, GRANTS & LOANS

In Q3 2023, Algorand Ventures executed investments in both fiat and Algo. Total investments were in the amount of 9.857M Algo and 369K USD. These include:

- [Pera](#), the most widely used wallet in the Algorand ecosystem with over 1M all-time installs across Android and iOS.
- [Onramp.money](#), a leading fiat onramp solutions provider that enables developers and users in India to join Web3 by processing INR purchases of crypto and stablecoins over the Unified Payments Interface (UPI). Onramp plans to expand its presence in multiple geographies in 2024 and beyond.
- [Rand Gallery](#), the top NFT marketplace on Algorand by volume, which maintains a strong market share and continues to innovate on the product front with new features.
- [TxnLab](#), developers of NFDomains, a dApp that enables Algorand wallet holders to associate a .algo handle to their wallet address.
- [ULTRADE](#), a full-suite of white label DeFi solutions, including a limit order book DEX that is being rolled out with a number of partners in the Algorand ecosystem and will soon enable cross-chain trading functionality.
- [EXA Market](#), a leading NFT marketplace for creatives to onboard into the Algorand ecosystem and introduce their works with unique monetization features.
- [Folks Finance](#), the leading money market protocol on Algorand and creator of gALGO.
- [Ctrl Alt](#), a tokenization platform for alternative assets designed to make them broadly accessible to a wide audience through partnerships with fintechs.

We will provide further detail on these in the annual Ecosystem Funding Transparency Report covering FY 2023.



GRANTS PROGRAM

The Foundation wound down and closed its AlgoGrants program at the end of 2022. We are still in the process of settling all legacy grant payments. In Q3 2023, the Foundation disbursed 4.651M Algo for milestones met under legacy grant agreements.

Payments made to grantees in the period include:

- Rand Labs for maintenance of its developer API (before it was sunset).
- Snow Tree Labs for the development of AlgoDerivatives.
- Chainside for its development of a bridging solution between the Bitcoin and Algorand blockchains.
- FAME for the development of an Algorand-enabled mobile application that facilitates peer-to-peer transactions for farmers.

LOANS MADE & REPAID

In Q3 2023, the Foundation made three loans to projects building in the Algorand ecosystem: ANote Music, Pera, and PlanetWatch. These loans amounted to 1.971M Algo and 242K USD. While the specific terms of each loan vary, the general intent of these loans is to provide bridge financing while the companies work to complete fundraising rounds and grow their revenue.

The loan to ANote Music was executed as a convertible note which gives the Foundation the option, but not the obligation, to convert the debt into equity with specified terms. If the note was to be converted, ANote will be reclassified in future reports.

The loan to Pera was in conjunction with the Foundation's overall support package which includes this loan, equity investment, fundraising support, and more.



NOTABLE ACTIVITIES & ACHIEVEMENTS

In this section, we highlight some notable events and achievements across the Foundation in Q3 2023.

PERA

On September 6, 2023, we announced our investment in Pera, alongside DWF Labs, Borderless Capital, and Arrington Capital. Since then, the team at Pera has been focused on building and making improvements. During the period, the team released eight app updates on iOS and Android. Highlights of key features and updates include:

- Multiple connectivity improvements on both clients and added support for WalletConnect V2 on Android, with iOS coming soon.
- Completion of feature set for rekey flows.
- Addition of key registration transactions on Android devices.
- Enhancements to NFT display, including 3D view and audio playback.
- Significant performance updates to accommodate backend cost savings.

ALGOKIT

We announced AlgoKit 2.0, the next generation Algorand developer tool suite. AlgoKit 2.0 makes it easier than ever to build applications on Algorand, enhancing the existing powerful tools in AlgoKit that help developers build, test and deploy applications.

Additionally, AlgoKit 2.0 will offer native Python support on Algorand. Algorand's smart contract language will move from PyTeal to Python. This is a tectonic shift in the developer user experience because it introduces a more inclusive, simple, powerful and widely recognized programming language to Algorand.



ACCESS

We continued to improve access to Algo and ASAs during this period. The biggest partnership in Q3 2023 was the integration with Ripio, the leading digital asset exchange in LATAM with more than 8M users. With this partnership, users in LATAM are now able to deposit and withdraw Algo, ASAs, USDCa, and USDTa. TransFi, a fiat-to-crypto onramp and offramp available in over 140 countries, also completed an integration that adds USDCa and USDTa support.

WALLET COUNCIL & OPENWALLET FOUNDATION

The Foundation has formed a Wallet Council, a working group within the Algorand ecosystem that is open to wallet providers and application developers, and convenes on a bi-weekly basis. The committee will be promoting the adoption of wallet standards rather than creating new ones.

We have also developed the Algorand Wallet Compatibility Matrix on Algorand Request for Comments (ARC) for Algorand wallet providers to make their intentions known as to whether they would adopt or not certain ARC proposals. So far, the Wallet Council has worked on wallet authentication mechanisms, the adoption of standards around wallet creation and address deviation, and interoperable multisignature designs.

In connection with this strategy, the Foundation has also joined the OpenWallet Foundation as an associate sponsor to contribute, participate, and track possible changes and standards adoption across the wider Web3 in an effort to keep us open to other ecosystems.

GROWTH IN COMMUNITY ENGAGEMENT

The Communities team, along with our Community Champions, continued to drive growth to our regional X (formally Twitter) and Telegram channels:

- The regional EMEA channels grew by 18% compared to Q2 2023. In particular, our new Arabic language channels saw 140% quarter-on-quarter growth, and our efforts in France have resulted in over 30% growth in Q3 2023.
- The Americas region saw 13% growth compared to Q2 2023. The majority of which comes from LATAM where our Spanish-language channels increased by over 20%.
- Growth in our Asia channels (excluding India) was modest with a 2% increase, but the Vietnamese and Indonesian communities were the breakaway stars with 37% and 12% growth on X respectively.



INDIA

AlgoBharat continues to expand the Foundation's presence in India with events, projects, and various new initiatives across multiple cities. Some highlights in Q3 2023 are:

- We launched a "Road to Impact" campaign in the lead up to [Algorand Impact Summit](#) in New Delhi, with IRL developer workshops taking place in multiple cities in India and a national pitch competition. Over 175 projects entered the competition, and over 500 people joined the in-person workshops. The top 10 teams will be invited to pitch at our Impact Summit.
- Algorand Blockchain Clubs (ABC), our blockchain student clubs, are now on over 30 university campuses in India with several hundred members and counting.
- We hosted Web3 events with partner organizations across various cities, including with TiE (Bangalore), T-Hub (Hyderabad), and Web3Assam (Guwahati).

The local AlgoBharat social community continues to grow, with over 2K followers on X and over 1.1K on LinkedIn.

In addition, we launched our India Advisory Committee, chaired by Dr. R. S. Sharma (former Director General of the Unique Identification Authority of India and Chair of Telecom Regulatory Authority of India), to guide Algorand's strategy for India and engagement with government ministries. The announcement garnered wide press coverage, including [Forbes India](#), [Financial Express](#), and [Economic Times](#).

MARKETING & COMMUNICATIONS

Marketing priorities were to: focus efforts on introducing Algorand to new user bases through partner programs, nurturing ecosystem projects with marketing support, and boosting overall recognition amongst developers.

PR COVERAGE

Our PR coverage saw an uptick in Q3 2023. Some press coverage highlights are:

- "Ripio se asocia con Algorand para ampliar las opciones de criptomonedas para sus usuarios en LATAM," Cointelegraph ES (Translation: Ripio partners with Algorand to expand cryptocurrency options for its users in LATAM) (8M UVM)
- "Algorand Announces Membership in OpenWallet Foundation," Bankless Times (150K UVM)
- "Algorand Foundation Announces Build-A-Bull Hackathon in collaboration with AWS," AP News Blockchain Magazine, Bloomberg, Hackernoon, CryptoSlate, ETH News, Blockchain Reporter, The Defiant, Daily Coin, and more (192M UVM)

SOCIAL MEDIA

On social media platforms, we are seeing a stronger rate of growth against competitors, despite them also having marginal growth. The follower growth across channels is as follows:

- On X, AlgoDevs grew by 8% and AlgoFoundation by 2%.
- On YouTube, AlgoDevs grew by 22%.
- On LinkedIn, Algorand Foundation grew by 2%.

We will share a full competitive data set in the Q4 2023 Transparency Report.



WEBSITE AND SEO

Search engine optimization (SEO) is a key strategy and through this we aim to drive organic traffic, increase visibility, and enhance brand reach. In an environment where crypto and blockchain-related terms are highly competitive, we have garnered some initial wins on terms like "Web3 wallet" (rank #1), "Web2 vs Web3" (rank #9), "Web3 hackathon" (rank #4 and #6), "dApp" (web snippet), and "How to become a blockchain developer" (rank #12).

SPECIFIC CAMPAIGNS

Revolut launched its "Crypto Learn & Earn" initiative for its users to improve their knowledge of cryptocurrencies by completing courses that earn them crypto rewards. As part of the program, the Foundation launched its own course where users can learn about the Algorand protocol and earn Algo rewards upon its completion. As of August 2023, 613K users had completed the lessons, with the majority (88%) being new Algo holders. Algorand is now ranked #9 in popularity on the Revolut app (previously ranked #28 before the initiative).

We launched a marketing campaign around Build-A-Bull, our global virtual hackathon taking place in October 2023, to strategically engage developers. The beginner and intermediate developer bootcamps leading up to the hackathon had over 1.7K registrants, reached through email communications, search, and paid and organic social. The Build-A-Bull landing page has had over 43K visits, and 1,167 people have already registered for the hackathon.



EVENTS

The Communities team continued to drive activations globally, appearing at many major events and hosting more than 100 meetups and side events in Q3 2023, which collectively drew over 9K attendees. The objective of these events was to support and showcase existing projects and engage with local communities.

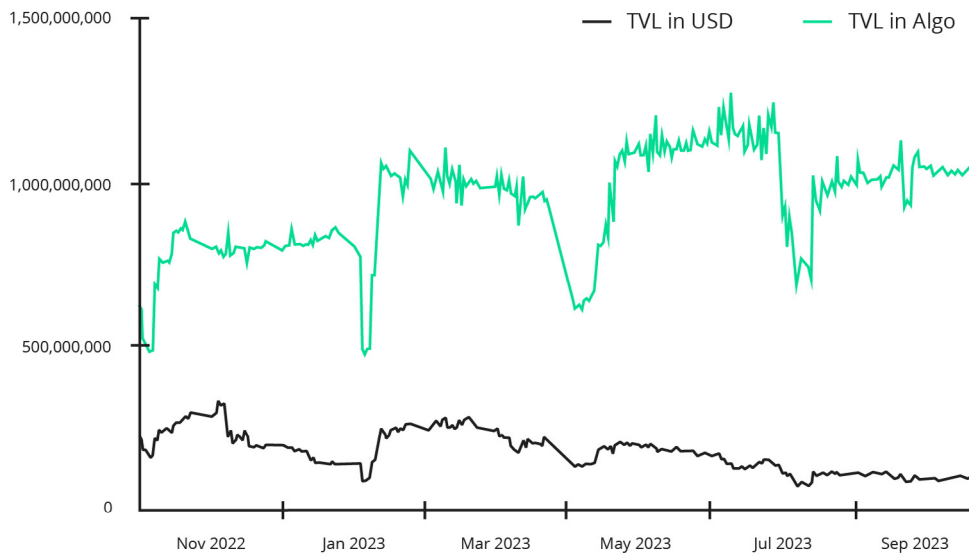
We hosted a booth at TOKEN2049 in Singapore, one of the most influential conferences in the APAC region. The event showcased ecosystem partners, including AlgoRai Finance, Algo Foundry, Messina.one, Quantum Temple, Project Galapago, Meld Gold, Rand Gallery, SafeBay, Paima Studios, Zabava Labs, Algomint, Folks Finance. The Foundation's CTO John Woods delivered a keynote speech, "The State of Algorand", where he shared the news of the upcoming AlgoKit 2.0 launch.

Other events the Foundation had a presence at included ETHBarcelona (Barcelona), Lagos Startup Week (Lagos), Xangle Blockchain Conference: Adoption (Seoul), WebX (Tokyo), ETHArgentina (Buenos Aires), Coinfest Asia (Bali), Cryptopall (Buenos Aires), TUM Blockchain Conference (Munich), Mainnet (New York), and Korea Blockchain Week (Seoul), along with a number of workshops.

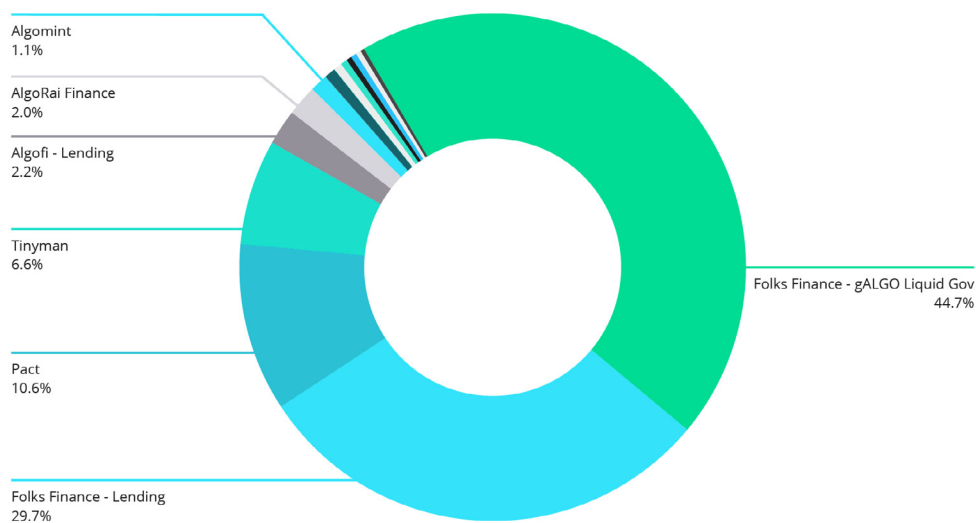


APPENDIX: KEY ACTIVITY INDICATORS

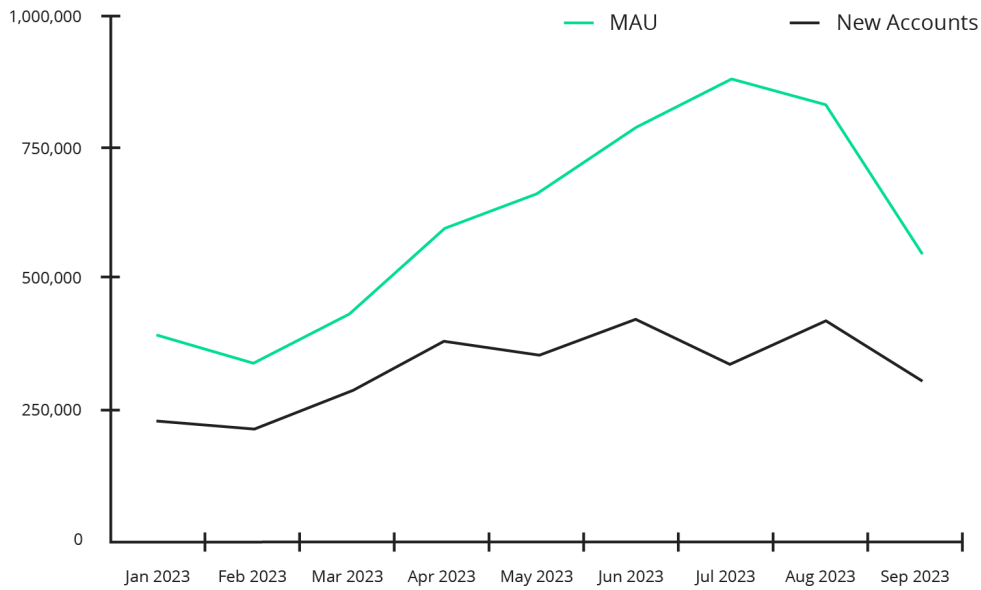
TVL in Algo & USD for the Last 12 Months



TVL Breakdown by Project as of September 30, 2023

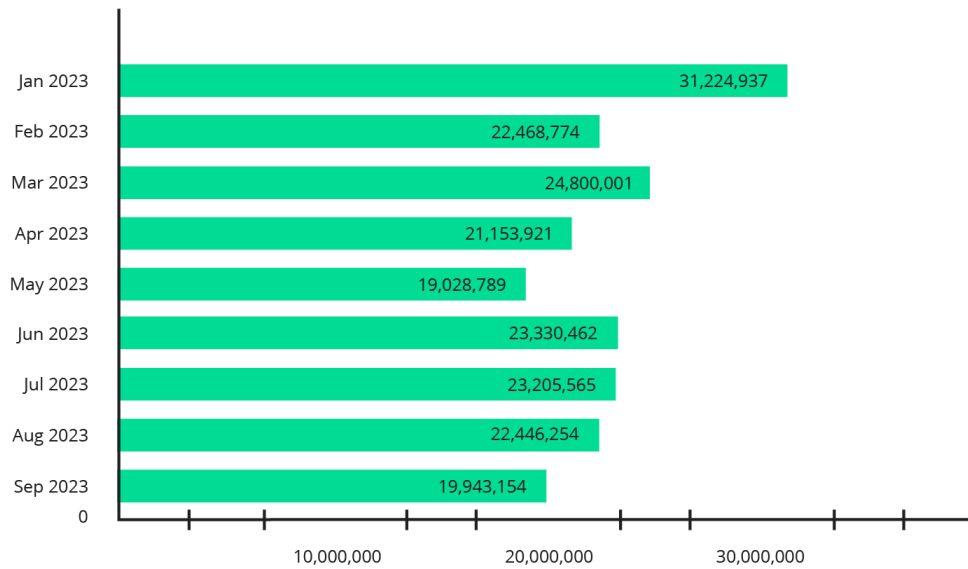


Number of New Wallets Opened & Number of Monthly Active Users in the Last 9 Months



Total number of open wallets from inception to September 30, 2023, is 32.3M

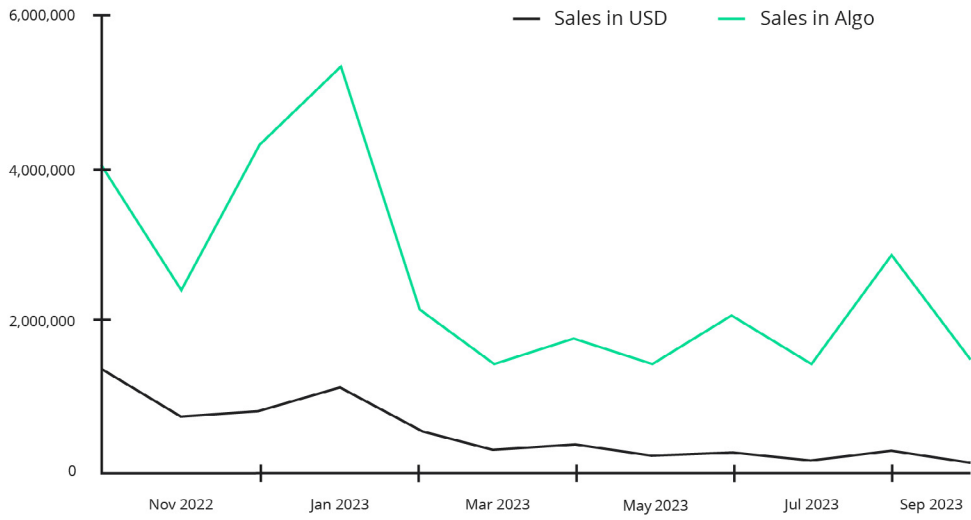
Number of On-Chain Transactions in the Last 9 Months



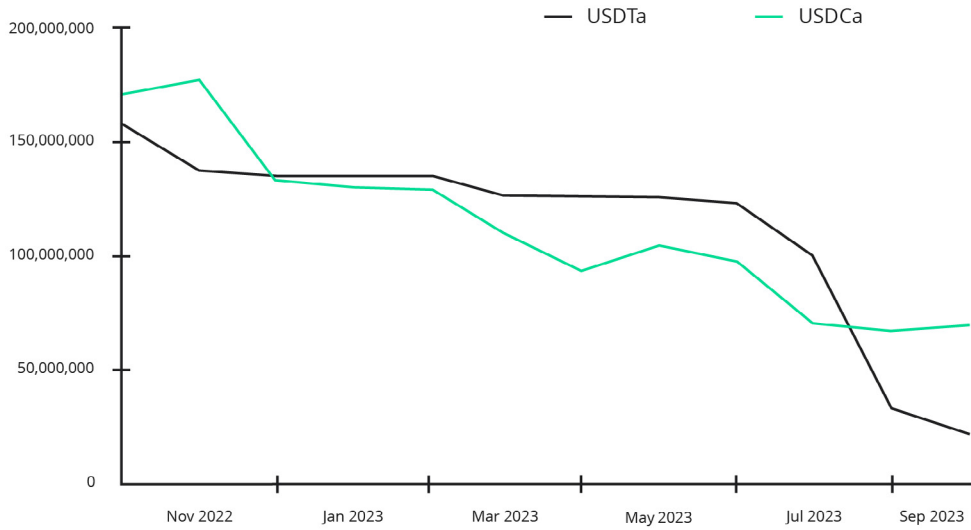
Total number of on-chain transactions from inception to September 30, 2023, is 1.2B



NFT Sales in Algo & USD in the Last 12 Months



Value of Stablecoins on the Algorand Blockchain over the Last 12 Months



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