



Semi-Annual DAO Report  
**ParagonsDAO**

January to June 2023



# Semi-Annual DAO Report

January to June 2023



**DEFI TED**  
LEAD CONTRIBUTOR

Our mission is simple, but it's no easy task to achieve.

## ***WE LEVEL-UP PLAYERS AND GUILDS***

At Paragons, we believe that web3 gaming is still in its infancy, and it's set to take major leaps forward in years to come. New games will take center stage—complex, engaging, and fun games that will rival traditional counterparts.

We're here to support and encourage the onslaught of traditional gamers who'll soon discover the new generation of games, the power of asset ownership, earning based on skill, and decentralized competition.

We'll unleash their potential to maximize their web3 gaming outcomes, with no barriers to entry (like upfront costs or complex user experiences).

We're here to drive the ecosystem forward, together, for all players, protocols, and guilds.

**In our very first DAO report, you'll get to know just what we've been up to, with a primary focus on the past six months, and a forecast of what's to come.**

We've been busy building our team, products, and community to help us deliver our mission, guided by you, our token-holders.

And we're just getting started.

- DeFi Ted

# ***JUST BRING YOUR HUSTLE***



# Semi-Annual DAO Report

January to June 2023

## Table of Contents

<b>At-A-Glance</b>	<b>4</b>
<b>The Past Six Months</b>	<b>6</b>
Products	6
Partnerships and Growth	7
PDT	8
Treasury	8
Operations	10
Contributors	11
Community	12
Communications & Marketing	14
<b>The Road Ahead</b>	<b>16</b>
Our products	16
Formalizing a Foundation	18
Staking considerations	18
Igniting competition	18
<b>Governance</b>	<b>20</b>
Proposals submitted, voted, and implemented	20
Council Reviews—Epoch 3	22
<b>Conclusion</b>	<b>25</b>
<b>Appendix</b>	<b>26</b>
Appendix A: Our Objectives	27
Appendix B: Our Values	28
<b>Treasury Report: H1-2023</b>	<b>30</b>
Introduction	30
Treasury Status	30
Treasury Update	31
Treasury Overview	36
Wallet Overview	36
Conclusion	44
<b>Disclaimer</b>	<b>45</b>

# AT A GLANCE

JANUARY TO JUNE 2023

 PDT

**67%**  **PDT STAKED (CIRCULATING)**

**1,341** HOLDERS  
**23%** NOT IN CIRCULATION

**203,910**  **PRIME SHARED WITH PDT STAKERS (\$387K)**

**1 WEBSITE RELAUNCHED**



**2 NEW KEY PARTNERS**



**3 PRODUCTS IN DEVELOPMENT**



**28** COMMUNITY EVENTS HELD

**10** GOVERNANCE PROPOSALS IMPLEMENTED

**15** ARTICLES/NEWSLETTERS PUBLISHED

 TREASURY

**\$6.9M** LIQUID EXCL. PDT

**\$1.5M** LIQUIDITY PROVIDED

INCREASED PARALLEL CARDS BY **4x** TO OVER **35,000**

**\$100K** EARNED ON ASSETS



# The Past **Six Months**



# Semi-Annual DAO Report

January to June 2023

## The Past Six Months

The past six months have been focused on designing, building, and preparation for the future. Despite the challenging market, we've set up our Treasury in a way to provide us with a stable runway for building and development well into 2025 (even if we earned no revenues during that period).

Our early successes are dependent on [Parallel](#), the game which we've focused the most energy and attention to support. This studio has shown significant promise over the past six months—from a successful Closed Alpha testing period, the release of their groundbreaking, composable Avatar collection, to cutting-edge developments in AI gaming with Colony—Parallel has engaged current and new loyal fans through challenging market conditions. Their continued success and production reinforces our confidence in their future ability to be a catalyst for mass adoption of Web3 gaming, and in turn, the products we're building.

### Products

#### Equip and Guildr: Player and guild management

After publishing our [whitepaper](#) focused on our reputation-based asset-lending system (now dubbed "Equip") in late 2022, we've expanded on the concept, and have been building out a guild-as-a-service product based on this technology, dubbed "Guildr" (read more about the concept [here](#)).

We've been developing both of these services, with a primary focus on the infrastructure and smart contracts to support reputation management and permissionless lending. More recently, we've been focusing on the user experience. Earlier this year, we successfully relaunched version 2 of [ParagonsDAO.com](#), featuring a new architecture that lays the groundwork for integrating our player management system (Equip).

Some of the key progress we made includes design and architecture of the Player Management System, a player metrics tracking solution, game metrics processing pipelines, collaboration with DelegateCash, a weighted score solution, smart contract design, player card NFT collection creation, and frontend development for the smart contract UI.

Read more about what's coming in [The Road Ahead](#).

### Priming

A potential partnership with Priming (Parallel's top community-built tool) turned into an attractive acquisition opportunity. After we acquired it (and hired their talented Product Lead), we've been working tirelessly to rebuild it from the ground up to grow and scale with Parallel and other premier web3 game titles. Though we decided not to maintain the legacy tool, we can't wait to show you what's in store with our Priming relaunch (very soon).



# Semi-Annual DAO Report

January to June 2023

Some of the key progress we made includes changes to a service provider and refactored architecture, authentication rework, game data integration, research and development for the full gamut of reliable data sources required, design, front-end development, and hiring new talent.

Read more about what's coming in [The Road Ahead](#)

## Partnerships and Growth

Over the past six months, we've focused on building new relationships and improving existing ones. We've also been on the lookout for promising web3 games to support.

### Highlights:

#### *Parallel and Echelon Foundation*

We've spent time building relationships with these teams, whose ecosystems we're building alongside. In addition to a regular cadence of discussions with the Parallel team (and the opportunity for several of our respective teams to meet in person), we now also participate in regular discussions with a group of leaders from Echelon called Emissaries Prime (EP). This year's EP election, in which Paragons Contributors and Council members ran, helped build stronger relationships and bridges between our teams.

#### *The Priming*

See [above](#)

#### *Metaguild*

We worked with Metaguild to host the first community-run Parallel tournament (during Closed Alpha testing). Following the success of the tournament we formed an alliance to continue to provide similar events. We'll combine our resources to create the best experience for Parallel players who would like to participate in the competitive scene. We're aiming for at least one Parallel tournament a month, starting August.

#### *Anata*

We've formed a social partnership with Anata, who've fostered a strong community around web3 and gaming. They host a regular cadence of quality events that effectively engage their community. Our social partnership will help us bring some of their contagious energy to our community—we'll have a regularly hosted ParagonsDAO event in their community, and we will also be using four custom-created, 3D-rigged Anata avatars for our own streaming purposes.

#### *BLVKHVND/STADIUM*

Late last year, we formed a partnership to support STADIUM's permissionless league and tournament platform, in addition to partnering to create a joint-venture content and media DAO. In March, we mutually agreed to simplify the relationship and focus our partnership only on STADIUM. More about STADIUM in [The Road Ahead](#).



# Semi-Annual DAO Report

January to June 2023

## 3XP

A ParagonsDAO representative attended the Web3 Gaming expo “3XP” in Pasadena, California this year. Our objective was to find more games to partner with and integrate into our products, understand how we can help web3 games solve issues they’re facing, and how we can enhance tools and user experiences for premier games. We made many connections and potential business leads.

## Challenges

*Abacus, Guzzolene, and Gradient*

Two of our earliest governance proposals were formed around supporting tools and protocols built around *Abacus*, a protocol that was creating forward-thinking solutions around unlocking NFT liquidity. Unfortunately, as of mid-June, *Abacus* has made the difficult decision to cease operations.

We provided grants to *Gradient* and *Guzzolene*. While *Gradient* made a pivot away from being fully reliant on *Abacus* many months ago, the team is no longer operational. *Guzzolene* was also fully designed around *Abacus*, and while they also decided to discontinue operations many months ago—we were able to roll our grant funding from *Guzzolene* into *Abacus* at that stage. Now that *Abacus* has closed, we’re no longer in partnership with any of these parties.

## PDT

In March, following the PRIME token’s unlock, we were able to launch rewards for our PDT staking program. Following design by our Treasury Council and an extended period of community consultation, we designed a strategy that provides sustainable yet attractive monthly pools of PRIME rewards for PDT stakers.

## Treasury

The Treasury team has achieved significant progress and productivity in the first half of 2023, with the addition of Milamber as a dedicated Finance Contributor, strategic planning to professionalise finance and treasury activities, and commencement of a large number of finance and treasury-related projects.

Changes implemented in the last six months are fortifying our treasury for future growth, supporting our expanded product vision, and positioning the DAO for long-term success in the Web3 gaming space.

The current assets of the DAO (excluding PDT, NFTs and token investments) stand at c.\$6.88m, up from c.\$5.68m at the end of December 2022. This represents a runway of roughly four years at our current burn rate of c.\$0.4m per quarter. You will find a [detailed Treasury Report](#) in the appendix, however in summary, these changes include:





# Semi-Annual DAO Report

January to June 2023

## **Historical Audit, Implementation of Financial Processes, Policies & Controls**

We've been establishing robust financial controls, processes, and policies, including a comprehensive audit of wallets, assets, and transactions, enhancing historical and forecast reporting capabilities.

## **Establishing Historical, Forecast and Ongoing Financial Reporting**

We've implemented reporting frameworks, ensuring reliable and accurate reporting practices, enabling deeper insights into financial performance and facilitating informed strategic decision-making.

## **Optimising our Liquidity & Supporting our Existing Partners**

We've optimised our liquidity strategy, which has resulted in diversified liquidity provision, increased fees, and support for the PRIME token, generating additional revenue for the DAO.

## **Responding to Market Events & Opportunities**

The Treasury team has shown responsiveness to market events and opportunities, mitigating risks and capitalising on favourable conditions, resulting in profitable swaps and strategic investments.

## **Seeking out Yield Generation Opportunities**

Yield generation opportunities have been pursued, with idle assets utilised through liquid ETH staking, contributing to the security and stability of the Ethereum network and earning fees for the DAO.

## **Making Strategic Investments & Working with New Partners**

Strategic investments and partnerships have been made to enhance product development, such as the acquisition of The Priming, and collaborations with content partners and other promising projects.

## **Incentivising Contributors to Build Best-in-Class Products**

Incentive schemes have been implemented to reward contributors and support long-term participation and effort, ensuring the timely completion of product development projects.

## **PRIME Token Launch**

The PRIME token launch and caching activities have positively impacted the treasury, offsetting costs, while preparations have been made for the game launch and ongoing PRIME sink rewards distribution.



# Semi-Annual DAO Report

January to June 2023

## Sharing PRIME with PDT stakers

A portion of PRIME earnings has been allocated to PDT stakers, with detailed models supporting reward cadence decisions and additional retrospective rewards. PDT holders have currently staked 84.4m PDT (over 67% of the circulating supply), which is currently earning PRIME.

## Asset Purchasing

Asset purchasing and management strategies have been reviewed and optimised, ensuring availability of specific cards and assets required for the desired player base. Our Parallel TCG card count now stands at 36,004 and we recently purchased eight Anata NFTs as part of a partnership deal.

## Operations

Over the last six months, we successfully implemented several new tools and initiatives to enhance our operational efficiency and promote a more streamlined and collaborative work environment. Here are the highlights:

### Project Management and Internal Communication

In an effort to improve our project management and internal communication, we adopted Linear and Slack as our primary operational tools. The transition was seamless, and both platforms have significantly enhanced our team's productivity and collaboration.

Linear has allowed us to streamline our project workflows, track progress, and effectively manage tasks and timelines.

Slack has facilitated real-time communication, improved cross-team collaboration, and promoted a more transparent and efficient exchange of information.

### Knowledge Base and Community Docs

Recognizing the importance of standardized procedures and knowledge sharing, we introduced an internal knowledge base that allows our contributors to easily create, update, and access essential procedures, guidelines, and best practices. This has improved operational consistency and enabled new employees to onboard quickly and efficiently.

For external documentation, we launched a [Docs page](#), providing a smooth, easy-to-access place for anyone who wants more details about our operations.



# Semi-Annual DAO Report

January to June 2023

## Team Offsite and Cultural Frameworks

We organized our first in-person meet-up, bringing together our remote team for a multi-day workshop to foster stronger relationships, promote cross-functional collaboration, and align our cultural values. Through open discussions and workshops, we developed new cultural frameworks that emphasize trust, co-elevation, and building excellence.

## Comprehensive Guidelines and Procedures

We have dedicated significant efforts to developing comprehensive guidelines and procedures for hiring, onboarding, and offboarding.

These guidelines provide a clear roadmap for hiring managers, ensuring a standardized and efficient recruitment process. Additionally, the onboarding and offboarding procedures were refined to optimize the experience for new hires and departing employees, respectively.

## Peer Reviews

In line with our values of open communication and self-awareness, we created an opportunity for informal, constructive feedback to our team members providing an opportunity for growth and development.

## Contributors

Over the past months, we have strategically expanded our workforce to meet the evolving demands of our organization, ensuring that we have the right talent in place to drive our business forward. We've increased our headcount from 16 to 19, most of whom are dedicated to ParagonsDAO full time.

We've implemented fair and unbiased selection procedures, prioritizing candidates who demonstrate both technical proficiency and a connection to our organizational values. We've designed an onboarding program to provide new hires with the necessary support, resources, and guidance to integrate smoothly into their respective teams and feel empowered from day one.

## Engineering

With a focus on innovation and technical expertise, our engineering team has grown. We've carefully selected talented individuals who bring a diverse range of skills and experiences to the table. These new hires have seamlessly integrated into existing teams and have made notable contributions to our projects.



# Semi-Annual DAO Report

January to June 2023

## Marketing

As our organization expands, we recognize the importance of strengthening our marketing function. We've onboarded new hires who bring fresh perspectives and creativity to these areas. Our marketing team now includes individuals with expertise in digital marketing, content creation, and branding, ensuring that we effectively communicate our value proposition to our target audience.

## Community

In addition, we've welcomed a dedicated community manager who is dedicated to engaging with our people, organizing and hosting events and competitions, building strong relationships, and fostering a sense of belonging within our community.

## Discord Security

Lastly, we've bolstered our Discord security team, reinforcing our commitment to maintaining a safe and secure environment for our users.

## Community

Over the past six months we've successfully implemented several new initiatives and improvements for our community. Some highlights:

### Community Structure

We've better organized how our community is run. This involved defining clear roles and responsibilities for the community area, streamlining communication channels, and creating new processes to help day-to-day work for contributors.

### Moderation Restructure

Recognizing the need for a more efficient and effective moderation system, we restructured our moderation processes, security and guidelines. This restructure has allowed us to better manage community interactions, maintain a positive atmosphere, and ensure that all members adhere to our community standards. The new moderation system also includes a ticket-based support system on Discord.



# Semi-Annual DAO Report

January to June 2023

## Community Events and Calendar

We've hosted a large variety of events over the past six months (28 in total), and more recently, launched a bi-weekly calendar with a regular cadence of events, to help our community have a clear view of upcoming events and plan their participation. Ongoing events include Community Calls and Twitter Spaces (including DeFi Ted's "Bare Talk", Poker, and Arcade Nights). These cater to diverse interests and provide opportunities for members to connect, learn, and have fun together. The positive feedback received from participants has reinforced the importance of these events in building a vibrant and engaged community.

### Bi-weekly Community Tournaments

To encourage friendly competition and keep our community engaged, we have organized bi-weekly community tournaments called Paragons Showdown. These tournaments have been well-received by our community and are helping us to recruit new community members from different game communities.

### Bounty program

Recognizing the importance of community engagement and the value of crowd-sourced problem-solving, we started the process of setting up a technical Bounty Program, and paid a bounty to our first white-hat hacker.



# Semi-Annual DAO Report

January to June 2023

## Communications & Marketing

### Newsletters and Announcements

We've created a good rhythm of regular communications to the community through Twitter, Discord, and Medium in particular. In addition to providing timely, comprehensive, and professional updates to the community about relevant news and developments within the DAO, we also publish a regular newsletter that provides deeper insight into what's going on at the DAO, summarizes important and timely news, and reinforces updates and excitement around the games we support.

### Community Calls and Consultation

Over the past six months, we've held several community calls and town halls following important proposals or announcements. These provide the community an opportunity to learn more, ask questions, and share any concerns about given topics, which included the Priming acquisition, staking rewards, and general DAO updates.

### Branding and UX design

Our design team has spent considerable energy building on our brand design to support marketing and communications materials as well as UX design. We redesigned our website from the ground up, and have slightly evolved our color palette, started using new fonts, and created a brand guide to help give us a more consistent and cohesive look and feel that's aligned to a gamer audience.

### Content marketing creation

While we haven't focused heavily on content marketing, one highlight includes partnering with Metaguild to create a series of edutainment videos about Parallel. We'll start releasing these after Closed Beta testing opens. DeFi Ted has also been featured on a few podcasts, including Mission: DeFi, Token Terminal, and The HoneyCast. We're currently formalizing a small content marketing agreement, and looking to focus our attention on this more over the next six months.



# The Road **Ahead**

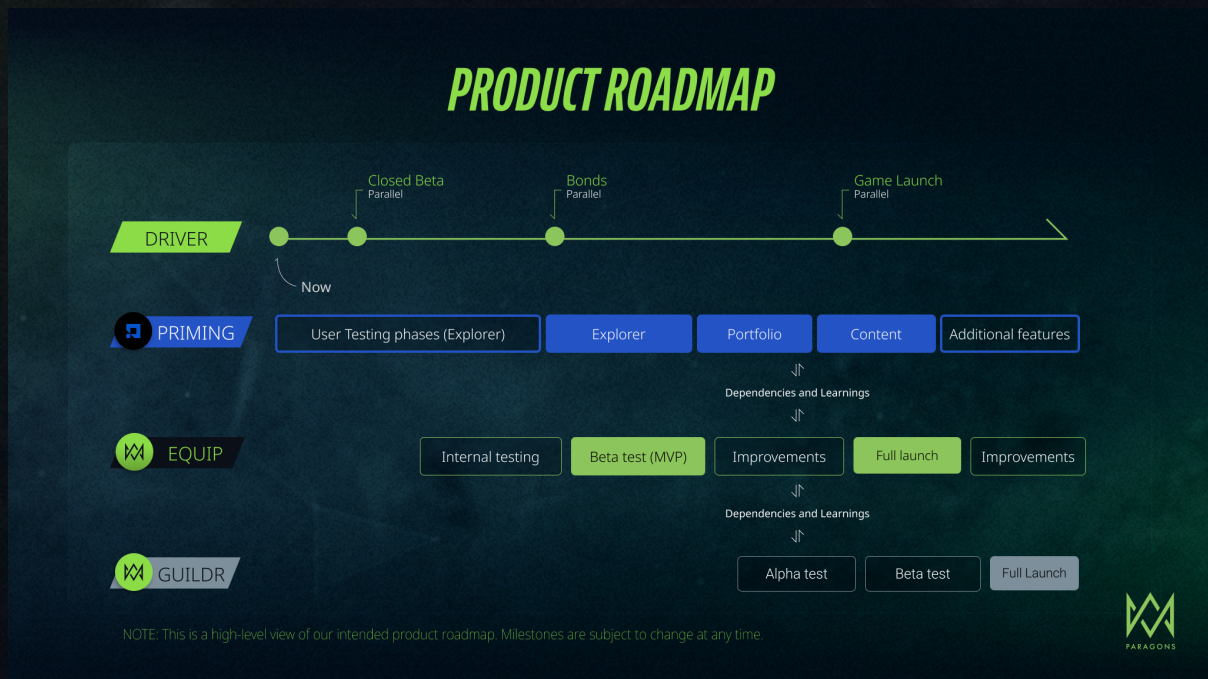
## The Road Ahead

Our next six months are focused on one key goal: **getting our products out to the market.**

We've been constantly building through the bear market, and can't wait to get these products in the hands of our future users.

The launch of Parallel (later this year) will play a large role in some of our product delivery timelines. However, we'll be testing and iterating (and inviting several community members to do the same) throughout Parallel's Closed Beta testing all the way up to the game launch.

### Our products



#### Priming

One of our earliest milestones will be the highly anticipated relaunch of **Priming's** explorer tool, which has been totally refactored and redesigned for flexibility, scale, and connectivity. Expect a much richer user experience with powerful sorting, filtering, tagging, saved views, and buy/sell integrations—all made simpler through familiar web2 profile interactions.

We've also taken this opportunity to refresh the branding and feel of Priming, and to rethink and optimize how we access and use the data that feeds it. We can't wait to show you what we've built.

From there, we have a strong pipeline of features we'll regularly release—like user-level profit & loss, incentivized content publication, comprehensive gameplay data and analytics, aggregated lending of playable assets, and much more. We'll let the community help us direct the top prioritized features and improvements.





# Semi-Annual DAO Report

January to June 2023

## *Equip (Player Management System)*

Late in 2022, we released our whitepaper [Reputation as Credit: Sharing Web3 game assets, permissionlessly](#).

**Equip** is our player management system—the product that embodies the vision in our whitepaper. It’s how we’ll lend our top collection of playable Parallel assets to anybody that wants them, for free. It’s how we’ll enable anybody to play with a full deck of NFTs (therefore maximizing their earnings), with no capital required. It’s the same method we’ll use on other games which we’ve amassed a significant collection of playable assets, like The Watch and ARBO. Over and above what’s laid out in the whitepaper, any collector will be able to lend to our asset pools and collect a percentage of player earnings. Some of the data and infrastructure underlying Equip is powered by Priming.

We’re preparing to launch Equip’s minimum viable product (MVP) as a beta test with our community aligned with (or soon after) Echelon launches “Bonds” (for Parallel, this is a construct Equip must operate within). We assume this some time after Parallel’s Closed Beta testing begins.

Between the launch of Equip’s beta test and Parallel’s full game launch, we’ll be adding new features and functionalities to maximize the user experience and prepare to support the onslaught of traditional (web2) gamers.

## *Guildr (Guild Management System)*

As we’ve been building Equip, it became apparent that nothing quite like it exists today. Most web3 guilds still manage their players and assets through Discord, spreadsheets, or other cumbersome methods.

We’re going to offer our system as a product to other guilds, DAOs, and collectors, to manage the lending of their own assets to gamers. **Guildr** will be able to support games on any EVM-compatible chain, so long as the game has on-chain data that can feed back into player outcomes.

The smart contracts are already in good shape. The user experience will be inspired by **Equip**, while allowing for guilds to apply their own branding (as not to appear affiliated with Paragons, who may be their competition on the battlefield).

We aim to launch **Guildr** as a product after Parallel launches. At first, it should support Parallel guilds (“bonds”) using our “reputation as credit” system, followed by other premier titles. **Equip** is the first Guildr guild (managed by Paragons), and we expect it to illuminate the path before we encourage other guilds (and games) to launch on **Guildr**.



# Semi-Annual DAO Report

January to June 2023

## Formalizing a Foundation

Over the past few months, we've done significant groundwork in establishing a Cayman Islands Foundation to provide legal protection for the DAO, and minimize any potential legal risks for the DAO, its token holders, or contributors (outlined in [PDIP 12](#)).

We'll bring this over the finish line shortly, and provide an update to the community at that time.

## Staking considerations

In March, we launched PDT staking to allow our community to share in the PRIME rewards we collect. One of the limitations of our current staking contract is that when you unstake any amount, you need to unstake *all* of it, resetting any multiplier you earned. Once we've launched our products later this year, we'll consider revisiting this mechanic to allow users to unstake portions of their PDT without losing their full multiplier. However, our products are our top priority for our development resources.

As new games that we're involved with launch (e.g. The Watch has also committed to a game launch this year), we plan to include any game token earnings we collect from those games in our staking rewards model.

## Igniting competition

*Metaguild*

Following our new alliance with Metaguild, we'll combine our resources to create the best experience for Parallel players who would like to participate in the competitive scene. We're aiming for at least one Parallel tournament a month, starting August.

*STADIUM*

Late in 2022, we partnered with BLVKHVND, providing a grant for their [STADIUM](#) platform's ongoing development and operations. Stadium's league and tournament platform provides the infrastructure to help traditional and web3 gamers and teams gather and compete in organized and funded leagues and tournaments, organized by anybody, for transparent on-chain prize pools that are immediately payable.

STADIUM quietly launched and has been continuing to add features/functionality, and hone their content strategy. Over the next six months, we expect STADIUM to become a thriving hub for Parallel competition. Before Parallel launches, we expect it to be integrated with **Equip** (and by default **Guildr** guilds too), giving competitors a simple access point to borrow playable assets and amplify their game rewards with no financial commitment.

# Governance



## Governance

### Proposals submitted, voted, and implemented

#### Overview:

Over the past six months, the following 10 proposals have been submitted, voted and implemented through the Paragons Council and/or Treasury Council, as appropriate. Read more about the governance framework and proposal process [here](#).

#### ParagonsDAO Improvement Proposals (PDIPs)

##### **PDIP 14: Deploying our Ethereum Holdings**

###### [Discuss](#) / [Snapshot](#)

- This proposal summarizes the approach to liquid staking our treasury ETH to capture yield on it.

##### **PDIP 13: Redeploying our Uniswap Liquidity**

###### [Discuss](#) / [Snapshot](#)

- This proposal summarizes the changes to our liquidity provisions—supporting a PRIME/ETH and PRIME/PDT pool, while increasing fees on the PDT/ETH pool.

##### **PDIP 12: Establishing a Cayman Islands Foundation Company for ParagonsDAO with Legal Assistance from Horizons Law & Consulting**

###### [Discuss](#) / [Snapshot](#)

- The purpose of this proposal was to address many administrative issues operating in the forefront of DAO daily operations. This structure would provide an enhanced legal protection, tax advantages, and a relatively favourable regulatory environment.

##### **PDIP 11: Acquisition and Financial Terms for The Priming**

###### [Discuss](#) / [Snapshot](#)

- Facing the threat of ceasing operations, we felt it would be net positive to acquire Priming and continue development.

#### ParagonsDAO Configuration Change Proposals (PCCPs)

##### **PCCP 6: Treasury Council-Specific Proposals and Votes (change on PDIPs 1 and 3)**

###### [Discuss](#) / [Snapshot](#)



# Semi-Annual DAO Report

January to June 2023

- This PCCP outlines the need for an organized naming convention for Treasury Council-specific proposals and votes. It builds on the concepts voted through in [PDIP 1](#) and [PDIP 3](#).

## **PCCP 5: Code of Conduct, Responsibilities, Council Member Removal (change on PDIPs 2, 3, 4)**

### [Discuss](#) / [Snapshot](#)

- Having a code of conduct and clear procedures for removing council members is essential for ensuring accountability and transparency within the DAO.

## **PCCP 4: Redefining our Partnership Agreement with BLVKHVND (PDIP 10)**

### [Discuss](#) / [Snapshot](#)

- Both teams came to the conclusion that they would have greater success delivering their own media and entertainment strategies independently, we still consider BLVKHVND to be a DAO partner and are motivated to see Stadium fulfill its goals.

## **PCCP 2: Repurposing Retroactive Rewards to Active Stakers**

### [Discuss](#) / [Snapshot](#)

- To align with Echelon emissions, we recommended making Staking Reward Epochs 1 month long, in order to provide regular distributions of PRIME to the community of PDT stakers. In regards to retroactive rewards, we wanted to reward those who have not held or staked \$PDT with our PRIME revenues would be a disservice to \$PDT holders, and those who have staked \$PDT benefit more from this proposal.

## Treasury Improvement Proposals (TIPs)

### **TIP 1B: Implement a Development Team Incentive Scheme**

#### [Discuss](#) / [Snapshot](#)

- This proposal outlines an incentive plan for the DAO's development team to encourage timely product delivery.

### **TIP 1A: Implement an Executive Team Incentive Scheme**

#### [Discuss](#) / [Snapshot](#)

- This proposal outlines an incentive plan for the DAO's executive team.

## Council Reviews—Epoch 3

Each Epoch, the elected members of our three councils complete a council self-review. The following sections provide a summary review of the councils' performance based on combined comments from council members.

Members are asked to score based on the following criteria, using a score of 1-5 (with 5 being the strongest score):

<b>Participation</b>	<ul style="list-style-type: none"> <li>• How productive were the discussions and how active and involved was the council this epoch?</li> </ul>
<b>Reliability</b>	<ul style="list-style-type: none"> <li>• Council present and respond quickly to situations? Does the council deliver on projects and other commitments?</li> <li>• Does the council produce quality work?</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Does the council find ways to optimise work?</li> <li>• Does the council take initiative and actively look for ways to improve things for the DAO/Community/holders?</li> </ul>
<b>Overall Council performance</b>	<ul style="list-style-type: none"> <li>• Looking at the overall criteria, how well did the Council perform?</li> </ul>



# Semi-Annual DAO Report

January to June 2023

## Paragons Council

Participation	Reliability	Innovation	Overall performance
5.0	4.8	4.0	4.2

**Comments:** Over the past six months, the Paragons Council has made significant strides in various areas, including acquisitions, strategic partnerships, and the development of our core values. This very own report is one of the initiatives that came from the Council.

Some important highlights are: The Priming acquisition and integration, Metaguild partnership, PRIME unlock strategy, Paragons Ethos and many more. As we move forward, we will continue to build upon these achievements and strive to create an even more vibrant and engaged ecosystem for our community.

The council members demonstrated great performance over the past Epoch, with all evaluations scoring above 4. Key strengths included regular attendance, diverse skill sets, strategic decision-making, and robust discussions.

There were, however, some parts that could be improved. There is a need for a wider inclusion of non-core members in proposal creation and change championing. There was also a call for greater innovative thinking and scope exploration. Making those changes for the next Epoch will further improve effectiveness and foster even more innovations from the council.

## Treasury Council

Participation	Reliability	Innovation	Overall performance
4.6	4.4	3.8	4.3

**Comments:** The Treasury has been a good partner to the Paragons Council with timely and relevant feedback on our mission to deliver our products. Every single member was dedicated, participated as much as possible, were very reliable, and everybody contributed something special, unique, and discrete to the council.

Some highlights include a number of projects this epoch including redeploying our ETH liquidity, staking our ETH, designing contributor incentive plans, and managing our card assets and purchasing. There were some big wins such as taking advantage of the USDC depeg, buying ETH at \$1,400, and of course, the Treasury Report included in this document.



# Semi-Annual DAO Report

January to June 2023

Overall, we have worked to minimise risks, to offer support to DAO leadership, and to challenge where it seemed appropriate.

## Core Contributor Council

Participation	Reliability	Innovation	Overall performance
4.4	4.4	4.2	4.2

**Comments:** This epoch we made some good foundations for councils to come. We discussed the responsibilities of this council, we put out the 6-month report, implemented peer reviews and improved onboarding.

We were agile when we needed to be and compared to the previous epoch there was an increase in innovation and alignment of the council.

Overall we are a strong, diverse group capable of bringing many different perspectives to each discussion.





# Semi-Annual DAO Report

January to June 2023

## Conclusion

In conclusion, the first half of 2023 has been an important period for us, marked by significant advancements in internal processes, product development, partnerships, treasury strategy and community infrastructure.

Our next six months are where it all comes together—they'll be pivotal in terms of bringing what we've been building to the market to support LIVE premier Web3 game titles, and enable Web3 gaming infrastructure for all.

We encourage everyone to stay informed and actively participate in discussions on our [Discord](#), our governance forum, follow our [Twitter](#), attend our regular community events, read our [newsletters](#), and volunteer to test our products. Ask questions, submit proposals, and participate in the DAO!

Together, we'll drive the ecosystem forward, together, for all players, protocols, and guilds.

Onwards and upwards!

# Appendix



# Semi-Annual DAO Report

January to June 2023

## Appendix A: Our Objectives

We're focused on these objectives to deliver our mission:

*Maximizing outcomes for gamers and guilds, at no cost*

Creating a free path for every player, guild, and collector to grow, learn, perform, and earn to their maximum potential in their preferred game ecosystem—whether they prefer to play, lend, or collect. Providing playable assets, education, infrastructure, and analytics that allow users to thrive based on their hustle (not the capital they start with).

*Building innovative solutions that reduce friction*

Continuously identifying the obstacles for fluid player, guild, and partner experiences across Web3 games to focus our efforts in developing meaningful solutions.

*Kindling long-term game partnerships*

Navigating the murky waters of web3 gaming to find the highest-potential games, based on fun, talent and financials. We seek to build long-term relationships and promote a healthy ecosystem.

*Igniting a competitive landscape in Web3 gaming*

Providing casuals and pros the opportunity to challenge themselves and others through fit-for-purpose Web3 tournaments, leagues, and tournaments.



# Semi-Annual DAO Report

January to June 2023

## Appendix B: Our Values

### Trust

Our environment is one of honesty and transparency.

We say what we mean, we own our mistakes.

### Open Communication

We understand tough conversations are learning opportunities.

We listen to feedback - when we are busy talking we are not busy listening.

We respect the form of how we give feedback.

We are responsible for what people hear, and not just what we say.

### Accountable Freedom

We enable each individual to take decisions within their realm of expertise and role.

With freedom comes accountability. Choose your path the way it works for you, but ensure the delivery is of quality, within all the requirements of that task.

### Respect

We accept each other's qualities and flaws.

We are considerate of our choices, and how we communicate.

We will make mistakes. It is what we do with those mistakes that shape what the experience has given us.

### Self-awareness

We expect each individual to constantly evaluate and challenge their own ideas, beliefs, and paradigms.

We expect you to differentiate between fact and opinion and treat each case as such.

"I don't know" does not mean lack of ability, it demonstrates self-awareness, honesty and maturity.

### Positive Default

When facing lack of context we assume the best out of others in the team and situation.

When dealing with time constraints we work well with poor wordings and limited visibility.

### Fun

We don't lose sight that we are happy, energetic and idiosyncratic.

With a respectful, self-aware, positive default environment, we are comfortable with all kinds of humor.

Don't leave your laughter at home.

### Integrity above all else

Decisions made will be in line with the best interests of the DAO always.

Be able to communicate and explain your reasoning.



# Treasury Report

# **ParagonsDAO**

January to June 2023



## Treasury Report: H1-2023

Author(s): Milamber

Date: 30 June 2023

### Introduction

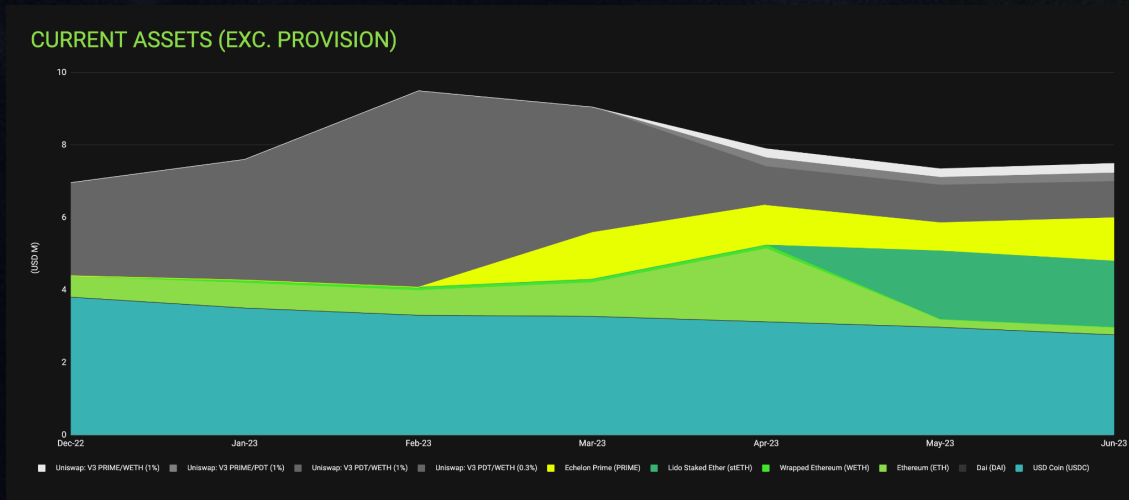
At the halfway point of 2023, we are pleased to share the first iteration of our Treasury Report. In this report we have provided an overview of the DAO's financial status, significant changes in the period with explanatory notes, and description of what each account represents.

In this report you will find a breakdown of our balance sheet including current liquid assets, long-term investments and our NFT inventory, as well as other relevant financial items. In future reports, we intend to expand on this level of detail including our full P&L results, and add real-time financial reporting which our community members can access in between reports.

### Treasury Status

In the six months to 30 Jun-23, current assets excluding NFTs (i.e. liquid treasury) increased from \$5.68m at 31 Dec-22 to \$6.88m at 30 Jun-23, a gain of \$1.21m (21.2%). This is a good result during a period in which the DAO is pre-revenue and the team has grown, helped by the launch of the Echelon Foundation's PRIME token and hire of a dedicated finance lead.

You can see the status of our current assets over time in the chart below, however a detailed section is included later in this report. The spike in size of our PDT/WETH LP between Jan-23 and Mar-23 was driven by an increase in PDT price associated with the PRIME token launch. The subsequent decrease was driven by a decrease in the PDT price and aforementioned optimisation of our liquidity through a reduction and redeployment across new pools.





# Semi-Annual DAO Report

January to June 2023

## Treasury Update

The first half of FY23 seems to have flown by but it has been a highly productive one for the Treasury team. In December, Milamber joined us full-time as our first dedicated Finance Contributor and immediately set to work on forming a strategic plan to professionalise our finance and treasury-related activities based on his background as a chartered accountant along with a refreshed Treasury Council

While we are still pre-revenue and as our headcount grows to support our expanded vision for the DAO, we are happy to report that our liquid treasury (excluding PDT, NFTs and token investments) stands at c.\$6.88m, up from c.\$5.68m at the end of December 2022. This means the DAO has roughly four years of runway at the current burn rate using just our liquid and semi-liquid treasury. More importantly, through the changes being implemented in the first half of this year and beyond, we are fortifying our treasury to safeguard and propel its growth into the future. These changes include:

### Historical Audit, Implementation of Financial Processes, Policies & Controls

A significant amount of effort has been spent in H1 to professionalise our finance activities through the creation of a finance function led by Milamber. This included reviewing and understanding existing processes, policies and information, assessing and upgrading our financial tech stack, implementing processes and workflows for operational activities such as collating and storing financial information or dealing with payments, and establishing robust financial controls to further protect the treasury.

Most importantly we have undertaken a full audit of all of our wallets, assets and transactions going back nearly two years to the creation of the DAO, across nearly 40 wallets and contracts and over 20,000 transactions. Each transaction and wallet has been understood, classified and tagged with relevant metadata, facilitating more robust historical and forecast reporting and giving the DAO a better understanding of its financial performance and the value of its treasury and non-treasury assets. Work in all areas is a continuous process as we aim long-term to be a model of financial professionalism and transparency other DAOs can follow.

### Establishing Historical, Forecast and Ongoing Financial Reporting

The establishment of robust financial controls and processes, particularly with regards to financial data, has laid a solid foundation for the initiation of reliable and accurate reporting practices, starting with this report. We have created a number of internal models, reports and analyses which enable the executive team to better understand the full picture and health of the DAO (beyond a multisig wallet), and over the coming months we will begin to roll these out for our community to access.

As we continue to refine and enhance our financial reporting frameworks, this commitment to improved data quality and reporting integrity is pivotal. It enables our community to gain deeper insights into our financial performance, identify key trends, and make well-informed



# Semi-Annual DAO Report

January to June 2023

strategic decisions. This is a crucial step toward greater transparency, accountability, and ultimately, the long-term success of the DAO.

## Optimising our Liquidity & Supporting our Existing Partners

At ParagonsDAO, we supply our own token liquidity, which is possible through our healthy Treasury reserves. In March we undertook a strategic review of our liquidity strategy and fee generation which included a comparison to our peers, realising we were providing liquidity at a significantly higher proportion of our FDV to the majority of projects of our size (c.23%), and earning less fees (0.3%). This is summarised in [PDIP 13 - Redeploying our Uniswap Liquidity](#).

We elected to reduce the overall liquidity we provide for trading \$PDT to c.11% in line with a peer group of other web3 gaming projects and DAOs, increasing fees to 1% and allocating a portion to a new PDT/PRIME pool. Additionally, with the PRIME token launch experiencing shallow initial liquidity, we added c.\$0.3m of PRIME/ETH liquidity to the existing 1% pool to benefit from fees and support price.

Collectively, these changes diversify the liquidity we provide, reduce some risks, provide greater support to the PRIME token, and help us capture additional revenue through trading fees. Pleasingly, we have already earned c.\$20k in fees, annualising to over \$100k per annum for the DAO.

## Responding to Market Events & Opportunities

Part of Milamber's and the Treasury Council's role is to be aware of market risk and treasury-impacting events, which in March, included the significant USDC depegging event. Before convening over a weekend, the group were already fully briefed and knowledgeable about events, and what was fact vs. fiction, enabling them to be highly reactive while at the same time managing any risks.

The Treasury Council took the decision to swap half of our stablecoin treasury (1.7m USDC) for USDT before the depeg occurred. After further extensive research, with the confidence that the market was overestimating the risk, the USDT was swapped back to USDC at a 9% discount in the same weekend. The result was a profit of \$168k for the DAO, which was used to fund a purchase of 100 ETH at \$1,400 (a c.\$35k profit to date), with the prevailing sense the bottom was likely in for ETH for the long-term.

## Seeking out Yield Generation Opportunities

Rightsizing our liquidity meant a significant amount of ETH had come back into the treasury. As well as continually meeting with protocols providing yield generation opportunities, in April we undertook a strategic review of the market, treasury and our appetite for generating revenue from idle assets. [PDIP 14 - Deploying our Ethereum Holdings](#) dealt with this proposal.

We concluded that we do not want to risk our stablecoins, which secure us a significant runway for building, while we also expect to be earning revenues from our products by the end





# Semi-Annual DAO Report

January to June 2023

of the year. However we do not need ETH to support our daily operations, and therefore it is available for low risk opportunities. The Treasury Council decided that using liquid staking would introduce minimal risk vs. holding ETH in our multisig, and to further minimise any risk, we elected to do this with Lido, the largest player in the space, resulting in 1,000 ETH being staked in April, generating around an ETH per week.

This decision aligns to our Treasury Ethos – particularly, with our focus on building and our confidence and support of ETH as the currency of Web3 (by staking, we're also contributing to the security and stability of the Ethereum network). By proactively putting idle assets to work, we're paving the way for a more sustainable and productive DAO, contributing to the future of Web3 gaming.

## **Making Strategic Investments & Working with New Partners**

Guided by our commitment to advancing the web3 and web3 gaming ecosystems, we strategically partner with organizations that share our vision. Our partnerships, grants, and strategic investments focus on progress—stimulating innovation, fostering growth, and accelerating the adoption of web3 and related gaming technologies. They're carefully chosen to align with our programmatic objectives, and to maximize impact in these dynamic fields. Our strategy benefits from Milamber's and other team/council members' backgrounds in finance and M&A.

Our ongoing investments into Utopia and BLVKHVND (after a restructure) are performing well, we have welcomed new strategic content partners such as Metaguild, and we are actively working with several other products building in stealth including providing funding which we hope to share more on soon. Unfortunately as can happen with start-ups, our investments in Guzzolene, Gradient, and Abacus will need to be written off (less any returned funds) as all three businesses have ceased operations.

Most importantly was our acquisition of Priming, a Web3 gaming asset management tool that quickly emerged as the most important community tool in the Parallel ecosystem. We paid \$150k and 1m PDT vested over six months, and onboarded one of its co-founders as a contributor. We're in the midst of evolving The Priming into a base camp for Web3 gaming, building on their team's vision and progress, and delivering significantly more value as one of the centrepieces of our product suite.

## **Incentivising Contributors to Build Best-in-Class Products**

The Treasury Council completed the buyback of 9.9m PDT tokens from inactive founders at significantly discounted rates in H2-2022, and also halved the DAO's Uniswap liquidity resulting in another c.11.5m PDT coming back into the treasury. In May we undertook a strategic review of our team compensation to assess repurposing some of this recaptured PDT and modelling a viable incentive scheme for the Executive Team and Development Team to support long-term participation and effort.



# Semi-Annual DAO Report

January to June 2023

As a small pre-revenue decentralised entity, ParagonsDAO's success is heavily reliant on the work and guidance of its lead core contributors, and its engineers achieving agreed deadlines and targets in order to ensure that product development milestones are hit within the stated timeframes. This is particularly important as products are being built concurrently with one of our primary investments (Parallel TCG) and need to meet the same time frames to be ready for launch. The DAO will not earn significant revenue until its products are built and players/guilds are using them.

As such we repurposed 3.75m (up to a maximum of 5.25m) of bought-back PDT for this, which will be distributed to the relevant parties over a period of two years across milestones of the DAO's three key development projects (Equip, Guildr and Priming). [TIP 1A - Implement an Executive Team Incentive Scheme](#) and [TIP 1B - Implement a Development Team Incentive Scheme](#) deal with these proposals.

## PRIME Token Launch

Our friends at Parallel and Echelon unlocked the PRIME token in early March, which saw early trading up to roughly \$7 and along with it a significant boost to the DAO's treasuries. As expected, an initial sell-off has seen the price fall to where it sits today at nearly \$2, after contributors made an assessment of treasury health and runway, we determined that we did not want to realise any of our investment at such an early stage (a position which will be revisited in due course).

In the meantime, the DAO has continued to accumulate PRIME from its cached assets at a rate of c.90k PRIME per month, entirely offsetting our monthly operating costs at current prices. This has resulted in an increase in the dollar value of our treasury of c.\$1.21m relative to the end of December 2022. PRIME caching, and therefore our PRIME earnings, will cease in mid-July 2023, until the game is live and PRIME sink rewards are distributed to cached assets on an ongoing basis starting towards the end of the year.

In order to prepare for this, Milamber has prepared a detailed model based on every type of earning asset across the Parallel ecosystem, and underpinned by extensive data and a set of conservative assumptions which enables the DAO to be able to continue to understand its financial runway. We plan to share a public version of this model to assist community members in the coming months.

## PDT Staking

We allocate a portion of PRIME earnings to PDT stakers, which went live in February. Treasury Council member and CMO FlapJackson produced a detailed model to support our decision around the cadence of rewards as well as an additional retrospective reward, which after community discussion was ratified and put into effect. We currently have 84.4m PDT earning PRIME rewards earned by the DAO up to the end of caching. Once the game is live in H2 and we have a better understanding of what ongoing PRIME sink rewards look like, we will present a new rewards proposal to the community.



# Semi-Annual DAO Report

January to June 2023

## Asset Purchasing

And lastly, in preparation for the launch of Parallel and our products we undertook a strategic review of our existing NFT assets. This involved assessing the existing Parallel meta and modelling various scenarios to understand minimum numbers of specific cards we require in order to serve our desired player base and filling in the gaps via market purchases and OTC deals, and more recently utilising new technology such as Sudoswap to purchase from liquidity pools. Conversely we have also sold small amounts of certain assets earned and deemed surplus to requirements to then reinvest the funds. Our Parallel TCG card count now stands at 36,004 vs. 7,847 at the end of last year.

Away from Parallel TCG, we have earned, redeemed and rewarded community members with a number of Parallel auxiliary items, and recently purchased eight Anata NFTs as part of a partnership which will result in the DAO receiving four additional custom Anata NFTs to be used for content and marketing.



# Semi-Annual DAO Report

January to June 2023

## Treasury Overview



### CURRENT ASSETS (EXC. NFTS)

METRIC	AMOUNT (\$USD M)							VARIANCE	
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD	(%)
Stablecoins	3.80	3.50	3.30	3.27	3.12	2.97	2.76	(1.04)	(27.4%)
Liquid Tokens	0.59	0.77	0.78	2.32	3.23	1.01	1.42	0.83	140.1%
Native Tokens (After Provision)	-	-	-	-	-	-	-	-	n/a
<b>CASH &amp; CASH EQUIVALENTS</b>	<b>4.39</b>	<b>4.27</b>	<b>4.08</b>	<b>5.59</b>	<b>6.35</b>	<b>3.98</b>	<b>4.18</b>	<b>(0.21)</b>	<b>(4.8%)</b>
LP Tokens (After Provision)	1.29	1.67	2.71	1.73	0.90	0.85	0.87	(0.41)	(32.1%)
Staked Tokens	-	-	-	-	-	1.89	1.83	1.83	n/a
<b>SHORT-TERM INVESTMENTS</b>	<b>1.29</b>	<b>1.67</b>	<b>2.71</b>	<b>1.73</b>	<b>0.90</b>	<b>2.74</b>	<b>2.70</b>	<b>1.42</b>	<b>110.3%</b>
<b>CASH &amp; CASH EQUIVALENTS</b>	<b>5.68</b>	<b>5.94</b>	<b>6.79</b>	<b>7.32</b>	<b>7.25</b>	<b>6.73</b>	<b>6.88</b>	<b>1.21</b>	<b>21.2%</b>

ParagonsDAO's current assets balance excluding NFTs and PDT (i.e. its liquid treasury) as of 30 Jun-23 is \$6.88m. This represents a runway of roughly four years at our current burn rate of c.\$0.4m per quarter.

The numbers presented are based on the status of the treasury on 30 Jun-23 and have been prepared on a cash basis. Any activities after 30 Jun-23 are not included in this report unless directly mentioned.

Financial data is presented in millions of dollars and uses values determined at each month-end for valuation purposes. Please read the notes and disclaimer at the back of the report for further details.

In presenting these figures, only non-native assets are included, i.e. any PDT balances (the DAO's native token) are not counted towards any totals in order to present the most prudent picture of the health of our balance sheet. This is achieved through the inclusion of provisions to remove the value of any PDT in the treasury or the LPs owned by the DAO, meaning both gross and net amounts can still be seen.

## Wallet Overview

A detailed list of the DAO's wallets (which in aggregate constitute the holdings presented in this report) can be found on [this page](#) in our Docs.



# Semi-Annual DAO Report

January to June 2023

## Cash & Cash Equivalents



## CASH & CASH EQUIVALENTS

METRIC ITEM	AMOUNT (\$USD M)							VARIANCE	
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD	(%)
USD Coin (USDC)	3.80	3.50	3.30	3.27	3.12	2.97	2.76	(1.04)	(27.4%)
Tether (USDT)	-	-	-	-	-	-	-	-	n/a
Dai (DAI)	0.00	0.00	0.00	0.00	0.00	0.00	-	(0.00)	(100.0%)
<b>STABLECOINS</b>	<b>3.80</b>	<b>3.50</b>	<b>3.30</b>	<b>3.27</b>	<b>3.12</b>	<b>2.97</b>	<b>2.76</b>	<b>(1.04)</b>	<b>(27.4%)</b>
Ethereum (ETH)	0.57	0.69	0.69	0.93	2.02	0.22	0.21	(0.37)	(63.8%)
Wrapped Ethereum (WETH)	0.02	0.08	0.09	0.09	0.10	0.00	0.00	(0.02)	(97.1%)
Echelon Prime (PRIME)	-	-	-	1.29	1.11	0.80	1.21	1.21	n/a
<b>LIQUID TOKENS</b>	<b>0.59</b>	<b>0.77</b>	<b>0.78</b>	<b>2.32</b>	<b>3.23</b>	<b>1.01</b>	<b>1.42</b>	<b>0.83</b>	<b>140.1%</b>
ParagonsDAO (PDT)	1.16	1.59	3.55	1.29	1.89	1.74	1.50	0.34	28.9%
ParagonsDAO (PDT) Provision	(1.16)	(1.59)	(3.55)	(1.29)	(1.89)	(1.74)	(1.50)	(0.34)	28.9%
<b>NATIVE TOKENS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>n/a</b>
<b>CASH &amp; CASH EQUIVALENTS</b>	<b>4.39</b>	<b>4.27</b>	<b>4.08</b>	<b>5.59</b>	<b>6.35</b>	<b>3.98</b>	<b>4.18</b>	<b>(0.21)</b>	<b>(4.8%)</b>

Cash & Cash Equivalents represents the DAO's primary operating funds which are primarily used to pay the salaries of contributors, execute purchases and make investments. It has reduced from \$4.39m at 31 Dec-22 to \$4.18m at 30 Jun-23 (\$0.21m, (4.8%)) due to i) a \$1.04m reduction in Stablecoins largely driven by ongoing salary payments, asset purchases and investments; offset by ii) a \$0.83m increase in Liquid Tokens driven by the launch of the Echelon Foundation's PRIME token which the DAO has continued to accrue over the period.

### Stablecoins

While the DAO has held a number of different stablecoins in the past, at 30 Jun-23 all of its stablecoin balance is held in USD Coin (USDC). The Treasury Council regularly reviews its stablecoin policy with respect to market dynamics and risks and may in future seek to diversify its holdings if appropriate.

The majority of the DAO's operating expenses are represented in USDC, with salaries (which are also paid in PDT) the primary driver of the \$1.04m reduction over the six month period at a current burn rate of roughly \$0.4m per quarter. The remaining difference comprises \$150k paid in respect of the Priming acquisition, Parallel TCG card purchasing and ongoing tech infrastructure costs.

In the period a profit of \$168k in USDC was earned as a result of trading around the USDC depeg, however this was used largely to fund a purchase of 100 ETH at \$1,400.

### Liquid Tokens

The DAO uses a small basket of non-stablecoin cryptocurrencies in its daily operations; Ethereum (which is our primary network token and required for gas or payment for certain activities), and PRIME (the ecosystem token of our largest investment to date, Parallel TCG



# Semi-Annual DAO Report

January to June 2023

and has been accumulated over the past year, however may diversify its holdings in future as required to operate on other networks:

- Ethereum (ETH): Holdings have decreased by \$0.37m (63.8%) in the period to 30 Jun-23 as a result of gas fees required to operate on the Ethereum network, and Parallel TCG purchases. At 30 Apr-23 the Ethereum balance had grown to \$2.02m due to a combination of the release of Ethereum from the existing PDT/WETH LP, and Ethereum purchases made in the same month. The majority (1,000 ETH) of this was staked in May-23 and included in Short-Term Investments.
- Echelon Prime (PRIME): Holdings have increased from \$nil to \$1.21m in the period to 30 Jun-23, however the DAO has been accumulating PRIME since Jul-22, though it did not begin trading (and therefore have a value) until Mar-23. Throughout this period we have continued to accumulate PRIME, while also sharing a portion with the community (300k PRIME)—this is why the balance has been largely flat since 31 Mar-23. The balance presented is inclusive of tokens earned to 30 Jun-23, albeit some of these were not claimed until the first week of Jul-23.

## Short-Term Investments



## SHORT-TERM INVESTMENTS

METRIC ITEM	AMOUNT (\$USD M)							VARIANCE	
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD	(%)
Uniswap: V3 PDT/WETH (0.3%)	2.57	3.33	5.42	3.46	-	-	-	(2.57)	(100.0%)
Uniswap: V3 PDT/WETH (1%)	-	-	-	-	1.05	1.02	0.98	0.98	n/a
Uniswap: V3 PRIME/PDT (1%)	-	-	-	-	0.24	0.21	0.24	0.24	n/a
Uniswap: V3 PRIME/WETH (1%)	-	-	-	-	0.25	0.23	0.26	0.26	n/a
LP Tokens PDT Provision	(1.29)	(1.67)	(2.71)	(1.73)	(0.65)	(0.62)	(0.61)	0.67	(52.5%)
<b>LIQUIDITY PROVIDER TOKENS</b>	<b>1.29</b>	<b>1.67</b>	<b>2.71</b>	<b>1.73</b>	<b>0.90</b>	<b>0.85</b>	<b>0.87</b>	<b>(0.41)</b>	<b>(32.1%)</b>
Lido Staked Ether (stETH)	-	-	-	-	-	1.89	1.83	1.83	n/a
<b>STAKED TOKENS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.89</b>	<b>1.83</b>	<b>1.83</b>	<b>n/a</b>
<b>SHORT-TERM INVESTMENTS</b>	<b>1.29</b>	<b>1.67</b>	<b>2.71</b>	<b>1.73</b>	<b>0.90</b>	<b>2.74</b>	<b>2.70</b>	<b>1.42</b>	<b>110.3%</b>

Short-Term Investments represents semi-liquid assets intended to derive yield such as liquidity pool shares and staked tokens. It has increased from \$1.29m at 31 Dec-22 to \$2.70m at 30 Jun-23 (\$1.42m, (110.3%)) due to i) a \$(0.41)m reduction in Liquidity Provider Tokens driven by the project to rightsize our Uniswap liquidity in Apr-23; offset by ii) a \$1.83m increase in Staked Tokens representing the choice to stake the majority of the DAO's liquid Ethereum with Lido in May-23.

### Liquidity Provider Tokens

The DAO utilises protocol-owned liquidity, i.e. it owns the vast majority of the LP used for trading in its native token PDT. It also deploys strategic amounts of liquidity into select tokens



# Semi-Annual DAO Report

January to June 2023

owned by the treasury where it makes sense for the purposes of hedging, or capturing fees from tokens it holds anyway. The DAO underwent an exercise in Mar-23 to rightsize the liquidity it provided on Uniswap, as well as to deploy new pools in order to capture fees and upside around trading in the PRIME token. The numbers presented do not reflect roughly \$30k of uncollected fees across all pools and are net of PDT values:

- Uniswap: V3 PDT/WETH: Holdings have decreased by \$1.56m (61.7%) on a net basis in the period to 30 Jun-23 as a result of a reduction in the amount of liquidity provided after a review of the DAO's peers, and changes in the PDT and ETH price over the six months to date. Some of these funds returned to the treasury as ETH and PDT, whereas some were redeployed into new PRIME/PDT and PRIME/WETH pools on Uniswap. At 28 Feb-23 the balance had grown to \$5.42m due to market speculation around the PRIME launch and headwinds captured by PDT. The subsequent decrease reflects the reversal of this trend post-PRIME launch in Mar-23.
- Uniswap: V3 PRIME/PDT: The DAO elected to deploy a new pool to capture trading fees around the PRIME ecosystem, pairing PRIME with PDT on the basis that prices have been shown to move broadly in tandem to date meaning any impermanent loss risk is reasonably low.
- Uniswap: V3 PRIME/WETH: With the PRIME token launch experiencing shallow initial liquidity, the DAO added liquidity to the existing 1% pool to benefit from fees and support price.
- LP Tokens PDT Provision: The figures presented in this report are exclusive or net of native assets, i.e. any PDT balances (the DAO's native token). This is intended to present the most prudent picture of the health of the balance sheet given the DAO does not trade in its own token, and would be able to realise the values held in the treasury based on the amount of liquidity available. This manual provision removes the value of all PDT assets held across the LPs presented, meaning the net total represents just the ETH and PRIME amounts.

## *Staked Tokens*

To date the DAO has only deployed Ethereum into staking solutions, holding 1,005 Lido Staked Ether (stETH) at 30 Jun-23, vs. its initial investment of 1,000 tokens. This came from a strategic review of the market, treasury and our appetite for generating revenue from idle assets in Apr-23, which in turn was driven by the recapture of a significant amount of ETH back into our treasury after rightsizing our LP. The DAO will continue to monitor its investment and ETH reserves with respect to adding to this amount and/or looking to diversify with other appropriate protocols to reduce any financial risk.



# Semi-Annual DAO Report

January to June 2023

## Inventory

### INVENTORY

METRIC ITEM	AMOUNT (QUANTITY)							VARIANCE	
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD	(%)
Masterpieces	22	22	22	22	22	22	22	-	-
Catalyst Drives	15	15	15	15	15	15	15	-	-
Cores	12	14	14	14	14	14	14	2	16.7%
Prime Keys	68	68	68	68	68	69	69	1	1.5%
Galaxy Keys	12	12	12	12	12	12	12	-	-
Overclock Keys	47	48	48	48	48	48	48	1	2.1%
Multifold Keys	17	17	17	17	17	17	17	-	-
Surge Keys	1	1	1	1	1	1	1	-	-
Prismatic Keys	79	79	79	79	79	79	79	-	-
Gravity Keys	-	-	57	57	57	57	57	57	n/a
The First Son of Mars	2	2	2	2	2	2	2	-	-
Art Cards	13	13	13	14	14	14	14	1	7.7%
Card Backs	114	132	132	132	132	132	144	30	26.3%
Legendary SE	156	174	174	174	174	174	174	18	11.5%
Rare SE	424	473	473	473	473	473	473	49	11.6%
Uncommon SE	550	637	637	637	637	637	613	63	11.5%
Common SE	796	1,024	1,024	1,024	1,024	1,024	990	194	24.4%
Legendary PL	23	23	23	23	23	23	23	-	-
Rare PL	86	91	91	91	91	91	91	5	5.8%
Uncommon PL	92	114	114	114	114	114	89	(3)	(3.3%)
Common PL	11	52	52	52	52	52	34	23	209.1%
Legendary FE	1,366	1,664	1,758	1,767	1,764	1,798	1,798	432	31.6%
Rare FE	2,620	3,115	3,528	3,779	3,779	3,855	3,789	1,169	44.6%
Uncommon FE	617	674	1,286	1,325	1,325	2,649	2,746	2,129	345.1%
Common FE	704	711	8,775	9,334	9,334	22,884	24,690	23,986	3407.1%
<b>PARALLEL TCG (LL)</b>	<b>7,847</b>	<b>9,175</b>	<b>18,415</b>	<b>19,274</b>	<b>19,271</b>	<b>34,256</b>	<b>36,004</b>	<b>28,157</b>	<b>358.8%</b>
Parallel Comics (LLCMC)	22	20	20	20	42	42	42	20	90.9%
Parallel Lore (LLLR)	22	22	22	22	44	-	-	(22)	(100.0%)
Parallel Auxiliary Items (AUX)	19	20	19	19	47	19	19	-	-
<b>OTHER PARALLEL NFTS</b>	<b>63</b>	<b>62</b>	<b>61</b>	<b>61</b>	<b>133</b>	<b>61</b>	<b>61</b>	<b>(2)</b>	<b>(3.2%)</b>
Anata	-	-	-	-	-	-	7	7	n/a
ARBO	365	365	365	365	365	365	365	-	-
The Watch	92	92	92	92	92	92	92	-	-
<b>OTHER NFTS</b>	<b>457</b>	<b>457</b>	<b>457</b>	<b>457</b>	<b>457</b>	<b>457</b>	<b>464</b>	<b>7</b>	<b>1.5%</b>
<b>INVENTORY</b>	<b>8,367</b>	<b>9,694</b>	<b>18,933</b>	<b>19,792</b>	<b>19,861</b>	<b>34,774</b>	<b>36,529</b>	<b>28,162</b>	<b>336.6%</b>

Inventory primarily represents NFT assets intended for use in our ecosystem products by players, for marketing and giveaways, as part of strategic partnerships, and to obtain governance shares in our ecosystem partners (e.g. assets that may be rewarded in future with governance tokens). To date the vast majority of inventory has comprised Parallel ecosystem assets (given the DAO's origins), however as new quality Web3 games are launched we expect this to gradually diversify. The numbers presented are quantities, however we expect to be also be able to provide cost detail in future updates:

*Parallel TCG (LL)*





# Semi-Annual DAO Report

January to June 2023

Parallel TCG (LL) holdings have increased by 28,157 (358.8%) in the period to 30 Jun-23 as a result of a push from the DAO to build sufficient inventory ahead of the launch of our Equip product. There was also one pack drop in this period (PDVI) in Jan-23 whereby a number of cards were added. Despite difficult market conditions and low supply, the purchasing team has developed and been executing a detailed strategy focused on staple cards needed for various decks that are currently seen as desirable, with a focus on First Edition (FE) cards to maximise potential PRIME earnings relative to cost; as such, less focus has been placed on premier assets like Prime Keys and Masterpieces compared to last year.

## *Other Parallel NFTs*

As a result of our Masterpiece and Prime Key holdings, the DAO has been fortunate enough to earn pack reservations, merchandise and media to supplement its card holdings. These are primarily used as prizes for giveaways, however we were able to sell our supply of Shard Fragments from the Parallel Lore collection and used the funds for additional card purchases. The purchasing team regularly monitors the market for these sorts of opportunities where there is not a business reason to hold certain assets and it makes more sense to realise the funds and reinvest them elsewhere (primarily into Parallel cards).

## *Other NFTs*

While the focus to date has largely been on the Parallel ecosystem, we do also hold assets of other gaming ecosystems in anticipation of their launches. There have been no changes in our ARBO and The Watch holdings in the period to 30 Jun-23, though we are actively exploring opportunities with new partners for our ecosystem, with announcements to hopefully come in due course.



# Semi-Annual DAO Report

January to June 2023

## Long-Term Investments



## LONG-TERM INVESTMENTS

METRIC ITEM	AMOUNT (\$USD M)							VARIANCE	
	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	YTD	(%)
BLVKHVND	0.16	0.16	0.16	0.16	0.16	0.16	0.16	-	-
The Priming	-	0.27	0.27	0.27	0.27	0.27	0.27	0.27	n/a
<b>GAMING INFRASTRUCTURE</b>	<b>0.16</b>	<b>0.43</b>	<b>0.43</b>	<b>0.43</b>	<b>0.43</b>	<b>0.43</b>	<b>0.43</b>	<b>0.27</b>	<b>167.2%</b>
Abacus	-	-	0.05	0.05	0.05	0.05	-	-	n/a
Gradient	0.05	0.05	0.05	0.05	0.05	-	-	(0.05)	(100.0%)
Guzzolene	0.05	0.05	-	-	-	-	-	(0.05)	(100.0%)
<b>NFT INFRASTRUCTURE</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.05</b>	<b>-</b>	<b>(0.10)</b>	<b>(100.0%)</b>
Holyheld	0.03	0.03	0.03	0.03	0.03	0.03	0.03	-	-
Utopia	0.04	0.04	0.04	0.04	0.04	0.04	0.04	-	-
<b>PAYMENTS INFRASTRUCTURE</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM INVESTMENTS</b>	<b>0.33</b>	<b>0.59</b>	<b>0.59</b>	<b>0.59</b>	<b>0.59</b>	<b>0.54</b>	<b>0.49</b>	<b>0.17</b>	<b>51.4%</b>

While not an investment DAO or venture capital firm, from time to time the DAO is offered to work with strategic partners, provide grants and participate in funding rounds. Some of these represent a passive investment into a product or team whose product we use/intend to use and whose values align with ours, and others represent more active investments into technology and infrastructure which is intended to be integrated into our products and ecosystem.

Long-Term Investments has increased from \$0.33m at 31 Dec-22 to \$0.49m at 30 Jun-23 (\$0.17m, (51.4%)) due to i) a \$0.27m increase in Gaming Infrastructure driven investment in the Priming in Jan-23; offset by ii) a \$(0.1)m decrease in NFT Infrastructure following the sunseting of Abacus, Gradient and Guzzolene over the course of the period as a result of the bear market. All values represent the cost at the time of acquisition and not fair values of investments today given the lack of an active market in which to price seed investments.

### Gaming Infrastructure

Gaming Infrastructure primarily reflects products and protocols that are intended to be deeply integrated into our ecosystem. As such we work closely with these teams in order to realise the investment made and also retain a larger amount of control relative to our other investments:

- BLVKHVND: Our first major investment was made in 2022 and details around the nature of the agreement and progress can be found earlier in this report. The value shown represents the cost in USDC, with no changes required given the project/team is still active and building.
- The Priming: Purchase of the Priming was finalised in Jan-23, details of which can be found earlier in this report. The value presented represents the \$150k and 1m vested



# Semi-Annual DAO Report

January to June 2023

PDT paid to the previous owners marked to the date of acquisition. The value of the PDT paid and which has been vesting over a year, which would otherwise have remained in our treasury, is now roughly 60% of the value at the time of acquisition.

## *NFT Infrastructure*

NFT Infrastructure broadly relates to investments into products and teams that align with our primary products and infrastructure and would be of use to future users. These typically represent small grants made to support ongoing build cost and/or future integration of our ecosystem/assets:

- Abacus/Guzzolene: The DAO issues a \$50k grant to Guzzolene in 2022 to position itself to significantly increase its yield on idle NFTs by securing a governance stake in Guzzolene to direct liquidity to the DAO's spot pools on Abacus in order to take advantage of loan, insurance and capital efficiency opportunities. Guzzolene ceased operations in Feb-23 with roughly half of the funds returned, and the original investment instead rolled into Abacus. Unfortunately Abacus also ceased operations in Jun-23 and the initial \$50k investment into Guzzolene has been written off. There is a chance a further reimbursement of some funds is made in future.
- Gradient: Intending to tap into the utility provided by Abacus oracles by leveraging Gradient to borrow against NFTs and provide support in critical areas including liquidity, the DAO issued a \$50k grant to Gradient in 2022. Gradient ceased operations and this was written off in May-23.

## *Payments Infrastructure*

Payments Infrastructure primarily reflects investment into infrastructure partners associated with the DAO's non-core operations, largely in the finance space. The DAO typically works with such products closely, benefitting from direct and preferential access to teams and ability to request new features to help improve the DAO's operations:

- Holyheld: Holyheld (formerly Mover) is our debit card partner and used to pay for subscription costs primarily. The DAO made a \$25k investment in 2022 which has remained unchanged.
- Utopia: Utopia is our on-chain payments and reporting partner and used to pay for salary costs primarily. The DAO made a \$41k investment in 2022 which has remained unchanged.



# Semi-Annual DAO Report

January to June 2023

## Conclusion

The treasury's efforts have strengthened the financial foundations of the DAO, improving transparency, accountability, and the potential for long-term success in the Web3 gaming space. We hope that you have found our first Treasury Report report insightful and valuable, and would like to thank all of our holders, community members and partners for their continued support during what has been a tricky year to navigate for everyone in the space. Expect to see a lot more reporting output in the second half of the year as Parallel and our products officially launch, including the next Treasury Report in Q3.



# Semi-Annual DAO Report

January to June 2023

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