



ETC Cooperative

Q2 2021 Board Report

August 6th, 2021



etccooperative.org

Sections

- 1** Overview
- 2** Staffing
- 3** Protocol
- 4** Comms & Marketing
- 5** Finance

Overview

- › Staffing changes
- › Magneto hard-fork preparation
- › Treasury Progress
- › Polls in favor of a treasury
- › Keccak-256 Progress
- › Miners regarding Keccak-256 and Treasury
- › Comms and Marketing
 - › Adoption: The Road to Treasury
 - › ETC Weekly
 - › Comms Metrics and KPIs

General Staffing Changes

- › Stevan Lohja, who has been the Director of Developer Relations at the ETC Cooperative since September 2020, resigned in mid-May.
- › He left to join IOHK in a very similar role on the Mantis team.
- › We continue to work closely with Stev, with bi-weekly meetings with IOHK.
- › His extensive ETC experience will be invaluable to their newly formed team.
- › We will be backfilling his role and will also take the opportunity to look at our staffing as a whole.



Magneto hard-fork preparation

- › An ETC core developers call was held on 21st May to discuss the proposal for a Magneto hard-fork (bringing “Berlin” changes to ETC).
- › This was [ECIP-1103: Magneto EVM and Protocol Updates](#)
- › When this HF was first proposed it seemed a distraction from the ongoing, active work on the treasury proposal and the Keccak-256 proposal.
- › That dynamic changed when the EF released their [Dodging a Bullet](#) blog post on 18th May revealing a serious DOS attack vector which had been addressed both by serious architectural changes in the Geth client and protocol changes in Berlin.
- › The attack vector was still active in ETC, making Magneto an essential security upgrade, not just a “copying ETH” update.
- › Activation of Magneto on the ETC mainnet was targeted for 21st July.
- › Much of June was spent on Magneto preparation and outreach.



Protocol

Treasury progress

- › We have been in frequent contact with IOHK about the treasury proposal.
- › There has also been an increasing amount of discussion of the proposal on the ETC Discord.
- › The common “pain points” are becoming quite evident as a result of these discussions.
- › Most people’s primary concerns are about the amount of funds being allocated to client teams, together with wanting to see accountability for that spending.
- › The proposal needs financial modeling to explain assumptions about potential spending for the client teams (Mantis being the largest at the moment) together with assumptions about ranges of ETC prices – both historic and future.
- › Bob’s proposal is that unused client team funds be swept forward into the community grants pool. That lets us account for differences in spending across teams and within teams over time as ETC prices vary while keeping the model very simple (30/30/30/10 in ETC).
- › There are concerns about the coin vote mechanism and specifically the quorum.
- › IOHK and ETC Coop are working together on a major refresh for the ECIP. We can gather discussions around those changes when they are in place.

Comms and Marketing

Polls in favor of a Treasury

- › A recent 7-day poll conducted on Twitter showed 82.7% of 515 votes in favor of an Ethereum Classic Treasury to fund multiple independent core development teams and community grants [1]. Previous polls showed:
- › ETC Telegram: 77% of 91 votes in favor of Treasury [2].
- › Twitter: 78% of 604 votes in favor of Treasury [3].
- › ETC Reddit: 60% of 64 votes in favor of Treasury [4]
- › <https://medium.com/etccooperative/polls-in-favor-of-an-ethereum-classic-treasury-84e946eb7ba8>



Protocol

Keccak-256 (SHA-3) Progress

ETC Coop supports [ECIP-1049](#) which proposes to change the ETC PoW to Keccak-256 (Sha-3).

We are funding development and implementation regarding ECIP-1049 which is already implemented and merged into the Hyperledger Besu mainline.

- › ETC Coop funded Keccak implementation support in Core-geth. See ongoing pull request <https://github.com/etclabscore/core-geth/pull/369>.
- › IOHK has merged Keccak mining into Mantis. <https://github.com/input-output-hk/mantis/pull/960>
- › There has been ongoing coordination with ePIC Blockchain, who seem likely candidates to produce a Keccak-256 ASIC. They have dedicated some engineering time to the GPU mining support and to testing with Core-Geth.

Protocol

Keccak-256 (SHA-3) Progress

- › In May the first Astor block using GPU mining with Core-Geth was produced.

Now producing blocks with Keccak mining using a GPU miner and Core-Geth!

Last Block: 12sago

Avg Block Time: 19.88s

Gas Limit: 0x1f22eda3f36c60 gas

Page Latency: 45 ms

Last Blocks Miners:

Miner Address	Block Count
0xfe3b557e82d62b89e4936b722be55ceb828dbd7	1
0x4651437dc2e978952c5e5667533874c294e4e8	1

GAS SPENDING

GAS LIMIT

This page does not re

Miner	Time	Gas	Gas Limit	Block Count	Gas Limit	Gas Spent
java-11	6 ms	0 KH/s	5	6	#15,416	956248ad..4936e1f4
java-11	29 ms	0 KH/s	1	0	#15,416	956248ad..4936e1f4
java-11	96 ms	0 KH/s	2	6	#15,416	956248ad..4936e1f4
java-11	25 ms	0 KH/s	3	6	#15,416	956248ad..4936e1f4
nd64/go1.15.11	13 ms	✗	2	0	#15,416	956248ad..4936e1f4
nd64/go1.15.11	offline	✗	2	0	#15,100	c23d9f04...062f6138

Elapsed = 0

Block Number = 15412

Height = 15412

Time = 15412

8:31 AM · May 16, 2021 · Twitter Web App

Protocol

Keccak-256 (SHA-3) Progress

- › Antoine Toulme hosted a Keccak AMA at the start of June which was well attended and informative.

Astor Testnet

→ Node
Start running an Astor testnet node.

→ Explore
See how Astor is being used.

JUN
03

Ethereum Classic Keccak Mining

Free

Miners regarding Keccak-256 and Treasury

We've been engaging with major mining stakeholders in regards to the Keccak-256 and Treasury proposal. Our finding thus far:

- › Mining software providers are interested and standing by for the proposals to progress through the ECIP process to have a better idea on timelines.
- › The Treasury is more contentious to mining pools, some oppose the Treasury completely, and some would be following the community in this case.
- › Implementing Keccak-256 support is trivial especially if clients have stratum API support.
- › Allocating 20% of the block reward to the Treasury needs more debate and reconciliation since profit margins of existing miners are usually small.

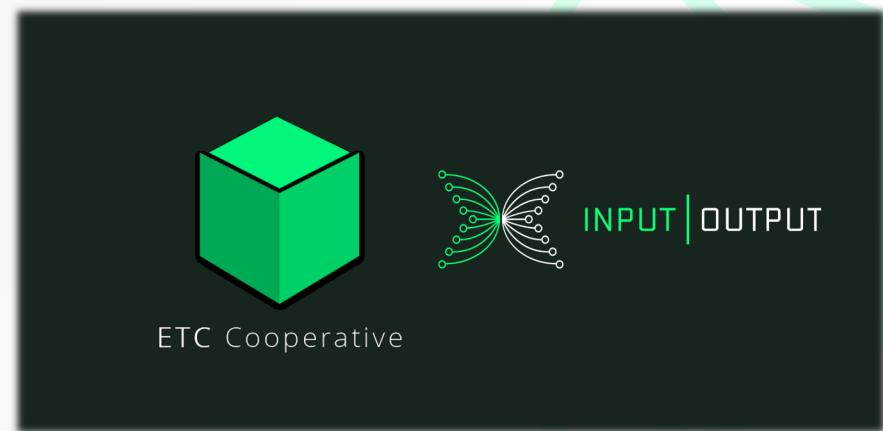


Comms and Marketing

Adoption: The Road to Treasury

- › ETC is a perfectly suitable decentralized computing platform for smart contracts
 - › Largest PoW, native smart contract platform after after ETH 2.0 launches
- › Grassroots strategies and campaigns
 - › “on-strategy” messaging across all ECC marketing channels
- › Consistent communication with IOHK developers and staff
 - › Leverage IOHK’s vast amount of video, PR, and other resources
 - › Following shared communications plan

- › Kevin working with Tim Richmond (IOHK) on comms plans, marketing materials, campaigns and other tactics
 - › Complimentary content i.e. blog posts, illustrations, videos etc.
 - › Engage with users and active participants via AMAs, Q&As, live events, media interviews etc.





Comms and Marketing **ETC Weekly**

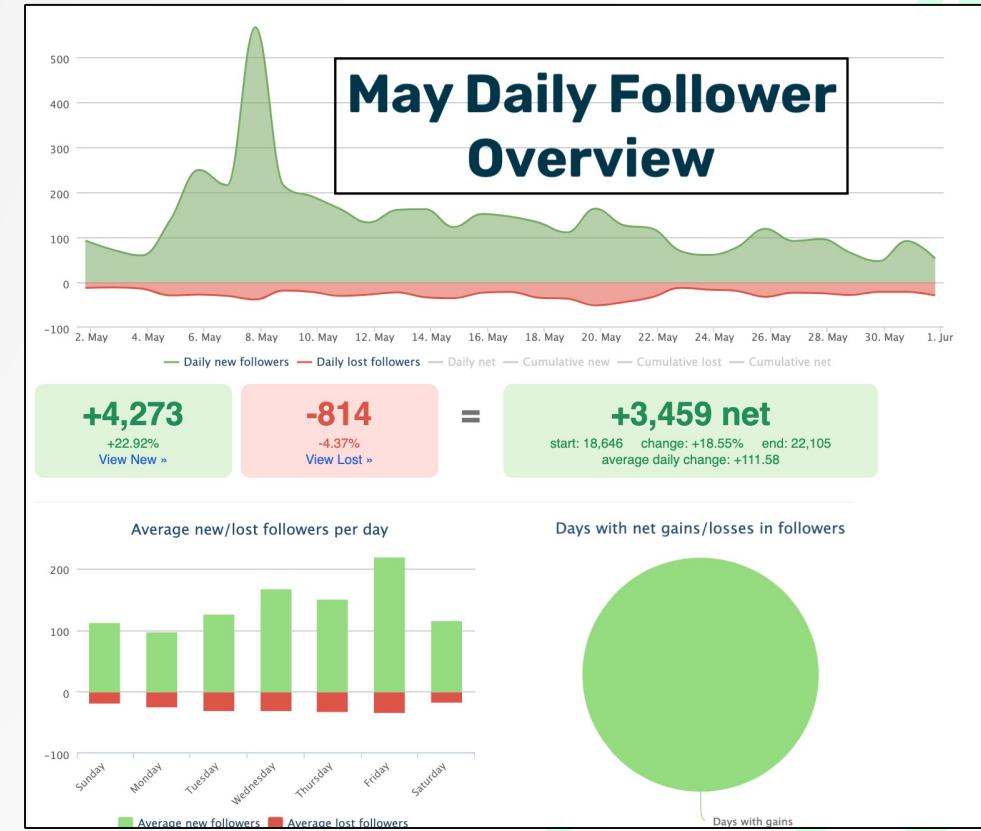
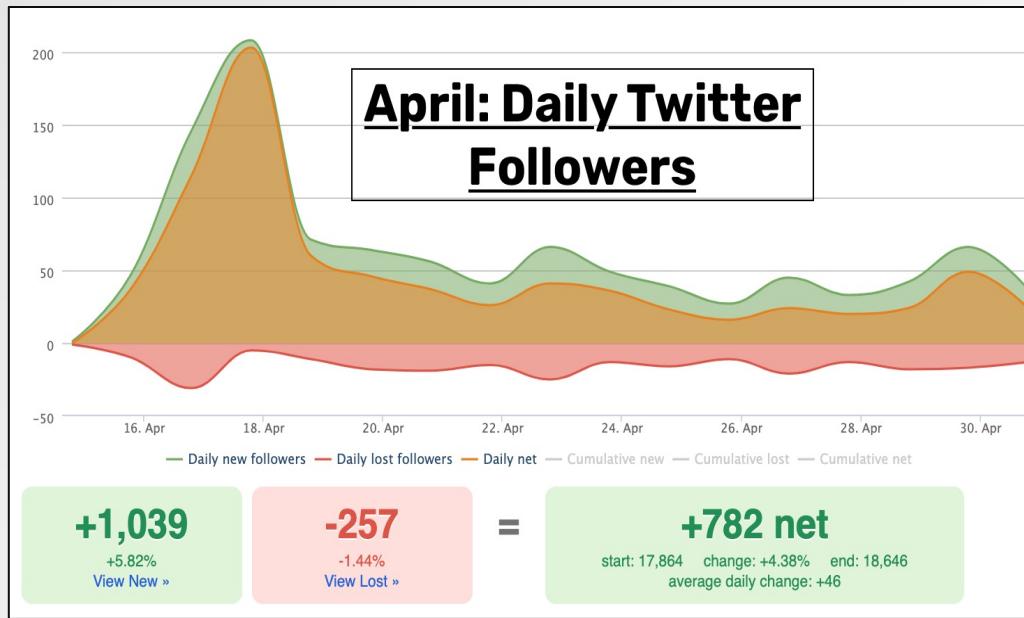
- › ETC Weekly bi-weekly newsletter has been on hiatus but will be revived.
- › Provides meaningful news and updates
- › 4,942 unique active subscribers
- › ~27.07% open-rate
- › ~159 monthly subscribe rate
- › 34% sign up form conversion rate



ethclassic.co/etcweekly

Comms and Marketing

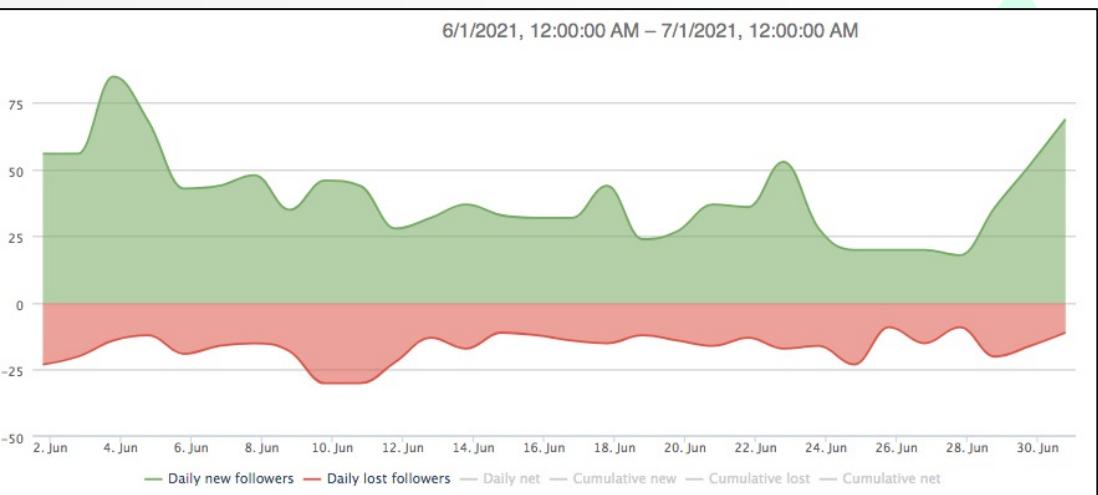
April and May Follower Overview



Comms and Marketing

June Follower Overview

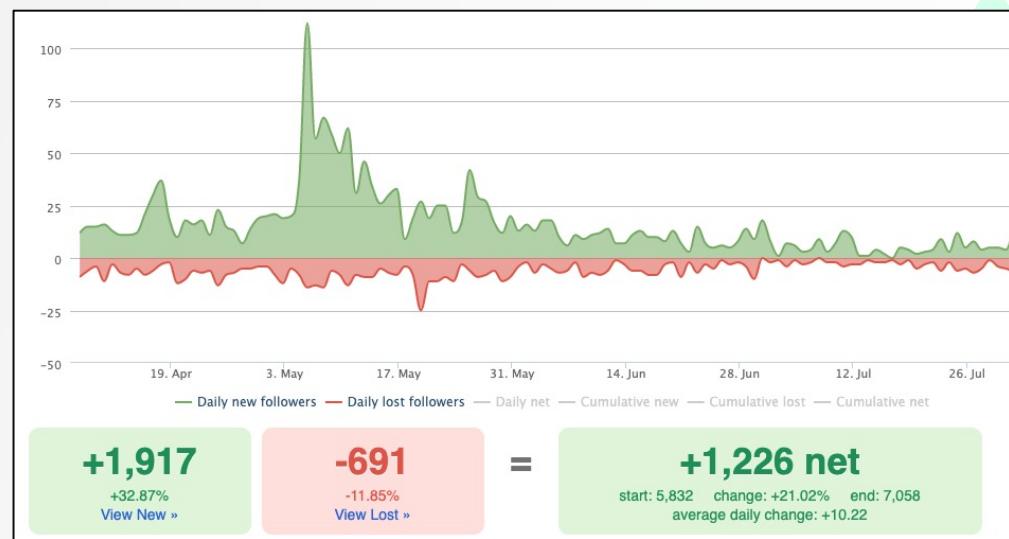
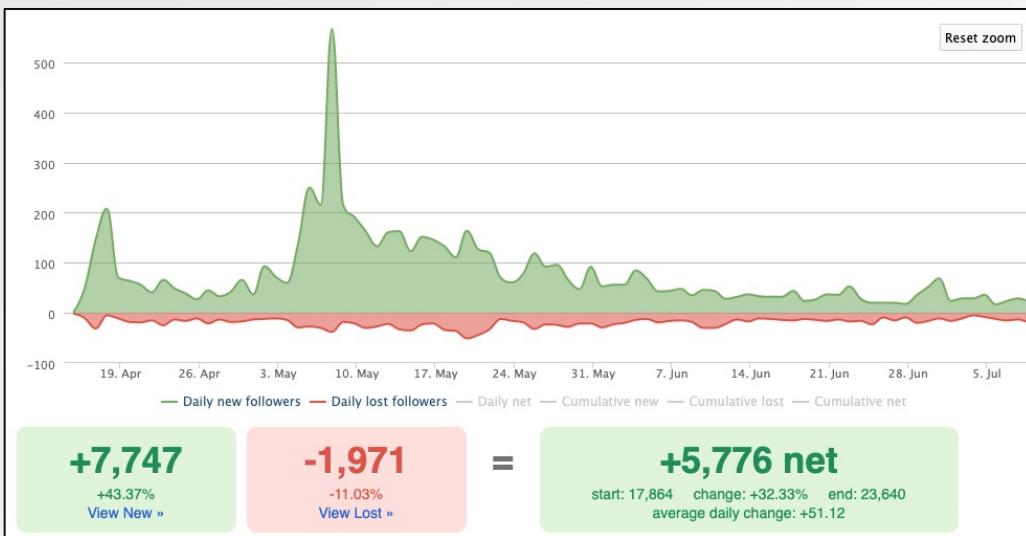
- The ETC Co-op attracted ~711 net new Twitter followers
- 29 days with net follower gains
- Average daily change: +23.7%



- Sites like [Followerwonk.com](#) and [Tweepsmap](#) show greater perspective of what needs to be improved and what is performing well

Comms and Marketing Social Media: Q2 Overview

- +7,747 new Twitter followers of which it netted +5,776 in Q2 2021
- ETC Cooperative Twitter account adds ~50 to ~80 new followers daily



- @ClassisisComing also fared well in Q2
 - Gained +1,917; Netted +1,226 followers
 - ~21% average change
 - ~11% daily change

Comms and Marketing Metrics continued

ETC Co-op Medium Publication

- Below are the top performing stories published on the ETC Co-op Medium
- Views are the number of visitors who clicked on a story's page, while Reads tells you how many viewers have read the entire story (an estimate).

Date	Views	Reads ↑	Read ratio
ETC Prepares for Thanos Upgrade 3 min read · In ETC Cooperative · View story · Details	4.3K	1.8K	42%
Why Change The Proof of Work Algorithm t... 7 min read · In ETC Cooperative · View story · Details	7.7K	1.5K	20%
ETC Cooperative Q1 2021 Transparency Report 2 min read · In ETC Cooperative · View story · Details	1.92K	1.1K	59%
Thanos Hard Fork 2 min read · In ETC Cooperative · View story · Details	1.6K	1K	62%
Why Ethereum Classic should adopt a treas... 3 min read · In ETC Cooperative · View story · Details	1.6K	820	49%
How to setup an Ethereum Classic node 4 min read · In ETC Cooperative · View story · Details	2.7K	783	29%

Above is the homepage of the Medium with the Treasury article currently trending.

Finance



Exceptional income for Q2

The ETC Cooperative received an exceptional amount of funding from Grayscale during Q2, as ETC prices hit an all-time high during May.

Nearly \$1.7M USD of revenue was received by the ETC Coop during Q2, leaving over \$2.2M USD of assets on our balance sheet at the end of the quarter.

Historically, those assets have usually varied between \$300K and \$600K.

This leaves us in a very strong financial position heading into Q3.



Finance

Expenditures in \$US					
	Variance \$ Q2				
	Q2 2021 Actual	Q2 2021 Budget	2021 vs Q2 2021	Q2 2020 Actual	Variance \$ Q2 2021 vs Q2 2020
	Budget				
Overhead & Management	\$50,975	\$61,769	\$(10,794)	\$52,220	\$(1,245)
Development	\$27,894	\$120,000	\$(92,106)	\$32,249	\$(4,354)
Protocol	\$0	\$51,000	\$(51,000)	\$13,300	\$(13,300)
Comms & Marketing	\$12,500	\$13,463	\$(963)	\$829	\$11,671
Finance	\$6,000	\$16,375	\$(10,375)	\$5,290	\$710
Infrastructure	\$10,594	\$14,300	\$(3,706)	\$17,377	\$(6,784)
Partnerships	\$0	\$0	\$0	\$750	\$(750)
ETC Summit	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$107,963	\$276,906	\$(168,943)	\$122,015	\$(14,052)
<i>Non-cash Items</i>	\$0	\$0	\$0	\$7,057	\$(7,057)
Total Operating Expenses	\$107,963	\$276,906	\$(168,943)	\$129,072	\$(21,109)

- Expenditures in Q2 2021 were significantly lower than Q2 2021 Budget and slightly lower than Q2 2020. As related to budget this is due to protocol, development, and infrastructure work that may be done in subsequent months, depending on the changing roadmap. As related to Q2 2020, this is due to protocol and infrastructure spending in 2020.

Finance

Expenditures in \$US					
	June 2021 YTD Actual	June 2021 YTD Budget	Variance \$ June YTD vs June YTD Budget	June 2020 YTD Actual	Variance \$ June 2021 YTD vs June 2020 YTD
Overhead & Management	\$103,743	\$123,980	\$(20,236)	\$106,004	\$(2,260)
Development	\$73,064	\$190,000	\$(116,936)	\$62,249	\$10,816
Protocol	\$10,000	\$81,000	\$(71,000)	\$38,850	\$(28,850)
Comms & Marketing	\$26,069	\$27,475	\$(1,406)	\$21,716	\$4,353
Finance	\$26,511	\$37,170	\$(10,659)	\$16,135	\$10,376
Infrastructure	\$10,594	\$26,500	\$(15,906)	\$26,712	\$(16,118)
Partnerships	\$0	\$0	\$0	\$5,542	\$(5,542)
ETC Summit	\$0	\$0	\$0	\$1,978	\$(1,978)
Total Expenditures	\$249,981	\$486,125	\$(236,143)	\$279,185	\$(29,204)
Non-cash Items	\$0	\$0	\$0	\$23,686	\$(23,686)
Total Operating Expenses	\$249,981	\$486,125	\$(236,143)	\$302,871	\$(52,889)

- YTD expenses are significantly lower than budget, as spending on protocol and infrastructure has not yet commenced. The focus is on work related to potential hardforks. The main variances compared to 2020 relate to headcount, as well as comms and marketing costs related to travel for ETHCC and other cryptocurrency conferences, before Covid-19.
- Non-cash items from 2020 consist of the loss on sale of ETC, FX gain/loss, and bad debt expense.

Finance

Net (Loss)/Income in \$US			
	Q2 2021 Actual	Q2 2021 Budget	Q2 2020 Actual
Income	\$1,684,497	\$191,870	\$164,899
Operating Expenses	\$107,963	\$276,906	\$129,072
Net (Loss)/Income	\$1,576,534	\$(85,036)	\$35,827
<i>Non-cash items</i>	\$0	\$0	\$7,057
Adjusted Net Income	\$1,576,534	\$(85,036)	\$42,884

	June YTD 2021 Actual	June YTD 2021 Budget	June YTD 2020 Actual
Income	\$2,004,697	\$364,344	\$343,490
Operating Expenses	\$249,981	\$486,125	\$302,871
Net (Loss)/Income	\$1,754,716	\$(121,781)	\$40,619
<i>Non-cash items</i>	\$0	\$0	\$23,686
Adjusted Net Income	\$1,754,716	\$(121,781)	\$64,305

- Net Income for the period (Q2 and YTD) was significantly higher than budget and 2020. The variance with budget can be attributed to the much higher ETC price in 2021, which is correlated to the ETC Fees received from Grayscale, as well as lower cash-costs YTD. Budgeting was on the conservative side with revenue, due to changing and volatile prices. As compared to 2020, cash costs were fairly consistent, however revenue was significantly higher due to ETC prices.
- As of June 30, 2021, the ETC Coop held 8,163 ETC.

Finance

Financial Positions in \$US	30-June-21	31-Mar-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Assets						
Cash & Cash Equivalents	\$745,488	\$416,965	\$303,313	\$146,318	\$530,268	\$0
ETC (at book value) ¹	\$78,115	\$78,115	\$78,115	\$154,363	\$154,363	\$0
Accounts Receivable	\$0	\$(1)	\$0	\$12,057	\$7,057	\$0
Due from Grayscale	\$1,401,063	\$115,361	\$51,914	\$18,808	\$(6,729)	\$371,505
Prepaid Expenses & Deposits	\$0	\$0	\$0	\$2,250	\$0	\$0
Total Assets	\$2,224,666	\$610,439	\$433,341	\$333,796	\$684,960	\$371,505
Liabilities						
Accounts Payable & Accrued Liabilities	\$55,116	\$17,424	\$18,507	\$44,393	\$20,305	\$0
Due to Grayscale	\$0	\$(1)	\$0	\$(1,000)	\$3,022	\$131,864
Total Liabilities	\$55,116	\$17,423	\$18,507	\$43,393	\$23,328	\$131,864
Equity						
Retained Earnings	\$414,834	\$414,834	\$290,403	\$661,632	\$239,640	\$0
Net Income/(Loss) for the year	\$1,754,716	\$178,182	\$124,431	\$(371,229)	\$421,992	\$239,640
Total Equity	\$2,169,550	\$593,016	\$414,834	\$290,403	\$661,632	\$239,640
Total Liabilities & Equity	\$2,224,666	\$610,439	\$433,341	\$333,796	\$684,960	\$371,505
<i>ETC at Market Value¹</i>	<i>\$470,443</i>	<i>\$114,935</i>	<i>\$46,284</i>	<i>\$72,540</i>	<i>\$81,430</i>	<i>\$0</i>
Liquid assets²	\$1,215,921	\$531,899	\$349,597	\$218,858	\$611,698	\$0

¹Book value is the value when the ETC was originally purchased. Market value is the value at the end of the reporting period (prices from Yahoo finance)

²Liquid assets consists of Cash & Cash equivalents plus ETC at market value.

- › There have been no significantly changes in the balance sheet from December 31, 2020, other than explained below.
- › Cash and receivables are increasing and significantly higher, due to higher ETC price, with expenditures staying consistent or lower.
- › Accounts payable and accrued liabilities consist of some staffing costs, as well as Infrastructure hosted services for multiple vendors.
- › ETC at Market value has increased significantly, due to rising crypto prices, however prices remain very volatile

