

AION FOUNDATION REPORT

JUNE 30, 2019

Continuing down the path of accountability and transparency, the Aion Foundation (the “Foundation”) has released its fourth Report for the Aion community to view. This report will serve the purpose of providing insight into the internal operations, metrics, and strategies of the Foundation.

SPENDING

The following section outlines the Aion Foundation’s fiat and cryptocurrency spending as well as AION coin spending during the 3 months ending June 30, 2019. The Foundation has reported the below figures on an accrual basis to provide readers with information about the timing of its expenses.

SPENDING SUMMARY (EXCLUDING AION)

Highlighted below in Figure 1 are the Foundation’s operating activities. In Q2 2019, the Foundation focused on product development and explored new marketing strategies. Total spending remained relatively consistent with Q1 2019.

FIGURE 1

FIAT, BTC, AND ETH SPENDING SUMMARY					
\$USD	Q1 2019	Apr-19	May-19	Jun-19	Q2 2019
Compensation	\$1,000,282	\$386,193	\$309,413	\$436,176	\$1,131,782
Marketing	48,044	85,216	2,154	9,986	97,356
Ecosystem & Technical	22,797	2,999	8,000	16,496	27,495
General & Administrative	273,320	90,282	80,804	90,757	261,843
Professional Services	125,281	33,993	21,137	17,949	73,079
Total Spending	\$1,469,724	\$598,683	\$421,508	\$571,364	\$1,591,554

- In Q2 2019, the Foundation increased marketing efforts by expanding its in-house marketing team and launching the Aion hosted Rebuild Conference.
- June compensation costs include government withholding taxes arising from long-term employee incentive payouts.
- General & Administrative (“G&A”) costs principally comprise of rent, insurance, utilities, equipment, software and information technology, and travel.
- Of the total compensation spending in Q2 2019, approximately 67% was engineering and technical related and 33% was marketing, ecosystem, and G&A related. The Foundation maintains a target split of 70% to 30%, respectively.

AION SPENDING SUMMARY

The below table (Figure 2) highlights AION spending over the three-month period ending June 30, 2019. Amounts are denominated in AION and are described further below.

FIGURE 2

AION SPENDING SUMMARY					
AION	Q1 2019	Apr-19	May-19	Jun-19	Q2 2019
Grants & Bounties	3,013,458	984,716	552,494	302,752	1,839,962
Long-term Employee Incentives	1,907,746	-	-	762,554	762,554
Ecosystem & Technical	94,584	307,426	6,706	94,105	408,237
Marketing	70,562	-	-	-	-
Total Spending	5,086,350	1,292,142	559,200	1,159,411	3,010,753

- In addition to the above, Q2 2019 investment and loan disbursements provided to qualified network partners amounted to 884,875 AION (Q1 2019: 2,718,734 AION). Other AION outflows used to settle tax liabilities and past quarter accruals amounted to 1,016,386 AION.
- AION spending in Figure 2 decreased by 41% from the prior quarter as a result of fewer AION commitments and a higher average Q2 2019 coin price



FINANCIAL POSITION

Figure 3 highlights the Foundation's fiat and cryptocurrency holdings (including AION) as of June 30, 2019.

FIGURE 3

FIAT, BTC, AND ETH	UNITS	\$USD	AION HOLDINGS	UNITS
FIAT	13,037,900	\$13,037,900	Liquid AION	63,150,352
BTC	194	\$2,098,644	Locked AION	72,556,778
ETH	28	\$8,148		
Total		\$15,144,692	Total	135,707,130

Please note that the balance of Fiat, BTC and ETH noted in Figure 3 is as of June 30, 2019 and differs as of the date of this Report due to fluctuations in cryptocurrency prices and operating spend.

- In Q2 2019, the Foundation liquidated 800 BTC and 9,905 ETH in exchange for USD. Reducing the Foundation's position in BTC & ETH has hedged the effects of market volatility on the Foundation's treasury.
- Total circulating AION as at June 30, 2019 was 327,304,427. The Private Token Release Schedule, as described in the Aion Foundation Report published on November 30, 2018 will continue to distribute AION on a monthly basis until November 2020.
- The Foundation uses the accrual accounting method. Net cash and net cryptoflows (excluding AION) in Q2 2019 resulting from operating and investing activities totaled \$5,277,741.
- The Foundation continues to work with network partners and the Aion community to provide investments and grants to qualified projects. Such disbursements may be paid out of the Foundation's fiat or AION reserves. All material investments and grants are subject to approval by the Board of Directors.

NOTICE TO READERS:

Information contained in this Report is given as of June 30, 2019, except as otherwise noted.

This Report is for information purposes only and does not constitute an offer to sell, or a solicitation of an offer to buy, any AION coins.

Readers should not construe the contents of this Report as financial or investment advice and should not rely upon this Report for the purposes of buying, selling or holding AION coins or for any other purpose.

This Report may include predictions, estimates or other information that might be considered forward-looking. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements. The Foundation does not undertake, and specifically declines, any obligation to update such information or statements or to publicly announce the results of any revisions to any such information or statements.

All figures in this Report are denominated in U.S. Dollars unless otherwise stated.

