

AION FOUNDATION REPORT

MARCH 31, 2019

The Aion Foundation (the “Foundation”) has published its March 31, 2019 Report to provide the community with insights into its internal operations and financial position. The Foundation remains committed to its role as steward of the Aion Project while bringing stronger governance and accountability to the blockchain industry.

SPENDING

The following section outlines the Aion Foundation’s fiat and cryptocurrency spending as well as AION coin spending during the 3 months ending March 31, 2019. The Foundation has reported the below figures on an accrual basis to provide readers with information about the timing of its spending.

SPENDING SUMMARY (EXCLUDING AION)

Highlighted below in Figure 1 are the Foundation’s operating activities. In Q1 2019, the Foundation concentrated on controlling spending in response to market conditions. Total spending from operations decreased by 33% from the prior quarter. Spending reductions occurred in every allocation group with the largest declines in Compensation and General & Administrative (“G&A”).

FIGURE 1

FIAT, BTC, AND ETH SPENDING SUMMARY					
\$USD	Q4 2018	Jan-19	Feb-19	Mar-19	Q1 2019
Compensation	\$1,191,049	\$356,634	\$314,230	\$329,418	\$1,000,282
Marketing	119,619	11,828	18,590	17,627	48,044
Ecosystem & Technical	97,882	15,500	4,208	3,089	22,797
General & Administrative	528,413	96,938	84,469	91,913	273,320
Professional Services	256,960	1,563	29,850	93,868	125,281
Total Spending	\$2,193,923	\$482,463	\$451,347	\$535,914	\$1,469,724

- In Q1, the Foundation reduced Compensation while maintaining operations and R&D projects. The majority of the decrease was a result of employees being transitioned to network partners.
- Professional Services were lower than the prior quarter since Q4 2018 included many one-time costs associated with the creation of the company structure.
- Q4 2018 G&A included costs relating to the repairs and maintenance of office facilities. Such costs were not incurred in Q1 2019.
- Of the total compensation expenditures in Q1 2019, approximately 65% were engineering and technical related and 35% were 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 3-month period ending March 31, 2019. Amounts are denominated in AION and are described further below.

FIGURE 2

AION SPENDING SUMMARY					
AION	Q4 2018	Jan-19	Feb-19	Mar-19	Q1 2019
Grants & Bounties	2,244,171	430,324	1,270,176	1,312,958	3,013,458
Long-term Employee Incentives	785,771	1,907,746	-	-	1,907,746
Ecosystem & Technical	1,969,430	-	81,320	13,264	94,584
Marketing	131,768	36,854	16,854	16,854	70,562
Total Spending	5,131,140	2,374,924	1,368,350	1,343,076	5,086,350

- In addition to the above, Q1 2019 investment and loan disbursements provided to qualified network partners amounted to 2,718,734 AION.
- Overall, AION spending has remained consistent with the prior quarter.



FINANCIAL POSITION

Figure 3 highlights the Foundation's fiat and cryptocurrency holdings (including AION) as of March 31, 2019.

FIGURE 3

FIAT, BTC, AND ETH	UNITS	\$USD	AION HOLDINGS	UNITS
FIAT	2,788,963	\$2,788,963	Liquid AION	55,258,230
BTC	994	\$4,080,811	Locked AION	85,360,915
ETH	9,933	\$1,405,623		
Total		\$8,275,397	Total	140,619,145

Please note that the balance of Fiat, BTC and ETH noted in Figure 3 is as of March 31, 2019 and differs as of the date of this Report due to fluctuations in cryptocurrency prices and operating spend.

- Total circulating AION as at March 31, 2019 was 300,724,162. 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.
- In Q1 2019, the Foundation used accrual accounting. Fiat cashflow adjustments resulting from operating and investing activities totaled \$214,446.
- 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 AION reserve. All material investments and grants are subject to approval by the Board of Directors.
- The majority of the Q1 2019 operating activities were funded by the Foundation's fiat reserves.

NOTICE TO READERS:

Information contained in this Report is given as of March 31, 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 tokens or 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 tokens or 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

