Open Foundation Report

December 31, 2020

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The unaudited financial information provided in this Report has been prepared by the Open Foundation and does not include complete financial statements. The financial information provided may not comply with applicable accounting standards.

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

Glossary

The Open Application Network ("The OAN")

An open source public infrastructure for the creation and hosting of Open Applications to solve platform problems.

The Open Foundation (the "Foundation")

The not-for-profit organization tasked with stewarding the adoption of The OAN blockchain. The Foundation's legal name is the Open Future Foundation.

The OAN Community (the "community")

Collective term for the members of The OAN ecosystem including but not limited to engineers, users, miners, stakers, developers, coinholders, third parties, and the Foundation.

Aion

The cryptocurrency used to power The OAN.

Token Release Schedule ("TRS")

A smart contract that locks Aion and distributes the original holdings plus an additional amount of Aion over a pro-rata monthly basis.

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Letter from Matt

I launched Nuco Networks Inc. in May 2016, with a goal of building a world-class team that would create unique value in the emerging blockchain industry.

I could not have foreseen how far we would come in nearly five years. The market has changed, the team has grown, and I've gained experience and perspective.

Along the way, the thesis of our business has had to evolve as we've taken in new information from the market, observed competitors building alongside us, and taken note of opportunities that were being unaddressed. Over the years, this has meant a lot of change. And many of you have been here from nearly the beginning.

In launching Aion in 2017, we were exploring a new market opportunity. We approached this strategy with conviction and integrity. Over more than three years, we built novel technology, we interacted with hundreds of companies and developers, we highlighted our ideas and our accomplishments globally, we operated a very robust grant program to incentivize adoption, and we had some early signs of success. In some cases, significant success.

To accomplish this, we built a world-class global team to execute on a challenging technical roadmap, but most importantly, we restructured ourselves to, structurally, be even more aligned with the Aion community. This led us from the privately-held Nuco Networks Inc. to the community-focused Aion Foundation.

We did this voluntarily to lead with integrity, and because our strategy was best served within this structure. We spent three years building a community, and worked to establish meaningful network effects around our technology.

With all these efforts, we couldn't have foreseen certain market changes. The overall blockchain ecosystem saw an explosion of competitive protocols, with slight points of differentiation, trying to compete for adoption in a market that was slow to attract mainstream users. Aion was among those projects.

This led to an increasingly competitive environment that was being dominated by projects with more established network effects and larger balance sheets. Aion became largely undifferentiated, and we had difficulty attracting high quality adoption that would lead to meaningful long-term traction for our protocol.

There were developments that, despite our best efforts, could not have been foreseen. Looking at the state of the industry today, there are many more dominant players in the increasingly saturated blockchain protocol space.

We've obviously made mistakes along the way and we learned a lot, but I look back at our efforts and our approach with a lot of pride. Today, what the biggest protocols are accomplishing cannot be easily replicated.

The Open Foundation has not had success in achieving meaningful adoption of The OAN and Aion. Despite having made significant efforts to attract developers and products to our ecosystem, it has become increasingly clear that this was a losing strategy to develop long-term value in the Aion ecosystem.

We attempted to bolster meaningful adoption by founding Moves, a project that would solve a tangible problem facing

real users, and that would also leverage The OAN in order to do so. Our insight, which led us towards building Moves, would not have been possible without the years of learning and experience that we gained working on The OAN. But to maximize our focus and our probability of success, this new direction has not come without difficult decisions.

The main decision is that The OAN and Aion in their current form can no longer be our core priorities, as they are not currently compatible with the design space we're building in. But we continue to maintain that our community, and its faith in us, are critical to our long-term success. This is why we're shifting our resources further into Moves, and why we hope you'll follow along. Members of the Aion community can have a role in the future we're building.

Moves is exploring new uncharted territory. The addressable market and thesis of building an "ownership economy" for gig workers has generated a lot of excitement in our product. To make this real, our product will be built on a design of token ownership and cryptoeconomics. I can't overstate how significant this opportunity is. Based on our extensive analysis, the product that unlocks this market thesis will be among the most important tech companies of this decade.

The vision of where we're going with Moves is the most excited I've been since first becoming an entrepreneur. The gig economy's importance this decade has created an enormous opportunity for us to inject ourselves into an industry in dire need of fresh thinking.

Gig workers will soon make up the largest labor group in the world. A product that stitches them together into an economically aligned community, and provides tools to improve their collective financial health, will help rebalance this market. The size of this opportunity is enormous.

To execute on this vision for Moves, blockchain principles and technology are critical. That said, whether that blockchain will be The OAN and whether that ownership will be represented by Aion are not so clear.

We started building Moves last year with both The OAN and Aion as design priorities. In hindsight, this led to the wrong approach in discovering product-market fit and prioritizing user problems. We've now adjusted, and are building Moves from first principles, without being constrained by anything we have previously built.

To be clear though, we're pursuing this strategy because we believe it to be significantly more important and a much bigger opportunity for us and our community over the long term. Aion may change form, but we're extremely confident that this will ultimately lead to value for those who continue to support us.

However our product evolves, our priority and accountability will continue to include the community that has gotten us this far. Remember, I am an Aion holder too; besides my own interests, I take my commitments to the community, Aion holders and my employees very seriously. I've emphasized honesty and transparency from the beginning. This is when it's most necessary, although most difficult.

We don't know exactly how this will play out. That's the truth.

But here's what we're committing to:

1. The Foundation's Aion treasury will not be liquidated or sold.

2. The OAN protocol will continue to exist and be maintained by the community and the Foundation. If necessary, this may include the Foundation contributing hash power and stake to the protocol to supplement the community. In this event, all rewards generated by the Foundation from block generation will be publicly 'burned'.

3. Aion will continue to be transferable, exchangeable, and stakeable.

4. Aion's primary tools and exchange listings will continue to be supported.

5. Moves is designing its product thesis towards an end of unlocking token-based ownership for its members. When the Moves ownership design is ready to be implemented with users, when appropriate, Aion community holders will be entitled to a proportion of any digital asset created to power this system.

In order for our team to have a chance of winning in this new market, we need to focus.

Given this new direction, Moves will be adopting a principle of "designing in the open" by publishing blogs and tweets on our strategy to enable our members, stakeholders and you to follow along on this journey. As such, this will be the last Foundation Report we publish in this format, as we no longer think it accomplishes its original intent, or aligns to our strategy. We will not be doing any regular AMAs, Aion / OAN social updates, or monitoring Telegram.

In order to create value for Aion holders, we're committed to Moves, and all the effort it will require of us to make it successful. The future is unknown, but we're excited about what's next, and we hope you'll stay with us for the journey.

Matt

Spending

The following section outlines the Foundation's fiat, cryptocurrency, and Aion spending during the three months ending December 31, 2020. The Foundation has reported the below figures on an accrual basis to provide readers with information about the timing of its expenses.

Expense Summary (excluding Aion)

Highlighted in Figure 1 are the Foundation's operating activities. Operating activities include the core activities incurred to steward the ongoing development of The OAN.

Figure 1: Fiat and Cryptocurrency Expense Summary (Excluding Aion)

$USD	Q1 2020	Q2 2020	Q3 2020	Oct	Nov	Dec	Q4 2020
Product & Engineering	$837,970	$758,367	$749,223	$214,478	$216,745	$212,429	$643,652
Marketing & Growth	500,813	515,900	248,558	54,295	113,386	78,028	245,709
General & Administrative	562,675	530,523	653,971	159,143	110,296	108,059	377,498
Total Expense	$1,901,458	$1,804,790	$1,651,752	$427,916	$440,427	$398,516	$1,266,859

- Total spending in Q4 2020 decreased by 23% from the prior quarter. Lower professional fees were a significant contributor to Q4's cost efficiencies.
- Of the total compensation spending in Q4 2020, approximately 64% was engineering and technical related.

Aion Expense Summary

The below table (Figure 2) highlights spending over the three-month period ending December 31, 2020. Amounts are denominated in Aion and are described further below.

Figure 2: Aion Expense Summary

Aion	Q1 2020	Q2 2020	Q3 2020	Oct	Nov	Dec	Q4 2020
Grants & Bounties	669,839	–	331,250	15,629	51,560	1,200	68,389
Employee Incentives	–	2,760,798	237,854	–	–	–	–
Ecosystem & Technical	498,598	1,061,792	1,161,257	–	–	–	–
Marketing	2,249,310	92,511	366,685	202,706	367,271	–	569,977
Total Expense	**3,417,747**	**3,915,101**	**2,097,046**	**218,335**	**418,831**	**1,200**	**638,366**

- In Q4 2020, the Foundation did not incur Long-term Employee Incentives or Ecosystem & Technical Aion expenses. This resulted in an overall Aion expense decrease of 70% from Q3 2020.

Financial Position

Figure 3 highlights the Foundation's fiat, current assets, and cryptocurrency holdings (including Aion) as of December 31, 2020.

The balances noted in Figure 3 are as of December 31, 2020 and differ as of the date of this Report due to fluctuations in cryptocurrency prices and operating spend.

Figure 3: Foundation Holdings

Fiat, Current Assets and Cryptocurrency (Excluding Aion)	$USD
Fiat & Current Assets	$4,860,415
Cryptocurrency	$1,950,056
Total	**$6,810,471**

Figure 4

AION Holdings	Units
Liquid Aion	113,201,043
Locked Aion	–
Total	**113,201,043**

Net investments, loans, and accruals transacted with network partners in Q4 totaled 447,744 Aion.

Included in the Fiat & Current Assets account are items such as cash, prepaid expenses, and current receivables.

Total circulating Aion as of December 31, 2020 was 488,879,274. The Private TRS, as described in the Aion Foundation Report published on November 30, 2018, completed its final distribution in November 2020.