

# IO Tokenomics

Tokenomics refers to the overall structure and mechanism of a token and how it operates within an ecosystem. It involves factors such as token distribution, supply and demand dynamics, utility within the ecosystem, incentives for stakeholders, governance mechanisms, and mechanisms for value capture and distribution. This document provides transparency about the tokenomics of io.net.

io.net’s tokenomics are based on three principles:

- A fixed maximum supply of 800 million \$IO
- Hourly rewards to Suppliers and their Stakers
- An \$IO burn mechanism

## Fixed Supply

There is a fixed maximum supply of 800 million \$IO coins.

- 500 million \$IO coins will be distributed when it launches.
- 300 million remaining coins will be emitted and paid to Suppliers and their Stakers as Rewards. This occurs every hour.

## Hourly Rewards

Rewards are released to Suppliers and their Stakers hourly for 20 years. Rewards follow a disinflationary model, starting at 8% in the first year and decreases by 1.02% per month (~12% per year) until the 800 million \$IO cap is reached.

The charts below provide details on the emission and annual inflation rates.

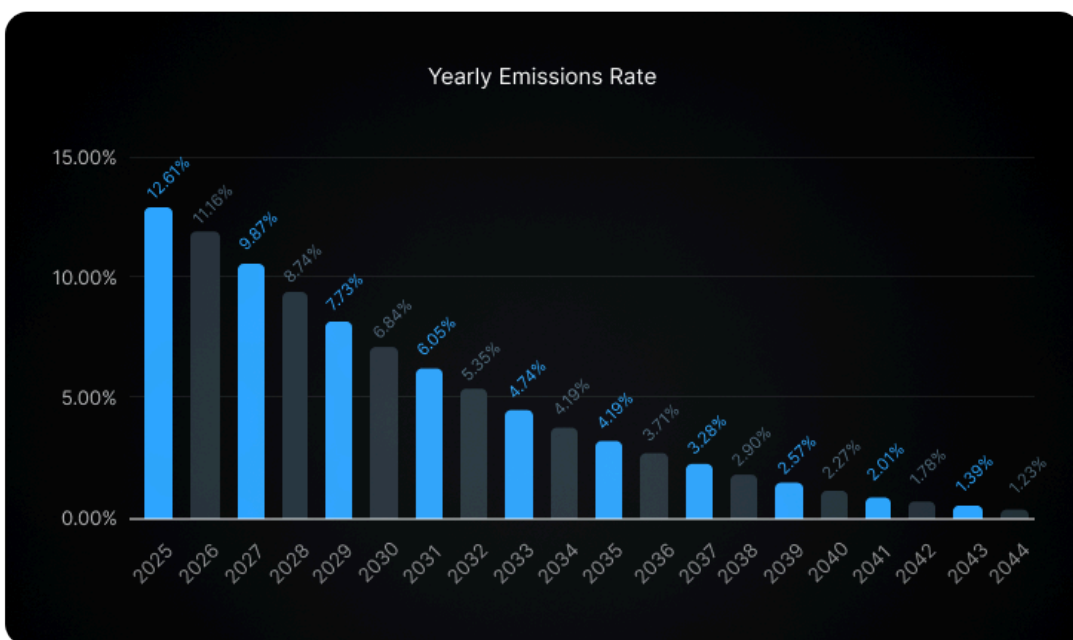


Figure 1. Emission rate as a function of total emissions pool.

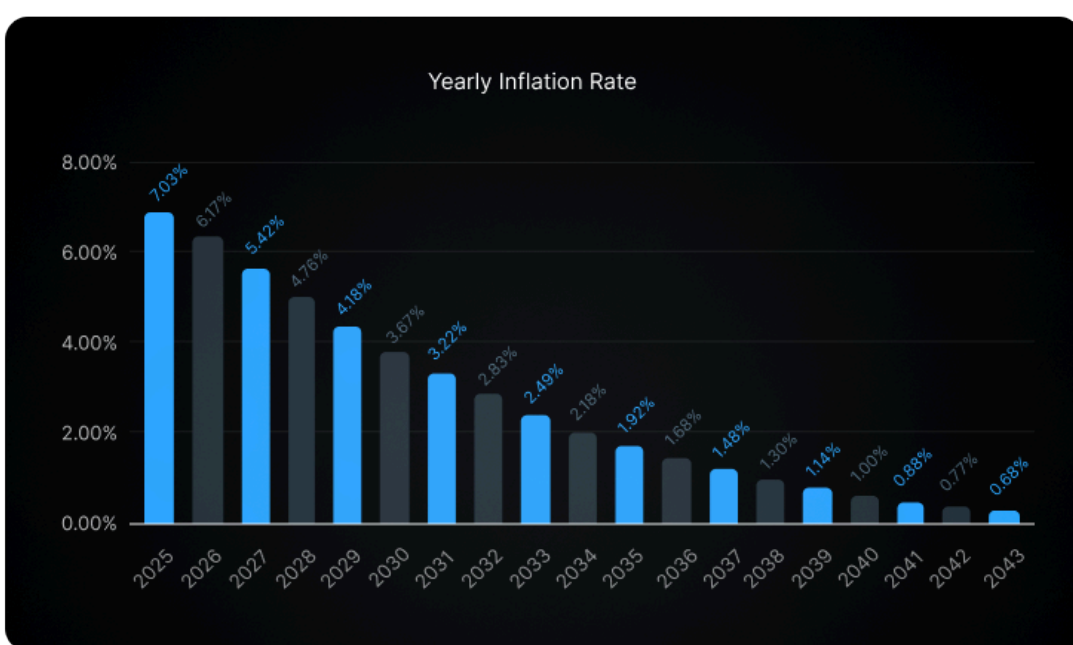


Figure 2. Yearly Inflation Rate.

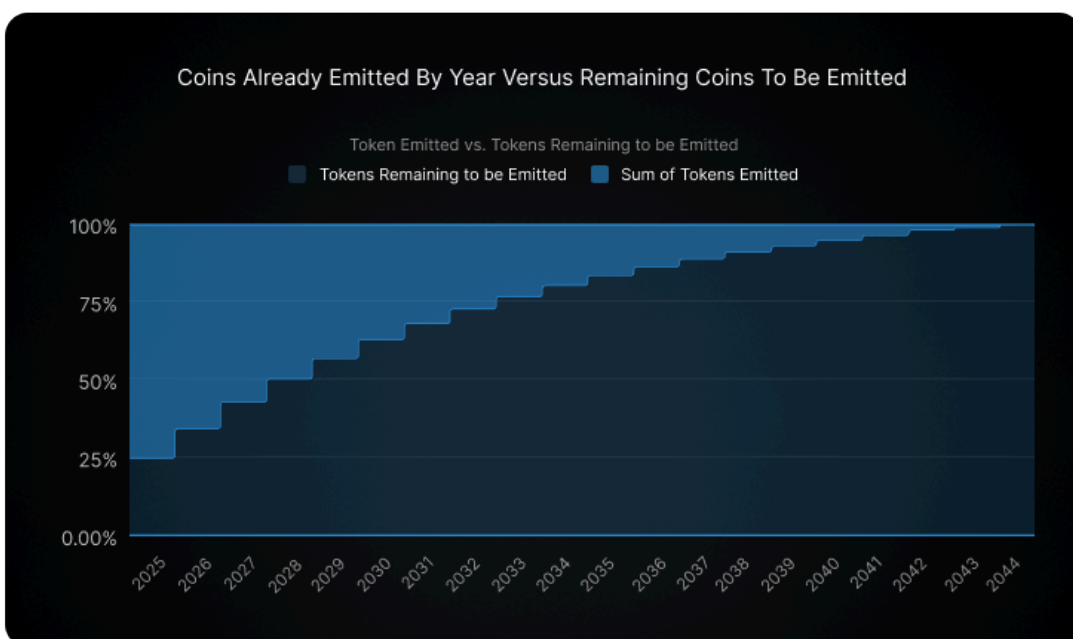


Figure 3. Coins already emitted by year versus remaining Coins to be emitted.

## Burn Mechanism

\$IO uses a programmatic coin burn system where revenues generated by io.net from the IOG Network are used to purchase and burn \$IO. The \$IO burn mechanism adjusts the amount of \$IO to be burned based on \$IO’s price.

This reduces the outstanding supply of coins and creates deflationary pressure on \$IO.

io.net generates revenue by charging fees to both Users and Suppliers. io.net charges Reservation Fees when a reservation for computational power is made. Payment Fees are charged depending on the payment method the user chooses for the reservation and how the Supplier chooses to withdraw Hire Fee earnings.

### GPU Renter Fees

#### Reservation Fees

- The IOG Network charges users a 0.25% reservation fee on the total cost to reserve the compute. This is added to the Renter’s cost when reserving.

#### Payment Fees

- For 100% USDC payments, they are charged 2%.
- For 100% \$IO payments, there are no fees.

### GPU Supplier Fees

#### Reservation Fees

- The IOG Network charges users a 0.25% fee on the total cost to reserve their nodes. This is charged to the Supplier when they are paid for the compute.

#### Payment Fee

- For 100% USDC payments, they are charged 2%.
- For 100% \$IO payments, there are no fees.

# IO Coin Allocation

## Initial \$IO Allocation

io.net has an initial supply of 500,000,000 \$IO at genesis, split across five categories: Seed Investors, Series A Investors, Core Contributors, R&D and Ecosystem and Community.

This supply increases to 800,000,000 IO over 20 years as \$IO is emitted to incentivize network growth and adoption.

## Unlocks and Rewards

The initial 500 million supply is subject to the schedules detailed in the sections below. In addition, the circulating supply increases as rewards are issued. Rewards are unlocked upon receipt and are added to the circulating supply.

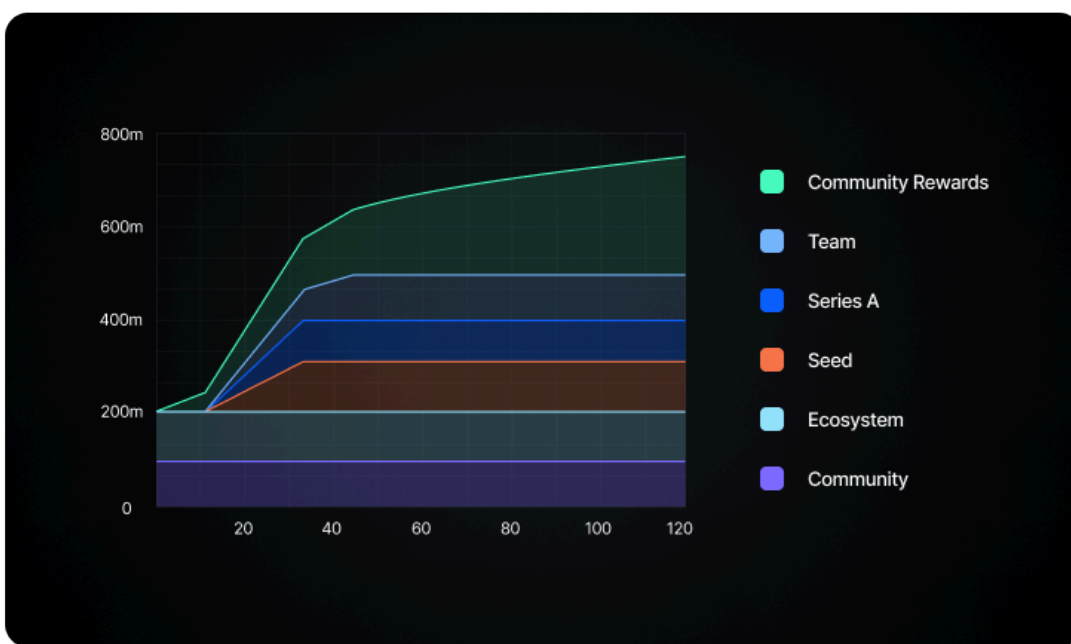
**Circulating Supply** is defined as the amount of \$IO in general circulation without on-chain transfer restrictions.

**Locked Supply** is defined as the amount of \$IO that is unvested and uncirculated.

**Available Supply** is defined as the amount of \$IO Coins that are either part of the circulating supply or have been issued but remain locked. Rewards that haven't been issued are not included in the available supply.

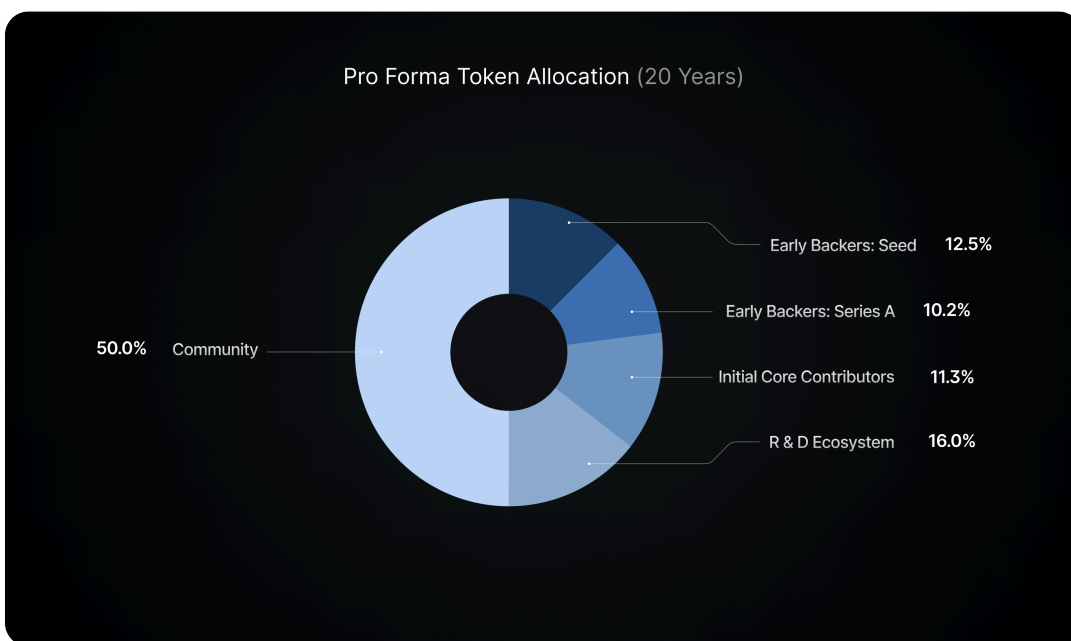
**Max Supply** is the maximum amount of \$IO Coins that will exist after all tokens have been emitted.

More detail is shown in the chart below:



## Pro Forma Allocation

As the IOG Network emits Rewards, the share of early backers and Core Contributors will continue to decrease. As such, the Community's share will grow to ~50% after the distribution of all rewards.



Category	Description	Pro Forma %
Community Allocation	Includes The Initial Airdrops, Future Incentives And Rewards Provided To Node Operators.	50.00%
R&D & Ecosystem	IO Allocated To The IOG Foundation And Core Developers For Research, Development, And Ecosystem Initiatives Including: <ul style="list-style-type: none"> <li>• Protocol Maintenance And Development</li> <li>• Programs For Rollup Developers, Infrastructure, And Node Operators</li> </ul>	16.00%
Early Backers: Seed	Early Supporters Of Io.Net	12.50%
Early Backers: Series A	Early Supporters Of Io.Net	10.20%
Initial Core Contributors	Members Of Io.Net Inc, The First Core Contributor To The IOG Network	11.30%

# Coin Restrictions

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## Investors

\$IO allocated to investors are restricted for a three years. Transfer restrictions are released from \$IO in 24 equal tranches at the end of the 13th month until the end of the 36th month anniversary of the Initial Distribution Date.

## Employees & Core Members

\$IO allocated to employees of io.net Inc. are restricted for a four years. Transfer restrictions are released from \$IO in 36 equal tranches at the end of the 13th month until the end of the 48th month anniversary of the Initial Distribution Date.