

NEO FOUNDATION FINANCIAL REPORT

As of June 30th 2019

I. Allocation and Distribution of NEO tokens (“NEO”) as per NEO White Paper

According to the NEO White Paper, a total of 100 million NEO were divided into two parts, of which approximately 50 million NEO were distributed to the supporters who participated in funding the NEO project. The remaining NEO tokens were held by the NEO Foundation (NF), which was formerly called the NEO Council, to finance future development and foster NEO’s ecosystem.

II. Distribution of NEO related to NEO Project Funding

Table below shows the details of distribution:

NEO Project Funding	Seed Round	First Round	Second Round	Total
Amount of NEO distributed	10,000,000	17,623,250	22,761,668	50,382,918
Amount of NEO unclaimed	-	26,350	72,800	99,150
Total	10,000,000	17,649,600	22,832,468	50,482,068

The unclaimed NEO is held in address:
AKJZjHUToTpEizwcWvcxsEUg3DE6HD24jq

The balance of NEO in this address will be transferred back to the NF address for further management if not claimed before October 17th, 2019.

Notes: Since the release of the preliminary financial report in May 11th, 2019, 1,000 NEO and 15,462 NEO have been claimed and distributed as part of first and second round funding respectively.

III. Total amount, allocation, and usage of NEO as well as wallet addresses managed by the NF

Due to the marketing expenses incurred during the project funding, the total distribution of NEO exceeded the plan by about 0.48%. Thus, the amount of NEO initially managed by the NF was 49,517,932.

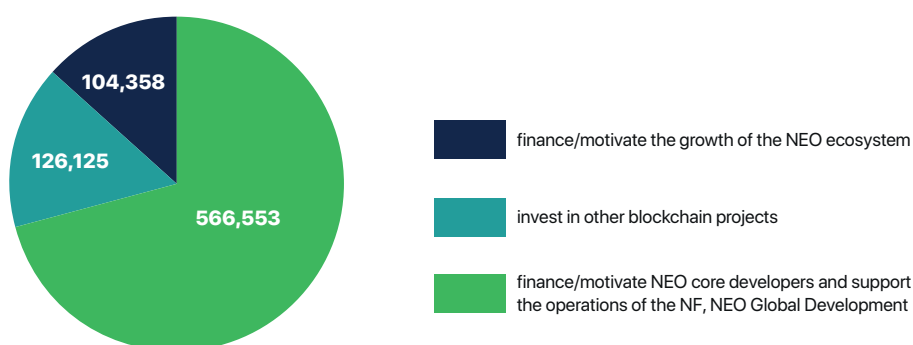
As noted in the White Paper, the NEO held by the NF is to be used to support the long-term development of the NEO project and the growth of the NEO ecosystem. The allocation plan is listed below:

1. 10 million NEO (10% of total) will be used to motivate the NEO developers and members of the NEO Foundation;
2. 10 million NEO (10% of total) will be used to motivate developers in the NEO ecosystem;
3. 15 million NEO (15% of total) will be used to invest in other blockchain projects;
4. 15 million NEO (15% of total) will be retained as contingency fund.

The annual spend of NEO used shall normally not exceed 15 million and the usage would depend on the actual situation.

The movement of NEO held by the NF as of June 30th, 2019 is summarized below (next page):

For the first half year expenditure of 2019, please refer to the chart below:



In addition, major wallet addresses that are managed by the NEO Foundation and hold NEO can be found below:

1. AQVh2pG732YvtNaxEGkQUei3YA4cvo7d2i
2. Ae2d6qj91YL3LVUMkza7WQsaTYjzjHm4z1

Opening Balance	49,517,932 NEO
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5,853,799 NEO, includes:

**Accumulated
Expenditures**

- 1) 3,460,143 NEO used to finance/motivate NEO core developers and support the operations of the NF, NEO Global Development (“NGD”, the NF’s full-time executive team).
- 2) 830,115 NEO used to finance/motivate the growth of the NEO ecosystem;
- 3) 1,563,541 NEO used to invest in other blockchain projects, among which:
 - a) 197,431 NEO invested in several projects and exited with 1,060.29 BTC before the establishment of NGC Fund I and NEO Eco Fund, of which 362.71 BTC was reinvested in NGC Fund I and 697.58 BTC was reinvested in NEO Eco Fund;
 - b) 206,502 NEO invested in NGC Fund I;
 - c) 1,145,308 NEO invested in NEO Eco Fund;
 - d) 14,300 NEO loan to NEO Eco Fund project;

Ending Balance	43,664,133 NEO
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Unlocked but Unused	14,202,964 NEO
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Locked	29,461,169 NEO
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IV. Usage of GAS as well as wallet addresses managed by the NF

The movement of GAS held by the NF as of June 30th, 2019 is summarized in the table below:

GAS Movement	
GAS In	5,117,446.40
Claim	5,032,873.24
Network Fees	84,573.16
GAS Out	993,913.55
Core Developer/NGD/NF	759,921.96
NEO Eco Fund Investment	233,991.59
Ending Balance	4,123,532.85

For the first half year movement of 2019, 12,763.91 GAS received as network fees/ claim and 62,118.00 GAS used for core developer/ NGD / NF.

In addition, major wallet addresses that are managed by the NEO Foundation and hold GAS can be found below:

1. Ae2d6qj91YL3LVUMkza7WQsaTYjzjHm4z1

V. The usage of funding

The NF raised a total of approximately US\$97,517 and 8,169 BTC through fund raising, of which 7,016.6 BTC was exchanged to US\$8,388,747 between October 2015 to February 2018 for the operational expenses of the NF and NGD.

In addition, the NF decided to implement the Giveback Program in 2017, which distributed a total of US\$1,156,043 to 558 supporters who participated in the NEO project funding. All funds used for the Giveback Program came from the fund-raising avenues mentioned above.

VI. Investment

Before December 2017, the NEO Council invested 197,431 NEO in several projects and exited with 1,060.29 BTC before the establishment of NGC Fund I and NEO Eco Fund, of which 362.71 BTC was reinvested in NGC Fund I and 697.58 BTC was reinvested in NEO Eco Fund.

NGC Fund I is a profit-driven hedge fund that invests in projects that do not directly compete with NEO. The NEO Eco Fund is aimed at growing the NEO ecosystem by supporting projects that have material synergies with NEO infrastructure.

The NF participated in NGC Fund I and NEO Eco Fund (both denominated in BTC) as sole Limited Partner in December 2017 to invest in blockchain projects. NGC Partners is the fund manager of NGC Fund I. NEO Global Development is the fund manager of NEO Eco Fund.

The table below details the amount invested in NGC Fund I and NEO Eco Fund:

	NEO	GAS	BTC	Total (BTC)
NGC Fund I	206,502	-	362.71	821.00
NEO Eco Fund	1,145,308	233,991.59	697.58	3,492.36
Total	1,354,401	233,991.59	1,060.29	4,313.36

Each fund is denominated in units of BTC. Thus, NGC Fund I had 821 units valued at 1 BTC each. NEO Eco Fund had 3,492.36 units valued at 1 BTC each.

As of Jun 30th, 2019, NGC Fund I's unit value was 4.44 BTC and NEO Eco Fund's unit value was 2.79 BTC. Note that the book value does not fully reflect the terminal value of both funds due to market volatility and liquidation impact cost.

The unit value of both funds declined after the first quarter due to BTC's benchmark, which increased by over 160% during the second quarter of 2019, resulting in insufficient liquidity of invested projects and a decline in the net unit value of BTC. In addition, NEO Eco Fund also wrote off the full value of three projects—Access Network, Better Airdrop and Master Contract Token—as their operations have ceased.

Major investment projects of NGC Fund I and NEO Eco Fund include: Blacat, Celer, CertiK, Chromaway, Cobo, Cocos BCX, Crypto FAST, InnoDT, Iris network, Liquid, Liquify, Mixmarvel, Moonlight, Nash (NEX), NEO Name Service (NNS), O3 Labs, Oasis Labs, Ontology, Pikcio, StarkWare, Switchco, Trinity, Tonart, Zilliqa etc (Projects are listed in alphabetical order).

VII. Total assets managed by NF

Total assets managed by NF is consisted of three parts: NEO assets, non-NEO assets, and fund assets.

Table below shows the assets detail (Converted at the closing price of coinmarketcap.com @ Jun 30th, 2019):

Nature	USD	Notes
NEO assets	745,750,676	43,664,133 NEO / 4,123,533 GAS
Non-NEO assets	78,621,107	Includes BTC/ETH/ONT/ONG/USD/CNY
Fund assets	46,658,305	Cost method (4,313.36 BTC)
Total	871,030,088	