Overview of $NES

Nesa's native asset, $NES, is an essential part of how developers build on the first autonomous AI oracle network for on-chain inference. To use Nesa for AI model inference, rollup developers submit PayForQuery transactions on the network for a fee, denominated in $NES.

Role of NES

A core part of the NES vision is that deploying an AI update and querying the model should be as easy as calling a smart contract. In this era of AI progress, developers no longer need to handle every part of the pipeline if they want their AI output to be trusted, accurate, and immutable. Nesa does the heavy lifting.

Requesting AI Model Queries

Just as ETH is used on Ethereum-based rollups, developers can opt to bootstrap their AI model update quickly through Nesa by using $NES as a gas token and currency in addition to paying for query availability.

Validator Staking Rewards

On the Nesa mining network, any user can help secure the network and vote on model updates by delegating their $NES to a Nesa validator for a portion of their validator's staking rewards.

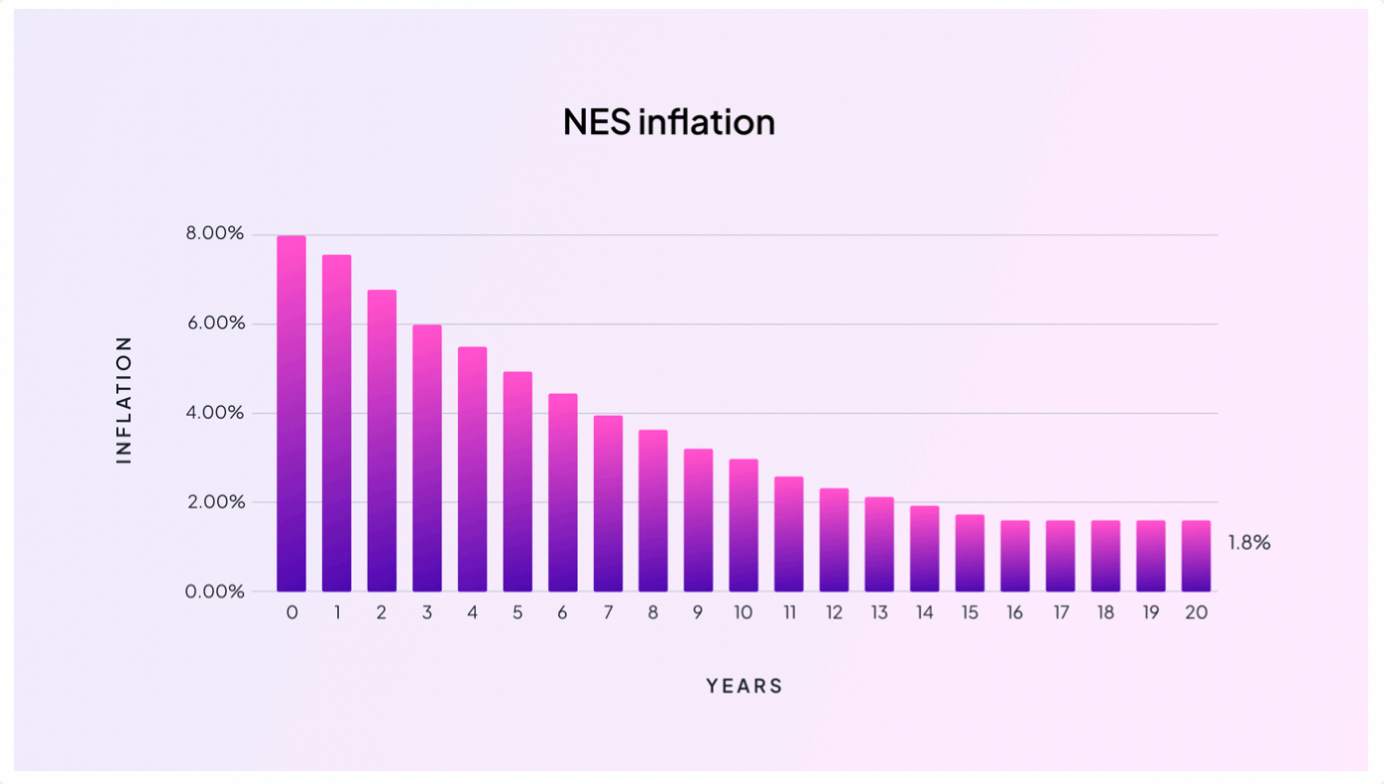
Decentralized Governance

$NES staking also allows the community to play a critical role in decentralized governance over key parts of Nesa such as voting on model query parameters through governance proposals and governing the community pool which receives 2% of block rewards.

Inflation

$NES inflation starts at 8% annually and decreases by 8% every year until it reaches the long-term issuance rate of 1.8%. The image below displays annual inflation over the next 20 years.

The annual provisions for inflation are calculated based on the total supply of $NES at the beginning of each year. To calculate how much $NES to issue per block,



NES inflation over the next 20 years. $NES inflation starts at 8% annually and decreases by 8% every year until it reaches the long term issuance rate of 1.8%

Nesa uses the block timestamp rather than the block height given the time between blocks can vary and cause actual issuance to be higher than the target.

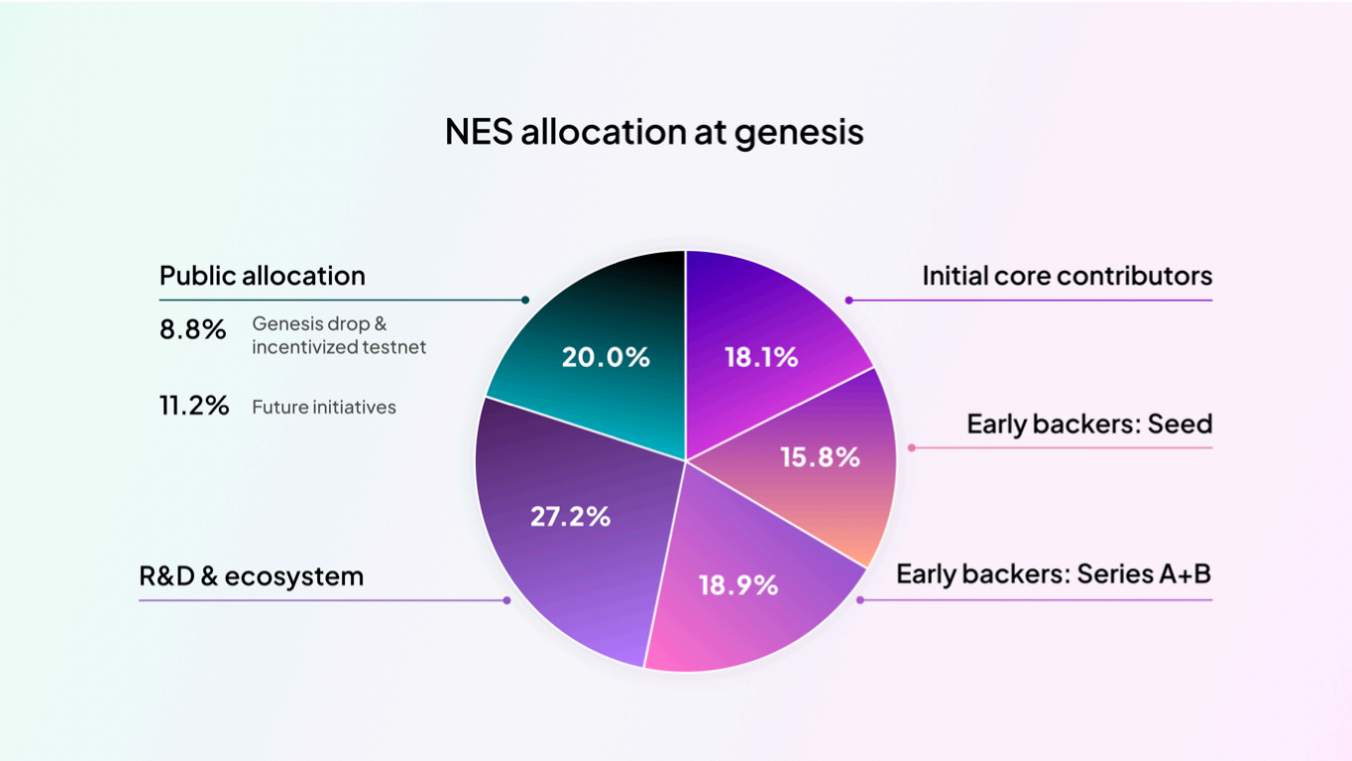
$NES Allocation at Genesis

Nesa will have a total supply of 1,000,000,000 $NES at Genesis, split across five core allocation categories. The chart below describes each core allocation group.

Nesa plans to use allocation from the Incentivized test net to reward developers who contribute to the Nesa ecosystem, who build on Nesa, who submit their AI Models for use on Nesa, and early miners who lend their compute power for reward.

The earliest supporters of Nesa will be the recipients of the largest portion of the Incentivized test net token allocation. In addition to being early on the platform, regularly submitting PayForQuery transactions on the system through an AIVM Kernel results in a higher score for incentive rewards. For direction on how to earn $NES, the Nesa community channels are the best source of information.

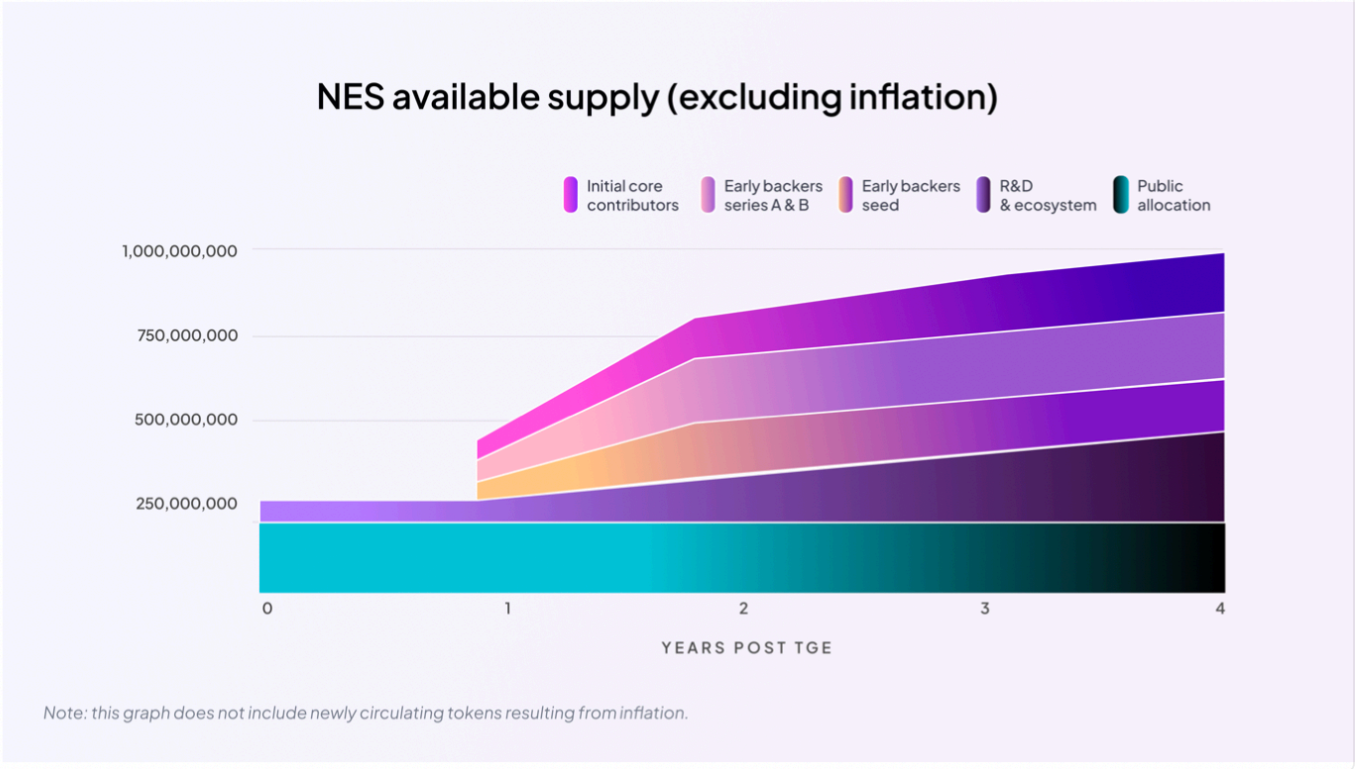
The Genesis drop can include $NES token allocated on both decentralized and centralized platforms, to be announced in Nesa community channels leading up to listings.



$NES allocation at Genesis. $NES will have a total supply of 1,000,000,000 $NES at Genesis, split across five core allocation categories. Nesa plans to use Allocation from Incentivized testnet to reward developers who contribute to the Nesa ecosystem, who build on Nesa, who submit their AI Models for use on Nesa, and early miners who lend their compute power for reward.

Category	Description	%
Public Allocation	Genesis Drop an incentivized Testnet: 8.8% Future initiatives: 11.2%	20%
R&D & Ecosystem	Tokens allocated to the Nesa Foundation and core devs for research, development, and ecosystem initiatives including: • Protocol maintenance and development • Programs for rollup developers, infrastructure, and node operators	27.2%
Early Backers: Series A&B	Early supporters of Nesa	18.9%
Early Backers: Seed	Early supporters of Nesa	15.8%
Initial Core Contributors	Members of Nesa labs, the first core contributor to NES	18.1%

Detailed description for $NES allocation at Genesis, split across the five core allocation categories listed above



NES available supply, excluding inflation. Nesa's 1 billion $NES supply at Genesis will be subject to several different unlock schedules.

Unlocks

Nesa's 1 billion $NES supply at Genesis will be subject to several different unlock schedules. All tokens, locked or unlocked, may be staked, but staking rewards are unlocked upon receipt and will add to the circulating supply.

Circulating Supply

Circulating supply is defined as the amount of $NES tokens in general circulation without on-chain transfer restrictions, including lock-ups.

Available Supply

Available supply is defined as the amount of $NES tokens that are either part of the circulating supply or are unlocked but subject to some form of governance to determine when the tokens are allocated. This includes the unlocked portion of the R&D & Ecosystem tokens and the tokens set aside for future initiatives beyond the Genesis drop and Incentivized testnet.

References to Launch above refer to the day of public access to $NES, meaning $NES listing on one or more public platforms such as decentralized or centralized exchanges.

Category	Unlock Schedule
Public Allocation	Fully unlocked at launch
R&D & Ecosystem	25% unlocked at launch Remaining 75% unlocks continuously from year 1 to year 4.
Initial Core Contributors	33% unlocked at year 1. Remaining 67% unlocks continuously from year 1 to year 3.
Early Backers: Seed	33% unlocked at year 1. Remaining 67% unlocks continuously from year 1 to year 2.
Early Backers: Series A&B	33% unlocked at year 1. Remaining 67% unlocks continuously from year 1 to year 2.

$NES supply unlocking schedule. References to Launch above refer to the day of public access to $NES, meaning $NES listing on one or more public platforms such as decentralized or centralized exchanges.

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