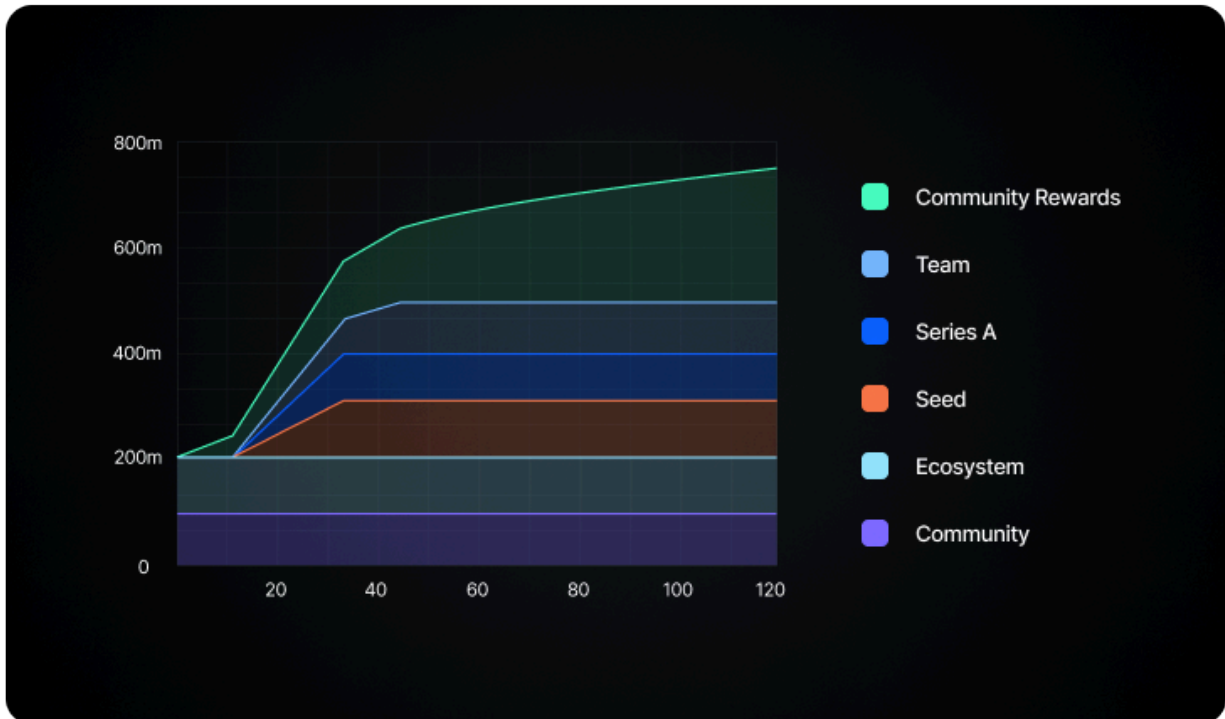


Tokenomics of IO.NET

IO.NET employs a sophisticated tokenomics model centered around its native IO token, designed to incentivize participation, ensure resource allocation efficiency, and drive the platform's growth. The IO token facilitates seamless transactions within the platform, incentivizing both compute providers and users, and ensures a balanced and robust ecosystem.

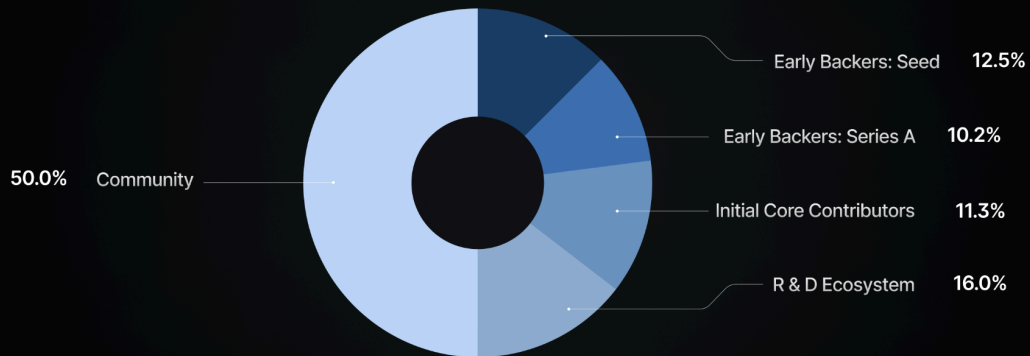
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Token Supply and Distribution

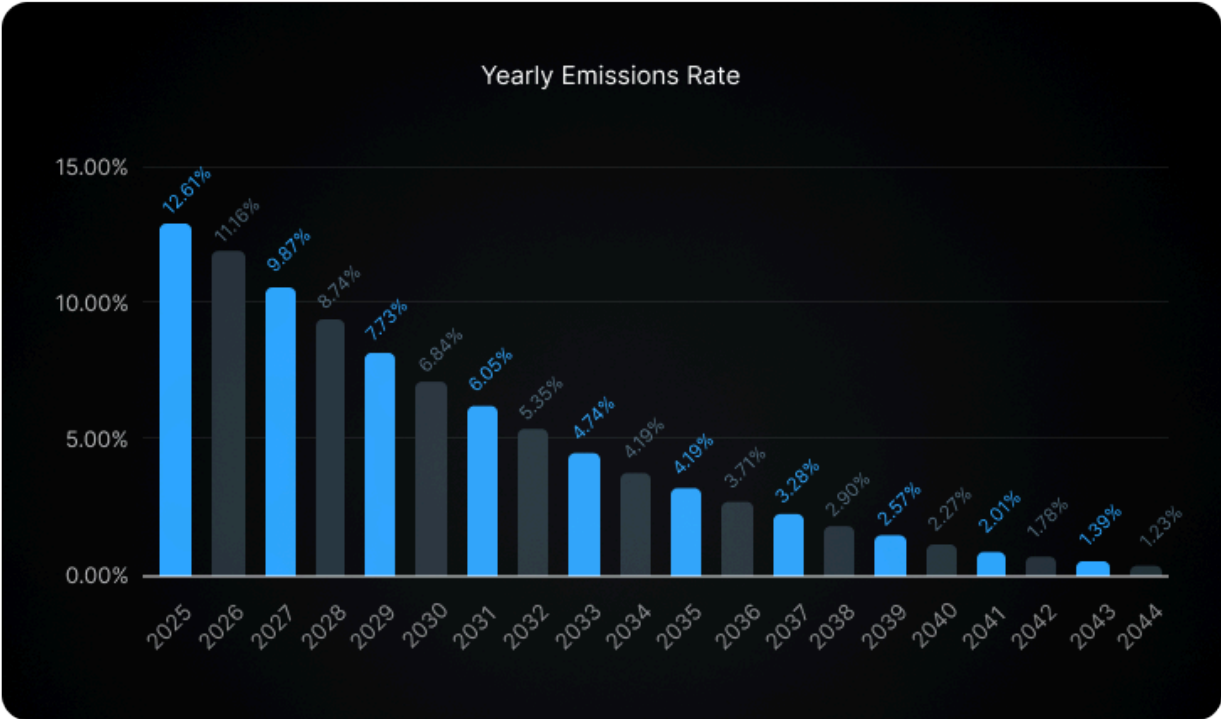
1. Total Token Supply: Fixed maximum supply of 800 million IO tokens.
2. Initial Allocation: 500 million IO tokens at genesis, increasing to 800 million over 20 years.
 - Mining Rewards: 40% (320 million tokens)
 - Development Fund: 20% (160 million tokens)
 - Ecosystem Growth and Partnerships: 15% (120 million tokens)
 - Team and Advisors: 10% (80 million tokens)
 - Initial Coin Offering (ICO): 10% (80 million tokens)
 - Community Incentives and Staking Rewards: 5% (40 million tokens)

Pro Forma Token Allocation (20 Years)



Token Emission and Inflation

1. Emission Schedule:
 - Rewards follow a disinflationary model, starting at 8% in the first year and decreasing by 1.02% per month (~12% per year) until the 800 million IO cap is reached.
 - Tokens are released hourly for 20 years post-launch, equating to 175,319 periods (or epochs).
2. Inflation Rate:
 - Starts at 7.03% in 2025 and gradually decreases to 0.68% by 2045.



Revenue Generation and Token Demand

- 1. Transaction Fees:

- Users pay for compute resources using IO tokens. For example, if 1 million GPU hours are utilized monthly at \$2.5 per hour, the gross revenue would be \$2.5 million. At a 10% fee, this generates \$250,000 monthly or \$3 million annually.
- Payments in USDC are subject to a 2% facilitation fee. For \$2.5 million in USDC payments, this would generate \$50,000 monthly or \$600,000 annually.
- 2. Reservation Fees:
 - A 0.25% fee on the total cost to reserve compute resources. For a \$2.5 million reservation, the fee would be \$6,250 monthly or \$75,000 annually.

Token Utility and Economic Incentives

1. Payments and Incentives:
 - Universal Payment: Payments are made in IO behind the scenes, with users allowed to pay in fiat, USDC, or other supported tokens. Suppliers are compensated with IO tokens.
 - No fees for payments made in IO, incentivizing its use.
 - Emission rewards incur no fees, encouraging participation.
2. Network Security and Collateralization:
 - Nodes must stake a minimum amount of IO to receive rewards.
 - Additional IO can be staked up to a maximum per node to earn rewards, ensuring network security and incentivizing staking.
3. Burn Mechanism:
 - A programmatic coin burn system where revenue generated is used to purchase and burn IO, creating deflationary pressure and reducing the outstanding supply.

Revenue Estimation

Total Annual Revenue (R) can be approximated by the sum of revenues from transaction fees, premium subscriptions, USDC payment facilitation fees, and reservation fees:

$$R = (\text{Transaction Fees}) + (\text{Premium Subscriptions}) + (\text{USDC Facilitation Fees}) + (\text{Reservation Fees})$$

Where:

$$\text{Transaction Fees} = (G \times P \times F) \times 12$$

$$\text{Premium Subscriptions} = (S \times M) \times 12$$

$$\text{USDC Facilitation Fees} = (G \times P \times F_u) \times 12$$

$$\text{Reservation Fees} = (G \times P \times F_r) \times 12$$

- G = Monthly GPU hours (1,000,000 hours)
- P = Average rate per GPU hour (\$2.5)
- F = Transaction fee percentage (10%)
- S = Number of premium subscribers (10,000)
- M = Monthly subscription fee per user (\$100)
- F_u = USDC facilitation fee percentage (2%)
- F_r = Reservation fee percentage (0.25%)

Using the given examples, hypothetical scenario:

$$R = (1,000,000 \times 2.5 \times 0.1) \times 12 + (10,000 \times 100) \times 12 + (1,000,000 \times 2.5 \times 0.02) \times 12 + (1,000,000 \times 2.5 \times 0.0025) \times 12$$

$$R = (250,000) \times 12 + (1,000,000) \times 12 + (50,000) \times 12 + (6,250) \times 12$$

$$R = 3,000,000 + 12,000,000 + 600,000 + 75,000$$

$$R = 15,675,000$$

This diversified approach not only ensures a stable revenue stream of approximately \$15.68 million annually but also positions IO.NET for long-term growth and market leadership in the decentralized GPU compute sector. By integrating advanced ML technology stacks and providing incentives through IO tokens, IO.NET effectively drives network participation, resource allocation efficiency, and overall value within its ecosystem.