AERGO Quarterly Project Update Q2 & Q3 2020

December 9th, 2020

Notice to Readers

The information contained in this Quarterly Project Update ("Report") is given as of September 30th, 2020 unless otherwise noted.

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The unaudited financial information provided in this Report has been prepared by AERGO 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.

AERGO Limited ("AERGO Organization"), is a private company limited by shares incorporated in Hong Kong, that is attempting to build and support a new open source based blockchain platform called AERGO mainnet. AERGO Organization does not hold itself out as carrying out any regulated activity in any jurisdiction. Under no circumstances does this document or any other material constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be

unlawful. AERGO Tokens mean the cryptographic tokens proposed to be issued by the AERGO Organization for use on AERGO mainnet.

BLOCKO Inc. ("BLOCKO"), a private blockchain services company based in Seoul, South Korea, was engaged by AERGO to act as an advisor to support strategic planning and defining of the organization's transparency mandate. The AERGO Organization prepared this Report with strategic guidance from BLOCKO, and per audit regulations, does not constitute a review or attestation to the financial data.

For readers not familiar with blockchain, an excellent on-line resource from Goldman Sachs can be viewed here.

Introduction

2020 has been full of unprecedented events. The global pandemic has affected the entire global economy, as well as our way of life as we know it. We at AERGO would like to offer our sincere condolences to those that have lost someone this year. We thank those who are working in healthcare and first responders around the world.

The new norm is the mask. The mask has become a tool in fighting the spread of Covid19 pandemic, as well as a politically charged symbol. Those who do not believe in science, see it as a means of government control and dissemination of "Fake News". The continuation of misinformation and misunderstanding of facts have contributed to resurgence of contagious clusters throughout the world. In the US, the looming presidential election is creating immense amounts of news, facts, fake facts, and data. Even the current voting systems are being challenged to be unreliable. We believe that blockchain technology could revolutionize the registry of true information and make voting technology trustworthy.

BLOCKO has worked on an eVoting platform POC utilizing AERGO Enterprise. Using AERGO will allow for trustless registry of votes, as well as allowing one vote per person. Identity, certification, and authentication can all be updated with the AERGO platform.

Q2 and Q3 have been challenging, however AERGO has been working steadily and have made major progress in upgrades to the platform and new features. Our partner, BLOCKO's expansion in the Middle East has brought many new opportunities, partners, and customers. The launch of E24P earlier has now gained momentum in the region. E24P is now highly sought after by the regional government entities in the Middle East.

AERGO has new listings on the biggest exchanges on the planet, and plans additional listings. Our goal is to expand AERGO accessibility and liquidity by expanding to new exchanges. We are planning co-marketing programs with every new exchange listing, which will bring new supporters to AERGO.

Looking forward, AERGO has plans to partner with business alliances and traditional companies to bring AERGO into the enterprise. BLOCKO plans to create and complement traditional enterprise solutions with AERGO platform. BLOCKO is to create solutions that delight and give value to the customers. Having the customers use blockchain is not the resounding goal, but to show true value in solutions, so that customers will choose the solution. BLOCKO plans to partner with traditional non-blockchain legacy solution partners and complement the legacy solution with AERGO powered features. Stay tuned for additional partnership announcements in Q4.

AERGO News and Events
in Q2 and Q3 2020
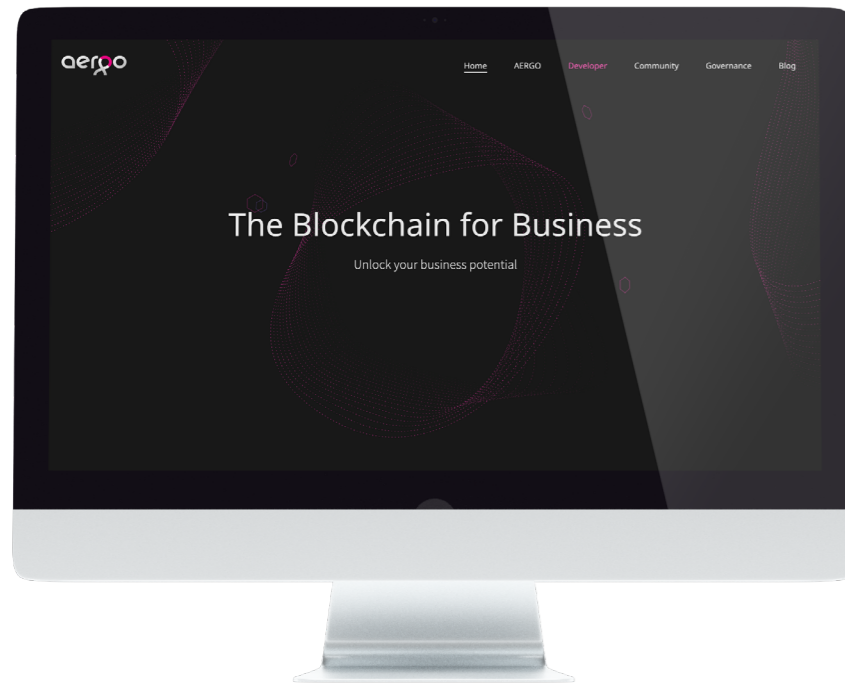
1

2

4

3

8

9

List of upgrades and enhancements completed in Q1 2020 :

● AERGO 2.2 Keystore

AERGO 2.2 introduces a new format for storing private keys. The new keystore format offers better portability thanks to a well-defined standard and an additional layer of security due to a more durable derivation of keys from passphrases. The new format contains all information needed to decrypt a private key, given the passphrase. This means that even if standards change or clients stop being supported some day, using just this one passphrase-protected file you can always recover your private key. It is also an easy way to move between different clients, e.g. AERGO Connect, aergocli, Athena IDE, JDBC..

● 20M AERGO Staked

With the AERGO 2.0 upgrade, certain parameters of the public mainnet are now subject to a DAO vote. Everyone who has a stake can participate in the voting process, making AERGO's on-chain governance much more decentralized. What's more, the AERGO foundation decided to sponsor a reward for voting! For every block, one of the voters is chosen, with a probability according to their contribution.

● Athena-IDE-Atom Part 1 & 2

The Athena IDE is a development environment for smart contracts on AERGO.

● AERGO JDBC Release

AERGO JDBC (Java Database Connectivity) allows database administrators and Java developers to easily view and manipulate data on the blockchain, just like they would using a regular database. One of the major bottlenecks in achieving mass adoption of blockchain technology is due to the unfamiliarity of development environments for programmers. In order to address this problem, AERGO has been built to support the SQL language for smart contracts because it is a widely used programming language in a relational database management system (RDMS). There are at least 7 million developers worldwide that are familiar with programming in SQL. We at AERGO believe that significant productivity can be achieved through SQL as the blockchain application development logic is very familiar for new blockchain developers.

● Telecommunications Technology Association (TTA) measures AERGO Enterprise 2.1.0 performance

The performance of AERGO Enterprise 2.1.0 was officially measured by the Telecommunications Technology Association (TTA) on December 27th, 2019. TTA is the leading IT standardization association in Korea that collects, analyzes, researches, and distributes diverse information on cutting-edge domestic and foreign telecommunication technologies and their standardizations. As a result of the testing, AERGO Enterprise 2.1.0 contract call resulted in 3,788.8 TPS (Transactions per second)

when running 300,000 transactions simultaneously on a private blockchain with Raft consensus.

● AERGO Public Testnet - Revamped Merkle Bridge Tutorial

The Merkle Bridge is a new design for interoperability between blockchains/sidechains that is simple, decentralized, secure, and cost-effective. It will be used to power inter-chain asset bridging and communication on the AERGO platform.

● AERGO Merkle-Bridge Testnet Released

The Merkle Bridge is a method to verify an assets status securely by using Merkle proofs between two different blockchain networks. With the introduction of the Merkle Bridge DApp, this makes it easy to move assets between the Merkle Bridge via the Web UI.

● AERGO v2.1.0 Release

This release contains a number of improvements and new features.

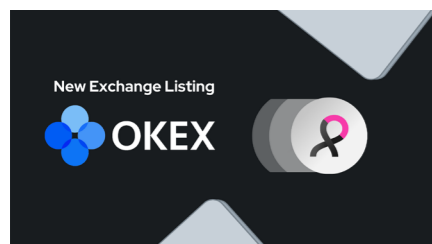### ● AERGO Network 2.0 improved configuration for block propagation

The peer role of the AERGO Network 2.0 distinguishes its external network from the internal network. In this way, we can save network costs between nodes more effectively than through the traditional way.
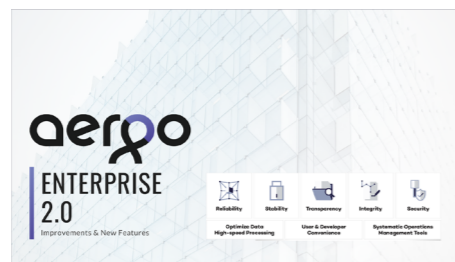
Q2 & Q3 Technical Updates

● AERGO Enterprise 2.0

The AERGO Enterprise 2.0 update consists of the following key releases:

- AERGO Enterprise Manager (AEM 2.0 Update)
- AERGO Connect v2.0
- Ledger Support
- Server v1.3 New Feature

● AERGO Developer Update - heraphp

AERGO client interface for PHP

● AERGO Connect 2.0 Ledger Support

Updated AERGO Connect to version 2.0 which has some key features and upgrades including transferring Testnet Tokens via Ledger Nano S and Athena IDE

● AERGO Enterprise Manager (AEM)

AERGO Enterprise Manager is a management tool that supports stable

system operations through real-time blockchain performance monitoring. Blockchain's own technology enables high-standard integrated monitoring and provides ease of management for blockchain node operation and installation.

● AERGO Developer Update

Libaergo_C#, C, C++, VB.NET, Ruby, and Swift - Additional language update to support for AERGO developers
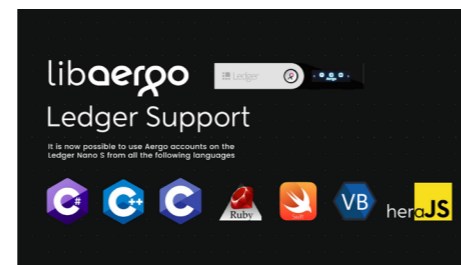
● AERGO IoT Update on use cases

Microcontrollers to enable collection and write of data on smart contract on AERGO Mainnet

● AERGO 2.2.2 Release

Improvements and upgrades

● AERGO JDBC 1.1 for AERGO Enterprise 2.0

The AERGO smart contract engine has rich SQL support and is compatible with JDBC adapters. With this you can connect to a smart contract just like any other traditional SQL database. The JDBC adapter removes the need for creating and sending blockchain transactions manually. Instead, you can run SQL queries directly.

● AERGO TPS Performance Test

- April 2020

- Transfer with 14,545 TPS
- Read (Smart Contract Execution) with 50,100 TPS
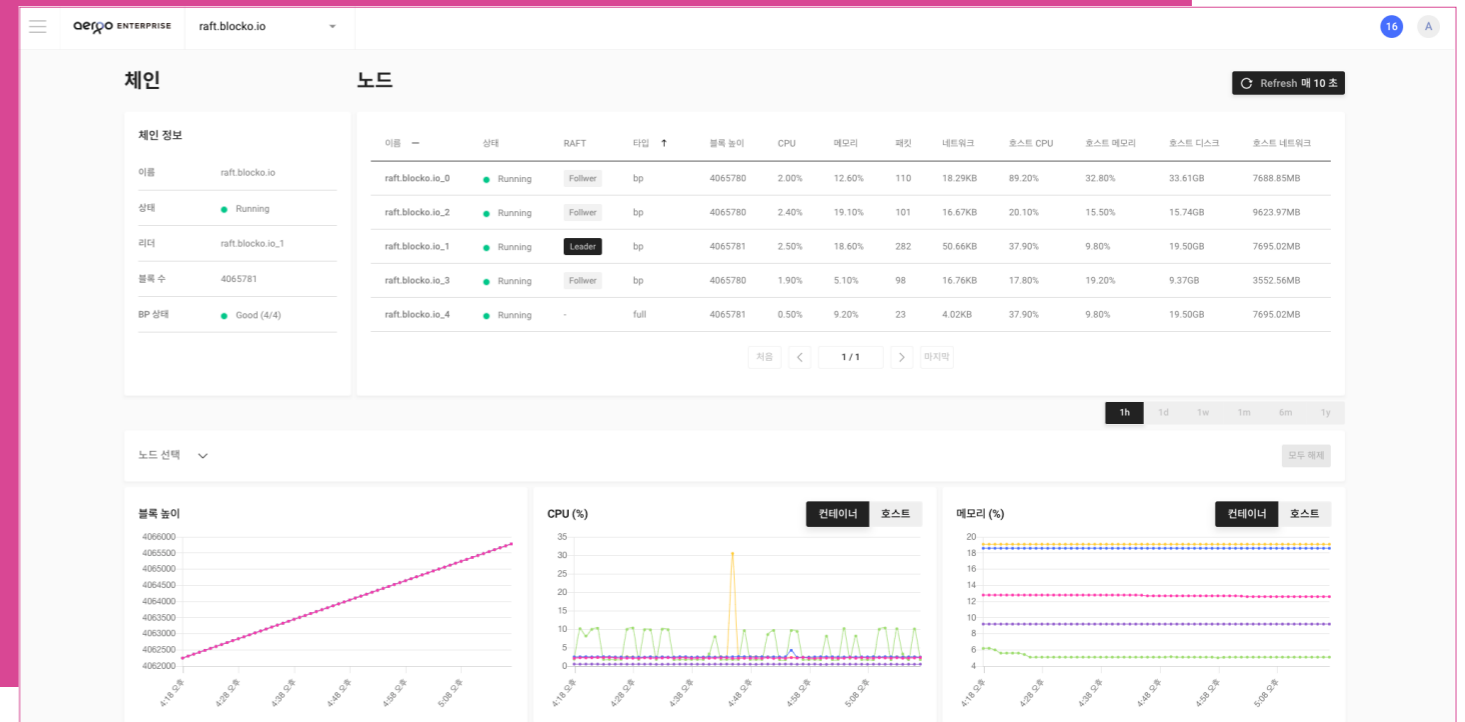
- Write (Smart Contract Execution) with 10,000 TPS

● AERGO 2.2.6 Release

● AERGO Connect 2.1 Release

● Libaergo X Ledger Nano S

Language support C#, C, C++, VB.NET, Ruby, and Swift

● AERGO AGORA: AERGO Governance Network (DAO)

The new on-chain governance system that aims to be a business-minded DAO and decentralised decision-making framework

● smart.aergo.io

A new developer tool for testing transactions and smart contracts on the AERGO chain

● New AERGO smart contract deployment

New smart contract address is 0x91a f0fbb28aba7e31403cb457106ce7939 7fd4e6

Sales Update

In Q2 and Q3 of 2020, the pandemic has not slowed down AERGO's penetration in new opportunities in the government and the enterprise sector.
Here are some highlights :

Korea Partner - BLOCKO :

● NIPA (National IT Promotion Agency)

NIPA, Korean government agency, devotes itself to reinforcing the competitiveness of the ICT industry and contributes to the economic growth through the efficient support and laying the groundwork for the industrial technology promotion. BLOCKO has won a 4 year research project to apply AI algorithms to analyze consumer energy distribution and consumption big data to evaluate peer to peer rewards by applying blockchain technology. NIPA and BLOCKO is utilizing AERGO SDK to evaluate the role of blockchain in a rewards model in energy consumption and conservation.

● KOTEC (Korea Technology Finance Corporation)

KOTEC, better known in Korea as KIBO, is a government organization facilitating technology financing to innovative SMEs and contributing to the growth of the national economy. BLOCKO is working to create an electronic contract platform utilizing AERGO TSA (Time Stamping Authority) to certify electronic contracts.
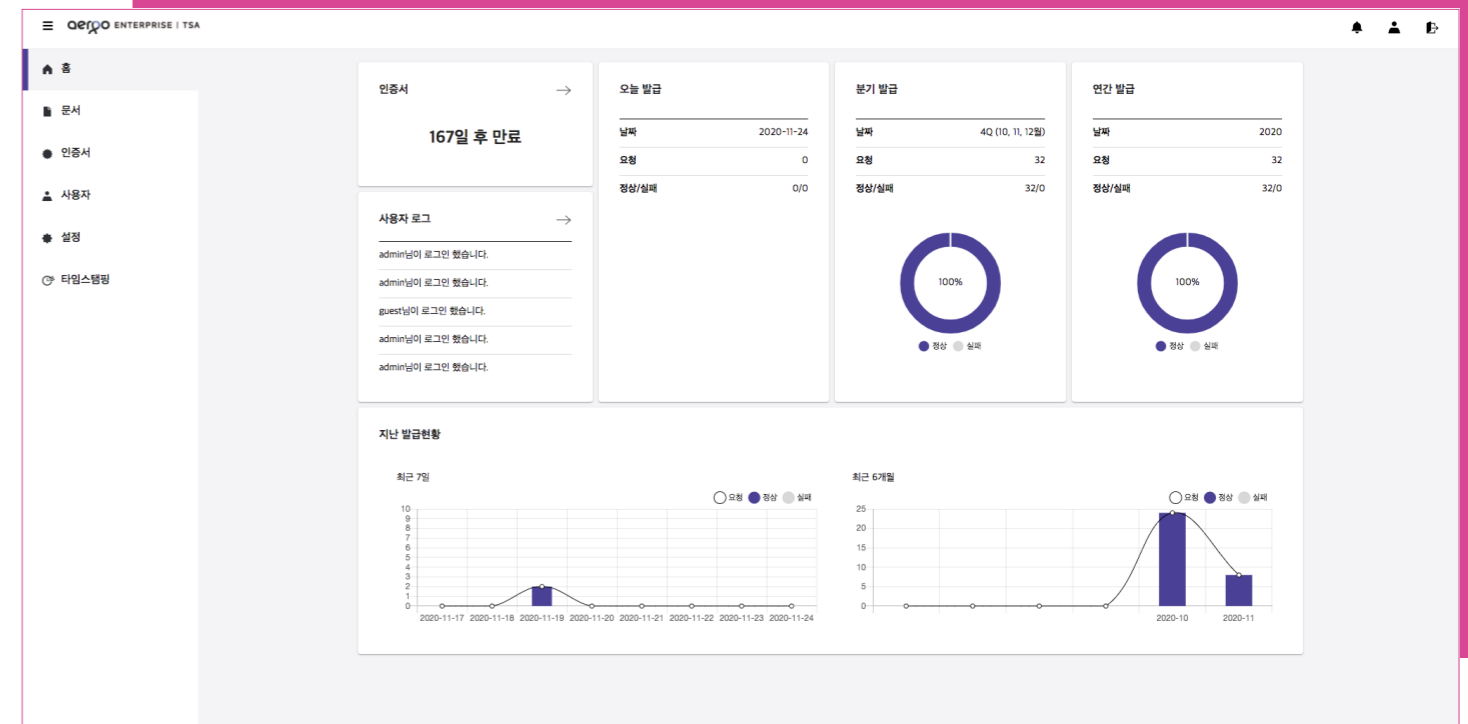
● PwC (Pricewaterhouse Cooper) and Hyundai Mobis

BLOCKO is working with the global consulting firm PwC and Hyundai Mobis ("parts and service" arm for the South Korean automakers Hyundai Motor Company) to create auto parts lifecycle supply chain management platform on AERGO blockchain.

E24P Middle East Update

Like many countries across the globe, the UAE was not immune to Covid19, and the resulting slow-down in new IT based projects within the region during the past few quarters. Budgets for purely experimental and speculative projects were cut this year. Other planned projects were either delayed, or severely reduced in scope. Not being able to freely travel in the country was also an obstacle. The UAE is not immediately as attractive as was considered for AERGO and is no longer the sole focus of E24P.

However, long-term strategic government projects across the broader Middle East, that involve very advanced technologies - to solve very-hard problems, are alive and kicking; even though these are now working to extended timetables.

Of particular interest, are projects that require adjustments to market structure, or regulatory changes (such as to support Digital (increasingly decentralised) Finance, Digital Assets and Digital Supply Chains in Digital Cities). These have been areas of deep focus, research, and development by E24P during the past year.

E24P has therefore decided to pivot.

E24P will now only focus on securing the most strategic government sponsored projects, and where it and its strategic partners have unique capabilities to offer.

To this effect, it is forming a ground-breaking partnership with a research institute that has successfully solved some of the most challenging technical problems, in being able to accelerate the development of future truly Digital Civilisations. These are civilisations, where advanced technologies are implemented, and used, for the good of all people and businesses. Technologies that are no longer controlled by vendors such as Google, IBM, Microsoft, Accenture, or other suppliers.

E24P is now actively working with leading Middle East governments, and their regulatory agencies, to provide solutions to the following (extremely hard) problems:

I. Privacy of Digital Assets in new Decentralised Finance (DeFi) ecosystems.

II. Securing Digital Asset transactions with ground-breaking secure computing.

III. A Regulator-ready programming platform and API to validate Digital Assets.

IV. Immutable smart contracts to enable and empower digital supply-chains.

V. Securing even the most basic (aka "dumb") IoT devices in Digital Cities.

E24P's new strategic partner, is a bleeding-edge European organisation, that has already delivered solutions to many of the above challenges for China. As part of the country's "new infrastructure" national initiative, China has made blockchain (and some of these solutions), integral parts of its future digital civilisation infrastructure.

Truly advanced solutions – already proven and in production – now being brought to the Middle East. By E24P.

Time will tell if these new focus areas for E24P are viable and profitable.

E24P: "helping governments to enable digital assets for digital civilisations".

Agora Execution Plan

AERGO Agora

Since the beginning of our program, we have been very focused on how we plan to increase AERGO's public transparency. Therefore, we introduced AERGO Agora, the new on-chain governance system that aims to be a business-minded DAO and decentralised decision-making framework. AERGO token holders can participate and contribute in making governing decisions for the AERGO ecosystem through AERGO Agora. AERGO Agora will be accelerating AERGO to become a democratic, fully self-sustaining and open ecosystem.

Introduction of the Agora Steering committee

To ensure we can implement this new model gradually and successfully, the AERGO Foundation will be introducing the Agora Steering Committee. The committee will focus on project screening and community voting seeding, to allow a more orderly and focused pipeline of ideas to be put forward. Members of the Agora Steering Committee will comprise, but not be limited to, AERGO's existing leadership team and members from its very experienced advisory board as well as BLOCKO's research and development team.

AERGO Agora execution plan in three phases

Phase 1(Q2 2020): Incubation period The current staking framework for BP election will be extended in functionality to allow the community to vote on some broader topics, proposals and resolutions. Our current reporting processes (such as the QPU) will be transformed digitally, allowing the community to access the information in real time through the ledger residing on the AERGO blockchain.

Phase 2(Q3 2020) : Maturity and Expansion. More important pilot

programs in selected areas, coupled with the formation of the Agora Steering Committees for the AERGO ecosystem (aimed at screening and guiding the subsequent community).

Phase 3(Q4 2020) : Full launch as the incubation and maturation periods for AERGO Agora are completed, AERGO Agora will be officially launched.
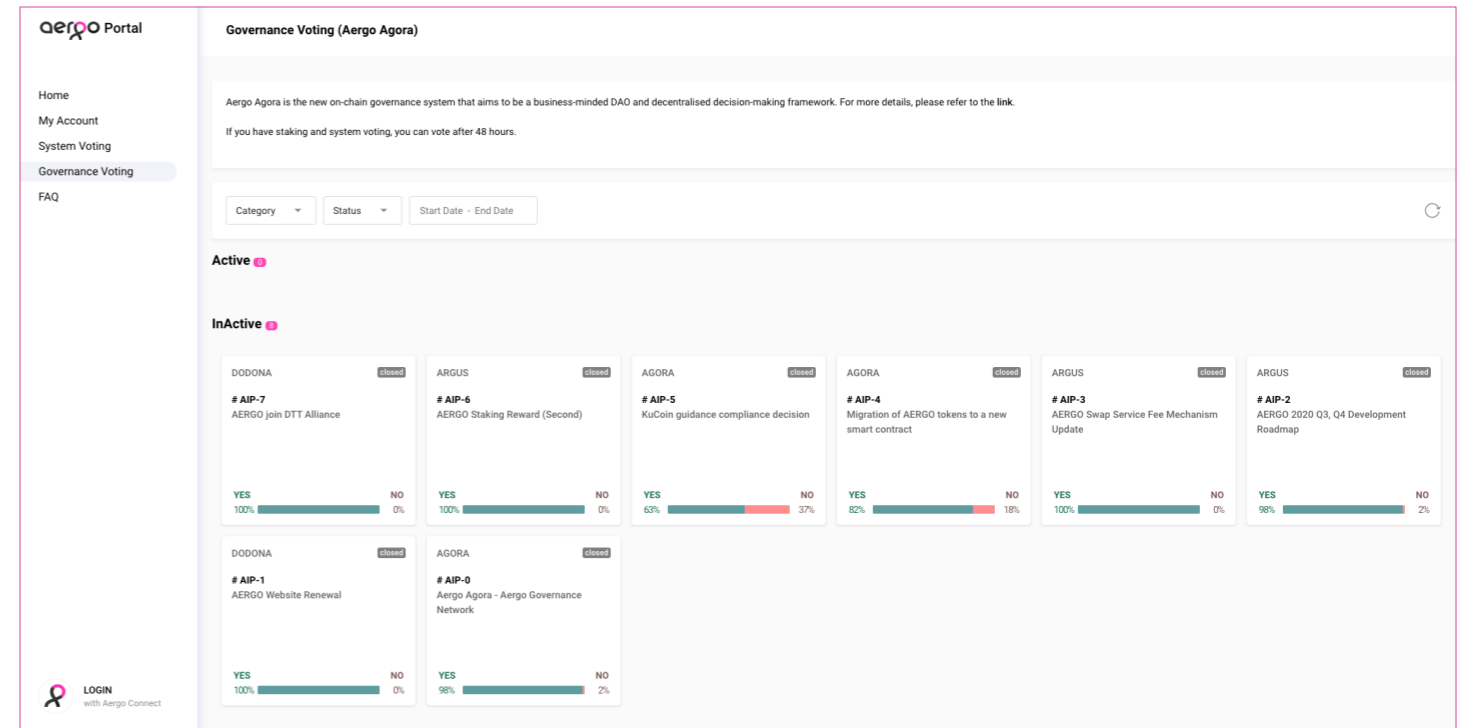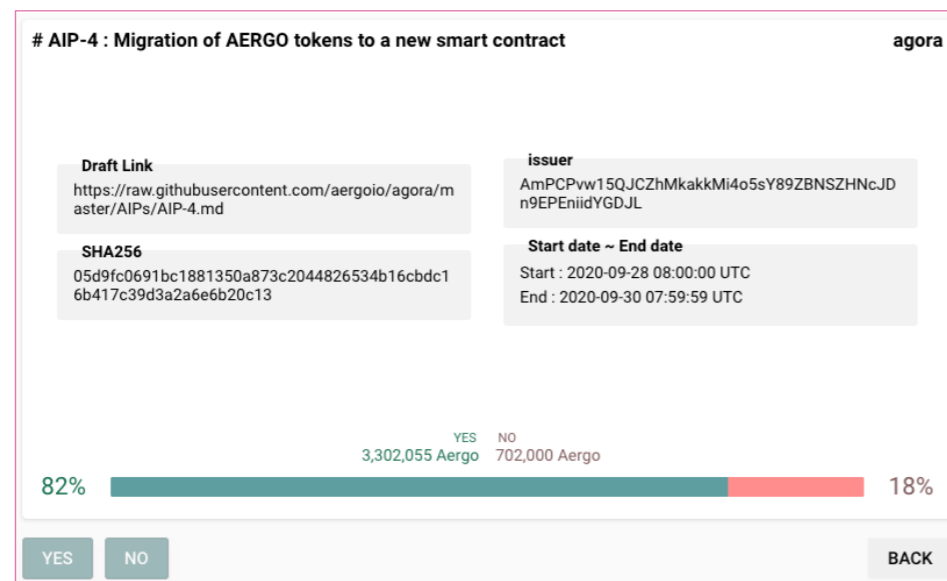
AIP Purpose and process

AIP stands for AERGO Improvement Proposal. We intended for AIPs to be the primary mechanisms when proposing changes to improve the AERGO Network on AERGO Agora. AERGO community members can

track the progress of every stage of AIP implementation.

All AIPs must be consistent with the goals of Agora (AIP-0). Currently there are three areas where AIP Authors can choose and suggest to make changes.

- Argus - For proposed changes to: AERGO tech development related matters

- Dodona - For proposed changes to: AERGO Ecosystem and marketing related matters

- Agora - For proposed changes to: AERGO Agora portal operation and policy related matters

The AIP process is a structured process for making changes to the

AIP-4 : Migration of AERGO tokens to a new smart contract   agora

Draft Link
https://raw.githubusercontent.com/aergoio/agora/master/AIPs/AIP-4.md

issuer
AmPCPvw15QJCZhMkakkMi4o5sY89ZBNSZHNcJDn9EPEniidYGDJL

SHA256
05d9fc0691bc1881350a873c2044826534b16cbdc16b417c39d3a2a6e6b20c13

Start date ~ End date
Start : 2020-09-28 08:00:00 UTC
End : 2020-09-30 07:59:59 UTC

YES   NO
3,302,055 Aergo   702,000 Aergo
82%   18%

YES   NO   BACK

AERGO Network. There are four parties involved in this process.

- AIP Author
- AIP Editor
- Agora Steering Committee
- AERGO Voters

All AIP Authors who submit the proposal have to follow the template guidelines and follow each step of the workflow outlined in this document. The following is the process that a successful AIP moves along:

- Stage I: Select AIP Track and submit a draft proposal
- Stage II: AIP editor review
- Stage III: Agora Steering Committee review
- Stage IV: AERGO Community Vote

AERGO Voting day

There will be four AERGO voting days annually. The AERGO Voting will take place once a quarter on designated days as follows, starting at 8:00 UTC, lasting for 48 hours:

- Q1 - March 1st starting at 8:00 UTC closing at March 3rd at 8:00 UTC
- Q2 - June 1st starting at 8:00 UTC closing at June 3rd at 8:00 UTC
- Q3 - September 1st starting at 8:00 UTC closing at September 3rd at 8:00 UTC
- Q4 - December 1st starting at 8:00 UTC closing at December 3rd at 8:00 UTC

AIP Authors should submit proposals by the 1st of the preceding month of the AERGO voting day (e.g. Feb 1st for submission for March voting day). The proposals that have successfully passed Stage III will be announced on the 25th of the preceding month of the AERGO Voting day (e.g. Feb 25th for voting for March voting day). These proposals will appear on the Agora portal for the AERGO Community vote on the Voting day.

Emergency voting

The committee can call an emergency

AERGO network vote or re-schedule a vote at any time by a unanimous approval vote of the steering committee. In case of emergency, immediately following approval by the board, the Committee will make a best effort notification to AERGO holders of the start date and time of the vote using these communication channels:

- The Emergency vote folder
- The official #announcements channel in telegram
- The official AERGO @aergo_io twitter account

Vote counting

The minimum support required for approval is >50% of all votes cast, an "absolute majority".
If the result is a split vote, the Agora Steering Committee will reschedule a vote. The new start date of the vote must be no more than 30 days later than the previous start date of the vote (a maximum of two voting rounds, regardless of split vote(s)).

Things to Come

1. AERGO Hub

We are currently working on the AERGO Hub development. AERGO Hub is a platform which utilizes computing power from various sources and re-sells the resources as a platform.

Currently, many BaaS services have entered the market. AERGO and its partners have implemented the AERGO Enterprise as a private BaaS over the last few years. With the experience we have had, the AERGO team has thoroughly discussed the business cases and decided to expand the hub to more of a general PaaS.
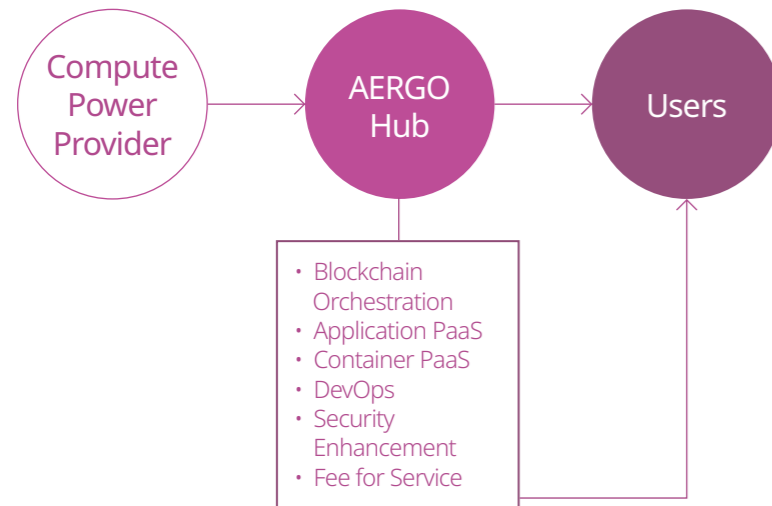
In a traditional IT organization, the development and operational processes are separated when launching a new service. This process may not work for a service that requires rapid and continuous development. The AERGO Hub is a service that combines container technology and PaaS for blockchain businesses, helping developers adopt DevOps which manage operations and system administrators automatically. AERGO Hub aims to help developers focus their passion only on increasing the value of their services.

The extension of the service also can be introduced to the wider market as a general purpose service. This opens up an opportunity for greater revenue and wider adoption of AERGO.

The Hub prototype will be launched in 2021, developed by our technology partner BLOCKO. We plan to acquire users gradually and develop the service with its unique set of features. AERGO will be the foundation of the BaaS' software/core technology, integration of Mainnet for Timestamping, featured service chain and the payment system within Hub.

2. Decentralized Trusted Timestamping

AERGO is currently forming the Decentralised Trusted Timestamping (DTT) Alliance to secure the trusted network globally. This Alliance allows enterprises to secure a trusted service and data through Alliance. The AERGO foundation helps the realization of the blockchain through a DTT Alliance.

3. Web IDE

https://ide.aergo.io/

Web IDE prototype has been released and this will help developers to write smart contracts without using a separate SDK or Athena IDE. WEB IDE makes easier for developers to use AERGO.
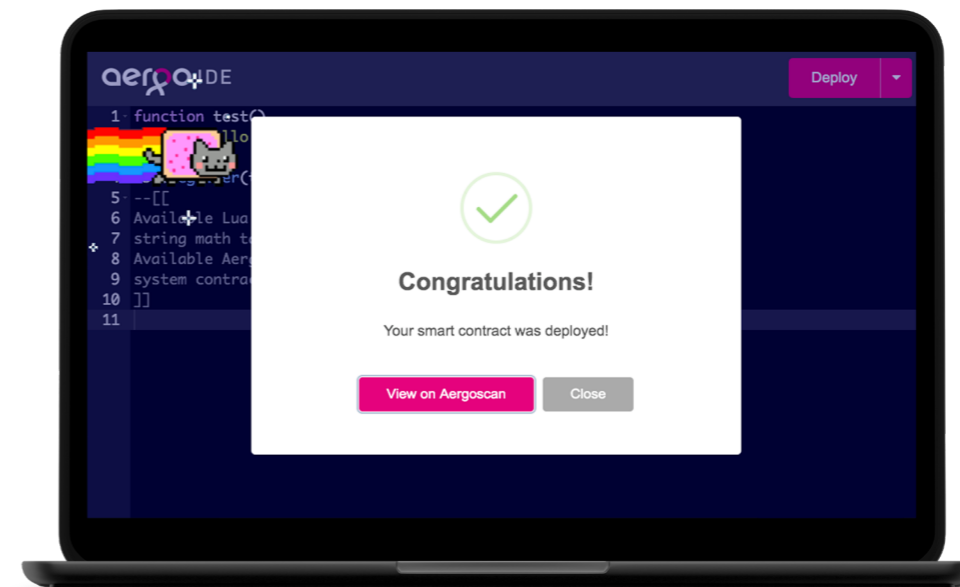
4. AERGOLite for Cloud Computing

AERGOLite is an improved version of SQLite with blockchain technology for data synchronization of IOT/mobile devices. AERGOLite can be a data solution that provides great Active-Standby for not only IOT/mobile devices but also server data synchronization. AERGOLite (for Cloud Computing) will be provided as a feature of AERGO Hub to ensure availability and data accessibility that is required for application development.

5. CCCV - AERGO DID Application

CtrlC, CtrlV (https://cccv.to) is a service that aggregates various social network links, such as Instagram, Twitter, YouTube, etc. Through AERGO Mainnet DID solution, CCCV creates a distributed trust management technology that can add trust to social links without a central certification authority. Influencer's credentials are checked and recorded on AERGO Mainnet for certification. CCCV's aim is to one day provide CB (Credit Bureau) like services through social network and social identity.

Core Features

● SNS Management

Since you can manage various SNS channels from one address, you can diversify the channel of inflow and bring followers who were only in one channel to other channels.

● Link Management

Manage a variety of one-time links that are created at each time, such as surveys, voting, donations, event pages, shopping malls that you operate, or pop-up stores.

● Certification Badge

CCCV provides various verification management functions to prevent various frauds that are prevalent on social networks or online. Credentials and certifications are checked and verified. The results are recorded on the AERGO Mainnet.

6. INSTSIGN

INSTSIGN is an electronic contract/approval service platform that integrates blockchain reliability and paperless technologies.

BLOCKO, the creator of INSTSIGN (https://instsign.com), developed an electronic document archive solution for H Motors and an electronic document management system for all H Motors group companies several years ago. While developing the system, BLOCKO realized that paperless was a way to save physical time and resources. To eliminate doubts of authenticity, BLOCKO innovated a certification solution using AERGO Mainnet as a means of certifying the electronic documents. This was the catalyst for the creation of INSTSIGN solution.

### Core Features

● Easy contract creation

Create and deliver contracts anywhere, anytime, and send within 3 minutes.

● Efficient archives

Large amounts of contract documents can now be electronically stored in the cloud, and needed documents can be quickly searched in the Archive.

● Blockchain

Free from forgery, falsification and security problems of storing and managing electronic documents, INSTSIGN guarantees greater reliability and safety in the proof of contract with the blockchain and smart contract.
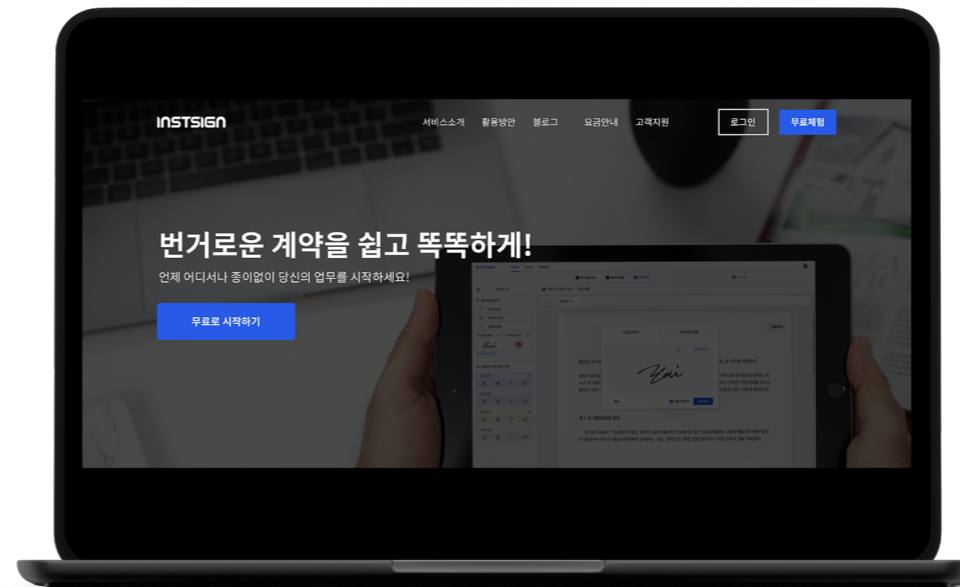
AERGO Token Metrics

In this AERGO token metrics update, we explain where the majority of AERGO Tokens were recently released. This includes an insight into the current and next planned immediate circulation of AERGO Tokens. As part of our communication in our last execution plan, the AERGO Foundation released all of the private purchaser, key backer, 3rd party contract and AERGO Foundation member and advisory board reserved tokens by Q2 2020. According to the previous QPU report (end of Q1 2020), the total circulating supply of AERGO Tokens counts 264,019,890 (i.e. 52.8% total supply). After 6 months, total circulating supply of AERGO Tokens are 287,889,087 (57.6% of supply). We plan to release a further 15,930,000 during the next 6 months to expand our ecosystem. With the implementation of the AERGO Agora (DAO) the community will have a vote in token distribution.

From our last reporting on the Q1 QPU, there has been a difference of 9,259,899 tokens in distribution. The difference was due to the following:

• 1,680,000 Reconciliation of shortfall in Private Sale distribution
• 4,066,666 AERGO foundation expense
• 1,000,000 Community airdrop
• 472,000 OKEX marketing airdrop
• 500,000 Ecosystem partner
• 1,541,233 Treasury liquidation

Full metrics and vesting schedules for all AERGO token holder categories can be reviewed here.

A summary of the AERGO token split[1] is as follows:

Objectives	No. of tokens
Tokens sold in private token sale, including discounts (Updated)	137,072,289 (27.4% of supply)
Ecosystem incentives for developers, community, partners, businesses working on AERGO	159,527,844 (31.9% of supply)
Reserve for future dApps, partners, business development, foundation & marketing/PR	120,819,434 (24.2% of supply)
Team Tokens for advisors, team building, BLOCKO, testing, deploying & operating AERGO	82,580,433 (16.5% of supply)
Total token supply	500,000,000 (100.0% of supply)

A summary of the latest AERGO token circulating supply[1] (as of 31/10/2020) is as follows:

Objectives	No. of tokens
Tokens already released to AERGO private token sale participants	137,072,289 (27.4% of supply)
Tokens already released as part of various ecosystem development initiatives	47,329,786 (9.5% of supply)
Tokens already released from the AERGO reserve pool	49,203,391 (9.8% of supply)
Tokens already released to team: advisors, key backers, foundation, BLOCKO, marketing/PR	54,283,621 (10.9% of supply)
Total circulating supply	287,889,087 (57.6% of supply)

With the implementation of AERGO Agora (DAO), the future circulating supply will depend on community voting. The details of which will be planned and executed by the end of 2020.

Objectives	No. of tokens
Estimated number of tokens to be in circulation by the end of 2020	303,819,087 (60.76% of supply)

* Appendix

AERGO Agora execution plan in three phases [p12] - History

This document borrows from Aragon's AGP-1 written by John Light, which itself was derived from Ethereum's EIP-1 written by Martin Becze and Hudson Jameson, which itself was derived from Bitcoin's BIP-0001 written by Amir Taaki, which in turn was derived from Python's PEP-0001. In many places text was simply copied and modified. Although the PEP-0001 text was written by Barry Warsaw, Jeremy Hylton, and David Goodger, they are not responsible for its use in the AERGO Governance Process, and should not be bothered with governance questions specific to AERGO or the AIP process. Please direct all comments and questions to the AIP Editors.