

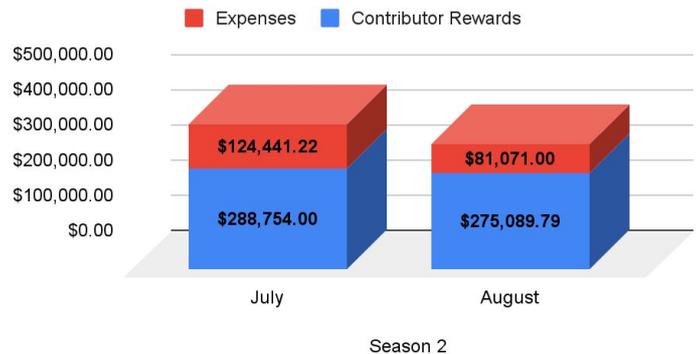
Budget Vs Actual Report

AUGUST 2022

Index Coop

Actual spend (Opex + Payroll)	\$356,160.79
Budget (Opex + Payroll)	\$426,352.33
Variance	-19.71%
Change in spend from previous month	-13.80%
Actual - Payroll cost	\$275,089.79
Budgeted - Payroll cost	\$308,290.33
Actual - Opex (excluding rewards)	\$81,071.00
Budget - Opex	\$118,062.00

Monthly spend Season 2



Overview

Total spend in August was \$356,160.79 this represents a **decrease of 13.8% MoM**. Contributor rewards overall **decreased 4.7%** from last month. This is largely due to the last severance package being fulfilled in July, however this was slightly offset by the hiring of a new smart contract engineer at a \$185k annual salary in August. Other opex saw a **53.5% decrease** from last month, this can be attributed to the reduction in legal fees, having completed our incorporation this cost is expected to reduce going forward.

Network Budget Breakdown

Growth Network	Budget	Actual	% Variance
Core Hires	\$86,666.67	\$88,333.33	1.92%
Flexible Rewards	\$6,000.00	\$3,300.00	-45.00%
Total Rewards	\$92,666.67	\$91,633.33	-1.12%
Other Expenses	\$67,500.00	\$52,009.00	-22.95%
Total Nest Spend	\$160,166.67	\$143,642.33	-11.50%

Build Network	Budget	Actual	% Variance
Core Hires	\$185,958.00	\$153,289.79	-17.57%
Flexible Rewards	\$10,000.00	\$3,500.00	-65.00%
Total Rewards	\$195,957.00	\$156,789.79	-19.99%
Other Expenses	\$45,062.00	\$28,004.30	-60.91%
Total Nest Spend	\$241,019.00	\$184,794.09	-30.43%

Growth Network total spend saw a decrease of 47.8% MoM. The decrease in spend is due to the reduction of costs to legal fees which are budgeted for under growth. As the Index Coop has finalised incorporation this cost is not expected to be as high.

Core hire costs were slightly above the season 2 budgeted total, this is due to two core hires being offered packages that were higher than what was initially budgeted for in season 2, this has led to a \$1.66k increase. Flexible rewards were up by \$927, there are only two flexible contributors within growth, both of whom have expertise to help manage and develop our website.

As highlighted previously the largest opex cost was for legal fees at \$32.8k, however the cost was down by \$66.1k from July. Other notable opex spend was on tooling subscriptions and a one-off payment to Llama for the creation of a governance bot.

Build network is Index Coop's largest cost centre, this reflects the organizational refocus and structural change before the start of season 2, which put an emphasis on product development and engineering.

Total network cost were up 23.5% from July, this can be attributed to the hiring of a new smart contract engineer and an increase in opex costs. There is budget to hire another full time engineer within season 2 budgeted costs. The hiring added an additional \$15,417 to the core hire costs. Flexible rewards were down by 1.2k this month, with the flexible rewards falling under product nest.

Other opex costs increased by 85% MoM. This is a result of increased gas costs this month which were up by \$24.9k. We have now taken over rebalancing costs from Set, this month saw the quarterly rebalancing of our composite products.

Budget Vs Actual Report

AUGUST 2022

Service Network	Budget	Actual	% Variance
Core Hires	\$19,666.67	\$19,666.67	0.00%
Flexible Rewards	-	-	-
Total Rewards	\$19,666.67	\$19,666.67	0.00%
Other Expenses	\$5,500.00	\$1,057.70	-420.00%
Total Nest Spend	\$25,166.67	\$20,724.34	-21.44%

Service network consists of Finance nest and System design nest. The purpose of the service network is to function as a lean team, which allows the rest of the organisation to focus on product building and growth activities, which are the primary focus for Index Coop.

Total network costs were down 187% from July, however the July costs were inflated due to a final severance payment of \$35k to a departing core hire. Core hires account for the only contributor rewards within the network.

Other opex costs saw a \$2.2k reduction MoM, this is due to a reduced expenditure on gas costs. The other major opex cost under service network is the core tooling subscriptions which this month came to just over \$1k.

Summary

In season 2 Index Coop continues to reduce spend on both contributor rewards and other opex costs. Since [the open letter](#) posted by our investors, the organisation committed to a major reduction in contributor rewards.

Comparing May contributor rewards to August, there has been a 35% reduction. Flexible reward work has ceased except for a few of exceptional circumstances. We have also transitioned to paying rewards in USDC rather than a combination of INDEX and other products.

As we look forward the organisation is reducing costs MoM and with a core team set up in a lean structure, we are laser focused on developing and launching new innovative products.