

Statement of Neos CEO to the community on the current company situation

10th March 2022

Our dear community and supporters,

I'm writing in reaction to the ongoing difficult and unsettling situation around Neos, to speak clearly and openly about the current state of things and the pressure that we are, as a company under.

We experienced a sharp drop in Neos Credits value and many of you are very upset right now - and have every right to be. Some of you have lost your passion for Neos and most importantly - your trust. Trust in the leadership and the future of the project.

There are no words that I could use to express how sorry and embarrassed I am that you have been dragged into this dispute. For so many of you, Neos has been a home, a place to relax and connect, to truly be who you want to be.

That's why I believe it's important for you to understand the unchanged strong will to deliver on the promises given to you - our community, our users, investors, patrons and NCR holders despite this current conflict.

When my business partner Tomáš, aka Frooxius, and I founded Solirax in 2014, we knew there was a long and hard road ahead for Neos to become a viable, sustainable project.

Neos truly is an extraordinary platform that is getting better all the time. Progressively maturing from an alpha software to a more optimized, widely usable one. It took many years for it to get to a place of financial viability. There is so much at stake when you're building a startup - at multiple points we were on the brink of bankruptcy and it wasn't clear whether success or at least survival of the company were even some of the possible outcomes.

Funding Neos was always an extremely stressful and time-consuming effort. People and organizations turned us down all the time, not agreeing with our very long-term approach with a focus on the underlying architecture first and foremost.

We explored many avenues from further venture capitalist investments to trying to build B2B and B2G revenue streams until we arrived at Patreon and NCR - and thankfully things started to turn around for us. Neos has been blessed with great support through both its Patreon and related NCR ICO, securing enough funding for us to keep pursuing our goals.

Looking now at the amazing creations of our community, their passion and love for Neos, I feel proud that we did everything we could to succeed.

But hours of hard work, constant pressure, and an unpredictable future have for sure taken a toll on both myself and my co-founder. We spent a lot of the time living together, neglecting families and partners and sometimes clashing with our somewhat rich personalities.

I have always deeply respected Tomáš for his industry know-how, passion for virtual reality, and technical genius. His innovative way of thinking gave birth to the core essence of Neos - its amazing engine and architecture.

Tomáš has also been wonderful in maintaining rapport with our users and community through his frequent updates, streams and social media presence which has greatly helped in growing our user base. For that, he will always have my full appreciation and recognition.

But running a company is not just about hardcore engineering and social engagement. Neos as an ideological community utopia for a select few is not sustainable. There is an aspect of wider appeal and

capitalism necessary for it to survive and prosper. In today's world, a company must be able to create value for its users, community, supporters and investors over time.

And most importantly, there must be a sense of constant progress, iteration, and reinvention. The announcement of Facebook efforts, rebranding to Meta has turbocharged the interest in metaverse projects. And while Neos in its current state is generally accepted by our loyal community, to be able to survive and thrive face to face with growing competition it is necessary to keep moving forward.

I have always had a long term vision in my mind - to turn Neos into a professional company and a unique peer to-peer metaverse with a state of art UX and a large amount of great content for everyone to enjoy, thanks to a strong in-world economy that gives creators the opportunity to make a living in Neos and be in control of their earnings. A metaverse that appeals to everyone.

All of this relies upon delivery from a professional team, their expertise, and work ethic. And this has perhaps been my biggest regret - as I have let my hands slip away from the steering wheel and did not pay enough attention to the onboarding process. A mistake that I shall never repeat.

As a little struggling startup, you don't have the resources and every person counts. When onboarding people, be it volunteers, contractors or full-time employees, every new presence can change the vibe in the company a great deal. If they are not a great fit, it leads to disruption and if they are not on a board with the overall company vision and strategy, it becomes very difficult to maintain progress. They don't need to love you but it is essential that we agree on the long term view of things.

For years I have trusted Tomáš and the team to deliver on our promises to investors and to our community but when months turned into years and we still struggled to deliver the most basic roadmap milestones or simple marketing assets, like the new trailer, I started to wake up to the fact that more help was needed to get Neos back on track, as all of us were gradually growing more and more frustrated.

In January this year, I hired Andrea, our current COO, marketing and design expert to help shift the dynamic in the team, set up processes and project management strategies that should have been implemented from the get-go if we had the resources to do so back then. With enough cash to fund the development and a very successful ICO, we were prepared to onboard more professionals - developers, UX designers, marketing experts... do everything that was required to deliver on our vision of a prospective metaverse and take some pressure off the current team members.

It was a brief period of hope and positivity but I see now that it was, unfortunately, a little too late in the process as the mood within the team has descended eventually into a complete distrust in my leadership, resistance to work towards forming up a realistic roadmap and at the end, an active hate campaign towards my person, NCR and the crypto community.

I take full responsibility for my actions that might have been seen as controversial. I regret the lack of communication from my side and I took it to my heart to never again let emotions take the better of me when stressed.

I see clearly now that establishing positive leadership should be at the center point of our attention and it goes well beyond the issues of pay.

Unfortunately, the unsettling situation in the current team, the strong negative emotions towards myself and the recent actions of my co-founder on various social media channels have been damaging Neos Credits holders, the company, its value and have paralyzed growth and development for the most part. So it is therefore for the best of the company, investors, NCR holders, community and ultimately for everyone involved that we go our separate ways, as things cannot continue the way they are now.

We are in an active period of negotiation talks with Tomáš in order to find a satisfactory solution that will leave both parties free to develop Neos according to their own visions. Both of us have worked very hard

throughout the years and while it saddens me that we cannot see past our personal differences and history and maintain our business relationships without emotions, Tomáš has my understanding as he has been a dedicated co-founder and employee of Solirax throughout the years. As such, he should never be shamed or threatened to, either publicly or privately.

It is however vital that he and the current dev team understand that any separation deal that we are going to work towards has to be based on fair and realistic terms that take into consideration the needs and interests of everyone involved including our community, investors, and NCR holders.

The existing company has to be left capable of delivering on its long term vision.

We would be very happy to help Tomáš and his team to achieve his vision - whenever he is prepared to share it with us, assisting with any financial means or support as long as the agreement is beneficial to everyone involved.

However at the same time, we are prepared to protect the interests of Neos, its investors and the future of Neos Credits and will carry out respective legal measures if necessary.

For Neos Credits, a greater integration that will allow for an independent in-world economy and cost effective payments is necessary. Neos Store will be an essential part of the new roadmap together with other additions that we will be able to formulate once the situation is clearer.

NCR is securing the funding for future development and is directly linked to the value of the company.

It is therefore very important that Tomáš and the current dev team understand the full implications that their social media statements and actions have on the overall company value.

Lastly, I would like to finish with a few words directed to our community:

Thank you. We value each one of you. We value every user, every creator, every person who made Neos their home - we are grateful for every little and large contribution and are actively working on negotiating business terms to establish a brighter future for Neos.

This period of negotiations will be difficult. I am not going to sugarcoat that. We are in a complex situation, working to satisfy many interests.

It is more important than ever that we stay true to the purpose of Neos and focus on the long-term mission. That we first and foremost think of the people who have put their time, money, and trust into Neos. That we deliver on our promises.

I cannot travel back in time, I cannot change what has been said and done but it is my pledge as the CEO that I shall do all that is within my power to move us forward and with your help, turn Neos into one of the best metaverses - if not the best one.

Because I wish nothing more than to see Neos succeed.

Thank you for reading all the way here.

Sincerely,
Karel Hulec

Prague 10th March 2022