

## **2023 Financial Overview**

Importing costs have still contributed to the cost of goods, however, we are seeing these costs stabilize, despite significant changes in international shipping.

This year, pNeo invested heavily in advertising and marketing activities to promote the products to new audiences. Over the year, we have been able to refine and optimize advertising to increase reach and decrease the cost of advertising per sale. We anticipate that our advertising costs will further improve in 2024 due to the knowledge and insights that we have gained.

This year, we have invested in staff with highly specialized skills, which has contributed to the wages and salary costs, staffing costs (recruitment), and benefits (retention).

Finally, we made the decision to move away from NetSuite, and in the coming year, we will see the costs related to software decrease by approximately 35% as we have chosen to invest in an ERP that is less focused on traditional non-digital business and more focused on digital and ecommerce revenue.

<b>Income Statement</b>		<b>Balance Sheet</b>	
<b>Revenue</b>		<b>ASSETS</b>	
Product Sales	8,490,972	Current Assets	
Digital Sales (App)	35,363	Bank Accounts	80,784
Discounts and Allowances	(23,253)	Accounts Receivable	432,190
Returns and Refunds	(586,458)	Inventory On Hand	599,794
<b>Total Revenue</b>	<b>7,916,624</b>	Prepaid Expenses	100,349
<b>Cost of Goods Sold</b>		Deposits	3,049
COGS	1,329,111	Undeposited Funds	3,658
Amazon Fees	1,712,682	<b>Total Current Assets</b>	<b>1,219,824</b>
Shipping & Handling	50,550	<b>Fixed Assets</b>	
Inventory Adjustments	9,419	Vehicle Asset	232,114
Import Costs	71,590	Tooling	17,000
Other COGS	144,320	Intangible Assets	4,826,103
<b>Total Cost of Goods Sold</b>	<b>3,317,672</b>	Investments	521,783
<b>Gross Income</b>	<b>4,598,952</b>	Amortization & Depreciation	(2,365,552)
<b>Expenses</b>		Note Receivable	1,474,545
Advertising & Marketing	1,141,447	Other Fixed Assets	167,617
Commissions	12,930	<b>Total Fixed Assets</b>	<b>4,873,610</b>
Consultants	134,623	<b>Total Assets</b>	<b>6,093,435</b>
Insurances	63,430	<b>LIABILITIES AND EQUITY</b>	
Licenses & Compliance	23,584	<b>Current Liabilities</b>	
Freight Out	76,411	Accounts Payable	555,682
Legal & Accounting	29,056	Credit Cards	100,353
Merchant Fees	4,316	Lines Of Credit	1,109,249
Office Supplies	29,722	Accrual	89,546
Software	208,427	Taxes Payable	478
Recruitments & Benefits	121,197	Other Current Liabilities	14,712
Wages and Salary	1,185,229	<b>Total Current Liabilities</b>	<b>1,870,021</b>
Research and Development	106,353	<b>Long Term Liabilities</b>	
Rent	263,500	Long Term Investor Loan	620,574
Other Expenses	194,224	Note Payable - Owner/Investor	1,526,911
<b>Total Expenses</b>	<b>3,594,449</b>	Vehicle Loan	143,038
<b>EBITDA</b>	<b>1,004,503</b>	<b>Total Long Term Liabilities</b>	<b>2,290,523</b>
<b>Other Expenses</b>		<b>Equity</b>	
Amortization	502,286	Opening Equity	546,316
Depreciation	17,703	Owners Investment	(213,873)
Interest	110,348	Retained Earnings	1,177,786
Federal Tax	(48,505)	Net Income	422,662
Other	8	<b>Total Equity</b>	<b>1,932,891</b>
<b>Total Other Expenses</b>	<b>581,841</b>		
<b>Net Income</b>	<b>422,662</b>	<b>Total Liabilities &amp; Equity</b>	<b>6,093,435</b>