Operating Expenses Breakdown - Machine Learning Division

Confidential Document for Due Diligence Purposes

Nexus Intelligent Systems, Inc.

1. PRELIMINARY STATEMENT

1 This Operating Expenses Breakdown ("Document") represents a comprehensive financial analysis of the Machine Learning Division's operational expenditures for the fiscal periods ending December 31, 2022 and December 31, 2023.

2 The document is prepared solely for the purpose of potential merger, acquisition, or investment due diligence and contains sensitive financial information protected by confidentiality agreements.

2. EXPENSE CATEGORIZATION

1 Personnel Expenses

-       Total Annual Personnel Costs: $4,237,500

a) Salary Allocations

-       Senior Machine Learning Engineers: $1,875,000

-       Research Scientists: $1,125,000

-       Technical Support Staff: $562,500

-       Management Overhead: $675,000

2 Technology Infrastructure

-       Total Annual Infrastructure Costs: $1,687,500

a) Cloud Computing Expenses

-       AWS/Google Cloud Computational Resources: $675,000

-       Specialized GPU/Tensor Processing Units: $337,500

-       Data Storage and Backup Systems: $225,000

b) Software Licensing

-       Machine Learning Platforms: $337,500

-       Development Tools and Environments: $112,500

3 Research and Development

- Total Annual R&D Expenditures: $1,125,000

a) Prototype Development: $450,000

b) Experimental Algorithm Research: $337,500

c) Patent and Intellectual Property Development: $337,500

4 Operational Overhead

- Total Annual Operational Costs: $675,000

a) Facilities and Equipment: $225,000

b) Travel and Professional Development: $112,500

c) Administrative Support: $337,500

3. EXPENSE TREND ANALYSIS

1 Year-over-Year Comparative Analysis

- FY 2022 Total Expenses: $7,725,000

- FY 2023 Total Expenses: $8,625,000

- Projected Growth Rate: 11.7%

2 Expense Allocation Percentages

- Personnel: 49.1%

- Technology Infrastructure: 19.6%

- Research and Development: 13.0%

- Operational Overhead: 7.8%

- Miscellaneous: 10.5%

4. FINANCIAL REPRESENTATIONS AND WARRANTIES

1 Nexus Intelligent Systems, Inc. represents that:

- All financial information is accurate and prepared in good faith

- Expenses are documented and verifiable

- No material omissions or misrepresentations exist

2 Limitations of Representation

- This document represents historical financial data

- Future performance is not guaranteed

-      Subject to standard accounting qualifications

5. CONFIDENTIALITY AND RESTRICTIONS

1 This document is strictly confidential and may not be:

-      Reproduced without explicit written consent

-      Shared with unauthorized third parties

-      Used for purposes outside of due diligence evaluation

6. EXECUTION

Executed this 22nd day of January, 2024

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.

7. DISCLAIMER

This document is provided "AS IS" without any warranties, express or implied. Recipients are advised to conduct independent verification of all financial information.