

# Shareholder Distribution Calculation

## CONFIDENTIAL LEGAL DOCUMENT

Nexus Intelligent Systems, Inc.

Fiscal Year 2024 Shareholder Distribution Calculation

### 1. PRELIMINARY STATEMENTS

1 This Shareholder Distribution Calculation ("Document") is prepared by the Board of Directors of Nexus Intelligent Systems, Inc., a Delaware corporation (the "Company"), to establish the definitive methodology for distributing shareholder value for the fiscal year ending December 31, 2024.

2 The calculation herein reflects the Company's current capitalization, financial performance, and contractual obligations to preferred and common shareholders.

### 2. DEFINITIONS

1 "Adjusted Net Income" shall mean the Company's net income after:

- a) Deducting all operational expenses
- b) Accounting for research and development investments
- c) Applying standard accounting principles consistent with GAAP

2 "Participating Securities" refers to all preferred stock classes with liquidation preferences and participation rights.

3 "Distribution Waterfall" represents the hierarchical order of shareholder compensation based on investment class and contractual rights.

### 3. DISTRIBUTION METHODOLOGY

1 Preferred Stock Liquidation Preference

- Series A Preferred: \$4.25 per share
- Series B Preferred: \$7.60 per share
- Cumulative participation rate: 8% per annum

2 Distribution Calculation Parameters

- a) Total Authorized Shares: 10,000,000
- b) Outstanding Common Shares: 6,500,000
- c) Outstanding Preferred Shares: 3,500,000
- d) Current Share Price (Last Valuation): \$12.75

## **4. FINANCIAL PERFORMANCE METRICS**

### **1 Fiscal Year 2024 Financial Summary**

- Total Revenue: \$12,500,000
- Net Income: \$3,750,000
- EBITDA: \$5,200,000
- Cash Reserves: \$4,600,000

### **2 Distribution Allocation Percentages**

- Preferred Shareholders: 65%
- Common Shareholders: 35%
- Employee Stock Option Pool: 5% of common allocation

## **5. DISTRIBUTION CALCULATION**

### **1 Preferred Shareholder Distribution**

- Liquidation Preference Total: \$26,600,000
- Participation Rights Adjustment: +\$1,980,000
- Total Preferred Distribution: \$28,580,000

### **2 Common Shareholder Distribution**

- Base Allocation: \$1,875,000
- Performance Bonus Pool: \$625,000
- Total Common Distribution: \$2,500,000

## **6. LEGAL DISCLAIMERS**

1 This document represents a good faith calculation and is subject to:

- a) Final Board of Directors approval
- b) Compliance with existing shareholder agreements

c) Independent financial audit verification

2 Distributions are contingent upon:

- Maintenance of minimum cash reserves
- Compliance with debt covenant restrictions
- Approval by majority shareholder vote

## **7. EXECUTION**

1 Authorized Signatures

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Financial Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

## **8. CONFIDENTIALITY NOTICE**

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