Intercompany Loan and Interest Reporting

Confidential Document

Prepared By: Legal Department, Nexus Intelligent Systems, Inc.

Date of Preparation: January 22, 2024

Classification: Restricted - Internal Use Only

1. PRELIMINARY STATEMENTS

1 This Intercompany Loan and Interest Reporting document ("Report") is prepared by Nexus Intelligent Systems, Inc. (hereinafter "Nexus" or the "Company") to provide a comprehensive overview of all intercompany loan arrangements, outstanding balances, and associated interest calculations for fiscal year 2023.

2 The Report is intended to satisfy internal accounting requirements, tax reporting obligations, and potential due diligence inquiries related to the Company's financial instruments and related party transactions.

2. DEFINITIONS

1 "Intercompany Loan" shall mean any monetary transfer between Nexus Intelligent Systems, Inc. and its wholly-owned subsidiaries or affiliated corporate entities.

2 "Interest Rate" refers to the applicable federal applicable rate (AFR) as determined by the Internal Revenue Service for the relevant period of loan outstanding.

3 "Reporting Period" encompasses the fiscal year from January 1, 2023 to December 31, 2023.

3. LOAN INVENTORY

3.1 Active Intercompany Loan Instruments

Loan ID Borrow	ving Entity 1	Lending Entity	y Principal A	mount Inte	rest Rate Ori	gination Da	te
Maturity Date							
NIS-ICL-2023-00	01 Nexus A	I Solutions (S	ubsidiary) N	exus Intellig	ent Systems, l	inc. \$1,250	,000
14 75% 103/15/20	23 03/14/20	124					

| NIS-ICL-2023-002 | Nexus Digital Transformation LLC | Nexus Intelligent Systems, Inc. | \$875,000 | 5.25% | 07/22/2023 | 07/21/2024 |

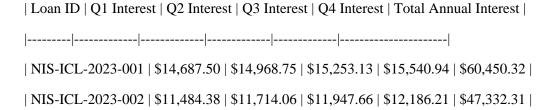
3.2 Loan Purpose Classifications

- 2.1 NIS-ICL-2023-001: Working capital financing for subsidiary's expansion of predictive maintenance software development team.
- 2.2 NIS-ICL-2023-002: Strategic investment in enterprise digital transformation consulting infrastructure.

4. INTEREST CALCULATION METHODOLOGY

1 Interest calculations shall be performed using the following standardized approach:

- Compound interest calculated semi-annually
- Pro-rata adjustments for partial periods
- Consistent application of IRS guidelines for related party lending
- 2 Detailed Interest Accrual Schedule:



5. TAX REPORTING CONSIDERATIONS

1 All intercompany loans have been structured to comply with:

- Section 385 of the Internal Revenue Code
- Transfer pricing regulations
- Arms-length transaction principles
- 2 Documentation maintained to substantiate:
- Economic substance of transactions
- Reasonable interest rates
- Proper accounting treatment

6. COMPLIANCE ATTESTATION

Unauthorized disclosure is strictly prohibited.

2 All financial figures are unaudited and subject to final year-end reconciliation.

1 This report has been prepared in accordance with:				
- Generally Accepted Accounting Principles (GAAP)				
- Internal financial reporting standards				
- Applicable tax regulations				
2 Authorized Signatures:				
Dr. Elena Rodriguez				
Chief Executive Officer				
Nexus Intelligent Systems, Inc.				
Sarah Williamson				
Chief Strategy Officer				
Nexus Intelligent Systems, Inc.				
7. DISCLAIMER				
1 This document is confidential and intended solely for internal use and potential regulatory review.				