

EQUITY FINANCING MEMORANDUM

CONFIDENTIAL DOCUMENT

Nexus Intelligent Systems, Inc.

Series B Financing Transaction

Dated: January 22, 2024

1. INTRODUCTION

1 Purpose of Memorandum

This Equity Financing Memorandum ("Memorandum") sets forth the preliminary terms and conditions for the proposed Series B equity financing transaction (the "Transaction") for Nexus Intelligent Systems, Inc., a Delaware corporation (the "Company").

2 Transaction Overview

The Company seeks to raise up to \$25,000,000 in preferred equity financing to support continued technological development, market expansion, and strategic growth initiatives in the enterprise AI services and predictive analytics sector.

2. COMPANY PROFILE

1 Corporate Background

- Incorporation Date: March 15, 2018
- Jurisdiction of Formation: Delaware
- Primary Business: Enterprise AI Services & Predictive Analytics
- Current Annual Revenue: \$12,500,000
- Current Employee Count: 87

2 Key Leadership

- CEO: Dr. Elena Rodriguez
- CTO: Michael Chen
- Chief Strategy Officer: Sarah Williamson

3. FINANCING TERMS

1 Securities Offered

- Security Type: Series B Convertible Preferred Stock
- Total Offering Amount: Up to \$25,000,000
- Price Per Share: \$12.75
- Liquidation Preference: 1x Original Issue Price

2 Key Investment Provisions

a) Conversion Rights

- Preferred shares convertible to common stock at investor's election
- Automatic conversion upon qualified public offering
- Anti-dilution protection with weighted average adjustment

b) Voting Rights

- Voting on an as-converted basis
- Protective provisions requiring investor consent for material corporate actions

c) Dividend Rights

- Cumulative dividend rate of 8% per annum, payable prior to common stock dividends

4. USE OF PROCEEDS

1 Allocation of Funds

- Product Development: 40% (\$10,000,000)
- Market Expansion: 25% (\$6,250,000)
- Sales & Marketing: 20% (\$5,000,000)
- Working Capital: 15% (\$3,750,000)

2 Strategic Objectives

- Enhance AI/ML platform capabilities
- Expand enterprise customer acquisition
- Accelerate international market penetration
- Strengthen technical infrastructure

5. REPRESENTATIONS AND WARRANTIES

1 Company Representations

The Company represents and warrants that:

- All financial statements are accurate and prepared in accordance with GAAP
- No material litigation is pending or threatened
- Intellectual property rights are valid and enforceable
- No material adverse changes have occurred since last financial reporting

2 Investor Representations

Investors must represent:

- Accredited investor status
- Understanding of high-risk investment characteristics
- Independent evaluation of investment merits

6. RISK FACTORS

1 Technology Risks

- Rapid technological change
- Potential competitive disruption
- Cybersecurity and data protection challenges

2 Market Risks

- Concentration in specific industry verticals
- Potential economic downturns
- Regulatory compliance complexities

7. CONFIDENTIALITY AND RESTRICTIONS

1 Confidentiality

All information contained herein is strictly confidential and subject to non-disclosure agreements.

2 Transfer Restrictions

Securities are subject to transfer limitations and rights of first refusal.

8. EXECUTION

1 Binding Effect

This Memorandum represents a non-binding expression of interest, subject to definitive documentation.

2 Governing Law

Transaction governed by Delaware law

9. SIGNATURES

[Signature Blocks]

10. DISCLAIMER

This Memorandum is provided for informational purposes only and does not constitute an offer to sell or solicitation of an offer to buy securities.

END OF DOCUMENT