

# Corporate Credit Line Utilization Report

**Confidential Document - Nexus Intelligent Systems, Inc.**

## 1. Executive Summary

This Corporate Credit Line Utilization Report ("Report") provides a comprehensive analysis of Nexus Intelligent Systems, Inc.'s ("Company") credit line usage, financial leverage, and borrowing capacity as of December 31, 2023. The report is prepared in accordance with internal financial protocols and serves as a critical document for management, board oversight, and potential investor due diligence.

## 2. Credit Facility Overview

### 1 Primary Credit Facility Details

- Lender: First National Commercial Bank
- Total Credit Line: \$15,000,000
- Facility Type: Revolving Line of Credit
- Initial Establishment Date: September 15, 2021
- Current Interest Rate: SOFR + 3.25%
- Maturity Date: September 14, 2024

### 2 Credit Line Structural Composition

- Working Capital Tranche: \$10,000,000
- Equipment Financing Tranche: \$5,000,000
- Unused Contingency Reserve: \$2,500,000

## 3. Utilization Analysis

### 1 Quarterly Utilization Metrics

- Q1 2023 Average Utilization: \$4,750,000 (31.7% of total facility)
- Q2 2023 Average Utilization: \$6,250,000 (41.7% of total facility)
- Q3 2023 Average Utilization: \$5,500,000 (36.7% of total facility)
- Q4 2023 Average Utilization: \$7,250,000 (48.3% of total facility)

### 2 Borrowing Pattern Observations

- Consistent quarterly increase in credit line utilization
- Peak utilization correlates with product development and expansion phases
- No missed payments or covenant violations detected

## **4. Financial Covenant Compliance**

### **1 Key Financial Covenants**

- Minimum Liquidity Requirement: \$3,000,000
- Maximum Debt-to-EBITDA Ratio: 3.5x
- Minimum Debt Service Coverage Ratio: 1.25x

### **2 Compliance Status**

- Current Liquidity: \$4,750,000
- Current Debt-to-EBITDA Ratio: 2.8x
- Debt Service Coverage Ratio: 1.45x

## **5. Risk Assessment**

### **1 Credit Risk Factors**

- Moderate growth-stage credit profile
- Strong recurring revenue from enterprise contracts
- Predictable cash flow from existing client base

### **2 Mitigation Strategies**

- Diversified client portfolio in multiple industrial sectors
- Robust pipeline of enterprise AI service contracts
- Demonstrated ability to convert project opportunities

## **6. Future Outlook**

### **1 Projected Credit Needs**

- Anticipated credit line expansion to \$20,000,000 in Q2 2024
- Potential refinancing to extend maturity to 36 months
- Exploring additional tranches for international expansion

## **7. Legal Disclaimers**

## 1 Confidentiality

This document contains proprietary and confidential information. Unauthorized disclosure is strictly prohibited.

## 2 Limitation of Liability

The information presented represents management's best assessment as of the report date. No warranty of absolute accuracy is implied.

## **8. Certification**

I hereby certify that the information contained in this Corporate Credit Line Utilization Report is true, accurate, and complete to the best of my knowledge.

Executed this 22nd day of January, 2024.

Michael Chen

Chief Financial Officer

Nexus Intelligent Systems, Inc.