

Detailed Expense Categorization Report

Confidential Document - Nexus Intelligent Systems, Inc.

1. EXECUTIVE SUMMARY

This Detailed Expense Categorization Report ("Report") provides a comprehensive analysis of operational expenditures for Nexus Intelligent Systems, Inc. (the "Company") for the fiscal periods ending December 31, 2022, and December 31, 2021. The report has been prepared in contemplation of potential strategic transaction evaluation and represents a detailed financial disclosure of the Company's expense structures.

2. METHODOLOGY OF EXPENSE CATEGORIZATION

1 Expense Classification Principles

- All expenses classified using standardized GAAP accounting principles
- Expenses segregated into primary operational categories
- Detailed line-item tracking for expenses exceeding \$5,000
- Cross-referenced against internal financial management systems

2 Expense Categories Analyzed

- a) Personnel Expenses
- b) Research & Development Costs
- c) Technology Infrastructure
- d) Marketing & Business Development
- e) Administrative Overhead
- f) Facilities & Operations
- g) Professional Services

3. PERSONNEL EXPENSES BREAKDOWN

1 Salary Expenditures

- Total Personnel Costs: \$5,742,000 (46.3% of total operational expenses)
- Full-Time Equivalent (FTE) Headcount: 87
- Average Compensation per Employee: \$66,000
- Breakdown:

- Engineering/Technical Staff: 52.4%
- Management: 22.6%
- Sales & Marketing: 15.3%
- Administrative: 9.7%

2 Compensation Structure

- Base Salary Allocation: 78.5%
- Performance Bonuses: 12.3%
- Equity Compensation: 9.2%

4. RESEARCH & DEVELOPMENT EXPENDITURES

1 R&D Investment Summary

- Total R&D Expenses: \$3,125,000
- Percentage of Revenue: 25%
- Key Focus Areas:
 - AI Algorithm Development
 - Predictive Maintenance Platforms
 - Machine Learning Diagnostic Tools

2 R&D Expense Allocation

- Personnel Costs: 68%
- Software & Tools: 15%
- External Consulting: 12%
- Prototype Development: 5%

5. TECHNOLOGY INFRASTRUCTURE COSTS

1 Cloud & Computing Infrastructure

- Total Infrastructure Expenses: \$1,450,000
- Primary Providers:
 - Amazon Web Services (AWS): 65%
 - Google Cloud Platform: 25%
 - Microsoft Azure: 10%

2 Software Licensing

- Enterprise Software Licenses: \$375,000
- Development Tools & Platforms: \$225,000

6. MARKETING & BUSINESS DEVELOPMENT

1 Marketing Expenditure

- Total Marketing Spend: \$875,000
- Digital Marketing: 42%
- Conference & Event Participation: 28%
- Content Marketing: 18%
- Branding Initiatives: 12%

2 Business Development

- Sales Enablement: \$250,000
- Customer Acquisition Costs: \$325,000

7. ADMINISTRATIVE OVERHEAD

1 Operational Expenses

- Office Lease & Facilities: \$450,000
- Legal & Compliance: \$275,000
- Insurance: \$185,000
- Administrative Systems: \$125,000

8. PROFESSIONAL SERVICES

1 External Consulting

- Strategic Advisory: \$215,000
- Financial Audit Services: \$95,000
- Technical Consulting: \$185,000

9. DISCLAIMER & LIMITATIONS

This report represents a good-faith representation of the Company's financial records. All figures are unaudited and subject to final review. The information contained herein is provided for informational

purposes and should not be construed as a definitive financial statement.

10. CERTIFICATION

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Confidentiality: STRICTLY CONFIDENTIAL

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