

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	Borrowing Entity	Lending Entity	Principal Amount	Interest Rate	Origination Date	Maturity Date
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NIS-ICL-2023-001	Nexus AI Solutions (Subsidiary)	Nexus Intelligent Systems, Inc.	\$1,250,000			
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4.75%	03/15/2023	03/14/2024				
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| 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:

Loan ID	Q1 Interest	Q2 Interest	Q3 Interest	Q4 Interest	Total Annual Interest
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NIS-ICL-2023-001	\$14,687.50	\$14,968.75	\$15,253.13	\$15,540.94	\$60,450.32
NIS-ICL-2023-002	\$11,484.38	\$11,714.06	\$11,947.66	\$12,186.21	\$47,332.31

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

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. Unauthorized disclosure is strictly prohibited.

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