

# **Subsidiary Management and Ownership Structure**

## **CONFIDENTIAL LEGAL DOCUMENT**

**Nexus Intelligent Systems, Inc.**

### **1. PRELIMINARY PROVISIONS**

#### **1 Purpose**

This document establishes the comprehensive management and ownership framework for all subsidiary entities of Nexus Intelligent Systems, Inc. (hereinafter "Parent Company" or "NIS"), defining governance, operational control, and equity structures across the corporate ecosystem.

#### **2 Effective Date**

This document shall be effective as of January 22, 2024, superseding all prior subsidiary management agreements.

### **2. SUBSIDIARY CORPORATE STRUCTURE**

#### **1 Existing Subsidiaries**

The Parent Company currently maintains the following wholly-owned subsidiary entities:

##### **a) NIS Advanced Analytics, LLC (Delaware)**

- 100% ownership
- Established: September 15, 2019
- Primary Function: Machine learning research and development

##### **b) Predictive Insights Technologies, Inc. (California)**

- 100% ownership
- Established: March 3, 2020
- Primary Function: Enterprise AI consulting and implementation services

##### **c) NIS Global Solutions GmbH (Germany)**

- 100% ownership
- Established: January 10, 2022
- Primary Function: European market expansion and technical support

## 2 Ownership Restrictions

No subsidiary may issue additional equity, transfer ownership, or modify its corporate structure without explicit written consent from the Parent Company's Board of Directors.

## **3. MANAGEMENT GOVERNANCE**

### 1 Board Representation

Each subsidiary shall maintain a board of directors consisting of:

- Two (2) representatives from NIS executive leadership
- One (1) independent external director with relevant industry expertise

### 2 Operational Control

The Parent Company shall retain comprehensive operational control, including but not limited to:

- Strategic planning
- Financial management
- Compliance oversight
- Resource allocation
- Technology integration

### 3 Decision-Making Protocols

Critical decisions requiring Parent Company approval include:

- Capital expenditures exceeding \$250,000
- New product/service line development
- Geographic market expansion
- Strategic partnership negotiations

## **4. FINANCIAL MANAGEMENT**

### 1 Financial Reporting

Subsidiaries must submit comprehensive financial reports to the Parent Company on a quarterly basis, including:

- Detailed income statements
- Balance sheets
- Cash flow analyses
- Operational performance metrics

## 2 Transfer Pricing

All inter-subsidary transactions shall be conducted at arm's length, with transparent pricing methodologies documented and approved by the Parent Company's finance department.

## **5. INTELLECTUAL PROPERTY MANAGEMENT**

### 1 IP Ownership

All intellectual property developed by subsidiary entities shall be exclusively owned by Nexus Intelligent Systems, Inc., with full transferability and usage rights.

### 2 Technology Integration

Subsidiaries are mandated to collaborate and share technological developments, ensuring maximum synergy across the corporate ecosystem.

## **6. COMPLIANCE AND RISK MANAGEMENT**

### 1 Regulatory Compliance

Each subsidiary must maintain strict adherence to:

- Local jurisdictional regulations
- Parent Company compliance standards
- Industry-specific legal requirements

### 2 Risk Mitigation

Subsidiaries shall implement comprehensive risk management frameworks, subject to periodic review and approval by the Parent Company's risk management committee.

## **7. TERMINATION AND RESTRUCTURING**

### 1 Subsidiary Dissolution

The Parent Company reserves the unilateral right to dissolve, merge, or restructure any subsidiary entity without prior negotiation.

### 2 Wind-Down Protocols

In the event of subsidiary dissolution, all assets, intellectual property, and operational responsibilities shall revert to Nexus Intelligent Systems, Inc.

## **8. CONFIDENTIALITY AND LIMITATIONS**

## 1 Confidentiality

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

## 2 Disclaimer

This document represents a framework for subsidiary management and does not constitute a comprehensive legal contract.

## **9. EXECUTION**

Approved and executed by:

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024