

Overhead Cost Analysis - Research and Development

Confidential Document for Due Diligence Purposes

Nexus Intelligent Systems, Inc.

1. PRELIMINARY STATEMENT

1 This Overhead Cost Analysis ("Analysis") represents a comprehensive financial assessment of Research and Development (R&D) overhead expenditures for Nexus Intelligent Systems, Inc. (the "Company"), prepared in contemplation of potential strategic transaction evaluation.

2 The analysis covers fiscal periods from January 1, 2021 through December 31, 2023, providing a three-year retrospective of R&D overhead cost structures, allocations, and strategic investments.

2. SCOPE OF ANALYSIS

1 Overhead Cost Categories

- Personnel-related overhead
- Facilities and infrastructure expenses
- Technology and computational resources
- Research equipment and maintenance
- Indirect administrative support costs

2 Exclusions

This analysis specifically excludes:

- Direct research personnel compensation
- Project-specific material expenses
- External consulting fees
- Capital equipment purchases

3. FINANCIAL SUMMARY

1 Total R&D Overhead Expenditures

Fiscal Year	Total Overhead Costs	% of Total R&D Budget
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2021	\$1,375,000	22.4%	
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2022	\$1,687,500	24.6%	
2023	\$2,025,000	26.9%	

2 Overhead Cost Composition

a) Personnel-Related Overhead

- Administrative support staff
- HR and recruitment costs
- Training and professional development
- Benefits administration

b) Facilities Expenses

- R&D facility maintenance
- Utilities and infrastructure
- Security and access management
- Workspace configuration and ergonomics

c) Technology Infrastructure

- Computational resources
- Cloud computing allocations
- Network and communication systems
- Cybersecurity overhead

4. DETAILED COST ALLOCATION METHODOLOGY

1 Allocation Principles

- Activity-based costing model
- Proportional allocation across research domains
- Standardized overhead rate calculations
- Quarterly reconciliation and adjustment

2 Cost Allocation Percentages

Cost Category	2021	2022	2023	
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Personnel Overhead	42%	44%	46%	

Facilities	28%	26%	24%	
Technology Systems	18%	18%	20%	
Administrative Support	12%	12%	10%	

5. TREND ANALYSIS

1 Year-over-Year Observations

- Consistent overhead cost growth
- Increasing technology infrastructure investments
- Gradual optimization of administrative overhead

2 Efficiency Metrics

- Overhead cost per research FTE
- Technology infrastructure utilization rates
- Administrative support productivity indicators

6. LIMITATIONS AND DISCLAIMERS

1 This analysis represents management's best estimate based on internal financial records and may be subject to external audit verification.

2 Confidentiality Notice: This document is strictly confidential and prepared exclusively for potential due diligence purposes.

7. CERTIFICATION

We certify that the information contained herein is accurate and prepared in good faith.

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

8. APPENDICES

Detailed supporting documentation available upon request, subject to appropriate non-disclosure

agreements.