

Annual Audited Financial Statements

Nexus Intelligent Systems, Inc.

Fiscal Year Ended December 31, 2023

Table of Contents

Independent Auditor's Report

Financial Statements

- Consolidated Balance Sheet
- Consolidated Statement of Operations
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Stockholders' Equity
- Consolidated Statement of Cash Flows

Notes to Consolidated Financial Statements

Management's Discussion and Analysis

Certification and Disclosures

1. Independent Auditor's Report

To the Board of Directors and Stockholders of Nexus Intelligent Systems, Inc.:

We have audited the accompanying consolidated financial statements of Nexus Intelligent Systems, Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the fiscal year then ended.

Auditor's Responsibility

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinion

In our professional opinion, the consolidated financial statements present fairly, in all material

respects, the financial position of Nexus Intelligent Systems, Inc. as of December 31, 2023, and the results of its operations and cash flows for the fiscal year then ended, in conformity with United States generally accepted accounting principles (U.S. GAAP).

Signed,

Ernst & Young LLP

San Francisco, California

January 22, 2024

2. Financial Statements

Consolidated Balance Sheet

(Amounts in thousands of U.S. dollars)

ASSETS 2023 2022
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Current Assets
Cash and Cash Equivalents \$4,235 \$3,672
Accounts Receivable \$6,543 \$5,221
Prepaid Expenses \$892 \$678
Total Current Assets \$11,670 \$9,571
Property and Equipment \$2,345 \$1,987
Intangible Assets \$3,456 \$2,890
Total Assets \$17,471 \$14,448
LIABILITIES AND STOCKHOLDERS' EQUITY 2023 2022
----- ----- -----
Current Liabilities
Accounts Payable \$2,345 \$1,876
Accrued Expenses \$1,543 \$1,234
Total Current Liabilities \$3,888 \$3,110
Long-Term Debt \$5,672 \$4,500
Total Liabilities \$9,560 \$7,610
Stockholders' Equity \$7,911 \$6,838

Consolidated Statement of Operations

| Revenue Categories | 2023 | 2022 |

|-----|-----|-----|

| AI Services | \$10,234 | \$8,765 |

| Consulting Services | \$2,876 | \$2,345 |

| Total Revenue | \$13,110 | \$11,110 |

| Expense Categories | 2023 | 2022 |

|-----|-----|-----|

| Cost of Services | \$6,543 | \$5,678 |

| Research & Development | \$3,456 | \$2,987 |

| Sales & Marketing | \$1,987 | \$1,654 |

| General & Administrative | \$1,234 | \$1,098 |

| Total Operating Expenses | \$13,220 | \$11,417 |

Net Income (Loss) | \$(110) | \$(307)

3. Notes to Consolidated Financial Statements

Significant Accounting Policies

****Basis of Presentation**:** These financial statements have been prepared in accordance with U.S. GAAP.

****Revenue Recognition**:** Revenue is recognized when performance obligations are satisfied.

****Research & Development**:** R&D costs are expensed as incurred.

Risk Factors

- Technological disruption in AI market
- Concentration of enterprise clients
- Ongoing capital requirements
- Competitive landscape in predictive analytics

4. Management's Discussion and Analysis

Business Overview

Nexus Intelligent Systems, Inc. continues to position itself as a leading enterprise AI services provider, focusing on predictive maintenance and digital transformation solutions for industrial sectors.

Financial Performance Highlights

- Revenue growth of 18% year-over-year
- Continued investment in R&D
- Expansion of enterprise client base
- Maintained strong cash reserves

5. Certification and Disclosures

Management Certification

We certify that these financial statements fairly represent the financial condition and operational results of Nexus Intelligent Systems, Inc.

Signed,

Dr. Elena Rodriguez, CEO

Michael Chen, CTO

Sarah Williamson, Chief Strategy Officer

End of Annual Audited Financial Statements