

Capital Gains and Losses Tax Documentation

Confidential Legal Instrument

Nexus Intelligent Systems, Inc.

1. PRELIMINARY DEFINITIONS

1 "Company" shall mean Nexus Intelligent Systems, Inc., a Delaware corporation with principal offices located at 1200 Technology Park Drive, San Jose, California 95134.

2 "Taxable Event" refers to any transaction, disposition, or transfer resulting in potential capital gains or losses as defined by the Internal Revenue Code (IRC) Sections 1221-1231.

3 "Realized Gain/Loss" means the difference between the adjusted basis of an asset and its sale price or fair market value at the time of disposition.

2. SCOPE OF DOCUMENTATION

1 Purpose

This document provides a comprehensive record of capital gains and losses for Nexus Intelligent Systems, Inc. for the fiscal years ending December 31, 2022 and December 31, 2023, prepared in accordance with Generally Accepted Accounting Principles (GAAP) and IRS reporting requirements.

2 Covered Transactions

The documentation encompasses:

- Equity securities transactions
- Intellectual property asset dispositions
- Corporate equipment and technology infrastructure sales
- Venture capital investment reallocations

3. CAPITAL GAINS ANALYSIS

1 Equity Securities Transactions

During the referenced fiscal periods, the Company realized the following capital gains:

- a) Series A Preferred Stock Conversion: \$2,750,000
- b) Partial Divestment of Strategic Technology Investments: \$1,450,000
- c) Employee Stock Option Exercise Transactions: \$675,000

Total Realized Capital Gains: \$4,875,000

2 Intellectual Property Transactions

The Company recognized the following capital gains from IP asset dispositions:

- a) Machine Learning Algorithm Portfolio Sale: \$3,200,000
- b) Predictive Analytics Software License Transfer: \$1,850,000

Total IP-Related Capital Gains: \$5,050,000

4. CAPITAL LOSSES DOCUMENTATION

1 Identified Capital Losses

The following capital losses were recorded:

- a) Discontinued R&D Project Write-downs: (\$1,250,000)
- b) Legacy Hardware Infrastructure Depreciation: (\$750,000)
- c) Abandoned Software Development Initiatives: (\$450,000)

Total Recognized Capital Losses: (\$2,450,000)

5. NET CAPITAL GAINS CALCULATION

1 Aggregate Calculation

- Total Capital Gains: \$9,925,000
- Total Capital Losses: (\$2,450,000)
- Net Capital Gains: \$7,475,000

6. TAX IMPLICATIONS

1 Federal Tax Considerations

Based on the net capital gains of \$7,475,000, the estimated federal tax liability is calculated at the applicable long-term capital gains rate of 20%, resulting in a potential tax obligation of approximately \$1,495,000.

2 State Tax Considerations

California state capital gains tax, calculated at 13.3% for high-income brackets, would represent an additional estimated tax liability of \$994,375.

7. DOCUMENTATION LIMITATIONS

1 This document represents management's best estimate based on available financial records and is subject to independent verification and potential audit adjustments.

2 All calculations are preliminary and do not constitute a definitive tax filing or formal tax determination.

8. AUTHORIZED SIGNATURES

Dr. Elena Rodriguez
Chief Executive Officer
Nexus Intelligent Systems, Inc.

Sarah Williamson
Chief Strategy Officer
Date: January 22, 2024

9. CONFIDENTIALITY STATEMENT

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