

R&D Tax Credit Documentation and Calculation Worksheet

1. PRELIMINARY STATEMENT

1 This R&D Tax Credit Documentation and Calculation Worksheet ("Worksheet") is prepared by Nexus Intelligent Systems, Inc. (the "Company") to substantiate and document qualified research expenditures for federal and state research and development tax credit calculations for the fiscal year ending December 31, 2023.

2 The purpose of this Worksheet is to provide a comprehensive analysis of the Company's research and development activities, demonstrating compliance with Internal Revenue Code Section 41 and applicable state tax credit regulations.

2. COMPANY RESEARCH PROFILE

1 Company Overview

- Legal Entity: Nexus Intelligent Systems, Inc.
- Incorporation Date: March 15, 2018
- Primary Business: Enterprise AI Services & Predictive Analytics
- Total Employees Engaged in R&D: 37 (42.5% of total workforce)

2 Qualified Research Activities

The Company's research activities primarily focus on:

- a) Development of advanced machine learning diagnostic tools
- b) AI-powered predictive maintenance platform innovation
- c) Enterprise digital transformation technology research
- d) Algorithmic optimization for industrial automation systems

3. QUALIFIED RESEARCH EXPENDITURE CALCULATION

1 Qualified Research Expenses (QREs)

- Wages for Qualified Research Personnel: \$2,345,678
- Supplies and Materials Directly Used in Research: \$412,345
- Contract Research Expenses: \$287,500
- Total Qualified Research Expenses: \$3,045,523

2 Calculation Methodology

The Company utilizes the following calculation approach:

- a) Identifying direct research personnel
- b) Tracking time allocation for qualified research activities
- c) Documenting material and supply expenses
- d) Verifying contract research compliance

4. TAX CREDIT COMPUTATION

1 Federal Research Tax Credit Calculation

- Base Period Research Expenses: \$1,875,234
- Current Year Qualified Research Expenses: \$3,045,523
- Excess Research Expenses: \$1,170,289
- Federal Research Tax Credit Rate: 14%
- Estimated Federal Research Tax Credit: \$163,840

2 State Research Tax Credit Supplemental Calculation

- State-Specific Qualified Expenses: \$2,875,456
- State Research Credit Rate: 6.2%
- Estimated State Research Tax Credit: \$178,278

5. DOCUMENTATION REQUIREMENTS

1 Supporting Documentation

The following documentation supports this Worksheet:

- a) Employee time tracking records
- b) Project development logs
- c) Material purchase invoices
- d) Contract research agreements
- e) Technical design documentation
- f) Project milestone reports

2 Retention of Records

All supporting documentation shall be retained for a minimum of seven (7) years from the date of tax

credit claim, in compliance with IRS record-keeping requirements.

6. LEGAL DISCLAIMERS

1 The information contained in this Worksheet represents management's best estimate of qualified research expenses based on contemporaneous documentation and internal records.

2 This Worksheet is subject to review and potential adjustment by internal and external tax professionals and governmental tax authorities.

3 The Company makes no representations or warranties regarding the ultimate acceptance of these calculations by tax authorities.

7. CERTIFICATION

1 I, Dr. Elena Rodriguez, Chief Executive Officer of Nexus Intelligent Systems, Inc., hereby certify that the information contained in this R&D Tax Credit Documentation and Calculation Worksheet is true, accurate, and complete to the best of my knowledge.

—

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024