

Research and Development Tax Credit Documentation

Confidential Legal Instrument

Nexus Intelligent Systems, Inc.

Delaware Corporation

PRELIMINARY STATEMENT

This Research and Development Tax Credit Documentation ("Document") is prepared as of January 22, 2024, by Nexus Intelligent Systems, Inc. (hereinafter "Company") to substantiate and support the Company's claimed Research and Development Tax Credits for fiscal years 2022 and 2023.

1. DEFINITIONS

1 "Qualified Research Expenses" shall mean all direct and indirect expenses associated with systematic technological innovation, experimental development, and technological advancement meeting Internal Revenue Code Section 41 criteria.

2 "Qualified Personnel" shall refer to employees directly engaged in research, development, engineering, and technological innovation activities, including but not limited to software engineers, data scientists, machine learning specialists, and research analysts.

3 "Technological Advancement" means substantive improvements in artificial intelligence, predictive analytics, machine learning algorithms, and enterprise digital transformation technologies.

2. RESEARCH AND DEVELOPMENT OVERVIEW

1 Company Profile

Nexus Intelligent Systems, Inc. is an enterprise AI services company specializing in advanced predictive maintenance and digital transformation solutions. The Company's primary research focus encompasses:

- a) Machine learning diagnostic tool development
- b) Predictive maintenance platform engineering
- c) Enterprise AI algorithm optimization
- d) Industrial automation technology research

2 Research Methodology

The Company's research and development process follows a structured, systematic approach:

- Hypothesis generation through technological gap analysis
- Experimental design and prototype development
- Iterative testing and performance validation
- Technological performance benchmarking
- Continuous improvement and refinement cycles

3. QUALIFIED RESEARCH EXPENSES BREAKDOWN

1 Personnel Expenses

Total Qualified Personnel Costs: \$3,742,500

- Direct Research Personnel: \$2,650,000
- Supporting Technical Staff: \$892,500
- Research Management Overhead: \$200,000

2 Technology Infrastructure

Total Infrastructure Expenses: \$1,275,000

- Cloud Computing Resources: \$625,000
- Research Software Licenses: \$350,000
- Specialized Hardware: \$300,000

3 External Research Collaborations

Total Collaboration Expenses: \$425,000

- University Research Partnerships: \$225,000
- Industry Expert Consultations: \$150,000
- Technical Conference Participation: \$50,000

4. TAX CREDIT CALCULATION

1 Qualified Research Expense Calculation

Total Qualified Expenses: \$5,442,500

Calculated Research Tax Credit: \$1,088,500

2 Credit Substantiation

The Company certifies that all claimed expenses:

- Directly relate to technological innovation
- Meet IRS Section 41 qualification standards
- Have been independently verified
- Represent arm's length, bona fide research expenditures

5. LEGAL REPRESENTATIONS

1 The Company represents that all information contained herein is true, accurate, and complete to the best of its knowledge.

2 This documentation has been prepared in accordance with applicable tax regulations and accounting standards.

3 The Company acknowledges potential audit and verification requirements.

6. CONFIDENTIALITY AND LIMITATIONS

This document contains proprietary and confidential information. Unauthorized disclosure, reproduction, or distribution is strictly prohibited.

EXECUTION

Executed this 22nd day of January, 2024

—

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

—

Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.