

Net Operating Loss (NOL) Carryforward Documentation

Confidential Document

Prepared in Connection with Potential Corporate Transaction

Nexus Intelligent Systems, Inc.

1. PRELIMINARY STATEMENT

1 This Net Operating Loss (NOL) Carryforward Documentation ("Document") provides a comprehensive analysis of the accumulated net operating losses for Nexus Intelligent Systems, Inc., a Delaware corporation ("Company"), as of December 31, 2023.

2 The document is prepared solely for the purpose of potential corporate transaction due diligence and represents a detailed accounting of the Company's historical tax loss positions.

2. DEFINITIONS

1 "NOL" shall mean Net Operating Loss as defined under Section 172 of the Internal Revenue Code.

2 "Carryforward Period" refers to the maximum period during which NOLs can be utilized against future taxable income, consistent with current IRS regulations.

3 "Base Year" shall mean the initial year of NOL generation for the Company.

3. NOL SUMMARY

1 Cumulative NOL Position

- Total Accumulated NOLs: \$6,742,385
- Base Year of First NOL: 2018
- Earliest NOL Year: Fiscal Year Ending December 31, 2018
- Latest NOL Year: Fiscal Year Ending December 31, 2023

2 Annual NOL Breakdown

- FY 2018: \$1,245,672
- FY 2019: \$1,876,543
- FY 2020: \$2,104,876

- FY 2021: \$845,294
- FY 2022: \$670,000
- FY 2023: \$0

4. REGULATORY COMPLIANCE

1 The Company certifies that all NOL calculations have been prepared in strict accordance with:

- United States Internal Revenue Code, Section 172
- Financial Accounting Standards Board (FASB) guidelines
- Generally Accepted Accounting Principles (GAAP)

2 Independent Verification

- NOL calculations have been reviewed by Ernst & Young LLP
- Most recent tax audit completed: September 15, 2023
- No material exceptions or adjustments identified

5. UTILIZATION LIMITATIONS

1 Potential Limitations

- Subject to Section 382 of the Internal Revenue Code
- Potential limitation triggers include:

- a) Change in corporate ownership
- b) Significant restructuring events
- c) Merger or acquisition scenarios

2 Projected NOL Expiration

- Earliest NOL Subject to Expiration: December 31, 2038
- Latest NOL Carryforward Potential: December 31, 2043

6. MATERIAL QUALIFICATIONS

1 The Company expressly reserves all rights regarding the interpretation and application of these NOL carryforwards.

2 This document does not constitute a definitive tax determination and should not be relied upon as sole tax advice.

7. DISCLAIMER

1 This document is provided "AS IS" without warranty of any kind, express or implied.

2 Recipients are advised to conduct independent verification and consult qualified tax professionals.

8. CERTIFICATION

We hereby certify that the information contained herein is true, accurate, and complete to the best of our knowledge as of the date of execution.

Executed:

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

Date: January 22, 2024

Countersigned:

Michael Chen
Chief Financial Officer
Nexus Intelligent Systems, Inc.

Date: January 22, 2024