

Foreign Tax Credit Computation

Confidential Document

Prepared for: Nexus Intelligent Systems, Inc.

Date of Preparation: January 22, 2024

1. PRELIMINARY STATEMENT

1 This Foreign Tax Credit Computation document ("Document") represents a comprehensive analysis of foreign tax credit calculations for Nexus Intelligent Systems, Inc. (hereinafter "Company") for the fiscal year ending December 31, 2023.

2 The computation has been prepared in accordance with Section 904 of the Internal Revenue Code and applicable Treasury Regulations governing foreign tax credit mechanisms.

2. DEFINITIONS

1 "Foreign Tax Credit" shall mean the tax credit allowed against United States federal income tax for income taxes paid or accrued to foreign jurisdictions.

2 "Qualified Foreign Income" shall refer to gross income derived from active business operations conducted outside the United States territorial jurisdiction.

3 "Gross Foreign Income" means the total revenue generated by international business activities before application of local tax jurisdictions.

3. FOREIGN INCOME SOURCES

1 For the fiscal year 2023, Nexus Intelligent Systems, Inc. generated foreign income from the following jurisdictions:

- a) European Union Operations: 2,750,000
- b) Asia-Pacific Region: 45,600,000
- c) Latin American Markets: \$1,250,000 USD

2 Jurisdictional Income Breakdown:

- Germany: 1,200,000

- United Kingdom: 850,000
- Singapore: 22,500,000
- Japan: 23,100,000
- Brazil: \$750,000 USD
- Mexico: \$500,000 USD

4. TAX CREDIT COMPUTATION METHODOLOGY

1 Foreign Tax Credit Limitation Calculation

The foreign tax credit shall be computed using the following formula:

$$\left(\frac{\text{Foreign Source Taxable Income}}{\text{Worldwide Taxable Income}} \right) \times \text{Total U.S. Tax Liability}$$

2 Applicable Conversion Rates

- EUR/USD Average Rate: 1.0850
- JPY/USD Average Rate: 0.00735
- BRL/USD Average Rate: 0.2050

5. DETAILED CREDIT COMPUTATION

1 Gross Foreign Income Conversion

- European Income: \$2,987,500 USD
- Asia-Pacific Income: \$335,880 USD
- Latin American Income: \$1,250,000 USD

2 Total Foreign Derived Income: \$4,573,380 USD

3 Effective Foreign Tax Rates:

- Germany: 29.9%
- United Kingdom: 19.0%
- Singapore: 17.0%
- Japan: 30.6%
- Brazil: 34.0%
- Mexico: 30.0%

6. LIMITATIONS AND RESTRICTIONS

1 This computation is subject to potential adjustments based on:

- Changes in international tax treaties
- Modifications in foreign tax regulations
- Audit findings
- Subsequent reconciliation of financial records

7. DISCLAIMER

1 This document represents a good faith computation based on available financial information. Nexus Intelligent Systems, Inc. reserves the right to modify calculations upon further review or external audit.

2 The foreign tax credit computation does not constitute a definitive tax position and should be reviewed by qualified tax professionals.

8. AUTHORIZATION

Executed by:

Michael Chen

Chief Financial Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

9. CONFIDENTIALITY NOTICE

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