

INTANGIBLE ASSET AMORTIZATION SCHEDULE

CONFIDENTIAL DOCUMENT

Nexus Intelligent Systems, Inc.

Delaware Corporation

Fiscal Year: 2024

1. PRELIMINARY DEFINITIONS

1 "Intangible Assets" shall mean all non-physical assets including but not limited to:

- a) Proprietary AI/Machine Learning Algorithms
- b) Software Development Intellectual Property
- c) Patented Predictive Maintenance Technologies
- d) Customer Relationship Management Platforms
- e) Trade Secrets and Proprietary Methodologies

2 "Amortization Period" refers to the structured timeline over which the book value of intangible assets is systematically reduced for accounting and tax purposes.

2. ASSET CLASSIFICATION AND AMORTIZATION METHODOLOGY

1 Algorithmic Intellectual Property

- Initial Valuation: \$4,750,000
- Estimated Useful Life: 7 years
- Annual Amortization Rate: 14.29%
- Annual Amortization Expense: \$678,275

2 Software Development Platforms

- Initial Valuation: \$2,300,000
- Estimated Useful Life: 5 years
- Annual Amortization Rate: 20%
- Annual Amortization Expense: \$460,000

3 Predictive Maintenance Technology Patents

- Initial Valuation: \$3,100,000

- Estimated Useful Life: 10 years
- Annual Amortization Rate: 10%
- Annual Amortization Expense: \$310,000

3. ACCOUNTING TREATMENT

1 Straight-Line Amortization Method

All intangible assets shall be amortized using the straight-line method, consistent with Generally Accepted Accounting Principles (GAAP) and applicable Internal Revenue Service (IRS) regulations.

2 Impairment Assessment

Annual impairment testing will be conducted to determine whether the carrying value of intangible assets requires adjustment based on:

- a) Technological obsolescence
- b) Market value fluctuations
- c) Competitive landscape changes
- d) Internal performance metrics

4. TAX CONSIDERATIONS

1 Section 197 Intangibles

All identified intangible assets qualify for amortization under Section 197 of the Internal Revenue Code, permitting tax deductions over a 15-year period.

2 Tax Basis Reconciliation

Annual tax basis reconciliation will be performed to ensure compliance with:

- Federal tax regulations
- State-specific tax treatment
- Consistent accounting methodologies

5. TOTAL AMORTIZATION SUMMARY

- 1 Aggregate Intangible Asset Value: \$10,150,000
- 2 Total Annual Amortization Expense: \$1,448,275
- 3 Weighted Average Amortization Period: 7.2 years

6. LIMITATIONS AND DISCLAIMERS

1 This schedule represents management's best estimate based on current information and is subject to periodic review and adjustment.

2 Actual amortization may vary due to:

- Technological innovation
- Market conditions
- Regulatory changes
- Internal strategic decisions

7. AUTHORIZATION

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.

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