

# **Equipment and Technology Investment Tax Credits Documentation**

## **1. PRELIMINARY STATEMENT**

1 This document ("Tax Credit Documentation") is executed by Nexus Intelligent Systems, Inc., a Delaware corporation with principal offices at 1200 Technology Park Drive, San Jose, California 95134 (hereinafter referred to as the "Company").

2 The purpose of this documentation is to comprehensively outline the Company's strategic approach, qualification criteria, and substantive documentation supporting its claims for federal and state equipment and technology investment tax credits for fiscal years 2023-2024.

## **2. DEFINITIONS**

1 "Qualifying Technology Investment" shall mean capital expenditures in advanced computing, artificial intelligence infrastructure, machine learning platforms, and predictive analytics systems that meet specific Internal Revenue Code Section 41 and applicable state tax credit requirements.

2 "Eligible Equipment" includes:

- a) Advanced computing hardware
- b) Machine learning training infrastructure
- c) Enterprise-grade AI development platforms
- d) Specialized diagnostic and predictive maintenance technologies

## **3. TAX CREDIT QUALIFICATION CRITERIA**

1 The Company certifies that its technology investments meet the following qualification standards:

- a) Direct technological advancement in enterprise AI services
- b) Substantial technological uncertainty at project initiation
- c) Systematic investigation and experimentation process
- d) Technological progress beyond existing industry capabilities

2 Specific Qualification Parameters:

- Minimum annual R&D expenditure: \$1,750,000
- Percentage of qualified research expenses: 68.5%

- Direct technological development hours: 4,200 engineer-hours
- Percentage of qualified personnel: 72% of technical workforce

#### **4. DOCUMENTATION OF QUALIFIED RESEARCH EXPENSES**

1 Qualified research expenses shall include:

- a) Wages paid to qualifying research personnel
- b) Cost of supplies and materials directly used in research
- c) Contract research expenses with external technology partners
- d) Computer usage and cloud computing infrastructure costs

2 Detailed expense categorization shall be maintained in accompanying schedules, demonstrating:

- Individual researcher allocation percentages
- Direct and indirect research cost breakdowns
- Technological development project mappings

#### **5. COMPLIANCE AND ATTESTATION**

1 The Company hereby attests that:

- a) All claimed tax credits are based on legitimate research activities
- b) Documentation supporting tax credit claims is maintained and verifiable
- c) No intentional misrepresentation of research expenditures has occurred

2 External Verification:

- Annual independent tax credit compliance audit conducted
- Third-party verification of research methodology and expenditures
- Comprehensive documentation maintained for seven (7) years post-filing

#### **6. LIMITATIONS AND DISCLAIMERS**

1 This documentation represents the Company's good-faith representation of its technology investment tax credit qualifications as of January 22, 2024.

2 The Company reserves the right to modify, update, or amend this documentation as required by changes in tax regulations or internal research strategies.

3 No warranties, express or implied, are provided regarding the ultimate acceptance of claimed tax credits by relevant tax authorities.

## **7. EXECUTION**

Executed this 22nd day of January, 2024.

### **AUTHORIZED SIGNATURES**

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.

Sarah Williamson

Chief Strategy Officer

Nexus Intelligent Systems, Inc.