

Alternative Minimum Tax (AMT) Calculation and Analysis

Confidential Document - Nexus Intelligent Systems, Inc.

1. PRELIMINARY STATEMENT

1 This Alternative Minimum Tax (AMT) Calculation document represents a comprehensive analysis of the tax liability for Nexus Intelligent Systems, Inc. ("Company") for the fiscal year ending December 31, 2023, prepared in accordance with applicable Internal Revenue Code Section 55-59 provisions.

2 The calculation herein reflects the Company's financial position, adjusted current earnings, and alternative minimum taxable income (AMTI) as of the referenced reporting period.

2. DEFINITIONS

1 "AMT" shall mean the Alternative Minimum Tax, a supplemental income tax imposed to ensure that corporations with substantial economic income cannot utilize excessive tax preferences to substantially reduce their regular tax liability.

2 "AMTI" shall mean Alternative Minimum Taxable Income, representing the baseline for calculating potential alternative minimum tax exposure.

3. TAX CALCULATION METHODOLOGY

1 Regular Taxable Income Reconciliation

1.1 Base Consolidated Taxable Income: \$12,500,000

1.2 Adjustments for Book-Tax Differences: \$(475,000)

1.3 Adjusted Taxable Income: \$12,025,000

2 Alternative Minimum Tax Adjustments

2.1 Depreciation Adjustments: \$385,000

2.2 Intangible Development Expenses: \$275,000

2.3 Research & Development Credit Modifications: \$(210,000)

3 Alternative Minimum Taxable Income (AMTI) Calculation

3.1 Adjusted Regular Taxable Income: \$12,025,000

3.2 Total Statutory Adjustments: \$450,000

3.3 Preliminary AMTI: \$12,475,000

4. AMT LIABILITY DETERMINATION

1 Statutory AMT Rate: 20%

2 Gross AMT Liability: \$2,495,000

3 Available Minimum Tax Credits: \$(375,000)

4 Net AMT Liability: \$2,120,000

5. COMPLIANCE AND DOCUMENTATION

1 This calculation has been prepared utilizing:

- Audited financial statements
- Internal revenue documentation
- Contemporaneous accounting records
- Applicable tax regulations and guidance

2 Documentation supporting these calculations is maintained in the Company's permanent tax records and will be available for regulatory review upon request.

6. LIMITATIONS AND DISCLAIMERS

1 This document represents a good faith calculation based on available information as of the preparation date.

2 The Company reserves the right to adjust calculations based on subsequent review, audit, or regulatory guidance.

3 This document is prepared solely for internal tax planning and compliance purposes and should not be construed as definitive tax advice.

7. AUTHORIZATION

Executed this 22nd day of January, 2024.

Authorized Signatures:

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

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Michael Chen
Chief Financial Officer
Nexus Intelligent Systems, Inc.

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