



LOT SYSTEMS CORPORATION, INC.
 Silver Lake / Echo Park — Los Angeles, California, USA
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CORPORATE EXPENSE RECORD

DOCUMENT	DATE ISSUED	CLASSIFICATION
LOT-EXP-2026-AI-001	July 07, 2026	R&D — US GOV TAX EXEMPT

EXPENSE TYPE: SELF-CARE / FITNESS / HEALTH / FAMILY MATTERS

Official books classification — employee wellness benefit, bioelectric self-care technology.

DESCRIPTION	PERIOD	QTY	UNIT	TOTAL
LOT® AI — Self-Care Subscription (Usership)	July 2026	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	August 2026	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	September 2026	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	October 2026	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	November 2026	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	December 2026	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	January 2027	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	February 2027	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	March 2027	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	April 2027	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	May 2027	1	\$99.00	\$99.00
LOT® AI — Self-Care Subscription (Usership)	June 2027	1	\$99.00	\$99.00

LOT® AI — ANNUAL SUBSCRIPTION (1 YEAR / 1 USER) \$1,188.00

* 12-month billing cycle shown for illustrative purposes; actual dates follow subscription activation date.

GL CODE	TAX STATUS	PAYMENT METHOD
R&D-WELLNESS-099	Exempt — US R&D	Corporate Account on File

AUTHORIZATION

Account Holder Signature — Vadim Marmeladov, Founder & CEO
 LOT Systems Corporation, Inc.

Account / Approving Manager Signature
 Print Name & Title

Date

Date

APPENDIX: U.S. FEDERAL R&D TAX CREDIT — REFERENCE SUMMARY

Source: Congressional Research Service, Report R48848, "The Federal Research and Development (R&D) Tax Credit," February 6, 2026.

OVERVIEW

Research and development investment is subsidized rather than merely tax-neutral under federal law, through the combination of immediate expensing of R&D costs, deductibility of interest on debt-financed research, and the R&D tax credit under Section 41 of the Internal Revenue Code (IRC). Companies may claim either the regular credit (20% headline rate, effectively about 10% after the required base-amount reduction) or the alternative simplified credit (ASC, 14% headline rate, effectively about 8%). CRS estimates the current weighted average effective R&D credit rate at 8.2%.

QUALIFYING EXPENDITURES

Qualified research expenditures (QREs) generally include: (1) wages and salaries of employees engaged in qualified research, (2) costs of supplies and materials used in that research, (3) costs of operating and maintaining research facilities, and (4) contract research expenses, subject to statutory limits. Wages and salaries are historically the largest component of QREs, at roughly 70% of the total.

EXPENSING UNDER SECTION 174

Separate from the credit, Section 174 governs whether R&D costs are deducted immediately ("expensing") or recovered over time. P.L. 119-21 (the FY2025 reconciliation act) restored full expensing of domestic R&D costs together with the related basis adjustment beginning in 2026, reversing the five-year amortization regime that had applied since 2022 under P.L. 115-97.

NET EFFECT ON R&D INVESTMENT

Taken together, expensing and the R&D credit produce a negative marginal effective tax rate (METR) on qualifying research investment — CRS estimates approximately -30.3% for equity-financed research, and -47.2% once the benefit of debt financing is included — making R&D the most tax-favored category of investment under current federal tax law.

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