

JFX, Inc. – QSBS Investor Benefits

Strategic Tax Advantages for Series A Investors – October 2025

Investor Takeaway

JFX, through our Series A Preferred Stock, offers investors exposure to a profitable, asset-backed excavation business with the added advantage of QSBS eligibility. By investing now, Series A investors may realize significant tax-free returns after 5 years.

What is QSBS?

Qualified Small Business Stock (QSBS) under Section 1202 of the Internal Revenue Code provides investors in certain C-Corporations with the ability to exclude up to 100% of federal capital gains from taxation if the stock is held for more than five years.

Why JFX, Inc. Qualifies

- Texas C-Corporation incorporated in 2025.
- Gross assets < \$50M at Series A issuance.
- Active business: excavation and heavy civil construction (eligible industry).
- Stock issued directly to investors at original issuance (Series A Preferred).

Key Tax Benefits

- Up to 100% exclusion of capital gains on stock held ≥ 5 years.
- Exclusion applies to the greater of \$10M or 10 $\times$ investment basis.
- Section 1045 rollover allows deferral if reinvested into another QSBC.
- Applies to both Common and Preferred stock issued by JFX.

Sample Investor Scenario

Investment: \$3.33M in Series A Preferred (100,000 shares @ \$33.33).

Exit Value in 2030: \$15M (via conversion to Common).

Gain: \$11.67M.

QSBS Exclusion: \$10M excluded from federal taxes.

Taxable Amount: \$1.67M (long-term capital gain).