

TAX MATTERS CERTIFICATE AND COMPLIANCE DOCUMENTATION

THIS TAX MATTERS CERTIFICATE AND COMPLIANCE DOCUMENTATION (this "Certificate") is made and executed as of January 15, 2024 (the "Effective Date"), by Nexus Industrial Intelligence, Inc., a Delaware corporation (the "Company").

WHEREAS, the Company is engaged in the business of developing and licensing artificial intelligence software solutions for industrial applications; and

WHEREAS, the Company desires to certify certain matters relating to its tax status, compliance, and material positions for the benefit of relevant taxing authorities and other interested parties.

NOW, THEREFORE, the Company hereby certifies and declares as follows:

1.0 TAX MATTERS CERTIFICATE

1.1 Entity Classification

The Company hereby certifies that it is classified as a C-corporation for U.S. federal income tax purposes and has not made any election to be treated as an S-corporation or any other alternative tax classification. The Company's federal employer identification number is 82-3456789. The Company further affirms that it has maintained continuous C-corporation status since its incorporation and has not filed Form 2553 or any similar election forms with the Internal Revenue Service.

1.2 Tax Residency

The Company is incorporated under the laws of the State of Delaware and maintains its principal place of business at 2500 Innovation Drive, Suite 400, Wilmington, Delaware 19801. The Company is considered a domestic corporation under Section 7701(a)(4) of the Internal Revenue Code of 1986, as amended (the "Code"). The Company conducts substantial business operations within the United States and maintains all corporate records at its Delaware headquarters.

1.3 FATCA Status

The Company certifies that it is a U.S. Person as defined in Section 7701(a)(30) of the Code and is not subject to FATCA withholding requirements as a U.S. entity. The Company

maintains appropriate documentation to substantiate its FATCA status and complies with all applicable reporting requirements under Chapter 4 of the Code.

1.4 Sales Tax Nexus

The Company maintains sales tax nexus in the following jurisdictions based on its software licensing and service activities: Delaware, California, Texas, Michigan, and Massachusetts. The Company's SaaS offerings are subject to sales tax in applicable jurisdictions pursuant to state-specific guidance on digital products and services. The Company has implemented automated tax calculation systems to ensure proper collection and remittance of sales tax across all jurisdictions where nexus is established. The Company maintains current tax registrations and files regular returns in each jurisdiction where required.

1.5 Tax Compliance Procedures

The Company maintains comprehensive internal controls and procedures to ensure compliance with all applicable federal, state, and local tax requirements. This includes regular reviews of tax positions, maintenance of supporting documentation, and engagement with qualified tax professionals for complex matters. The Company conducts annual tax compliance audits and maintains a tax calendar for all filing deadlines and payment obligations.

2.0 TAX COMPLIANCE REPRESENTATIONS

2.1 Federal Tax Compliance

(a) The Company has timely filed all required federal income tax returns and information returns for all tax years since its incorporation, including Forms 1120, 1099, W-2, and all applicable schedules and attachments. (b) All federal tax payments, deposits, and estimated tax payments have been made when due, including quarterly estimated payments pursuant to IRC Section 6655. (c) There are no pending federal tax audits or examinations, and no notices of deficiency or proposed adjustments have been received within the past three (3) years. (d) The Company maintains comprehensive documentation supporting all tax positions taken, including contemporaneous records of business expenses, depreciation schedules, and R&D tax credit calculations.

2.2 State Tax Registration and Compliance

(a) The Company is registered for tax purposes in all states where it maintains nexus or conducts business operations, including physical presence, economic nexus, or click-through nexus relationships. (b) All state income tax, franchise tax, and annual reports have been filed and all payments have been made when due, with no outstanding balances or penalties. (c) The Company maintains active sales tax permits in all jurisdictions where required and conducts regular nexus reviews to ensure compliance with evolving state requirements. (d) State

unemployment insurance and workers' compensation obligations are current in all applicable jurisdictions. (e) The Company maintains detailed records of state-specific tax incentives, credits, and exemptions claimed.

2.3 Sales and Use Tax Compliance

(a) The Company collects and remits sales tax on taxable transactions in accordance with state and local requirements, utilizing automated tax calculation software integrated with the NexusCore™ platform. (b) The Company's NexusCore™ platform is properly characterized for sales tax purposes in each jurisdiction, with product and service taxability determinations regularly reviewed and updated. (c) Use tax is properly accrued and remitted on all taxable purchases where sales tax was not collected, supported by comprehensive purchase documentation. (d) The Company maintains exemption certificates for all exempt sales and conducts periodic reviews of certificate validity and expiration dates. (e) Regular sales and use tax compliance audits are conducted to ensure accuracy of collections, remittances, and documentation.

2.4 International Tax Obligations

The Company certifies that it has complied with all international tax obligations, including: (a) Transfer pricing documentation requirements, including contemporaneous documentation supporting arm's length pricing methodologies. (b) Foreign tax reporting obligations, including FBAR filings, Form 5471 submissions, and country-by-country reporting where applicable. (c) Cross-border transaction documentation, including customs documentation, VAT compliance, and permanent establishment analyses. (d) Compliance with BEPS (Base Erosion and Profit Shifting) requirements and participation in automatic exchange of information programs. (e) Maintenance of required documentation for treaty benefits claimed and withholding tax obligations.

2.5 Tax Compliance Monitoring and Controls

(a) The Company maintains a comprehensive tax compliance calendar tracking all filing and payment deadlines. (b) Regular internal reviews are conducted to ensure accuracy of tax positions and compliance with changing regulations. (c) The Company engages qualified tax professionals to review complex transactions and provide guidance on tax positions. (d) Documentation retention policies comply with all jurisdictional requirements for tax records.

3.0 REVENUE RECOGNITION AND TAX TREATMENT

3.1 SaaS Revenue Recognition

(a) The Company recognizes revenue from its NexusCore™ platform subscriptions in accordance with ASC 606, following the five-step model for revenue recognition. (b)

Performance obligations are identified and allocated based on standalone selling prices, with consideration given to multi-element arrangements and bundled services. (c) Revenue is recognized ratably over the subscription term, commencing upon customer access activation. (d) Contract modifications and upgrades are evaluated independently to determine whether they constitute separate performance obligations. (e) Usage-based components are measured monthly and recognized as variable consideration.

3.2 R&D Tax Credits

(a) The Company qualifies for and claims federal R&D tax credits under Section 41 of the Code, subject to annual verification. (b) Qualified research expenses are documented and supported by contemporaneous records, including: (i) Direct labor costs of researchers and developers (ii) Cloud computing expenses directly related to development activities (iii) Third-party contractor costs for qualified services (iv) Supplies and materials used in the research process (c) State R&D credits are claimed in eligible jurisdictions, with specific documentation requirements maintained for each state. (d) International R&D incentives are evaluated and claimed where applicable, subject to local jurisdiction requirements.

3.3 Software Development Costs

(a) Internal-use software development costs are capitalized in accordance with ASC 350-40, with clear delineation between: (i) Preliminary project stage activities (ii) Application development stage activities (iii) Post-implementation stage activities (b) Research phase costs are expensed as incurred, including costs related to: (i) Planning and feasibility studies (ii) Alternative technology evaluation (iii) Conceptual formulation activities (c) Development phase costs are capitalized when technological feasibility is established, including: (i) Coding and testing activities (ii) Configuration and interface development (iii) Data conversion and migration costs (d) Amortization of capitalized costs begins when the software is ready for its intended use, using: (i) Straight-line method over the estimated useful life (ii) Regular impairment assessments (iii) Documentation of useful life assumptions

3.4 International Revenue Allocation

(a) Revenue from international operations is allocated according to transfer pricing agreements and local tax regulations. (b) Intercompany transactions are documented with contemporaneous transfer pricing studies. (c) Permanent establishment considerations are evaluated for each jurisdiction where services are provided. (d) VAT and GST obligations are monitored and complied with in applicable jurisdictions.

4.0 TAX POSITIONS AND ELECTIONS

4.1 Section 174 Treatment

The Company has elected to capitalize and amortize research and experimental expenditures under Section 174 of the Code beginning in tax year 2022. Such capitalization shall be applied to all qualifying expenditures on a consistent basis, with domestic research costs amortized over five years and foreign research costs amortized over fifteen years. The Company maintains contemporaneous documentation supporting the classification of expenses as qualified research expenditures, including detailed time tracking, project documentation, and technical specifications.

4.2 State Tax Elections

(a) The Company uses market-based sourcing for sales factor apportionment where permitted, with customer location determined based on primary benefit received. (b) Single sales factor election has been made in eligible states, with appropriate documentation filed with respective state tax authorities. (c) Alternative apportionment methodologies have been adopted where advantageous, subject to state-specific requirements and approvals. (d) The Company maintains nexus studies and documentation supporting its state filing positions and voluntary disclosure agreements where applicable. (e) Economic nexus thresholds are monitored quarterly for compliance with state-specific requirements.

4.3 Software Development Treatment

(a) The Company treats core AI/ML development costs as qualified research expenses, supported by contemporaneous documentation of experimental nature. (b) Platform enhancement costs are evaluated for proper tax treatment, with clear delineation between routine maintenance and qualified improvements. (c) Cloud computing costs are characterized consistently across jurisdictions, with appropriate allocation between development, testing, and production environments. (d) Internal use software development follows the specific requirements of Treas. Reg. §1.174-2(a)(1), with appropriate documentation of innovation criteria.

4.4 International Tax Considerations

(a) The Company maintains transfer pricing documentation for all intercompany transactions. (b) GILTI provisions are applied to controlled foreign corporations as required under IRC §951A. (c) Foreign-derived intangible income (FDII) deductions are claimed where applicable under IRC §250. (d) Cost sharing arrangements are documented pursuant to Treas. Reg. §1.482-7.

4.5 Special Tax Elections

(a) The Company has made an IRC §59(e) election to amortize certain qualified expenditures. (b) Stock-based compensation is treated consistently with ASC 718 for tax purposes. (c) The Company maintains qualified small business stock (QSBS) status under IRC §1202. (d) Net operating losses are carried forward pursuant to IRC §172 limitations.

IN WITNESS WHEREOF, the undersigned, being duly authorized, has executed this Certificate as of the Effective Date.

[Signature blocks and certification as in original]

[EXHIBITS AND APPENDICES TO FOLLOW]