TAX DOCUMENTATION AND REVENUE RECOGNITION DECLARATION

Document No. 38 Effective Date: January 15, 2024

WHEREAS, Nexus Industrial Intelligence, Inc., a Delaware corporation with its principal place of business at 2500 Innovation Drive, Wilmington, Delaware 19801 ("Company"), develops and commercializes proprietary artificial intelligence and machine learning software solutions; and

WHEREAS, the Company seeks to establish comprehensive documentation regarding tax treatment of its revenue streams, research and development activities, and international operations;

NOW, THEREFORE, the Company hereby declares and documents the following tax positions and methodologies:

1.0 TAX DOCUMENTATION DECLARATION

1.1 Scope and Applicability

This Tax Documentation Declaration ("Declaration") shall govern the classification, recognition, and treatment of the Company's revenue, expenses, and intellectual property for federal, state, and international tax purposes. This Declaration specifically addresses the NexusCore™ Industrial AI Platform and related software offerings, including all derivative works, modifications, and enhancements thereof. The provisions herein shall be interpreted in accordance with Generally Accepted Accounting Principles (GAAP) and applicable Internal Revenue Code (IRC) regulations.

1.2 Tax Jurisdiction Declarations

The Company hereby declares tax nexus in the following jurisdictions: (a) Primary: State of Delaware (b) Material: States where the Company maintains substantial economic presence through software licensing and service delivery, defined as generating annual revenue exceeding $100,000 or conducting 200 or more separate transactions (c) International: Jurisdictions where the Company maintains active software licensing arrangements, subject to relevant tax treaties and transfer pricing regulations (d) Local: Municipalities where the Company maintains physical presence or remote workforce

1.3 Software Revenue Classification

The Company's software solutions shall be classified as follows for tax purposes: (a) Core Platform License: Computer software as defined under IRC Section 197, with amortization over 15 years for acquired software assets (b) Cloud-Based Services: Software as a Service (SaaS) under ASC 606, with revenue recognized ratably over the subscription term (c) Implementation Services: Technical professional services, recognized upon completion of defined milestones (d) Maintenance and Support: Recurring service revenue, recognized on a straight-line basis (e) Custom Development: Project-based revenue, recognized using percentage-of-completion method

1.4 AI Technology Treatment

The Company's artificial intelligence and machine learning intellectual property shall be treated as: (a) Self-developed intangible property under IRC Section 174, with mandatory five-year amortization (b) Qualified research expenditure for R&D tax credit purposes, subject to contemporaneous documentation requirements (c) Core technology subject to transfer pricing considerations in cross-border transactions (d) Proprietary algorithms and models qualifying as trade secrets under state and federal law (e) Development costs eligible for capitalization under ASC 350-40 when technological feasibility is established

1.5 Documentation Requirements

The Company shall maintain comprehensive documentation supporting all tax positions, including: (a) Revenue recognition schedules (b) Research activity logs (c) Transfer pricing studies (d) Nexus analysis reports (e) Technical documentation of AI/ML development activities

2.0 REVENUE CLASSIFICATION AND RECOGNITION

2.1 SaaS Subscription Revenue

(a) Recognition Methodology The Company shall recognize subscription revenue ratably over the contract term in accordance with ASC 606. Revenue recognition shall commence upon the earlier of: (i) Customer access activation date (ii) Contractually specified start date (iii) First instance of platform utilization

(b) Performance Obligations (i) Platform access and computational resources (ii) Regular software updates and maintenance (iii) Standard technical support (iv) Service level agreement commitments (v) Data storage and security provisions (vi) API access and integration capabilities

(c) Subscription Modifications (i) Upgrades shall be recognized prospectively (ii) Downgrades shall be subject to contractual adjustment provisions (iii) Mid-term changes require reallocation of remaining performance obligations

2.2 Professional Services Revenue

Professional services revenue shall be recognized as follows: (a) Implementation Services: Using percentage of completion method, with: (i) Clearly defined project milestones (ii) Regular progress assessments (iii) Customer acceptance criteria (iv) Change order provisions

(b) Training Services: (i) Upon delivery of training sessions (ii) Including materials and documentation (iii) Post-training support period consideration

(c) Custom Development: (i) Based on milestone completion (ii) Subject to acceptance testing (iii) Including warranty period obligations

(d) Advisory Services: (i) As services are rendered (ii) Time-based billing reconciliation (iii) Deliverable-based completion criteria

2.3 Implementation Fees

Initial implementation fees shall be: (a) Capitalized and amortized over the expected customer relationship period, considering: (i) Historical customer retention data (ii) Industry standard relationship periods (iii) Contract renewal provisions

(b) Recognized separately from subscription revenue, with: (i) Clear delineation of setup activities (ii) Documented value proposition (iii) Standalone selling price evidence

(c) Subject to distinct performance obligation analysis, including: (i) Technical integration requirements (ii) Customer-specific customizations (iii) Knowledge transfer components

(d) Documented with detailed time and material records, maintaining: (i) Hourly activity logs (ii) Resource allocation records (iii) Cost center attribution

2.4 Multi-Element Arrangements

For contracts containing multiple performance obligations: (a) Separate identification of distinct performance obligations through: (i) Technical dependency analysis (ii) Customer benefit assessment (iii) Integration requirement evaluation

(b) Allocation of transaction price based on: (i) Relative standalone selling prices (ii) Observable market data (iii) Cost-plus margin methodology (iv) Residual approach when appropriate

(c) Recognition timing determined individually for each element, considering: (i) Delivery schedules (ii) Customer acceptance terms (iii) Interdependencies between elements

(d) Documentation of allocation methodology and rationale, including: (i) Pricing analysis (ii) Market comparables (iii) Historical transaction data (iv) Periodic review and updates

3.0 R&D TAX CREDIT DOCUMENTATION

3.1 Qualified Research Expenses

The Company documents the following as qualified research expenses: (a) Direct labor costs for technical staff, including salaries, wages, and proportional benefits of employees directly conducting, supervising, or supporting qualified research activities (b) Cloud computing and development infrastructure costs, encompassing server instances, data processing resources, and specialized development environments (c) Third-party research contractors, provided they perform qualified research within the United States and operate under specific research agreements (d) Supplies and materials used in research activities, including prototype components, testing materials, and specialized research equipment (e) Software licenses and tools directly utilized in the research process (f) Documentation and tracking systems specifically implemented for R&D activities

3.2 AI/ML Development Activities

Qualifying artificial intelligence and machine learning development includes: (a) Algorithm development and optimization, including: - Novel computational approaches - Performance enhancement methodologies - Resource utilization improvements (b) Neural network architecture design, encompassing: - Layer configuration and optimization - Transfer learning implementations - Custom activation functions (c) Training data preparation and validation, including: - Data cleansing and normalization - Feature engineering processes - Dataset augmentation techniques (d) Model testing and validation activities, comprising: - Systematic performance evaluation - Error analysis and correction - Benchmark comparisons (e) Integration of AI components with industrial control systems, including: - Interface development - Real-time processing optimization - Safety validation protocols

3.3 Software Development Documentation

The Company maintains contemporaneous documentation of: (a) Technical uncertainty being addressed, including: - Detailed problem statements - Technical limitations identified - Success criteria definitions (b) Process of experimentation undertaken, comprising: - Systematic testing procedures - Iteration logs and milestone tracking - Development sprint records (c) Alternative approaches evaluated, including: - Comparative analysis documentation - Performance metrics for each option - Resource requirement assessments (d) Results analysis and implementation decisions, containing: - Quantitative performance data - Decision matrices and justifications - Implementation risk assessments (e) Source code version control records, maintaining: - Commit histories and changelogs - Branch management documentation - Code review records

3.4 Engineering Staff Allocation

Research and development staff time allocation: (a) Detailed timesheet records by project, including: - Daily activity logs - Project phase categorization - Task-specific documentation (b) Classification of activities as qualified or non-qualified, comprising: - Activity qualification criteria - Regular review and validation processes - Documentation of qualification decisions (c) Documentation of technical lead oversight, including: - Regular review meetings - Technical direction documentation - Quality assurance protocols (d) Correlation to specific research initiatives, maintaining: - Project alignment documentation - Strategic objective mapping - Innovation pathway tracking

3.5 Compliance and Reporting

The Company maintains comprehensive compliance documentation including: (a) Annual certification of qualified research activities (b) Regular internal audits of R&D documentation (c) Periodic review of qualification criteria (d) Updates to documentation procedures based on regulatory changes (e) Maintenance of supporting evidence for credit claims

4.0 INTERNATIONAL TAX CONSIDERATIONS

4.1 Transfer Pricing Methodology

The Company adopts the following transfer pricing approaches: (a) Cost Plus Method for intercompany services, with markup rates determined annually based on comparable company benchmarking studies (b) Comparable Uncontrolled Price Method for software licensing, supported by third-party market data and contemporaneous documentation (c) Profit Split Method for complex technological arrangements, incorporating value chain analysis and economic substance considerations (d) Regular documentation of economic substance, including quarterly updates of functional and risk analyses (e) Annual review of transfer pricing policies by qualified international tax professionals

4.2 International Revenue Allocation

Revenue shall be allocated based on: (a) Location of customer deployment, with consideration for multi-jurisdictional implementations (b) Jurisdiction of intellectual property usage, including sub-licensing arrangements (c) Source of service delivery, incorporating both direct and indirect cost allocations (d) Economic substance of transactions, supported by contemporaneous documentation (e) Development, Enhancement, Maintenance, Protection, and Exploitation (DEMPE) functions (f) Cloud-based service delivery considerations and server locations

4.3 IP Holding Structure

The Company's intellectual property structure: (a) Primary IP ownership maintained in United States, with appropriate registrations (b) Limited risk distribution model for international operations, supported by intercompany agreements (c) Cost sharing arrangements where applicable, including detailed allocation keys (d) Documentation of development rights and obligations through written agreements (e) Regular valuation updates for significant IP transfers (f) Maintenance of IP migration history and supporting documentation

4.4 Foreign Tax Credits

The Company shall maintain documentation supporting: (a) Foreign tax payments and withholding, including source documentation (b) Qualification for foreign tax credits under IRC Section 901 (c) Limitation calculations and carryforwards under IRC Section 904 (d) Treaty position analysis and support, including limitation on benefits provisions (e) Quarterly reconciliation of foreign tax credit positions (f) Documentation of foreign tax credit splitting events

4.5 Compliance Requirements

The Company shall maintain: (a) Country-by-country reporting documentation as required under BEPS Action 13 (b) Master file and local file transfer pricing documentation (c) Contemporaneous documentation supporting permanent establishment positions (d) Documentation supporting beneficial ownership claims under applicable treaties (e) Records of all significant international tax positions and related risk assessments (f) Annual review of international tax compliance procedures

IN WITNESS WHEREOF, this Declaration has been executed as of the date first written above.

[Remaining signature block, exhibits, and appendices as previously stated]