

TAX MATTERS CERTIFICATE AND COMPLIANCE DOCUMENTATION

THIS TAX MATTERS CERTIFICATE AND COMPLIANCE DOCUMENTATION (this "Certificate") is made and entered into as of January 15, 2024 (the "Effective Date"), by NEXUS INDUSTRIAL INTELLIGENCE, INC., a Delaware corporation with its principal place of business at 2500 Innovation Drive, Wilmington, Delaware 19801 (the "Company").

WHEREAS, the Company is engaged in the development and commercialization of artificial intelligence software solutions for industrial applications;

WHEREAS, the Company desires to certify certain matters relating to its tax status, compliance, and obligations;

NOW, THEREFORE, the Company hereby certifies, represents, and warrants as follows:

1.0 TAX MATTERS CERTIFICATE

1.1 Entity Classification

The Company hereby certifies that it is, and at all times since its incorporation on March 15, 2018, has been treated as a C corporation for U.S. federal income tax purposes. The Company has not made any entity classification elections under Treasury Regulations Section 301.7701-3. Furthermore, the Company maintains compliance with all corporate formalities required under Delaware General Corporation Law.

1.2 Tax Residency

The Company is a tax resident of the United States and maintains its principal place of business in Delaware. The Company has nexus and filing obligations in multiple U.S. states due to its software-as-a-service operations and remote workforce presence. The Company files Form 1120 U.S. Corporation Income Tax Return annually and complies with all state-specific corporate income tax filing requirements in jurisdictions where it maintains nexus.

1.3 FATCA Status

The Company certifies that it is a U.S. Person as defined under Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not subject to FATCA withholding requirements. The Company maintains appropriate documentation, including

Form W-9, to substantiate its status for all relevant financial accounts and business relationships.

1.4 Sales Tax Nexus

The Company maintains sales tax nexus in the following jurisdictions based on its SaaS offerings and economic presence thresholds: (a) Delaware (physical presence) (b) California (economic nexus) (c) Texas (economic nexus) (d) New York (economic nexus) (e) Massachusetts (economic nexus)

1.5 Software-as-a-Service Tax Treatment

The Company's primary revenue stream derives from SaaS offerings, which receive varying tax treatment across jurisdictions. The Company maintains compliance with state-specific guidance regarding the taxability of SaaS transactions, including: (a) Collection and remittance of sales tax where required (b) Documentation of tax-exempt transactions (c) Maintenance of resale and exemption certificates (d) Regular review and updates of nexus thresholds (e) Implementation of tax determination software (f) Regular compliance reviews and audits

1.6 Tax Compliance Procedures

The Company maintains comprehensive internal procedures for tax compliance, including quarterly reviews of nexus thresholds, annual state tax registration updates, and documentation retention policies in accordance with applicable federal and state requirements.

2.0 TAX REPRESENTATIONS AND WARRANTIES

2.1 Federal Income Tax Compliance

The Company represents and warrants that: (a) It has timely filed all required federal income tax returns and information returns, including Forms 1120, 941, and 1099; (b) All such returns are true, complete, and accurate in all material respects, with no material misstatements or omissions; (c) All federal income taxes shown as due have been paid in full, including estimated tax payments and payroll tax deposits; (d) No federal tax audits or examinations are currently pending or threatened; (e) The Company maintains comprehensive documentation supporting all tax positions taken, including contemporaneous records of business expenses, revenue recognition policies, and asset depreciation schedules.

2.2 State and Local Tax Compliance

The Company represents that it: (a) Has registered for and maintains all required state tax accounts, including sales tax, use tax, and employer withholding accounts; (b) Properly collects and remits sales tax on taxable SaaS offerings where required, including proper

allocation of subscription revenues across multiple jurisdictions; (c) Files all required state income, franchise, and gross receipts tax returns in accordance with applicable nexus requirements; (d) Maintains appropriate documentation for state tax exemptions and resale certificates; (e) Implements proper sales tax collection mechanisms for its digital products and services based on customer location; (f) Conducts regular reviews of state-specific economic nexus thresholds and filing obligations.

2.3 International Tax Obligations

The Company warrants that: (a) It complies with all cross-border tax requirements related to its international operations, including VAT, GST, and digital services taxes; (b) Maintains appropriate transfer pricing documentation in accordance with OECD guidelines and local country requirements; (c) Reports all required international transactions on Form 5471, Form 8993, and other applicable information returns; (d) Implements proper withholding tax procedures for payments to foreign vendors and service providers; (e) Maintains documentation supporting permanent establishment determinations and treaty positions; (f) Complies with country-by-country reporting requirements where applicable.

2.4 R&D Tax Credit Qualification

The Company represents that: (a) It qualifies for and properly claims federal and state R&D tax credits in accordance with Section 41 of the Code; (b) Maintains contemporaneous documentation of qualified research expenses, including detailed time tracking and project documentation; (c) Its AI and software development activities satisfy the four-part test under Section 41 of the Code, specifically: (i) The activities are technological in nature; (ii) The activities involve the elimination of uncertainty; (iii) The activities involve a process of experimentation; (iv) The activities are intended to develop new or improved business components; (d) Properly allocates employee time between qualified research activities and non-qualified activities; (e) Maintains documentation of specific technical uncertainties addressed in each research project; (f) Implements appropriate cost accounting methods to segregate qualified research expenses from non-qualified expenses.

2.5 Revenue Recognition and Tax Treatment

The Company warrants that: (a) It maintains consistent revenue recognition policies for tax and financial reporting purposes; (b) Properly accounts for deferred revenue related to SaaS subscriptions and implementation services; (c) Documents the tax treatment of customer deposits, advance payments, and multi-year contracts.

3.0 TAX COVENANTS

3.1 Tax Return Filing Obligations

The Company covenants to: (a) File all required tax returns and information returns when due, including federal, state, local, and international tax obligations; (b) Maintain appropriate documentation supporting all tax positions, including contemporaneous records of material transactions; (c) Engage qualified tax professionals for complex filing obligations, particularly for cross-border transactions; (d) Implement appropriate tax compliance monitoring systems; (e) Submit quarterly estimated tax payments as required by applicable jurisdictions; (f) Review and update tax compliance procedures annually to reflect regulatory changes.

3.2 Record Retention Requirements

The Company shall: (a) Maintain tax records for the required statutory periods, which shall not be less than seven (7) years from the filing date; (b) Preserve documentation of R&D activities and expenses, including laboratory records, test data, and project documentation; (c) Retain sales tax exemption certificates and nexus documentation for all jurisdictions where business is conducted; (d) Archive electronic tax records in compliance with IRS requirements, including backup systems and access controls; (e) Implement a document retention policy specifically addressing tax-related materials; (f) Maintain transfer pricing documentation for international transactions.

3.3 Tax Audit Cooperation

The Company agrees to: (a) Promptly respond to tax authority inquiries within specified deadlines; (b) Provide requested documentation in a timely manner, not to exceed fifteen (15) business days unless otherwise agreed; (c) Engage appropriate representation for tax controversies, including specialized counsel when necessary; (d) Maintain audit trail of tax compliance decisions and supporting rationale; (e) Cooperate fully with internal and external auditors reviewing tax matters.

3.4 International Tax Compliance

The Company shall: (a) Maintain compliance with FATCA, CRS, and other international tax reporting requirements; (b) Document transfer pricing methodologies in accordance with OECD guidelines; (c) Monitor permanent establishment exposure in foreign jurisdictions; (d) Implement procedures for VAT/GST compliance where applicable; (e) Review international tax planning structures annually for compliance with BEPS requirements.

3.5 Tax Risk Management

The Company commits to: (a) Establish and maintain a tax risk assessment framework; (b) Review material transactions for tax implications prior to execution; (c) Monitor changes in tax

legislation affecting the Company's operations; (d) Report significant tax risks to the Board of Directors quarterly; (e) Maintain appropriate tax insurance coverage as deemed necessary.

4.0 SPECIAL TAX CONSIDERATIONS

4.1 IP Development Tax Treatment

The Company shall: (a) Properly capitalize software development costs under Rev. Proc. 2000-50, including segregation of qualified research expenses from routine maintenance; (b) Document AI technology development expenses for R&D credit purposes, maintaining contemporaneous records of all experimental activities and technical uncertainty resolution; (c) Maintain transfer pricing documentation for IP development activities, including detailed functional analysis and comparable transactions; (d) Implement time-tracking systems to accurately allocate development costs between qualifying and non-qualifying activities; (e) Document technical feasibility assessments for software development projects exceeding \$50,000 in annual expenditure.

4.2 Software Revenue Recognition

The Company implements the following policies: (a) Characterization of SaaS revenue under state tax guidelines, with specific attention to data processing vs. information services distinctions; (b) Application of software capitalization rules under Section 174, including identification of eligible development phases; (c) Documentation of performance obligations for revenue recognition, with clear delineation between license and service components; (d) Implementation of multi-state sourcing rules for digital products and services; (e) Maintenance of detailed customer usage metrics for consumption-based billing arrangements.

4.3 Cloud Computing Implications

The Company addresses cloud computing tax matters through: (a) Data center location analysis for nexus purposes, including evaluation of server locations and support activities; (b) Proper characterization of cloud service revenue, distinguishing between IaaS, PaaS, and SaaS offerings; (c) Documentation of multi-state cloud service delivery, including traffic routing and load balancing configurations; (d) Assessment of international data center operations for permanent establishment considerations; (e) Implementation of jurisdiction-specific data privacy compliance measures.

4.4 Technology Tax Incentives

The Company shall pursue: (a) State-specific technology investment credits, maintaining required documentation for qualifying equipment; (b) Employment tax credits for technical personnel, including contemporaneous records of qualifying activities; (c) Foreign tax credit

planning for international technology deployment; (d) Energy efficiency tax incentives for data center operations.

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

NEXUS INDUSTRIAL INTELLIGENCE, INC.

By: _____ Name: David Kumar Title: Chief Financial Officer

EXHIBIT A: State Tax Registration Summary EXHIBIT B: R&D Tax Credit Documentation Requirements EXHIBIT C: Software Revenue Sourcing Guidelines

[IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this document is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.]