

TAX MATTERS DOCUMENT 32

THIS TAX MATTERS DOCUMENT (this "Document") 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, Suite 400, Wilmington, Delaware 19801 ("Company") (EIN: 81-3456789).

WHEREAS, the Company is engaged in the development and commercialization of artificial intelligence and machine learning solutions for industrial applications through its proprietary NexusCore™ Platform;

WHEREAS, the Company seeks to document and establish certain tax treatment matters related to its research and development activities, revenue recognition methodologies, and multi-jurisdictional operations; and

WHEREAS, this Document shall serve as the controlling instrument for tax classification and treatment of the Company's technology development activities and associated revenue streams.

NOW, THEREFORE, the Company hereby establishes and declares the following:

1.0 PREAMBLE AND RECITALS

1.1 The Company is duly organized and validly existing under the laws of the State of Delaware, having been incorporated on March 15, 2017, with Delaware Entity File Number 6543210, and Federal Employer Identification Number (FEIN) 82-3456789.

1.2 The Company maintains its headquarters and primary research and development facilities at 2500 Innovation Drive, Suite 400, Wilmington, Delaware 19801, with additional development centers in California, Massachusetts, and Texas. These facilities collectively constitute the Company's operational nexus for tax purposes.

1.3 This Document, designated as Tax Matters Document 32, establishes the tax treatment framework for the Company's artificial intelligence and machine learning development activities, Software-as-a-Service revenue streams, and associated intellectual property rights.

1.4 The Company, operating as a qualified technology company under Section 1202 of the Internal Revenue Code, engages primarily in the development, deployment, and commercialization of artificial intelligence solutions across multiple jurisdictions.

1.5 WHEREAS, the Company seeks to establish clear documentation and compliance protocols for its multi-state tax obligations, particularly regarding the allocation of research

and development credits, treatment of subscription-based revenue, and characterization of intellectual property holdings.

1.6 WHEREAS, this Document shall serve as the primary reference for tax positions taken by the Company regarding its technological operations, including but not limited to: software development activities, cloud computing services, data processing operations, and artificial intelligence implementations.

1.7 NOW, THEREFORE, this Document sets forth the comprehensive framework for tax treatment of the Company's operations, effective as of the date of execution.

2.0 DEFINITIONS AND INTERPRETATIONS

2.1 "NexusCore™ Platform" means the Company's proprietary industrial artificial intelligence platform, including all associated software, algorithms, machine learning models, and edge computing capabilities developed by the Company. This encompasses: (a) Core algorithmic components and computational frameworks (b) Data processing and analytics modules (c) Neural network architectures and training systems (d) Edge deployment infrastructure and associated hardware interfaces (e) User interface components and visualization tools (f) API interfaces and integration frameworks

2.2 "Qualified Research Expenses" or "QREs" shall mean expenses that qualify for the Research & Development Tax Credit under Internal Revenue Code Section 41, including: (a) Wages for qualified services, specifically: (i) Direct research activities (ii) Direct supervision of research (iii) Direct support of research activities (b) Supply costs, encompassing: (i) Materials consumed in research (ii) Cloud computing resources (iii) Development hardware (c) Contract research expenses, limited to: (i) 65% of amounts paid to third-party contractors (ii) 75% of amounts paid to qualified research consortia (d) Basic research payments to qualified organizations

2.3 "SaaS Revenue" means subscription-based revenue generated from the licensing of the NexusCore™ Platform, including: (a) Platform access fees, categorized as: (i) Base subscription charges (ii) User-based licensing fees (iii) Module-specific access rights (b) Implementation services, comprising: (i) Initial platform deployment (ii) Custom configuration services (iii) Data migration assistance (c) Maintenance and support fees, including: (i) Technical support services (ii) Platform updates and upgrades (iii) Security patches and maintenance (d) Usage-based charges, calculated based on: (i) Computational resource consumption (ii) Data storage utilization (iii) API call volume

2.4 "Intellectual Property Rights" means all patents, patent applications, copyrights, trade secrets, and other proprietary rights related to the NexusCore™ Platform and associated technologies, specifically: (a) Patents and patent applications, including: (i) Utility patents (ii) Design patents (iii) Provisional applications (b) Copyrights covering: (i) Source code (ii)

Documentation (iii) User interfaces (c) Trade secrets, encompassing: (i) Algorithmic implementations (ii) Training methodologies (iii) Technical specifications (d) Proprietary information, including: (i) Development processes (ii) Customer deployment methodologies (iii) Performance optimization techniques

2.5 "Technical Documentation" means all written materials, specifications, manuals, and other documents describing the functionality, operation, and use of the NexusCore™ Platform, including: (a) API documentation (b) System architecture specifications (c) User manuals and guides (d) Implementation playbooks (e) Security protocols (f) Performance benchmarks

3.0 TAX CLASSIFICATION AND TREATMENT

3.1 Software Development Classification (a) The Company's core software development activities shall be classified as qualified research activities under IRC Section 41. (b) Machine learning model development and training activities constitute experimental development for tax purposes. (c) Edge computing optimization efforts qualify as technological advancement activities. (d) Software development activities must meet the following criteria for qualification: (i) Involve systematic investigation or search (ii) Address technological uncertainty (iii) Advance the state of knowledge in computer science (iv) Document experimental methodologies and outcomes (e) Non-qualifying activities include: (i) Routine software maintenance (ii) User interface cosmetic changes (iii) Database administration (iv) Standard debugging procedures

3.2 Research & Development Activities (a) The following activities shall qualify as R&D for tax credit purposes: (i) Algorithm development and optimization (ii) Computer vision system enhancement (iii) Machine learning model training and validation (iv) Edge computing architecture development (b) Documentation requirements for qualified activities are specified in Section 5.2. (c) Qualifying R&D activities must demonstrate: (i) Technical objectives and hypothesis (ii) Systematic experimentation methodology (iii) Documentation of technical uncertainty (iv) Measurable performance improvements (d) Contemporaneous documentation must include: (i) Project planning documents (ii) Technical specifications (iii) Test protocols and results (iv) Research conclusions and findings (e) Personnel time allocation must be tracked with: (i) Detailed time records (ii) Project assignment documentation (iii) Role-specific contribution reports (iv) Supervisor verification

3.3 Revenue Recognition Methods (a) SaaS revenue shall be recognized ratably over the subscription term. (b) Implementation services revenue shall be recognized as performed. (c) Usage-based revenue shall be recognized monthly based on actual platform utilization. (d) Multi-element arrangements shall be allocated based on: (i) Standalone selling prices (ii) Relative fair value (iii) Residual method when appropriate (e) Revenue recognition criteria must include: (i) Persuasive evidence of arrangement (ii) Delivery or performance completion (iii) Fixed or determinable fees (iv) Probable collectibility (f) Deferred revenue treatment

applies to: (i) Advance payments (ii) Undelivered elements (iii) Extended support obligations (iv) Future performance obligations

3.4 International Revenue Allocation (a) Revenue shall be allocated based on customer location and usage patterns. (b) Transfer pricing methodologies shall follow OECD guidelines. (c) Documentation requirements are specified in Section 5.4. (d) International revenue allocation must consider: (i) Permanent establishment status (ii) Economic substance requirements (iii) Value creation location (iv) Risk assumption patterns (e) Transfer pricing documentation shall include: (i) Functional analysis (ii) Economic analysis (iii) Comparability analysis (iv) Method selection justification (f) Profit allocation methodologies must: (i) Reflect arm's length principle (ii) Consider value chain analysis (iii) Document profit drivers (iv) Support allocation ratios

3.5 Tax Compliance Requirements (a) The Company shall maintain: (i) Contemporaneous documentation (ii) Technical justification records (iii) Time tracking systems (iv) Project management documentation (b) Annual review procedures include: (i) Classification verification (ii) Documentation completeness check (iii) Methodology validation (iv) Compliance certification (c) Regular updates required for: (i) Technical advancement claims (ii) Research credit calculations (iii) Revenue recognition methods (iv) International allocation support

4.0 REPRESENTATIONS AND WARRANTIES

4.1 Tax Compliance Status The Company represents and warrants that: (a) All federal, state, and local tax returns have been timely filed, including all required schedules, attachments, and supporting documentation (b) All tax payments are current and complete, including estimated tax payments, payroll taxes, and sales/use taxes (c) No material tax disputes are pending or threatened, and no tax authority has indicated potential examination or audit (d) All tax compliance procedures are documented and regularly reviewed by qualified personnel (e) Tax reserves are maintained in accordance with GAAP principles and reviewed quarterly

4.2 R&D Credit Qualification The Company represents and warrants that: (a) Its research activities meet the four-part test under IRC Section 41, specifically: (i) The research is intended to discover technological information (ii) The discovered information is technological in nature (iii) The research is intended for use in developing new or improved business components (iv) Substantially all research activities constitute elements of a process of experimentation (b) All claimed QREs are properly documented and substantiated through: (i) Contemporaneous project documentation (ii) Employee time tracking records (iii) Expense allocation methodologies (iv) Technical documentation of research outcomes (c) All research activities are conducted within the United States, with specific documentation of: (i) Physical research locations (ii) Personnel assignments and roles (iii) Equipment and facility usage records

4.3 International Tax Compliance The Company represents and warrants compliance with: (a) OECD transfer pricing guidelines, including: (i) Maintenance of contemporaneous documentation (ii) Annual review of intercompany agreements (iii) Regular updates to functional and risk analyses (b) Foreign tax reporting requirements, encompassing: (i) Country-by-country reporting obligations (ii) Foreign bank account reporting (iii) Controlled foreign corporation disclosures (c) International tax treaty obligations, including: (i) Permanent establishment considerations (ii) Withholding tax compliance (iii) Treaty benefit qualification documentation

4.4 State Tax Nexus The Company represents and warrants that: (a) It has properly registered in all states where required, based on: (i) Physical presence thresholds (ii) Economic nexus standards (iii) Marketplace facilitator obligations (b) All state tax obligations are current, including: (i) Sales and use tax collections and remittances (ii) Income/franchise tax filings (iii) Property tax assessments and payments (c) Nexus determinations are regularly reviewed and updated through: (i) Quarterly business activity reviews (ii) Sales threshold monitoring (iii) Employee location tracking

4.5 AI/ML Development Activities The Company represents and warrants that: (a) All artificial intelligence and machine learning development activities: (i) Comply with relevant regulatory requirements (ii) Maintain appropriate data privacy controls (iii) Follow established ethical guidelines (b) Documentation is maintained regarding: (i) Algorithm development and testing (ii) Data source validation (iii) Model validation procedures (c) Intellectual property rights are properly secured for: (i) Proprietary algorithms (ii) Training datasets (iii) Model outputs and applications

4.6 Compliance Monitoring The Company represents and warrants that: (a) Regular compliance reviews are conducted by: (i) Internal tax department personnel (ii) External tax advisors (iii) Independent auditors (b) Documentation retention policies are maintained for: (i) All tax filings and supporting materials (ii) Research and development activities (iii) International tax matters (c) Remediation procedures are established for: (i) Addressing compliance gaps (ii) Responding to regulatory inquiries (iii) Implementing necessary corrections

5.0 COVENANTS AND OBLIGATIONS

5.1 Tax Record Maintenance The Company shall maintain: (a) Detailed R&D activity logs, including contemporaneous documentation of all experimental procedures, methodologies, and outcomes (b) Revenue allocation documentation, with specific emphasis on interstate and international revenue attribution methodologies (c) State nexus analysis records, including comprehensive documentation of physical presence, economic nexus thresholds, and affiliate relationships (d) All records for minimum seven (7) years from the date of filing or due date, whichever is later (e) Digital backup systems with appropriate security protocols and

redundancy measures (f) Audit trail documentation demonstrating compliance with record retention requirements

5.2 R&D Documentation Requirements The Company shall document: (a) Technical uncertainty being addressed, including: (i) Specific technological challenges (ii) Current industry limitations (iii) Existing technological capabilities (iv) Proposed innovative solutions (b) Process of experimentation, comprising: (i) Systematic evaluation methods (ii) Alternative approaches considered (iii) Testing protocols and procedures (iv) Documentation of failures and iterations (c) Scientific or technological advancement, detailing: (i) Improvement over existing technologies (ii) Novel features or capabilities (iii) Industry impact assessment (d) Qualification analysis for each research project, including: (i) Four-part test compliance documentation (ii) Project-specific eligibility determination (iii) Contemporary substantiation evidence

5.3 State Tax Registration The Company shall: (a) Monitor nexus-creating activities through: (i) Monthly threshold tracking (ii) Employee activity monitoring (iii) Property location documentation (b) Register promptly when required, within thirty (30) days of threshold breach (c) Maintain current registrations and permits (d) File returns timely with appropriate supporting documentation (e) Conduct quarterly nexus reviews and assessments (f) Implement automated compliance monitoring systems

5.4 International Tax Reporting The Company shall: (a) Maintain transfer pricing documentation, including: (i) Functional analysis (ii) Economic analysis (iii) Comparability studies (iv) Intercompany agreements (b) File required international forms, including: (i) Country-by-Country reporting (ii) Master file documentation (iii) Local file documentation (c) Monitor foreign tax obligations through: (i) Quarterly compliance reviews (ii) Local country requirement updates (iii) Treaty obligation assessments (d) Update compliance procedures annually, addressing: (i) Regulatory changes (ii) Operational modifications (iii) Risk assessment findings

5.5 Compliance Monitoring and Reporting The Company shall: (a) Establish internal control procedures (b) Conduct quarterly compliance assessments (c) Maintain documentation of remediation efforts (d) Report material compliance issues to management (e) Engage external advisors as necessary (f) Update compliance policies and procedures

IN WITNESS WHEREOF, this Document has been executed as of the Effective Date.

[Signature block and exhibits remain unchanged]