

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 develops and provides proprietary artificial intelligence software solutions for industrial applications;

WHEREAS, the Company desires to certify certain tax matters and document its tax compliance procedures;

NOW, THEREFORE, the Company hereby certifies and agrees 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 entity classification elections under Treasury Regulations Section 301.7701-3. The Company maintains this classification continuously since its incorporation and acknowledges its obligations under Subchapter C of the Internal Revenue Code, including the application of corporate-level taxation on its worldwide income.

1.2 Tax Residency

The Company confirms its tax residency in the United States and maintains substantial business operations in Delaware, California, Massachusetts, and Texas. The Company has properly registered and maintains good standing with tax authorities in all jurisdictions where required. The Company's principal place of business and management activities are conducted within these jurisdictions, establishing clear domestic tax residency under Internal Revenue Code Section 7701(a)(4).

1.3 FATCA Status

The Company certifies its status as a U.S. Person as defined under the Foreign Account Tax Compliance Act ("FATCA") and is not subject to FATCA withholding requirements. The Company maintains appropriate documentation, including Form W-9, to verify its status and

complies with all applicable reporting requirements under FATCA and related international tax information exchange agreements.

1.4 Sales Tax Nexus

The Company acknowledges economic nexus for sales tax purposes in thirty-seven (37) U.S. states based on its provision of Software-as-a-Service ("SaaS") solutions. The Company maintains all required sales tax registrations and collection mechanisms for jurisdictions where its products are deemed taxable. This includes compliance with state-specific economic nexus thresholds, ranging from \$100,000 to \$500,000 in annual sales or 200 separate transactions, as applicable per jurisdiction.

1.5 Tax Compliance Procedures

The Company maintains comprehensive internal procedures for tax compliance, including regular reviews of nexus determinations, maintenance of contemporaneous documentation, and timely filing of all required returns and information reports. The Company engages qualified tax professionals to review its positions and maintains a tax risk management framework that includes periodic assessments of changing tax laws and regulations affecting its operations. The Company acknowledges its obligation to notify relevant parties of any material changes to its tax status or compliance obligations as described herein.

2.0 TAX REPRESENTATIONS AND WARRANTIES

2.1 Federal Income Tax Compliance

The Company represents and warrants that: (a) All required federal income tax returns have been timely filed, including Form 1120 or relevant pass-through entity returns; (b) All taxes shown as due have been paid in full, including quarterly estimated payments and any penalties or interest; (c) No federal tax audits are currently pending or threatened, and no IRS notices have been received within the past three years; (d) All required estimated tax payments have been made when due, in accordance with IRC §6655; (e) The Company maintains comprehensive documentation supporting all tax positions taken on federal returns; (f) All information returns, including Forms 1099 and W-2, have been timely filed and accurately completed.

2.2 State and Local Tax Compliance

The Company represents that it: (a) Has properly registered for all required state and local taxes in jurisdictions where it maintains nexus; (b) Maintains current compliance with state franchise tax obligations and filing requirements; (c) Has implemented proper apportionment methodologies for state income taxes based on sales, property, and payroll factors; (d) Collects and remits sales tax where required for SaaS offerings, including proper documentation of

exempt sales; (e) Has conducted nexus studies to determine tax obligations in all jurisdictions where it conducts business; (f) Maintains current business licenses and permits required by state and local authorities.

2.3 International Tax Obligations

The Company warrants that: (a) It has properly reported all income from international customers and maintains documentation of foreign source income; (b) It maintains transfer pricing documentation for intercompany transactions in accordance with IRC §482; (c) It has evaluated and complies with GILTI provisions where applicable under IRC §951A; (d) It has no permanent establishments in foreign jurisdictions that would trigger additional tax obligations; (e) It complies with all applicable tax treaties and foreign tax credit requirements; (f) It maintains documentation supporting the application of reduced withholding rates under tax treaties.

2.4 R&D Tax Credit Qualification

The Company represents that: (a) It qualifies for and has properly claimed federal R&D tax credits under IRC §41; (b) All claimed R&D activities meet the four-part test under IRC §41, including: (i) Elimination of technological uncertainty (ii) Process of experimentation (iii) Technological in nature (iv) Qualified purpose (c) Documentation exists supporting all R&D credit claims, including: (i) Contemporary project records (ii) Employee time tracking (iii) Project costs and expenses (iv) Technical documentation of research activities (d) State R&D credits have been properly claimed where available, with supporting documentation; (e) The Company maintains records of qualified research expenses (QREs) including: (i) Wages for qualified services (ii) Supplies used in research (iii) Contract research expenses (iv) Basic research payments (f) All claimed credits comply with the consistency rule under Treasury Regulation §1.41-3(d).

3.0 REVENUE RECOGNITION AND TAX TREATMENT

3.1 SaaS Revenue Recognition

The Company implements the following methodology: (a) Recognition of subscription revenue ratably over contract term, with revenue recognized monthly based on the service delivery period; (b) Proper tax characterization of SaaS offerings by jurisdiction, including consideration of state-specific software and cloud computing regulations; (c) Separate treatment of implementation and customization revenue, with recognition upon completion of defined milestones; (d) Documentation of performance obligations for tax purposes, including detailed service level agreements and deliverables; (e) Treatment of early termination fees and contract modifications in accordance with ASC 606 guidelines; (f) Recognition of setup fees amortized over the expected customer relationship period.

3.2 Multi-State Revenue Allocation

Revenue is allocated among states based on: (a) Market-based sourcing rules where applicable, with specific consideration for each jurisdiction's interpretation; (b) Location of customer benefit received, documented through customer master data and usage metrics; (c) Special software and digital goods sourcing rules, including consideration of server locations and user access points; (d) Documented nexus determination procedures, updated annually or upon material business changes; (e) Apportionment methodologies specific to each state's requirements; (f) Economic nexus thresholds monitoring and compliance procedures; (g) Documentation of primary use location for enterprise customers with multiple locations.

3.3 Professional Services Classification

The Company maintains distinct classification of: (a) Implementation services revenue, recognized based on completed milestones; (b) Training and support services, with revenue recognized as services are delivered; (c) Consulting and advisory services, tracked separately from core subscription offerings; (d) Custom development work, with recognition tied to acceptance criteria; (e) Project-based services with defined deliverables and completion terms.

3.4 Tax Compliance Requirements

The Company shall maintain: (a) Detailed transaction records supporting revenue allocation methodologies; (b) Regular review and updates of taxability determinations by jurisdiction; (c) Documentation supporting treatment of bundled services and goods; (d) Procedures for handling tax exemption certificates and reseller documentation; (e) Regular reconciliation of reported revenue across tax filings; (f) Audit trail of revenue recognition decisions and methodologies; (g) Compliance monitoring for emerging state and local tax requirements; (h) Documentation of international revenue treatment for cross-border transactions; (i) Periodic review of revenue classification methodologies by qualified tax professionals.

4.0 TAX COMPLIANCE PROCEDURES

4.1 Filing Procedures

The Company maintains comprehensive procedures for: (a) Timely preparation and review of all tax filings, including quarterly estimates and annual returns; (b) Documentation of tax positions taken, supported by contemporaneous analysis; (c) Retention of supporting calculations and workpapers, including third-party validations; (d) Management review and approval protocols, with designated authority levels; (e) Implementation of automated tax compliance software and verification systems; (f) Regular reconciliation of book-to-tax differences and supporting schedules.

4.2 Record Retention

All tax records are retained according to the following schedule: (a) Federal tax returns and supporting documentation: 7 years from filing date; (b) State tax filings and nexus documentation: 7 years from filing date; (c) Sales tax exemption certificates: 5 years from transaction date; (d) R&D tax credit supporting documentation: 7 years from claiming date; (e) Transfer pricing studies and intercompany agreements: 10 years; (f) Property tax assessments and appeals: 7 years from assessment date; (g) Employment tax records and payroll documentation: 7 years; (h) International tax filings and documentation: 10 years.

4.3 Audit Response Protocols

The Company maintains formal procedures for: (a) Responding to tax authority inquiries within prescribed deadlines; (b) Managing tax audits and examinations, including appointment of audit coordinators; (c) Engaging external tax advisors when necessary, subject to approved thresholds; (d) Documenting audit proceedings and resolutions comprehensively; (e) Implementing internal controls to address identified compliance gaps; (f) Conducting pre-audit assessments and risk evaluations.

4.4 Compliance Monitoring

The Company shall maintain ongoing monitoring procedures including: (a) Quarterly compliance reviews by qualified tax personnel; (b) Annual assessment of tax risk areas and control effectiveness; (c) Regular updates to tax compliance procedures based on regulatory changes; (d) Training programs for relevant personnel on tax compliance requirements; (e) Documentation of significant tax positions and uncertain tax positions; (f) Regular review of transfer pricing policies and documentation; (g) Monitoring of state and local tax obligations and nexus triggers; (h) Verification of tax payment processing and reconciliation procedures.

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

APPENDIX A: State Tax Registration Schedule APPENDIX B: R&D Credit Documentation Requirements EXHIBIT 1: Sales Tax Nexus Analysis EXHIBIT 2: Revenue Recognition Methodology

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