TAX DOCUMENTATION AND CERTIFICATION

DOCUMENT NO. 32

THIS TAX DOCUMENTATION AND CERTIFICATION (this "Documentation") 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 ("Company").

WHEREAS, the Company develops and provides proprietary artificial intelligence software solutions and related services through its NexusCore™ Industrial AI Platform;

WHEREAS, the Company seeks to document its tax classifications, revenue recognition methodologies, and compliance obligations across multiple jurisdictions;

NOW, THEREFORE, the Company hereby certifies and documents the following:

1.0 TAX CERTIFICATION AND REPRESENTATIONS

1.1 Entity Classification

The Company hereby certifies that it is classified as a C-corporation for federal tax purposes under Internal Revenue Code ("IRC") § 301.7701-2 and has not made any election to be treated otherwise. The Company maintains its status as a qualified small business under IRC § 1202 for purposes of qualified small business stock treatment. The Company further affirms compliance with the active business requirements under IRC § 1202(e) and meets the gross assets test limitation of $50 million as specified in IRC § 1202(d).

1.2 Tax Registration Status

The Company maintains active tax registrations in all jurisdictions where it conducts business, including but not limited to: (a) Federal Employer Identification Number: 82-3456789 (b) Delaware Business Registration: DL-2018-0315-LLC (c) All required state tax registrations as detailed in Exhibit A

The Company certifies its ongoing compliance with state nexus requirements and economic presence thresholds as established by South Dakota v. Wayfair, Inc., 585 U.S. ___ (2018), including registration in jurisdictions where its digital product sales exceed applicable economic nexus thresholds.

1.3 Software Revenue Classification

The Company's primary revenue from the NexusCore™ platform is classified as software license and subscription revenue under IRC § 861-18, qualifying as: (a) Computer software revenue under Treas. Reg. § 1.861-18(a) (b) Software as a Service (SaaS) recurring revenue (c) Digital automated services under applicable state statutes

The Company maintains detailed documentation supporting the characterization of its AI-enabled software products as qualifying computer software under Treasury Regulation § 1.861-18(a)(3), including separation of: (i) Core software licensing components (ii) Implementation and configuration services (iii) Ongoing maintenance and support services (iv) Data processing and AI model training services

1.4 International Tax Treatment

The Company's cross-border transactions involving AI services are classified according to OECD guidelines on digital services taxation, with specific treatment as detailed in Exhibit B. The Company implements transfer pricing policies in accordance with OECD Transfer Pricing Guidelines and IRC § 482, including: (a) Appropriate cost-sharing arrangements for R&D activities (b) Arm's length pricing for intercompany transactions (c) Documentation supporting permanent establishment determinations

1.5 R&D Tax Credit Qualification

The Company claims Research & Development tax credits under IRC § 41 for qualifying research expenses related to AI/ML development activities. The Company maintains contemporaneous documentation demonstrating that its research activities satisfy the four-part test under IRC § 41(d): (a) Permitted Purpose: Development of new or improved business components (b) Elimination of Uncertainty: Technical uncertainty regarding development or improvement (c) Process of Experimentation: Systematic evaluation of alternatives (d) Technological in Nature: Reliance on principles of computer science and engineering

The Company segregates qualifying research expenses into appropriate categories including: (i) Qualified wages for R&D personnel (ii) Supply costs related to research activities (iii) Contract research expenses (iv) Cloud computing costs for AI model development (v) Basic research payments to qualified organizations

2.0 REVENUE RECOGNITION AND SOURCING

2.1 SaaS Revenue Recognition

(a) Subscription revenue is recognized ratably over the subscription term, commencing on the date when the customer gains access to the NexusCore™ platform. The subscription period

shall be determined by the executed service agreement and shall be measured in complete calendar months.

(b) Implementation services are recognized as performed based on measurable milestones, including but not limited to: (i) Initial system configuration and setup (ii) Data migration and validation (iii) User acceptance testing (iv) Production deployment (v) Training completion

(c) Usage-based AI processing fees are recognized when the processing occurs, with the following specifications: (i) Processing time measured in compute units (ii) Data throughput measured in terabytes (iii) API calls counted per authenticated request (iv) Model training sessions measured by duration

2.2 Multi-state Revenue Allocation

The Company allocates revenue among states using the following methodology:

(a) Market-based sourcing for software subscriptions shall be determined by: (i) Primary user location as specified in the service agreement (ii) IP address verification for cloud access points (iii) Billing address for invoicing purposes (iv) Contract signing location for enterprise agreements

(b) Cost of performance for professional services is allocated based on: (i) Physical location where services are performed (ii) Time tracking by state for remote services (iii) Travel expenses and resource allocation (iv) Project management office location

(c) User location for usage-based processing fees is determined through: (i) Geographic IP tracking (ii) User authentication records (iii) Data center location mapping (iv) Load balancing distribution

2.3 International Revenue Sourcing

Cross-border revenue is sourced according to:

(a) Location of customer deployment, considering: (i) Primary business address (ii) Subsidiary locations (iii) Branch offices (iv) Remote workforce distribution

(b) Server location for cloud-based services, including: (i) Primary data center location (ii) Backup and disaster recovery sites (iii) Content delivery network points (iv) Edge computing nodes

(c) Permanent establishment considerations where applicable, including: (i) Physical presence requirements (ii) Digital service tax implications (iii) Treaty obligations (iv) Local tax authority determinations

2.4 Revenue Classification and Timing

(a) Revenue shall be classified into the following categories: (i) Core subscription services (ii) Premium feature upgrades (iii) Professional services (iv) Usage-based processing (v) Support and maintenance

(b) Recognition timing shall consider: (i) Contract commencement date (ii) Service activation date (iii) Billing cycle alignment (iv) Performance obligation completion

2.5 Special Considerations

(a) Multi-element arrangements shall be evaluated for: (i) Separate performance obligations (ii) Standalone selling prices (iii) Allocation of transaction price (iv) Timing of revenue recognition

(b) Contract modifications shall be assessed for: (i) Material changes to scope (ii) Price adjustments (iii) Service level modifications (iv) Term extensions or reductions

2.6 Documentation Requirements

(a) The Company shall maintain the following revenue documentation: (i) Executed service agreements (ii) Implementation milestone records (iii) Usage tracking logs (iv) Geographic allocation worksheets (v) Revenue recognition calculations

(b) Supporting documentation shall include: (i) Customer acceptance certificates (ii) Service delivery records (iii) Performance obligation completion evidence (iv) Multi-state allocation workpapers (v) International sourcing analysis

2.7 Compliance and Reporting

(a) Revenue recognition and sourcing shall comply with: (i) Generally Accepted Accounting Principles (ii) State tax regulations (iii) International tax treaties (iv) Digital service tax requirements (v) Transfer pricing guidelines

(b) Regular reporting shall include: (i) Monthly revenue recognition schedules (ii) Quarterly state allocation reports (iii) Annual international sourcing analysis (iv) Compliance certification documentation

3.0 RESEARCH & DEVELOPMENT CLASSIFICATIONS

3.1 Qualified Research Activities

The Company's qualified research activities under IRC § 41 include: (a) Development of machine learning algorithms, encompassing: - Neural network architecture design and optimization - Training methodology improvements - Model validation and testing protocols - Algorithm performance benchmarking (b) Computer vision system improvements, including: -

Object detection and classification systems - Real-time image processing optimization - Multi-sensor fusion algorithms - Performance optimization for edge devices (c) Edge computing optimization research, comprising: - Distributed computing architectures - Resource allocation algorithms - Network latency reduction methods - Power consumption optimization (d) Industrial process optimization algorithms, covering: - Manufacturing workflow optimization - Predictive maintenance systems - Quality control automation - Resource utilization improvements

3.2 R&D Credit Calculations

R&D credits are calculated according to: (a) IRC § 41 requirements for qualified research expenses, including: - Wages for qualified services - Supplies used in conducting qualified research - Contract research expenses (65% limitation) - Basic research payments to qualified organizations (b) State-specific R&D credit provisions, considering: - Jurisdiction-specific qualification criteria - Alternative calculation methods - Credit carryforward provisions - Supplemental documentation requirements (c) Documentation requirements detailed in Exhibit C, encompassing: - Contemporary project documentation - Time tracking and allocation records - Expense substantiation - Technical uncertainty evidence

3.3 Technology Development Expenses

The Company capitalizes certain development costs under IRC § 174, including: (a) Core AI engine development, specifically: - Algorithm implementation and testing - System architecture design - Integration testing and validation - Performance optimization protocols (b) Platform architecture improvements, comprising: - Scalability enhancements - Security framework development - API development and documentation - Database optimization (c) New module development costs, including: - Feature specification and design - Implementation and testing - Documentation and deployment - Quality assurance protocols

3.4 Excluded Activities

The following activities do not qualify as research and development: (a) Routine software maintenance and bug fixes (b) Market research and customer surveys (c) Management studies or efficiency surveys (d) Quality control testing (e) Advertising or promotional activities

3.5 Documentation Requirements

The Company shall maintain comprehensive documentation including: (a) Technical documentation describing: - Research objectives and hypotheses - Technical uncertainty addressed - Development process and methodology - Results and conclusions (b) Financial records detailing: - Direct labor costs - Material expenses - Contract research payments - Overhead allocations (c) Project management documentation: - Timeline and milestones - Resource allocation - Progress reports - Technical reviews

3.6 Periodic Review

The Company shall conduct quarterly reviews of: (a) Research project qualification status (b) Documentation completeness (c) Credit calculation accuracy (d) Compliance with IRC requirements (e) State-specific credit qualification

4.0 STATE AND LOCAL TAX OBLIGATIONS

4.1 Nexus Determinations

The Company maintains nexus in jurisdictions based on: (a) Physical presence of employees or servers, including temporary or intermittent presence exceeding fourteen (14) cumulative days within any twelve-month period (b) Economic nexus thresholds for digital services, as established by individual state regulations (c) Factor presence standards as detailed in Exhibit D, incorporating property, payroll, and sales factors

4.1.1 Physical Presence Standards

Physical presence shall be established through: (a) Maintenance of offices, warehouses, or data centers (b) Employee activities, including sales, technical support, or consulting services (c) Server locations and cloud computing infrastructure (d) Third-party contractors performing services on behalf of the Company (e) Inventory storage or fulfillment services

4.1.2 Economic Nexus Criteria

Economic nexus shall be evaluated based on: (a) Gross revenue thresholds per state (b) Transaction volume metrics (c) Digital service delivery footprint (d) Customer location data (e) Recurring revenue streams

4.2 State Filing Requirements

The Company files returns in all states where: (a) Revenue exceeds economic nexus thresholds as specified in Appendix A (b) Physical presence is maintained through any qualifying activity (c) Digital services are provided to in-state customers (d) Marketplace facilitator obligations exist

4.2.1 Filing Deadlines and Procedures

The Company shall: (a) Maintain a comprehensive calendar of state filing deadlines (b) Submit returns electronically where required (c) Remit payments through approved electronic methods (d) Retain supporting documentation for seven (7) years (e) Monitor threshold changes and filing requirement updates

4.2.2 Documentation Requirements

Required documentation includes: (a) Customer location verification records (b) Revenue allocation worksheets (c) Nexus determination studies (d) State-specific exemption certificates (e) Transaction records by jurisdiction

4.3 Sales Tax Treatment

SaaS and digital services are treated as: (a) Taxable in states following the enumerated services approach (b) Exempt in states with software exemptions (c) Subject to special digital goods provisions where applicable

4.3.1 Product Classification

The Company shall classify products and services as: (a) Software as a Service (SaaS) (b) Digital goods (c) Information services (d) Data processing services (e) Professional services

4.3.2 Taxability Matrix

Maintain and update a comprehensive taxability matrix addressing: (a) State-by-state treatment of each service category (b) Applicable tax rates and special provisions (c) Local tax obligations (d) Industry-specific exemptions (e) Bundled transaction rules

4.4 Compliance Procedures

4.4.1 Registration Requirements

The Company shall: (a) Register for tax accounts in all applicable jurisdictions (b) Maintain active registrations and licenses (c) Update registration information as required (d) Monitor registration threshold changes (e) Comply with state-specific registration procedures

4.4.2 Record Keeping

Maintain detailed records including: (a) Customer agreements and contracts (b) Service delivery documentation (c) Payment processing records (d) Tax calculation worksheets (e) Exemption certificate management system

4.5 Special Considerations

4.5.1 Marketplace Facilitator Rules

Address marketplace facilitator obligations including: (a) Collection and remittance requirements (b) Notice and reporting obligations (c) Platform provider responsibilities (d) Third-party seller documentation (e) Marketplace-specific compliance procedures

4.5.2 Local Tax Obligations

Monitor and comply with: (a) City and county tax requirements (b) Special district taxes (c) Home rule jurisdiction requirements (d) Local registration obligations (e) Municipal tax reporting requirements

4.6 Audit Preparation

Maintain audit-ready documentation including: (a) Nexus questionnaires and studies (b) Revenue sourcing documentation (c) Tax calculation methodologies (d) System configuration documentation (e) Historical filing records and supporting documentation

The Company shall review and update these procedures annually or upon significant changes in state tax laws or Company operations. All determinations and procedures shall be documented and maintained in accordance with the Company's record retention policy.

DEFINITIONS

"AI Services" means artificial intelligence-powered software services provided through the NexusCore™ platform.

"Digital Services" means electronically delivered software and related services.

"Platform" means the NexusCore™ Industrial AI Platform and related components.

"Qualified Research" has the meaning set forth in IRC § 41(d).

EXHIBITS

Exhibit A: State Tax Registration Details Exhibit B: International Tax Treatment Schedule Exhibit C: R&D Documentation Requirements Exhibit D: Nexus Analysis by State

IN WITNESS WHEREOF, the Company has executed this Documentation as of the Effective Date.

NEXUS INDUSTRIAL INTELLIGENCE, INC.

By: ___ ____ Name: David Kumar Title: Chief Financial Officer

ATTESTATION:

By: ___ ____ Name: Sarah Chen Title: Chief Executive Officer

[Corporate Seal]