

TAX MATTERS CERTIFICATE AND DOCUMENTATION

THIS TAX MATTERS CERTIFICATE AND DOCUMENTATION (this "Certificate") is made and entered into as of January 15, 2024 (the "Effective Date"), by NEXUS INDUSTRIAL INTELLIGENCE, INC., a Delaware corporation (the "Company").

WHEREAS, the Company is engaged in the business of developing and providing artificial intelligence-powered software solutions for industrial process optimization;

WHEREAS, the Company desires to certify certain matters relating to its tax status, obligations, and compliance for various business and regulatory purposes;

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

1.0 TAX MATTERS CERTIFICATE

1.1 Entity Classification

The Company hereby certifies that it (a) is a corporation duly organized under the laws of the State of Delaware, (b) has not made any election to be treated as other than a C-corporation for U.S. federal income tax purposes under Treasury Regulation Section 301.7701-3, and (c) maintains its status as a domestic corporation under IRC Section 7701(a)(4). The Company further acknowledges its obligation to file Form 8832 should any changes to its entity classification be contemplated, and confirms that no such filing has been made since its incorporation.

1.2 Tax Residency

The Company confirms its tax residency in the United States and certifies that it maintains its principal place of business at 2500 Innovation Drive, Suite 400, Wilmington, Delaware 19801. The Company acknowledges its obligations under Delaware Code Title 30, Chapter 19, regarding corporate income tax reporting and maintains substantial business activities within the state as evidenced by its operational headquarters, employee presence, and management activities.

1.3 FATCA Status

The Company certifies that it is a U.S. Person as defined in IRC Section 7701(a)(30) and is not subject to FATCA withholding as a foreign financial institution or non-financial foreign entity. The Company maintains appropriate documentation, including Form W-9, to substantiate its

status and commits to promptly notify relevant parties of any change in circumstances affecting its FATCA classification.

1.4 Revenue Recognition Methodology

The Company implements revenue recognition methodologies in accordance with ASC 606 for its software licensing and SaaS offerings, specifically: (a) Performance obligations for NexusCore™ platform subscriptions are recognized ratably over the subscription term; (b) Implementation services revenue is recognized as services are performed; (c) Usage-based AI processing fees are recognized when the underlying processing occurs.

1.5 State Tax Nexus Declarations

The Company acknowledges its multi-state tax obligations and maintains appropriate nexus registrations in jurisdictions where it conducts business. This includes compliance with economic nexus thresholds for software and SaaS services as established by South Dakota v. Wayfair, Inc., 585 U.S. ____ (2018).

1.6 Transfer Pricing Compliance

The Company maintains transfer pricing policies compliant with IRC Section 482 and associated regulations for all intercompany transactions, including cross-border technology licensing and service arrangements.

1.7 Research and Development Credits

The Company claims research and development tax credits under IRC Section 41 for qualified research expenses related to software development activities. Documentation supporting such claims is maintained in accordance with Treasury Regulation Section 1.41-4.

1.8 Sales Tax Treatment

The Company applies appropriate sales tax treatment to its various revenue streams in accordance with state-specific regulations regarding SaaS and digital products. This includes maintaining exemption certificates where applicable and implementing proper tax calculation methodologies for multi-state transactions.

1.9 Tax Compliance Representation

The Company represents that it has filed all required federal, state, and local tax returns and reports, has remitted all required tax payments, and maintains adequate records to support its tax positions in accordance with IRC Section 6001 and applicable state regulations.

2.0 TAX REPRESENTATIONS AND WARRANTIES

2.1 Federal and State Tax Compliance

The Company represents and warrants that: (a) It has timely filed all required federal and state income tax returns, including all necessary schedules, attachments, and supporting documentation; (b) All tax returns are true, complete, and accurate in all material respects, with no intentional omissions or misrepresentations; (c) All taxes shown as due have been paid or adequately reserved in accordance with Generally Accepted Accounting Principles (GAAP); (d) No tax audits or examinations are currently pending or threatened by any federal, state, or local taxing authority; (e) The Company maintains comprehensive records supporting all tax positions taken, including electronic and physical documentation, for the statutorily required retention periods; (f) All estimated tax payments have been made in a timely manner and in sufficient amounts to avoid penalties and interest charges.

2.2 Sales Tax Nexus

The Company represents regarding sales tax nexus: (a) It maintains economic nexus registrations in all states where subscription revenue exceeds applicable thresholds, including monitoring of transaction volumes and dollar amounts; (b) It collects and remits sales tax on taxable software services as required by state law, with specific attention to: (i) Cloud-based software access and licensing (ii) Implementation and customization services (iii) Training and support services (iv) Data processing services (c) It maintains documentation supporting non-taxable treatment of enterprise SaaS subscriptions where applicable, including: (i) Multi-state tax matrix documentation (ii) Customer exemption certificates (iii) Nexus determination studies (iv) Product taxability analyses (d) The Company conducts quarterly reviews of nexus thresholds and registration requirements across all jurisdictions.

2.3 R&D Tax Credit Qualification

The Company represents regarding IRC Section 41 R&D credits: (a) It maintains contemporaneous documentation of qualified research expenses, including: (i) Detailed project descriptions and technical specifications (ii) Time tracking records for technical personnel (iii) Documentation of experimental procedures and results (iv) Records of abandoned or failed development efforts (b) Its AI/ML development activities constitute qualified research under IRC Section 41, specifically: (i) Development of novel algorithms and methodologies (ii) Testing and validation of machine learning models (iii) Implementation of new neural network architectures (iv) Experimental development of training datasets (c) It appropriately allocates employee time between qualified and non-qualified activities through: (i) Detailed timesheet coding (ii) Project-specific activity logs (iii) Regular supervisory review and certification (d) All claimed credits comply with IRS regulations and relevant guidance, including: (i) The four-

part test for qualified research (ii) Exclusions for routine software development (iii) Documentation requirements under Treas. Reg. §1.41-4

2.4 International Tax Exposure

The Company represents regarding international operations: (a) It has no permanent establishments in foreign jurisdictions, as evidenced by: (i) Regular reviews of foreign business activities (ii) Documentation of temporary presence thresholds (iii) Monitoring of employee travel and activities (b) International revenue is properly allocated under transfer pricing principles, including: (i) Annual transfer pricing studies (ii) Contemporaneous documentation requirements (iii) Intercompany agreements and pricing methodologies (c) All cross-border transactions are conducted at arm's length, supported by: (i) Functional and risk analyses (ii) Comparable company benchmarking (iii) Regular review of transfer pricing policies

2.5 Tax Compliance Procedures

The Company maintains and follows documented procedures for: (a) Regular review and updates of tax positions and methodologies; (b) Monitoring of changing tax laws and regulations affecting its business; (c) Training of relevant personnel on tax compliance requirements; (d) Engagement with qualified tax advisors for complex matters; (e) Internal controls over tax reporting and compliance functions; (f) Regular assessment of tax risks and opportunities.

3.0 TAX COVENANTS

3.1 Record Maintenance

The Company covenants to maintain: (a) Complete books and records supporting all tax positions for the applicable statute of limitations, including: (i) Primary source documentation (ii) Contemporaneous records of material tax decisions (iii) Supporting calculations and methodologies (iv) Expert opinions and technical memoranda (v) Board resolutions relating to tax matters (b) Documentation of R&D activities, including: (i) Technical project records detailing innovation attempts (ii) Employee time tracking with allocation methodologies (iii) Contractor agreements and scope documentation (iv) Laboratory results and testing protocols (v) Patent applications and technical specifications (vi) Project failure analysis and iterations (c) State nexus analysis and supporting revenue calculations, comprising: (i) Detailed revenue sourcing documentation (ii) Physical presence tracking (iii) Economic nexus threshold calculations (iv) Employee location records (v) Property and inventory location records (d) Transfer pricing documentation where required, including: (i) Functional and risk analyses (ii) Comparable company studies (iii) Intercompany agreements (iv) Economic analysis supporting pricing methodologies

3.2 Reporting Obligations

The Company shall: (a) Timely file all required tax returns and information returns, ensuring: (i) Quarterly estimated tax payments (ii) Annual income tax returns (iii) Sales and use tax returns (iv) Information returns for payments to third parties (v) Foreign information reporting forms (b) Provide required tax certificates to customers and vendors, including: (i) Resale certificates (ii) Exemption documentation (iii) W-8 and W-9 forms as applicable (iv) State-specific documentation (c) Report any material changes in tax positions to appropriate authorities within: (i) 30 days for federal tax matters (ii) Prescribed state-specific deadlines (iii) International reporting requirements (d) Maintain compliance with state economic nexus registration requirements through: (i) Monthly threshold monitoring (ii) Timely registration upon trigger events (iii) Regular compliance reviews

3.3 Tax Authority Cooperation

The Company agrees to: (a) Promptly respond to tax authority inquiries by: (i) Acknowledging receipt within 48 hours (ii) Providing initial responses within 15 business days (iii) Maintaining communication logs (iv) Escalating complex matters appropriately (b) Provide requested documentation during audits, including: (i) Original source documents (ii) Electronic records in native format (iii) Access to relevant personnel (iv) Written explanations of methodologies (v) Supporting system documentation (c) Maintain professional working relationships with tax authorities through: (i) Regular communication channels (ii) Participation in voluntary disclosure programs (iii) Advance ruling requests where appropriate (iv) Participation in pre-filing conferences (d) Implement and maintain internal controls including: (i) Regular review of tax positions (ii) Documentation of material decisions (iii) Training of relevant personnel (iv) Periodic internal audits (v) Engagement of external advisors when necessary

3.4 Compliance Monitoring

The Company shall establish: (a) Quarterly internal review procedures (b) Annual compliance certifications (c) Regular updates to tax risk assessment (d) Documentation retention protocols (e) Periodic review of tax technology systems

4.0 TAX INDEMNIFICATION

4.1 Pre-Closing Tax Liabilities

The Company shall remain liable for all taxes attributable to periods ending on or before the Effective Date, including but not limited to: (a) Federal, state, and local income taxes; (b) Sales and use taxes; (c) Employment and payroll taxes; (d) Property taxes and assessments; (e) Research and development tax credit obligations; and (f) Software revenue recognition adjustments.

4.2 Tax Contest Provisions

In the event of any tax audit or contest: (a) The Company shall control the defense of any tax matters; (b) The Company shall bear all costs of tax contests; (c) The Company shall maintain the right to settle tax matters in its discretion; (d) The Company shall promptly notify all relevant parties of any tax audit or examination within ten (10) business days of receipt; (e) The Company shall provide copies of all correspondence and documentation related to tax contests; (f) The Company shall consult with affected parties before making any material decisions regarding tax contest strategy; and (g) The Company shall maintain detailed records of all tax contest proceedings and outcomes.

4.3 Survival and Limitations

(a) The representations and warranties in Section 2.0 shall survive for the applicable statute of limitations plus 60 days. (b) The Company's aggregate liability shall not exceed the amount of taxes at issue plus penalties and interest. (c) Claims for tax indemnification must be made in writing within the survival period. (d) The Company's obligations shall not extend to taxes resulting from post-closing actions.

4.4 Special Provisions for Software Revenue

(a) The Company shall maintain detailed documentation supporting software revenue recognition positions. (b) Revenue recognition methodologies shall comply with ASC 606 standards. (c) Multi-element arrangements shall be properly allocated and documented.

4.5 R&D Tax Credit Claims

(a) The Company warrants the validity of all R&D tax credit claims. (b) Supporting documentation for R&D credits shall be maintained for seven (7) years. (c) The Company shall cooperate in any R&D credit examinations.

4.6 Cooperation and Information Exchange

(a) Parties shall cooperate in tax matters affecting multiple periods. (b) Access to relevant records shall be provided upon reasonable request. (c) Tax information shall be exchanged promptly when needed.

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

Schedule of State Tax Registrations

EXHIBIT B

R&D Tax Credit Documentation Requirements

APPENDIX 1

Revenue Recognition Policies and Procedures

APPENDIX 2

State Nexus Analysis Guidelines