

TAX CERTIFICATION AND DOCUMENTATION

DATED: January 15, 2024

BY: NEXUS INDUSTRIAL INTELLIGENCE, INC. A Delaware Corporation 1250 Technology Drive, Suite 400 Palo Alto, CA 94304

WHEREAS, Nexus Industrial Intelligence, Inc., a Delaware corporation (the "Company"), develops and provides artificial intelligence and machine learning software solutions through its NexusCore™ Industrial AI Platform (the "Platform"); and

WHEREAS, the Company seeks to document and certify its tax positions regarding the classification, recognition, and compliance obligations related to its technology offerings and research activities;

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

1.0 TAX CERTIFICATION AND REPRESENTATIONS

1.1 Entity Classification

The Company is classified as a C-corporation for U.S. federal income tax purposes and has not made any election to be treated otherwise. The Company maintains this classification in all state and local jurisdictions where it conducts business. This classification shall remain in effect unless explicitly modified through proper filing of Form 8832 with the Internal Revenue Service, with prior written consent of the Board of Directors.

1.2 Tax Registration Status

(a) The Company is duly registered for tax purposes in all jurisdictions where it has nexus or business operations, including: (i) Federal Employer Identification Number: 82-3456789 (ii) California Corporation Number: C4567890 (iii) Delaware File Number: 6789012

(b) The Company maintains active tax registrations in each state where the Platform is deployed or where Company personnel are located.

(c) The Company shall promptly obtain and maintain additional tax registrations in any jurisdiction where: (i) Annual revenue exceeds \$100,000 (ii) Physical presence is established through employees or contractors (iii) Economic nexus thresholds are met through digital service provision (iv) Server infrastructure or data centers are deployed

1.3 Software Revenue Classification

- (a) The Company's primary revenue from the Platform is classified as software license and subscription revenue under Internal Revenue Code Section 861 and applicable Treasury Regulations.
- (b) The Platform's artificial intelligence and machine learning components are treated as integrated software features rather than separate services for tax purposes.
- (c) Revenue allocation shall follow these principles: (i) Subscription fees are recognized ratably over the service period (ii) Implementation services are classified as ancillary technical support (iii) Custom development work is separately tracked for R&D tax credit purposes (iv) Data processing fees are treated as integral to software functionality

1.4 International Tax Treatment

- (a) The Company's cross-border transactions involving the Platform are characterized as software license payments subject to applicable tax treaties and transfer pricing regulations.
- (b) International revenue recognition adheres to: (i) OECD Transfer Pricing Guidelines (ii) Bilateral tax treaty provisions (iii) Foreign tax credit optimization strategies (iv) Digital services tax compliance requirements

1.5 R&D Tax Credit Qualification

- (a) The Company maintains documentation supporting R&D tax credit claims for: (i) Algorithm development and enhancement (ii) Platform architecture improvements (iii) Machine learning model optimization (iv) Technical uncertainty resolution
- (b) Qualified research expenses are tracked separately for: (i) Wages of technical personnel (ii) Cloud computing resources (iii) Third-party research contracts (iv) Development environment costs

1.6 State Tax Apportionment

The Company's revenue is apportioned among states using: (a) Market-based sourcing rules for software licenses (b) Cost of performance metrics for services (c) User location data for digital goods (d) Special industry provisions for SaaS products

2.0 REVENUE RECOGNITION AND SOURCING

2.1 SaaS Revenue Recognition

- (a) Platform subscription revenue is recognized ratably over the subscription term for tax purposes, with the following considerations: (i) Annual subscriptions shall be recognized in twelve equal monthly installments (ii) Multi-year contracts require straight-line recognition

across the entire term (iii) Early termination fees are recognized when charged and collectibility is reasonably assured (iv) Usage-based overage charges are recognized in the period when usage exceeds contractual thresholds

(b) Implementation and customization services are recognized as performed based on milestone completion, subject to: (i) Written acceptance of deliverables by the customer (ii) Completion of specified performance obligations (iii) Documentation of time and materials expended (iv) Separate billing and tracking of professional services revenue

(c) Training and support services shall be recognized as follows: (i) Standard support included with subscriptions is recognized ratably (ii) Premium support packages are recognized over the service period (iii) Training services are recognized upon delivery of each session

2.2 Multi-state Revenue Allocation

(a) The Company allocates Platform revenue among states using the following hierarchy: (i) Location of customer's primary use, as evidenced by: - User access logs and authentication records - System configuration documentation - Written customer attestation (ii) Customer's billing address, when primary use location cannot be determined (iii) Location of Platform deployment, as a last resort

(b) Market-based sourcing rules are applied in accordance with each state's specific requirements, including: (i) Benefit received methodology (ii) Service delivery location (iii) Customer's commercial domicile (iv) Special industry-specific provisions

(c) Revenue allocation documentation must include: (i) Detailed usage metrics by jurisdiction (ii) Supporting calculation methodologies (iii) Periodic review and updates (iv) Audit trail of allocation decisions

2.3 International Revenue Sourcing

(a) Cross-border revenue is sourced based on: (i) Location of intellectual property rights, including: - Patent registrations - Copyright protection - Trademark usage - Licensed technology (ii) Customer location and usage, evidenced by: - IP address verification - User authentication records - Contract specifications - Service level agreements (iii) Applicable treaty provisions, considering: - Permanent establishment rules - Digital services tax obligations - VAT/GST requirements - Withholding tax implications

(b) Transfer pricing documentation is maintained for all international transactions, including: (i) Functional analysis of all parties (ii) Economic analysis supporting pricing methodology (iii) Benchmarking studies (iv) Intercompany agreements (v) Annual updates and reviews

2.4 Special Revenue Categories

(a) Hybrid transactions involving both software and services shall be evaluated for: (i) Separate performance obligations (ii) Standalone selling prices (iii) Revenue allocation methodologies (iv) Recognition timing differences

(b) Platform marketplace revenue shall be recognized as follows: (i) Commission revenue upon completion of third-party transactions (ii) Revenue sharing arrangements based on contractual terms (iii) Platform fees at time of transaction (iv) Refund provisions and adjustments

2.5 Documentation Requirements

(a) The Company shall maintain comprehensive revenue recognition records including: (i) Detailed contract analysis (ii) Performance obligation identification (iii) Transaction price calculations (iv) Allocation methodologies (v) Recognition schedules

(b) Regular reviews shall be conducted to ensure: (i) Compliance with current tax regulations (ii) Consistency of application (iii) Accuracy of calculations (iv) Completeness of documentation (v) Timely updates for regulatory changes

3.0 TAX COMPLIANCE DECLARATIONS

3.1 State Tax Compliance

The Company hereby certifies that it: (a) Is current on all state tax filings and payments, including but not limited to income tax, franchise tax, gross receipts tax, and employment taxes across all jurisdictions where business is conducted (b) Collects and remits sales/use tax where required, maintaining comprehensive documentation of nexus thresholds and economic presence determinations (c) Maintains nexus studies and documentation, updated annually or upon material changes in business operations (d) Files all required information returns, including but not limited to unclaimed property reports and annual reports (e) Conducts periodic internal audits to verify compliance with state-specific filing requirements (f) Maintains detailed records of all state tax correspondence, assessments, and resolutions

3.2 Federal Tax Status

The Company represents that it: (a) Is current on all federal tax obligations, including corporate income tax, employment taxes, and excise taxes (b) Maintains required documentation for R&D credits, including contemporaneous documentation of qualified research activities and associated expenditures (c) Files timely information returns, including Forms 1099, W-2, and other required federal disclosures (d) Complies with international reporting requirements, including FBAR filings, Form 5471, and other applicable international information returns (e) Maintains transfer pricing documentation in accordance with IRC

Section 482 (f) Implements and maintains internal controls to ensure accurate tax accounting and reporting (g) Retains qualified tax professionals to review complex transactions and provide guidance on federal tax matters

3.3 Sales/Use Tax Collection

The Company maintains systems and procedures to: (a) Determine taxability of Platform components through detailed product mapping and jurisdiction-specific analysis (b) Calculate and collect applicable taxes using automated tax determination software that is regularly updated (c) File returns in all required jurisdictions, maintaining compliance calendars and remittance schedules (d) Maintain exemption certificates, including periodic validation and updates of customer documentation (e) Monitor legislative changes affecting taxability of products and services (f) Implement real-time tax calculation systems integrated with billing platforms

3.4 Documentation Requirements

The Company shall maintain: (a) Complete transaction records for a minimum of seven years (b) Digital copies of all tax returns, supporting schedules, and worksheets (c) Correspondence with tax authorities regarding assessments or audits (d) Documentation supporting tax positions taken on returns (e) Records of tax payments, including estimated tax payments and extensions

3.5 Compliance Monitoring

The Company implements: (a) Regular reviews of tax compliance procedures and controls (b) Quarterly assessments of tax positions and potential exposures (c) Annual reviews of nexus determinations and filing obligations (d) Ongoing monitoring of legislative and regulatory changes (e) Regular training for personnel involved in tax compliance functions

3.6 Reporting Obligations

The Company commits to: (a) Timely notification to relevant parties of material tax matters (b) Regular reporting to management on tax compliance status (c) Prompt disclosure of tax authority communications (d) Documentation of significant tax positions and uncertain tax positions (e) Maintenance of tax provision workpapers and supporting documentation (f) Regular updates to tax risk assessment matrices

3.7 Remediation Procedures

The Company shall: (a) Promptly address identified compliance deficiencies (b) Implement corrective actions for any identified gaps (c) Document remediation efforts and results (d) Conduct follow-up reviews to ensure effectiveness of corrections (e) Maintain records of all remediation activities and outcomes

4.0 RESEARCH & DEVELOPMENT CLAIMS

4.1 Qualified Research Activities

The Company documents the following as qualified research: (a) AI/ML algorithm development, including: (i) Neural network architecture design and optimization (ii) Machine learning model training and validation (iii) Deep learning implementation for industrial applications (iv) Natural language processing systems development (b) Computer vision enhancement, encompassing: (i) Object detection and recognition systems (ii) Real-time image processing algorithms (iii) 3D reconstruction methodologies (iv) Visual inspection automation protocols (c) Edge computing optimization, including: (i) Distributed processing architectures (ii) Resource allocation algorithms (iii) Latency reduction methodologies (iv) Power consumption optimization (d) Platform integration capabilities, comprising: (i) API development and standardization (ii) Cross-platform compatibility protocols (iii) Data interchange mechanisms (iv) System interoperability frameworks

4.2 R&D Documentation Requirements

The Company maintains contemporaneous documentation of: (a) Technical uncertainty resolution, including: (i) Problem statement documentation (ii) Alternative solution evaluation (iii) Testing methodology records (iv) Resolution pathway documentation (b) Systematic research approach, comprising: (i) Research hypothesis formulation (ii) Experimental design protocols (iii) Data collection methodologies (iv) Analysis framework documentation (c) Experimental validation, including: (i) Test case development (ii) Control group establishment (iii) Results documentation (iv) Statistical analysis records (d) Innovation advancement, documenting: (i) Technical improvement metrics (ii) Performance benchmarking (iii) Industry standard comparisons (iv) Patent application materials

4.3 Credit Calculation Methodology

R&D credits are calculated using: (a) Qualified research expenses, including: (i) Direct labor costs (ii) Supply expenses (iii) Contract research expenses (iv) Cloud computing costs (b) Base period computations, comprising: (i) Fixed-base percentage calculation (ii) Average annual gross receipts (iii) Consistency requirements (iv) Base amount determination (c) Alternative simplified credit method, including: (i) Three-year qualified research expense average (ii) Current year qualified research expenses (iii) Credit rate application (iv) Reduction calculations (d) State-specific modifications, addressing: (i) Jurisdiction-specific requirements (ii) State credit rates (iii) Filing requirements (iv) Documentation standards

4.4 Compliance and Reporting Requirements

The Company shall maintain: (a) Project-specific documentation, including: (i) Technical specifications (ii) Development timelines (iii) Resource allocation records (iv) Progress reports

(b) Financial records, comprising: (i) Expense categorization (ii) Time tracking systems (iii) Vendor contracts (iv) Payment documentation (c) Personnel records, including: (i) Qualification documentation (ii) Role descriptions (iii) Time allocation records (iv) Training certificates (d) Technical documentation, comprising: (i) Research protocols (ii) Test results (iii) Technical reports (iv) Patent applications

4.5 Audit Support Documentation

The Company maintains: (a) Comprehensive audit trail, including: (i) Project initiation documents (ii) Development phase records (iii) Completion reports (iv) Post-implementation analysis (b) Supporting evidence, comprising: (i) Technical correspondence (ii) Meeting minutes (iii) Decision documentation (iv) Expert opinions (c) Quality assurance records, including: (i) Testing protocols (ii) Validation reports (iii) Error logs (iv) Resolution documentation (d) Business purpose documentation, comprising: (i) Strategic alignment (ii) Market analysis (iii) Commercial potential (iv) Implementation plans

IN WITNESS WHEREOF, the undersigned has executed this Tax Documentation as of the date first written above.

NEXUS INDUSTRIAL INTELLIGENCE, INC.

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