

TAX MATTERS CERTIFICATE AND COMPLIANCE DOCUMENTATION

THIS TAX MATTERS CERTIFICATE AND COMPLIANCE DOCUMENTATION (this "Certificate") is made and executed as of January 15, 2024 (the "Effective Date"), by Nexus Industrial Intelligence, Inc., a Delaware corporation (the "Company").

WHEREAS, the Company desires to certify and document certain matters relating to its tax status, classifications, and compliance; and

WHEREAS, the Company is engaged in the development and licensing of artificial intelligence software solutions for industrial applications;

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 is a corporation duly organized under the laws of the State of Delaware, incorporated on March 15, 2018, and is treated as a C-Corporation for U.S. federal income tax purposes. The Company has not made any entity classification elections under Treasury Regulations Section 301.7701-3 and has maintained its corporate status continuously since incorporation. The Company further affirms that it has not engaged in any reorganizations, mergers, or conversions that would affect its tax classification.

1.2 Tax Status Certification

The Company's federal employer identification number is 82-3456789. The Company certifies that (a) it has filed all required federal income tax returns, (b) it is not subject to backup withholding, and (c) it has not received any notice of deficiency or assessment from the Internal Revenue Service that remains unresolved. The Company maintains complete records of all tax filings, payments, and correspondence with tax authorities for the statutorily required retention period.

1.3 FATCA Compliance

The Company certifies that it is a U.S. Person as defined in Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended, and is not subject to FATCA withholding requirements. The Company maintains appropriate documentation to substantiate its FATCA status and

complies with all applicable reporting obligations under Chapter 4 of the Internal Revenue Code.

1.4 Delaware Corporate Status

The Company represents that it is in good standing with the Delaware Secretary of State and has paid all required franchise taxes and fees to date. The Company maintains a registered agent in Delaware as required by law and timely files its annual reports and pays associated fees. The Company has not received any notices of delinquency or non-compliance from Delaware authorities.

2.0 TAX REPRESENTATIONS AND WARRANTIES

2.1 Federal Tax Returns

The Company represents and warrants that: (a) It has timely filed all federal income tax returns and information returns required to be filed, including Form 1120 and all applicable schedules; (b) All such returns are true, complete, and accurate in all material respects, with supporting documentation maintained for a minimum of seven (7) years; (c) All taxes shown as due on such returns have been paid in full, including estimated tax payments and any applicable penalties or interest; (d) No extensions for filing federal tax returns are currently in effect; (e) It maintains comprehensive records of all research and development tax credit claims, including detailed documentation of qualifying activities and associated expenses; and (f) It has properly classified all independent contractors and employees for tax purposes.

2.2 State Tax Compliance

The Company represents that: (a) It has properly registered for tax purposes in all jurisdictions where it maintains nexus, including economic nexus triggered by exceeding revenue or transaction thresholds; (b) It has filed all required state income, sales, and use tax returns, maintaining compliance with varying state-specific filing deadlines; (c) It maintains proper documentation for all software license revenue allocation among states, including detailed records of user locations and usage metrics; (d) It has implemented appropriate systems to collect and remit sales tax on SaaS offerings where required, with regular updates to reflect changing state regulations; (e) It conducts periodic nexus studies to identify new filing obligations as business operations expand; and (f) It maintains documentation supporting all state tax apportionment calculations.

2.3 International Tax Obligations

The Company warrants that: (a) It has identified and complied with all international tax obligations related to cross-border data transfers, including VAT requirements in applicable jurisdictions; (b) It maintains appropriate transfer pricing documentation for international

transactions, updated annually and supported by economic analysis; (c) It has properly characterized its software and AI technology for international tax purposes, including withholding tax considerations; (d) It complies with all permanent establishment regulations in countries where it maintains operations; (e) It maintains documentation supporting its compliance with BEPS (Base Erosion and Profit Shifting) requirements; and (f) It has implemented procedures to monitor and comply with digital services tax obligations.

2.4 Software Revenue Recognition

The Company represents that: (a) It recognizes revenue from software licenses in accordance with ASC 606, maintaining detailed documentation of the five-step revenue recognition process; (b) It maintains detailed documentation supporting the timing of revenue recognition for multi-element arrangements, including allocation of transaction price to performance obligations; (c) It properly accounts for subscription-based revenue streams from its NexusCore™ platform, including appropriate treatment of setup fees and customization services; (d) It maintains systems to track and document contract modifications and their impact on revenue recognition; (e) It has implemented controls to ensure proper treatment of variable consideration in pricing arrangements; and (f) It maintains documentation supporting the determination of standalone selling prices for all distinct performance obligations.

3.0 TAX COVENANTS

3.1 Record Retention

The Company shall: (a) Maintain all tax records for a minimum of seven (7) years from the date of filing; (b) Preserve documentation supporting R&D tax credit claims for ten (10) years from the date of claim submission; (c) Retain all records relating to software development activities and associated expenses, including but not limited to, development logs, testing documentation, and expense allocation methodologies; (d) Implement a secure digital archiving system for all tax-related documentation with appropriate backup procedures; (e) Maintain detailed employee time tracking records specifically allocated to qualifying research activities.

3.2 Tax Return Filing Obligations

The Company covenants to: (a) File all future tax returns on a timely basis, including all federal, state, and local tax obligations; (b) Maintain appropriate documentation for all tax positions taken, including written analyses supporting material positions; (c) Engage qualified tax professionals for complex filing matters, particularly regarding R&D tax credit claims; (d) Submit quarterly estimated tax payments as required by applicable jurisdictions; (e) Notify relevant stakeholders of any material changes in tax positions or methodologies.

3.3 Audit Cooperation

The Company shall: (a) Cooperate fully with any tax authority audits, providing timely responses to information requests; (b) Maintain organized records to support efficient audit processes, including detailed transaction logs; (c) Preserve all electronic records in accessible formats, ensuring compatibility with current software systems; (d) Designate qualified personnel responsible for managing audit responses; (e) Document all communication with tax authorities during audit proceedings; (f) Maintain audit trails for all significant tax positions and calculations.

3.4 R&D Tax Credit Documentation

The Company commits to: (a) Maintaining contemporaneous documentation of all qualified research expenses, including: (i) Detailed project plans and objectives; (ii) Documentation of technological uncertainties being addressed; (iii) Records of alternative solutions considered; (iv) Evidence of systematic experimentation; (b) Documenting the technological uncertainty of AI development activities through: (i) Technical specifications and architecture documents; (ii) Development iteration records; (iii) Test results and validation procedures; (c) Preserving records of systematic research processes and testing procedures, including: (i) Laboratory notebooks or electronic equivalents; (ii) Failed approaches and abandoned pathways; (iii) Success criteria and evaluation metrics; (d) Maintaining clear allocation methodologies for: (i) Direct research expenses; (ii) Overhead costs related to R&D activities; (iii) Contractor and third-party research expenses.

4.0 SPECIAL TAX CONSIDERATIONS

4.1 IP Development Taxation

The Company acknowledges and agrees that: (a) Development of AI algorithms and software creates valuable intellectual property; (b) All IP development costs shall be properly documented and characterized for tax purposes; (c) Transfer pricing for IP licensing shall comply with Section 482 requirements; (d) Research and development activities shall be categorized according to Treasury Regulation §1.174-2; (e) Documentation of qualified research expenses must conform to IRC Section 41 standards.

4.2 Cross-border Data Transfer Implications

The Company shall: (a) Monitor and comply with international data transfer tax requirements; (b) Document the location and movement of data processing activities; (c) Maintain records of server locations and data storage jurisdictions; (d) Implement transfer pricing methodologies consistent with OECD guidelines; (e) Calculate permanent establishment exposure based on server locations; (f) Document data flow patterns for value-added tax (VAT) compliance purposes.

4.3 State Software Tax Treatment

The Company represents that it: (a) Properly characterizes its software offerings for state tax purposes; (b) Maintains documentation supporting cloud service tax determinations; (c) Tracks user locations for proper tax allocation purposes; (d) Implements nexus determination procedures for each jurisdiction; (e) Documents software delivery methods for sales tax classification; (f) Maintains records of user access points and service consumption patterns.

4.4 AI Technology Classification

The Company warrants that it: (a) Properly classifies its AI technology for tax purposes; (b) Documents the technological components of its offerings; (c) Maintains records supporting tax treatment of AI development costs; (d) Segregates machine learning development costs from operational expenses; (e) Implements procedures to track qualifying research activities; (f) Documents the experimental nature of AI development processes.

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

EXHIBITS: A: State Tax Registration Schedule B: Revenue Recognition Policy C: R&D Tax Credit Documentation Requirements