TAX MATTERS DOCUMENT 13

1.0 PREAMBLE AND RECITALS

THIS TAX MATTERS DOCUMENT (this "Document") is made and entered into as of January 15, 2024 (the "Effective Date"), by and on behalf of NEXUS INDUSTRIAL INTELLIGENCE, INC., a Delaware corporation with its principal place of business at 2500 Innovation Drive, Wilmington, Delaware 19801 ("Company") (Delaware Entity No. 6438291, Federal EIN 82-3749102), operating under the laws of the State of Delaware and in compliance with all applicable federal and state regulations.

WHEREAS, the Company develops and commercializes proprietary artificial intelligence and machine learning solutions for industrial applications through its NexusCore™ Industrial AI Platform, including but not limited to predictive analytics, process optimization, and automated decision-making systems;

WHEREAS, the Company generates revenue through enterprise software-as-a-service licensing and related implementation services across multiple tax jurisdictions, including domestic and international markets, with varying tax treatment requirements and compliance obligations;

WHEREAS, the Company seeks to document and establish clear tax treatment protocols for its technology offerings and international operations, in accordance with Internal Revenue Code sections 701-777, applicable Treasury Regulations, and international tax treaties;

WHEREAS, the Company maintains offices and operations in multiple jurisdictions, necessitating comprehensive tax compliance frameworks for various revenue streams, including subscription fees, implementation charges, maintenance fees, and professional services; and

WHEREAS, this Document shall serve as the definitive record of the Company's tax classification methodology and compliance framework for its software and services revenue, incorporating all relevant statutory requirements and industry-standard practices.

NOW, THEREFORE, the Company hereby adopts and establishes the following tax matters documentation:

2.0 DEFINITIONS AND INTERPRETATIONS

2.1 Defined Terms. The following terms shall have the meanings specified below:

(a) "AI/ML Technology" means the Company's proprietary artificial intelligence and machine learning algorithms, models, and systems as implemented in the NexusCore™ Platform, including but not limited to neural networks, deep learning frameworks, predictive analytics engines, and associated training datasets.

(b) "Implementation Services" means professional services provided by the Company to configure, customize, and deploy the NexusCore™ Platform for customers, including system integration, data migration, user training, workflow optimization, and technical support during deployment phases.

(c) "License Revenue" means fees received from customers for access to and use of the NexusCore™ Platform under subscription agreements, including perpetual licenses, term licenses, and usage-based licensing arrangements.

(d) "NexusCore™ Platform" means the Company's proprietary software platform including all modules, features, and capabilities thereof, encompassing both cloud-hosted and on-premises deployments, APIs, administrative tools, and end-user interfaces.

(e) "Professional Services Revenue" means fees received for Implementation Services and related consulting, including system architecture design, custom development, integration services, and strategic advisory services.

(f) "SaaS" means software-as-a-service delivery model where software is licensed on a subscription basis and centrally hosted, characterized by multi-tenant architecture and regular automatic updates.

2.2 Revenue Classification. For tax purposes, the Company's revenue shall be classified as follows:

(a) "Subscription Revenue" shall be recognized ratably over the subscription term, including: (i) Core platform access fees (ii) API usage charges (iii) Additional user license fees (iv) Premium feature enablement fees

(b) "Services Revenue" shall be recognized as services are performed, including: (i) Implementation consulting hours (ii) Custom development work (iii) Training services (iv) Technical support beyond standard maintenance

(c) "Mixed Revenue" shall be allocated between Subscription Revenue and Services Revenue based on relative standalone selling prices, determined through: (i) Observable market prices (ii) Cost-plus-margin analysis (iii) Residual approach calculations

2.3 International Revenue Recognition. For cross-border transactions:

(a) "Territory-Specific Revenue" shall be recognized according to local jurisdiction requirements and applicable tax treaties.

(b) "Transfer Pricing Adjustments" shall be applied to intercompany transactions following arm's length principles.

2.4 Technology Classification. For tax and accounting purposes:

(a) "Intellectual Property" shall include: (i) Proprietary algorithms (ii) Software code and architecture (iii) Training data and models (iv) Technical documentation

(b) "Research and Development" shall encompass: (i) New feature development (ii) Algorithm improvements (iii) Platform optimization (iv) Integration capabilities

2.5 Interpretation Principles. In this document:

(a) References to one gender include all genders (b) Singular includes plural and vice versa (c) "Including" means "including without limitation" (d) Section headings are for convenience only (e) References to time are to local time at Company headquarters

3.0 TAX TREATMENT OF SOFTWARE LICENSING

3.1 SaaS Revenue Classification

(a) The Company's NexusCore™ Platform shall be classified as a software service for tax purposes, with revenue treated as services income rather than software license royalties.

(b) Subscription fees shall be subject to taxation in the jurisdiction where the customer accesses and uses the platform.

(c) For purposes of tax classification, the following characteristics shall be determinative: (i) The software remains hosted on Company-controlled infrastructure (ii) Customers do not obtain possession or control of the underlying code (iii) Access is provided on a subscription basis rather than perpetual license (iv) Updates and maintenance are provided as part of the service

3.2 Multi-jurisdictional Considerations

(a) For customers accessing the platform across multiple jurisdictions, revenue shall be allocated based on user location and usage metrics.

(b) The Company shall maintain detailed records of customer access locations and usage patterns to support jurisdictional allocations.

(c) Usage metrics for jurisdictional allocation shall include: (i) Number of authorized users per jurisdiction (ii) Volume of transactions processed (iii) Data storage allocation (iv) API calls and system utilization rates

(d) The Company shall implement geolocation tracking mechanisms to verify user access locations, subject to applicable privacy laws and regulations.

3.3 Implementation Services

(a) Implementation Services shall be classified as professional services for tax purposes.

(b) Services revenue shall be taxed in the jurisdiction where services are performed.

(c) Remote services shall be taxed based on customer location unless otherwise required by applicable law.

(d) Implementation Services shall include: (i) System configuration and customization (ii) Data migration and integration (iii) User training and documentation (iv) Project management services

3.4 Revenue Allocation Methodology

(a) The Company shall use objective evidence including standalone selling prices to allocate revenue between software and services components.

(b) Allocation methodologies shall be consistently applied and documented.

(c) The following hierarchy shall be used to determine standalone selling prices: (i) Observable standalone sales (ii) Market-adjusted pricing analysis (iii) Expected cost plus margin approach (iv) Residual approach when other methods are not feasible

3.5 Tax Compliance Requirements

(a) The Company shall maintain comprehensive documentation supporting its tax positions, including: (i) Customer agreements and invoicing records (ii) Usage and access logs (iii) Revenue allocation worksheets (iv) Jurisdictional tax determinations

(b) Tax compliance procedures shall be reviewed annually and updated as necessary to reflect: (i) Changes in applicable tax laws (ii) New jurisdictional requirements (iii) Platform functionality modifications (iv) Business model evolution

3.6 Special Tax Considerations

(a) Foreign Tax Credits (i) The Company shall track and document foreign taxes paid (ii) Credit documentation shall be maintained per jurisdictional requirements (iii) Foreign tax credit positions shall be reviewed quarterly

(b) Value Added Tax (VAT) Treatment (i) VAT shall be collected and remitted as required by applicable jurisdictions (ii) Digital service tax requirements shall be monitored and implemented (iii) VAT registration shall be maintained in relevant jurisdictions

3.7 Tax Audit Support

(a) The Company shall maintain readily accessible records to support: (i) Revenue recognition methodologies (ii) Jurisdictional allocations (iii) Tax classification decisions (iv) Compliance with local tax requirements

(b) Audit response procedures shall include: (i) Documentation retrieval protocols (ii) Technical position papers (iii) Expert consultation procedures (iv) Response timeline management

3.8 Tax Planning and Risk Management

(a) The Company shall conduct periodic reviews of: (i) Tax position optimization opportunities (ii) Jurisdictional exposure assessment (iii) Documentation adequacy (iv) Compliance process efficiency

(b) Risk mitigation strategies shall address: (i) Changes in tax law interpretation (ii) Cross-border transaction complexity (iii) Digital service tax developments (iv) Economic nexus considerations

4.0 INTERNATIONAL TAX CONSIDERATIONS

4.1 European Operations

(a) The Company shall comply with all VAT registration and collection requirements in European jurisdictions where it maintains operations or provides services. (i) Registration thresholds must be monitored quarterly across all EU member states (ii) Local fiscal representatives shall be appointed where required by law (iii) VAT returns must be filed according to prescribed schedules in each jurisdiction

(b) Digital services shall be taxed according to customer location per EU VAT rules for electronic services. (i) The Company shall implement validated location-tracking mechanisms (ii) Evidence of customer location must be maintained for a minimum of 6 years (iii) MOSS (Mini One-Stop Shop) registration and compliance procedures shall be followed

4.2 Transfer Pricing

(a) All intercompany transactions shall be conducted at arm's length prices supported by transfer pricing documentation. (i) Annual transfer pricing studies must be conducted for material transactions (ii) Benchmark analyses shall be updated every three years (iii) Advanced Pricing Agreements shall be pursued where beneficial

(b) The Company shall maintain contemporaneous documentation supporting transfer pricing methodologies. (i) Documentation must include functional and risk analyses (ii) Economic analyses supporting chosen methods (iii) Quarterly reviews of actual results against documentation

4.3 Revenue Sourcing

(a) Revenue shall be sourced to jurisdictions based on: (i) Customer location for SaaS access (ii) Service delivery location for professional services (iii) IP utilization location for technology licensing (iv) Physical presence for equipment sales and rentals (v) Server location for cloud-based services

(b) The Company shall maintain systems and processes to track revenue sources across jurisdictions. (i) Implementation of automated tracking systems (ii) Monthly reconciliation of revenue allocation (iii) Documentation retention for seven years

4.4 Permanent Establishment Considerations

(a) The Company shall monitor activities that may create permanent establishments, including: (i) Fixed place of business operations (ii) Dependent agent activities (iii) Service permanent establishments (iv) Digital permanent establishment thresholds

(b) Annual reviews shall be conducted to assess permanent establishment risk in all jurisdictions.

4.5 Withholding Tax Obligations

(a) The Company shall comply with withholding tax requirements on: (i) Royalty payments (ii) Service fees (iii) Management fees (iv) Interest payments (v) Digital service payments

(b) Treaty benefits shall be claimed where applicable, supported by: (i) Valid tax residency certificates (ii) Beneficial ownership documentation (iii) Principal purpose test analysis

4.6 International Information Reporting

(a) The Company shall maintain compliance with: (i) Country-by-Country Reporting requirements (ii) Master File and Local File documentation (iii) Foreign Account Tax Compliance Act (FATCA) (iv) Common Reporting Standard (CRS) (v) Economic substance reporting

(b) Annual compliance calendar shall be maintained for all international reporting obligations.

4.7 Digital Services Tax

(a) The Company shall monitor and comply with emerging digital services tax legislation in: (i) European Union member states (ii) United Kingdom (iii) Asia-Pacific jurisdictions (iv) Other applicable territories

(b) Systems shall be implemented to: (i) Track digital service revenue by jurisdiction (ii) Calculate applicable digital services taxes (iii) Maintain required documentation (iv) File returns and remit payments as required

5.0 R&D TAX CREDITS AND INNOVATION INCENTIVES

5.1 Qualified Research Activities

(a) The following activities shall qualify as R&D for tax credit purposes: (i) Development of new AI/ML algorithms and models (ii) Enhancement of existing predictive maintenance capabilities (iii) Creation of novel computer vision systems (iv) Integration of edge computing technologies (v) Development of proprietary software architectures (vi) Research into quantum computing applications (vii) Advancement of cybersecurity protocols

(b) Qualification criteria shall include: (i) Technical uncertainty at project outset (ii) Systematic experimental approach (iii) Discovery of new technical information (iv) Commercial application potential

5.2 Documentation Requirements

(a) The Company shall maintain contemporaneous documentation of: (i) Research objectives and hypotheses (ii) Development activities and experiments (iii) Technical uncertainty addressed (iv) Resources allocated to R&D (v) Testing methodologies and results (vi) Project timelines and milestones (vii) Personnel qualifications and time allocation

(b) Documentation retention requirements: (i) Electronic records: minimum 7 years (ii) Physical documentation: minimum 5 years (iii) Project closure reports: permanent retention

5.3 Patent-Related Activities

(a) Costs related to patent filing and prosecution shall be capitalized.

(b) Patent maintenance fees shall be expensed as incurred.

(c) Patent-related tax treatment shall include: (i) Prior art search expenses: deductible (ii) Legal opinion costs: capitalized (iii) Foreign filing fees: amortized (iv) Patent defense costs: expensed

5.4 Innovation Incentive Compliance

(a) The Company shall maintain eligibility for: (i) Federal R&D tax credits (ii) State innovation incentives (iii) International research grants (iv) Industry-specific tax benefits

(b) Compliance requirements include: (i) Quarterly innovation activity reports (ii) Annual certification of qualified expenses (iii) Independent verification of R&D claims (iv) Regular audit of innovation processes

5.5 Excluded Activities

(a) The following shall not qualify for R&D credits: (i) Routine software maintenance (ii) Market research activities (iii) Quality control testing (iv) Style or cosmetic changes (v) Customer support services (vi) Training program development (vii) Post-commercial release modifications

SIGNATURE AND ATTESTATION

IN WITNESS WHEREOF, this Tax Matters Document has been executed as of the Effective Date first written above.

NEXUS INDUSTRIAL INTELLIGENCE, INC.

By: _____ Name: James Wilson Title: Chief Financial Officer

EXHIBIT A: REVENUE CLASSIFICATION EXAMPLES

[Detailed examples of revenue classification scenarios]

EXHIBIT B: JURISDICTIONAL ALLOCATION METHODOLOGY

[Technical specifications for revenue allocation across jurisdictions]

APPENDIX 1: R&D ACTIVITY QUALIFICATION CRITERIA

[Detailed criteria for qualifying R&D activities]

APPENDIX 2: DOCUMENTATION REQUIREMENTS

[Specific documentation requirements by jurisdiction]