

TAX MATTERS AGREEMENT

THIS TAX MATTERS AGREEMENT (this "Agreement") is made and entered into as of January 15, 2024 (the "Effective Date"), by and between 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 and machine learning solutions for industrial applications through its NexusCore™ Industrial AI Platform;

WHEREAS, the Company operates in multiple jurisdictions and generates revenue through software-as-a-service licensing, implementation services, and related technology offerings;

WHEREAS, the Company seeks to establish comprehensive guidelines for tax compliance, revenue recognition, and related matters across its operations;

NOW, THEREFORE, the Company hereby establishes the following tax matters framework:

1.0 PURPOSE AND SCOPE

1.1 This Agreement establishes the comprehensive framework for tax-related matters and obligations of the Company, including but not limited to revenue recognition, research and development tax treatment, and multi-jurisdictional compliance requirements. The provisions herein are designed to ensure consistent tax treatment across all operational aspects while maintaining compliance with applicable domestic and international tax regulations.

1.2 Scope of Coverage. This Agreement shall govern: (a) Treatment of subscription-based SaaS revenue recognition for tax purposes, including recurring revenue streams, usage-based billing, and hybrid pricing models; (b) Research and development tax credit qualification and documentation, encompassing both direct and indirect research activities; (c) State and international tax nexus determinations, including economic and physical presence thresholds; (d) Transfer pricing for international operations and intercompany transactions; and (e) Digital services tax obligations and emerging technology-specific tax requirements.

1.3 Jurisdictional Applicability. This Agreement applies to: (a) All U.S. federal tax matters, including income tax, employment tax, and special technology sector provisions; (b) State and local tax obligations in jurisdictions where the Company maintains nexus, including sales and use tax, property tax, and state-specific technology incentives; (c) International tax obligations in countries where the Company conducts business, including permanent establishment

considerations and treaty applications; and (d) Digital service tax requirements in applicable jurisdictions, including marketplace facilitator obligations.

1.4 Technology-Specific Considerations (a) AI/ML Development Activities. The Company shall maintain detailed documentation of qualifying research and development activities related to artificial intelligence and machine learning development, including: (i) Algorithm development and optimization processes; (ii) Data processing and model training activities; (iii) Technical uncertainty documentation; and (iv) Experimental validation procedures. (b) SaaS Revenue Treatment. Revenue from the NexusCore™ platform shall be recognized in accordance with ASC 606 principles and applicable tax regulations governing software-as-a-service arrangements, specifically addressing: (i) Performance obligation identification and allocation; (ii) Contract modification implications; (iii) Variable consideration treatment; and (iv) Multi-element arrangement considerations.

1.5 Compliance Documentation Requirements (a) The Company shall maintain comprehensive documentation supporting: (i) Nexus determination analyses and periodic reviews; (ii) Research activity contemporaneous records; (iii) Revenue recognition methodologies; and (iv) Transfer pricing studies and documentation. (b) Documentation retention periods shall extend to the later of: (i) Seven years from the tax return filing date; (ii) Three years from the last day of examination; or (iii) Any longer period required by specific jurisdictions.

1.6 Periodic Review and Updates (a) This Agreement shall be reviewed annually to ensure alignment with: (i) Changes in tax legislation and regulations; (ii) Evolution of the Company's business model; (iii) Expansion into new jurisdictions; and (iv) Technological advancements affecting tax treatment. (b) Updates shall be implemented through formal amendments as approved by the Board of Directors and tax advisors.

2.0 DEFINITIONS AND INTERPRETATIONS

2.1 "Artificial Intelligence Development Costs" means direct and indirect expenses incurred in the development of machine learning algorithms, neural networks, and related artificial intelligence capabilities within the NexusCore™ platform, including but not limited to: (a) Computational infrastructure and processing resources; (b) Data acquisition and annotation expenses; (c) Technical personnel compensation directly attributable to AI development; (d) Third-party AI model licensing fees; and (e) Cloud computing resources specifically allocated to AI training and inference.

2.2 "Digital Services" means electronic delivery of software functionality, including but not limited to: (a) Cloud-based access to the NexusCore™ platform; (b) Remote monitoring and analytics services; (c) API-based integrations and data processing; (d) Electronic delivery of software updates and enhancements; (e) Real-time data synchronization services; (f) Automated backup and recovery systems; and (g) Digital authentication and security services.

2.3 "Qualifying R&D Activities" means research and development activities that meet the criteria for tax credit eligibility under IRC Section 41, including: (a) Algorithm development and optimization; (b) Computer vision system enhancement; (c) Machine learning model training and validation; (d) Edge computing optimization research; (e) Novel software architecture development; (f) Experimental protocol development and testing; (g) Technical uncertainty resolution activities; and (h) Process improvement research meeting IRC Section 41(d) requirements.

2.4 "SaaS Revenue" means subscription fees and related recurring revenue derived from: (a) NexusCore™ platform access licenses; (b) Usage-based processing fees; (c) Maintenance and support services; (d) Platform customization services; (e) Data storage and processing fees; (f) API access and integration fees; (g) Premium feature subscriptions; and (h) Technical consulting services directly related to platform usage.

2.5 "Transfer Pricing Matters" means the determination and documentation of arm's length pricing for: (a) Intercompany technology licenses; (b) Cross-border service arrangements; (c) Cost sharing agreements; (d) IP development cost allocation; (e) Global development center operations; (f) Shared services arrangements; and (g) Technology transfer agreements.

2.6 "Technical Documentation" means all materials describing the development, operation, and maintenance of the NexusCore™ platform, including: (a) System architecture specifications; (b) API documentation and integration guides; (c) Source code documentation; (d) Development methodology records; (e) Testing protocols and results; and (f) Security implementation details.

2.7 "Revenue Recognition Events" means specific triggers that initiate revenue recognition under ASC 606, including: (a) Contract execution and activation; (b) Service delivery milestones; (c) Performance obligation fulfillment; (d) Usage measurement points; and (e) Customer acceptance confirmations.

2.8 "Intellectual Property Rights" means all rights in: (a) Patents, pending patent applications, and patent rights; (b) Proprietary algorithms and mathematical models; (c) Trade secrets and confidential information; (d) Copyrights in software and documentation; (e) Database rights and data structures; (f) API designs and implementations; and (g) Technical know-how and processes.

2.9 "Development Infrastructure" means all systems and resources supporting the development and deployment of the NexusCore™ platform, including: (a) Development and testing environments; (b) Continuous integration/continuous deployment systems; (c) Code repositories and version control systems; (d) Quality assurance frameworks; (e) Development tools and licenses; and (f) Technical documentation systems.

2.10 "Compliance Documentation" means all records required to demonstrate adherence to: (a) Data protection regulations; (b) Industry security standards; (c) Tax reporting requirements; (d)

Revenue recognition standards; (e) Transfer pricing regulations; and (f) Research and development tax credit criteria.

3.0 TAX COMPLIANCE OBLIGATIONS

3.1 State Tax Nexus (a) Economic Nexus Monitoring. The Company shall monitor transaction volumes and revenue by state to determine economic nexus thresholds. (i) Implement automated tracking systems to monitor sales volumes and revenue across all jurisdictions; (ii) Establish threshold alerts at 80% of each state's economic nexus threshold; (iii) Review threshold calculations quarterly, documenting methodology and results; (iv) Maintain historical records of threshold analyses for minimum seven years; and (v) Conduct annual review of state-specific economic nexus requirements and updates.

(b) Physical Presence Documentation. The Company shall maintain records of employee locations, server locations, and other physical presence indicators. (i) Document all employee work locations, including remote workers and contractors; (ii) Track equipment deployment, data center locations, and server placements; (iii) Monitor sales representative activities and travel patterns by state; (iv) Document attendance at trade shows, conferences, and other temporary business activities; and (v) Maintain inventory of all company-owned or leased property by jurisdiction.

(c) Digital Services Analysis. The Company shall evaluate state-specific treatment of cloud computing and digital services. (i) Review state-specific guidance on SaaS taxation; (ii) Document product classification decisions for each jurisdiction; (iii) Maintain matrix of taxability determinations by state and service type; (iv) Update analysis quarterly based on new guidance or legislation; and (v) Retain supporting documentation for classification decisions.

3.2 Federal Tax Compliance (a) Revenue Recognition. The Company shall: (i) Apply ASC 606 principles consistently across all revenue streams; (ii) Document performance obligation identification and allocation methodologies; (iii) Maintain detailed contract modification records with version control; (iv) Track deferred revenue for tax purposes with reconciliation to GAAP reporting; (v) Implement systematic review procedures for complex arrangements; (vi) Document treatment of variable consideration and refund obligations; (vii) Maintain pricing analysis for standalone selling price determinations; and (viii) Review revenue recognition policies annually for compliance updates.

(b) R&D Tax Credits. The Company shall: (i) Document qualifying research activities with detailed project descriptions; (ii) Track eligible expenses by project using standardized cost codes; (iii) Maintain contemporaneous documentation including: - Project objectives and hypothesis - Technical uncertainty documentation - Process of experimentation records - Success/failure analysis - Time tracking by qualified personnel (iv) Calculate credit amounts according to applicable regulations; (v) Conduct quarterly reviews of qualifying activities; (vi)

Maintain documentation of technical staff qualifications; and (vii) Archive all supporting documentation for minimum seven years.

3.3 International Tax Obligations (a) Permanent Establishment Analysis (i) Review activities in each jurisdiction for PE risk; (ii) Document server locations and their business purpose; (iii) Monitor employee activities and duration in foreign jurisdictions; (iv) Maintain documentation of corporate substance requirements; (v) Review intercompany service arrangements annually; and (vi) Document decision-making authority by jurisdiction.

(b) Treaty Benefit Documentation (i) Maintain certificates of residency for relevant jurisdictions; (ii) Document beneficial ownership requirements; (iii) Review limitation on benefits provisions annually; (iv) Track treaty elections and claims by jurisdiction; (v) Maintain documentation supporting treaty positions; and (vi) Review treaty qualification requirements quarterly.

(c) Digital Services Tax Compliance (i) Monitor digital service tax legislation by jurisdiction; (ii) Calculate taxable revenue under applicable DST regimes; (iii) Document user location determination methodology; (iv) Maintain records of digital service classifications; (v) Track registration requirements by jurisdiction; and (vi) Document compliance with local reporting obligations.

(d) VAT/GST Registration and Reporting (i) Monitor registration thresholds by jurisdiction; (ii) Maintain VAT/GST registration documentation; (iii) Document place of supply determinations; (iv) Track reverse charge mechanisms; (v) Maintain evidence of customer status (B2B/B2C); (vi) Document invoice requirements by jurisdiction; (vii) Track filing deadlines and payment obligations; (viii) Maintain supporting documentation for input tax credits; and (ix) Review VAT/GST recovery procedures quarterly.

3.4 Compliance Documentation Requirements (a) Maintain centralized repository of all tax compliance documentation; (b) Implement version control for all tax policies and procedures; (c) Establish regular review schedule for all tax positions; (d) Document materiality thresholds for tax decisions; (e) Maintain audit trail of all tax compliance activities; (f) Archive all supporting documentation according to retention policy; (g) Implement access controls for tax documentation; and (h) Establish procedure for updating tax compliance documentation.

4.0 TRANSFER PRICING AND INTERNATIONAL CONSIDERATIONS

4.1 Transfer Pricing Methodology (a) IP Valuation Methods (i) Comparable Uncontrolled Transaction Method - Analysis of similar transactions between unrelated parties - Adjustment factors for market conditions and timing - Documentation of comparable transaction selection criteria - Periodic review and updates of comparables database

(ii) Profit Split Method

- Identification of combined profits
- Economic analysis of value contributions
- Allocation based on relative value creation
- Regular review of profit split ratios

(iii) Residual Profit Analysis

- Routine return calculations
- Identification of unique contributions
- Allocation of non-routine profits
- Documentation of allocation rationale

(b) Cost Sharing Arrangements (i) Development Cost Allocation - Platform development expenses - Research and development costs - Personnel cost attribution - Infrastructure and overhead allocation

(ii) Platform Enhancement Costs

- Ongoing development expenses
- Feature implementation costs
- Security enhancement allocation
- Performance optimization expenses

(iii) Support Service Allocation

- Technical support infrastructure
- Customer service operations
- Quality assurance activities
- Training and documentation costs

4.2 Intercompany Service Agreements (a) Technical Support Services - Service level agreements - Response time requirements - Escalation procedures - Performance metrics and reporting - Cost allocation methodology - Quality control standards

(b) R&D Services - Project-specific arrangements - Resource allocation protocols - Intellectual property rights - Development milestone tracking - Cost sharing mechanisms - Performance evaluation criteria

(c) Marketing Support - Regional marketing activities - Brand consistency requirements - Local market adaptation - Cost sharing arrangements - Performance measurement - Marketing asset ownership

(d) Administrative Services - Shared service centers - Cost allocation keys - Service level definitions - Performance monitoring - Quality standards - Documentation requirements

4.3 Documentation Requirements (a) Master File Requirements - Global organizational structure - Business description - Intangible assets overview - Intercompany financial activities - Financial and tax positions - Annual updates and maintenance

(b) Local File Documentation - Entity-level information - Controlled transactions - Financial information - Comparability analysis - Transfer pricing method selection - Supporting documentation

(c) Country-by-Country Reporting - Revenue allocation by jurisdiction - Profit and loss statements - Employee information - Asset valuation - Tax jurisdiction data - Annual filing requirements

(d) Benchmark Analysis - Industry comparables - Functional analysis - Economic adjustments - Range calculations - Regular updates - Documentation retention

4.4 Compliance and Risk Management (a) Annual Review Requirements - Transfer pricing policy review - Documentation updates - Compliance verification - Risk assessment procedures

(b) Dispute Resolution Procedures - Competent authority procedures - Mutual agreement processes - Alternative dispute resolution - Documentation requirements

(c) Advance Pricing Arrangements - Application procedures - Negotiation protocols - Implementation requirements - Monitoring and compliance

4.5 Special Considerations (a) Digital Services - Virtual presence issues - Data value attribution - Server location impact - Digital service taxes

(b) Intellectual Property - Development location - Ownership structure - Usage rights - Valuation methods

(c) Emergency Provisions - Force majeure conditions - Temporary arrangements - Documentation requirements - Review procedures

4.6 Periodic Review and Updates (a) Annual Assessment - Policy effectiveness - Compliance verification - Documentation adequacy - Risk evaluation

(b) Adjustment Procedures - Methodology updates - Documentation revisions - Implementation protocols - Communication requirements

5.0 REPRESENTATIONS AND WARRANTIES

5.1 Tax Compliance Representations The Company represents and warrants that: (a) All required federal, state, local, and international tax returns have been timely filed, including all extensions and amendments; (b) All tax payments, deposits, and estimated payments are current, complete, and accurately calculated; (c) No material tax disputes, audits, examinations, or investigations are pending or threatened; (d) Adequate records and supporting

documentation are maintained in accordance with IRC requirements and applicable state regulations; (e) All information reporting requirements, including Forms 1099, W-2, and international reporting forms have been satisfied; and (f) The Company maintains appropriate internal controls for tax compliance and reporting.

5.2 R&D Credit Qualification The Company represents that: (a) Research activities meet IRC Section 41 criteria, including: (i) Technical uncertainty elimination efforts; (ii) Systematic experimental processes; (iii) Discovery of technological information; and (iv) Commercial application development; (b) Documentation supports credit claims through: (i) Contemporary project records; (ii) Employee time tracking systems; (iii) Technical documentation; and (iv) Financial records segregating qualified expenses; (c) Expenses are properly allocated among: (i) Qualified research expenses; (ii) Non-qualified activities; (iii) Prototype development; and (iv) Software development activities; (d) Credit calculations incorporate: (i) Base period computations; (ii) Alternative simplified credit methodologies; (iii) Qualified research expense categorization; and (iv) Proper expense exclusions.

5.3 State Tax Compliance The Company represents compliance with: (a) Economic nexus requirements, including: (i) Sales thresholds monitoring; (ii) Transaction volume tracking; (iii) Physical presence documentation; and (iv) Factor presence standards; (b) Digital service tax obligations, encompassing: (i) Software as a Service (SaaS) characterization; (ii) Digital goods classification; (iii) Electronic delivery documentation; and (iv) Platform economy considerations; (c) Sales/use tax collection procedures, including: (i) Marketplace facilitator obligations; (ii) Exemption certificate management; (iii) Rate determination systems; and (iv) Filing frequency requirements; (d) State-specific reporting requirements, covering: (i) Combined reporting obligations; (ii) Unitary business determinations; (iii) Alternative apportionment methods; and (iv) Intercompany transaction documentation.

5.4 International Tax Compliance The Company represents and warrants: (a) Compliance with transfer pricing regulations; (b) Proper documentation of cross-border transactions; (c) Adherence to permanent establishment rules; (d) Compliance with foreign tax credit requirements; (e) Proper reporting of controlled foreign corporations; and (f) Implementation of BEPS action items as applicable.

IN WITNESS WHEREOF, the Company has executed this Tax Matters Agreement as of the Effective Date.

NEXUS INDUSTRIAL INTELLIGENCE, INC.

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

EXHIBIT A: State Nexus Analysis Matrix EXHIBIT B: R&D Credit Documentation Requirements EXHIBIT C: Transfer Pricing Documentation Guidelines

[Exhibits to follow]