

TAX MATTERS CERTIFICATE AND DOCUMENTATION

THIS TAX MATTERS CERTIFICATE (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 develops and licenses proprietary artificial intelligence software solutions and provides related cloud-based services;

WHEREAS, the Company desires to certify certain tax matters relating to its business operations, revenue characterization, and compliance status;

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

1.0 TAX MATTERS CERTIFICATE

1.1 Entity Classification

The Company has not filed Form 8832 to elect classification as other than a corporation for U.S. federal tax purposes and remains classified as a C-corporation since its incorporation on March 15, 2018. The Company acknowledges that any future change in classification would require explicit filing with the Internal Revenue Service and could trigger significant tax consequences under Section 336 of the Code.

1.2 Tax Residency

The Company is a U.S. tax resident incorporated under the laws of Delaware. The Company maintains its principal place of business at 2500 Innovation Drive, Suite 400, Wilmington, Delaware 19801. The Company confirms it has not established permanent establishments in foreign jurisdictions that would subject it to foreign tax residency requirements or create nexus for foreign tax purposes.

1.3 FATCA Status

The Company certifies its status as a U.S. Person as defined under Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not subject to FATCA withholding requirements. The Company maintains appropriate documentation, including Form W-9, to substantiate its FATCA status and complies with all applicable reporting obligations under Chapter 4 of the Code.

1.4 Software Revenue Characterization

(a) The Company's NexusCore™ platform revenue is characterized as follows: (i) Software license fees treated as Section 861 income from the license of computer software; (ii) SaaS subscription fees treated as service income under Treasury Regulation 1.861-18; (iii) Implementation services treated as fees for technical services.

(b) The Company maintains detailed records segregating revenue streams for tax purposes and applies the following principles: (i) License fees are recognized upon transfer of software rights pursuant to Reg. 1.861-18(c); (ii) SaaS revenues are treated consistently with Rev. Rul. 2011-24 guidelines; (iii) Technical service fees are allocated according to the location of service delivery; (iv) All transfer pricing for international transactions complies with Section 482 requirements.

1.5 State Tax Compliance

The Company maintains sales tax registrations in all jurisdictions where it has established economic nexus under applicable state laws and Wayfair requirements.

2.0 TAX REPRESENTATIONS AND WARRANTIES

2.1 Filing Compliance

The Company represents and warrants that: (a) All required federal, state, and local tax returns have been timely filed, including income, sales, use, property, payroll, and information returns; (b) All tax returns are true, complete, and accurate in all material respects, with supporting documentation maintained in accordance with applicable regulations; (c) No extensions for filing are currently in effect except as disclosed in Exhibit A; (d) All information reporting requirements, including Forms 1099, W-2, and international reporting forms, have been properly fulfilled.

2.2 Payment Status

(a) All taxes shown as due on filed returns have been paid in full or adequately reserved for on the Company's financial statements; (b) No liens, encumbrances, or other security interests exist related to unpaid taxes; (c) The Company maintains sufficient cash reserves for projected tax obligations; (d) All estimated tax payments have been made timely and in appropriate amounts.

2.3 Audit History

(a) No federal, state, or local tax audits are currently pending or threatened, except for routine reviews of R&D tax credit claims for tax years 2021-2023; (b) All prior audits have been resolved with no material adjustments; (c) The Company maintains comprehensive audit

defense files for all closed examinations; (d) No voluntary disclosure agreements are currently in effect with any taxing authority.

2.4 R&D Tax Credit Claims

(a) The Company maintains contemporaneous documentation supporting qualified research expenses under IRC Section 41, including: (i) AI/ML algorithm development activities, specifically: - Neural network architecture optimization - Training data validation procedures - Model performance testing protocols (ii) Computer vision system improvements, encompassing: - Object recognition enhancement - Real-time processing optimization - Error rate reduction research (iii) Edge computing optimization research, including: - Latency reduction studies - Power consumption optimization - Resource allocation algorithms (b) All claimed expenses meet the four-part test under Treasury Regulations: (i) Permitted purpose (ii) Technological uncertainty (iii) Systematic process of experimentation (iv) Reliance on physical or biological sciences, engineering, or computer science

2.5 State Nexus Declarations

(a) The Company acknowledges tax nexus in jurisdictions listed in Exhibit B based on economic presence thresholds; (b) Regular nexus reviews are conducted to identify new filing obligations; (c) The Company maintains documentation supporting nexus determinations, including: (i) Revenue attribution by jurisdiction (ii) Physical presence tracking (iii) Employee activity logs (iv) Digital goods and services delivery records

2.6 Tax Planning and Risk Management

(a) The Company maintains a comprehensive tax risk management system; (b) All material tax positions are supported by substantial authority; (c) Tax planning strategies are documented and reviewed annually; (d) Transfer pricing policies comply with arm's length standards and are documented accordingly.

3.0 INTERNATIONAL TAX CONSIDERATIONS

3.1 Transfer Pricing

(a) The Company maintains transfer pricing documentation compliant with OECD guidelines for: (i) Intercompany software licensing arrangements; (ii) Cross-border technical service fees; (iii) Cost sharing for R&D activities.

(b) Transfer pricing methodologies shall be reviewed annually and must incorporate: (i) Comparable uncontrolled price analysis where market data is available; (ii) Cost plus markup for technical support services; (iii) Profit split methodology for complex integrated operations; (iv) Documentation of functional and risk analysis for each entity.

(c) Advance Pricing Agreements (APAs) shall be pursued in jurisdictions where annual intercompany transactions exceed \$10 million.

3.2 Digital Services Tax

(a) The Company monitors and complies with digital services tax obligations in applicable jurisdictions as detailed in Exhibit C.

(b) Digital services tax compliance procedures include: (i) Quarterly revenue threshold monitoring; (ii) User location tracking systems; (iii) Registration and filing procedures in each jurisdiction; (iv) Payment processing mechanisms for collected taxes.

3.3 IP Holding Structure

(a) All intellectual property is held by the U.S. parent entity with appropriate cost sharing arrangements for international development activities.

(b) Cost sharing agreements shall specify: (i) Allocation of development costs based on anticipated benefits; (ii) Entry and exit provisions for participating entities; (iii) Annual true-up payments and adjustments; (iv) Treatment of pre-existing intellectual property.

3.4 International Revenue Sourcing

(a) Cloud service revenue is sourced based on user location in accordance with OECD digital economy principles.

(b) Revenue sourcing determination shall consider: (i) Primary user location for subscription services; (ii) Server location for infrastructure services; (iii) IP address verification systems; (iv) Multiple points of use allocation methodologies.

3.5 Compliance Requirements

(a) The Company shall maintain: (i) Country-by-country reporting documentation; (ii) Master file and local files as required; (iii) Economic substance documentation; (iv) Permanent establishment analysis.

(b) Annual review procedures shall include: (i) Assessment of new market entry tax implications; (ii) Evaluation of treaty positions; (iii) Review of withholding tax obligations; (iv) Update of transfer pricing policies.

4.0 STATE AND LOCAL TAX MATTERS

4.1 Sales/Use Tax Treatment

(a) The Company's products receive the following treatment: (i) Licensed software - subject to sales tax in jurisdictions lacking software exemptions, including but not limited to physical

media delivery, electronic downloads, and hybrid delivery methods; (ii) SaaS offerings - taxable in jurisdictions specifically imposing tax on cloud services, with consideration for data center locations and user access points; (iii) Professional services - generally exempt from sales tax, except when deemed inseparable from taxable product delivery.

(b) Documentation Requirements: (i) Exemption certificates must be maintained for all non-taxed transactions; (ii) Multiple points of use certificates required for enterprise-wide software deployments; (iii) Resale certificates validated annually for channel partner transactions.

4.2 Economic Nexus

(a) The Company meets economic nexus thresholds in thirty-seven states through digital service delivery and remote sales.

(b) Threshold Monitoring: (i) Sales volume tracked monthly against state-specific economic nexus thresholds; (ii) Transaction counts monitored quarterly for jurisdictions with transaction-based tests; (iii) Physical presence nexus evaluated semi-annually, including employee travel and remote workforce considerations.

4.3 Apportionment Methodology

(a) Revenue is apportioned using market-based sourcing rules where applicable, with specific treatment of cloud computing income as detailed in Exhibit D.

(b) Sourcing Hierarchy: (i) Primary: Customer's primary use location (ii) Secondary: Customer's billing address (iii) Tertiary: Customer's contracting location (iv) Alternative methods as prescribed by state regulations

4.4 Local Tax Registrations

(a) The Company maintains active tax registrations in all required jurisdictions listed in Exhibit E.

(b) Registration Requirements: (i) Annual renewal procedures (ii) Local business license compliance (iii) Special district tax obligations (iv) Home rule jurisdiction requirements

4.5 Compliance Obligations

(a) Filing Frequencies: (i) Monthly returns in high-volume jurisdictions (ii) Quarterly returns in standard jurisdictions (iii) Annual reconciliation requirements

(b) Record Retention: (i) Transaction documentation maintained for seven years (ii) Exemption certificates preserved for audit period (iii) Electronic storage protocols compliant with state requirements

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 - Tax Return Filing Extensions B - State Nexus Declarations C - Digital Services Tax Obligations D - State Revenue Apportionment Methodology E - Local Tax Registration Schedule