

TAX MATTERS CERTIFICATE

THIS TAX MATTERS CERTIFICATE (this "Certificate") is made and executed as of January 15, 2024 (the "Effective Date"), by Nexus Industrial Intelligence, Inc., a Delaware corporation with Delaware Entity Number 6789012 and Employer Identification Number 82-1234567 (the "Company").

WHEREAS, the Company is engaged in the business of developing and providing artificial intelligence-powered software solutions for industrial process optimization;

WHEREAS, the Company desires to document and certify certain tax matters for the period from January 1, 2023 through December 31, 2023 (the "Tax Period"); and

WHEREAS, the undersigned officer is duly authorized to execute this Certificate on behalf of the Company.

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

1.0 TAX MATTERS CERTIFICATION

1.1 The Company hereby certifies that it is duly organized and validly existing under the laws of the State of Delaware and maintains its principal place of business at 2500 Innovation Drive, Suite 400, Wilmington, Delaware 19801.

1.2 This Certificate covers all federal, state, and local tax matters applicable to the Company's operations during the Tax Period.

1.3 The undersigned, David Kumar, in his capacity as Chief Financial Officer of the Company, is authorized to execute this Certificate and hereby certifies that he has personal knowledge of the matters set forth herein or has made appropriate inquiries to verify such matters.

1.4 All statements contained herein are true, accurate, and complete to the best of the Company's knowledge and belief.

2.0 REVENUE RECOGNITION AND CLASSIFICATION

2.1 Software as a Service (SaaS) Revenue

(a) The Company recognizes revenue from its NexusCore™ Industrial AI Platform subscription services in accordance with ASC 606, with such revenue being recognized ratably over the subscription term.

(b) SaaS revenue is classified as services revenue for federal tax purposes pursuant to Rev. Rul. 2019-XX.

(c) Subscription terms shall be clearly defined in customer agreements, with revenue recognition commencing upon the earlier of: (i) Customer access activation to the NexusCore™ platform (ii) The contractually specified start date

(d) Multi-year contracts shall be recognized on an annualized basis, with prepaid amounts recorded as deferred revenue.

2.2 Professional Services Revenue

(a) Implementation, configuration, and consulting services are recognized as revenue when performed.

(b) Training services are recognized upon delivery of the training sessions.

(c) Professional services revenue recognition shall adhere to the following criteria: (i) Completion of defined project milestones (ii) Customer acceptance of deliverables (iii) Satisfaction of contractual performance obligations

(d) Time-and-materials arrangements shall be recognized based on actual hours worked at contracted rates.

2.3 Interstate Commerce

(a) The Company maintains servers and technical infrastructure in multiple states.

(b) Revenue is allocated among states based on customer location and usage metrics.

(c) State-specific revenue allocation shall consider: (i) Physical presence nexus (ii) Economic nexus thresholds (iii) Server locations and data processing activities (iv) Customer support locations (v) Implementation service delivery locations

(d) The Company shall maintain detailed records supporting interstate revenue allocation methodologies.

2.4 Foreign Revenue Treatment

(a) Revenue from customers outside the United States is recognized in accordance with applicable tax treaties.

(b) The Company maintains transfer pricing documentation for all international transactions.

(c) Foreign revenue recognition shall address: (i) Currency translation requirements (ii) Value-added tax (VAT) implications (iii) Withholding tax obligations (iv) Permanent establishment considerations

2.5 Revenue Recognition Timing

(a) Revenue shall be recognized in the appropriate period based on: (i) Contract effective dates (ii) Service delivery milestones (iii) Customer acceptance criteria (iv) Payment terms and conditions

(b) Revenue recognition adjustments may be required for: (i) Service level agreement (SLA) credits (ii) Volume discounts (iii) Early termination provisions (iv) Contract modifications

2.6 Documentation Requirements

(a) The Company shall maintain comprehensive documentation supporting revenue recognition, including: (i) Customer contracts and amendments (ii) Service delivery records (iii) Usage metrics and calculations (iv) Interstate allocation worksheets (v) Foreign transaction documentation (vi) Transfer pricing studies

(b) Documentation shall be retained for a minimum of seven years from the date of revenue recognition.

2.7 Compliance Review

(a) The Company shall conduct quarterly reviews of revenue recognition practices to ensure continued compliance with: (i) Generally Accepted Accounting Principles (GAAP) (ii) Applicable tax regulations (iii) International accounting standards (iv) State-specific requirements

3.0 R&D TAX CREDIT QUALIFICATION

3.1 Qualified Research Activities

(a) The Company conducts qualified research activities in the following areas: (i) Machine learning algorithm development, including neural network architecture design, reinforcement learning systems, and automated decision-making frameworks (ii) Computer vision systems optimization, encompassing object detection, image segmentation, and real-time video analytics (iii) Edge computing architecture design, focusing on distributed processing systems and low-latency computation (iv) Industrial process optimization modeling, including predictive maintenance algorithms and efficiency optimization systems

(b) Each qualified research activity must satisfy the following criteria: (i) Be technological in nature, relying on principles of computer science, engineering, or mathematics (ii) Eliminate technical uncertainty through systematic investigation (iii) Create new or improved functionality, performance, reliability, or quality (iv) Support business components intended for sale, lease, license, or use in the Company's trade or business

3.2 Development Cost Allocation

(a) The Company maintains detailed time tracking and expense allocation systems to document qualified research expenses through: (i) Employee time tracking with project-specific codes (ii)

Direct material cost attribution (iii) Cloud computing and infrastructure expense allocation (iv) Third-party contractor cost segregation

(b) Development costs are segregated between: (i) Qualified research expenses, including wages, supplies, and contract research (ii) Non-qualified development activities, such as routine testing and market research (iii) General and administrative expenses related to R&D operations (iv) Capital expenditures for research equipment and facilities

(c) Cost allocation methodology must: (i) Be consistently applied across all projects (ii) Include appropriate documentation supporting allocation decisions (iii) Be reviewed quarterly for accuracy and compliance (iv) Maintain clear audit trails for all expense categorizations

3.3 Technical Uncertainty Documentation

(a) The Company maintains documentation demonstrating technical uncertainty in: (i) Development of novel AI/ML architectures, including capability, methodology, and design uncertainty (ii) Integration with legacy industrial control systems, addressing compatibility and performance challenges (iii) Real-time processing optimization, focusing on latency and resource utilization (iv) Edge deployment capabilities, including hardware constraints and environmental factors

(b) Technical uncertainty documentation must include: (i) Initial project specifications and technical requirements (ii) Identified technical challenges and limitations (iii) Alternative approaches considered (iv) Documentation of failed attempts and iterations

3.4 Process of Experimentation

(a) The Company documents its systematic approach to experimentation including: (i) Hypothesis formation and technical objectives (ii) Testing methodologies and experimental protocols (iii) Results analysis and performance metrics (iv) Implementation decisions and deployment criteria

(b) Experimentation documentation requirements: (i) Detailed laboratory notebooks or electronic equivalents (ii) Test data and analytical results (iii) Design iterations and prototype development records (iv) Technical meeting minutes and decision documentation

3.5 Compliance and Reporting

(a) The Company maintains comprehensive records demonstrating: (i) Qualification under Section 41 of the Internal Revenue Code (ii) Consistency with Treasury Regulations and IRS guidance (iii) Contemporary documentation of research activities (iv) Support for claimed qualified research expenses

(b) Annual review and certification procedures include: (i) Internal audit of research documentation (ii) Verification of expense allocation accuracy (iii) Validation of technical uncertainty claims (iv) Assessment of experimentation documentation completeness

4.0 REPRESENTATIONS AND WARRANTIES

4.1 Tax Return Accuracy

The Company represents and warrants that: (a) All tax returns filed during the Tax Period are accurate and complete in all material respects, including federal, state, local, and international tax jurisdictions (b) All required supporting documentation has been maintained in accordance with applicable retention requirements and industry standards (c) All positions taken are supported by substantial authority, including relevant Internal Revenue Code sections, Treasury Regulations, and judicial precedents (d) All calculations, deductions, and credits claimed are verifiable through contemporaneous documentation (e) All revenue recognition methods comply with applicable accounting standards and tax regulations

4.2 Payment Compliance

The Company represents that: (a) All tax payments have been made when due, including estimated tax payments, withholding taxes, and employment taxes (b) No penalties or interest charges have been assessed during the preceding thirty-six (36) months (c) All deposit requirements have been satisfied in accordance with applicable schedules and thresholds (d) The Company maintains sufficient reserves for anticipated tax obligations (e) All sales and use tax obligations have been properly collected and remitted (f) All international tax treaty obligations have been properly observed and documented

4.3 Disputes and Audits

The Company represents that: (a) There are no pending tax audits or examinations at any jurisdictional level (b) No tax authority has proposed any adjustments to previously filed returns (c) There are no outstanding tax-related disputes or controversies (d) No voluntary disclosure agreements are currently in effect or pending (e) No tax liens or encumbrances exist against Company assets

4.4 Documentation and Compliance Systems

The Company represents and warrants that: (a) Complete and accurate records are maintained for all tax-related transactions (b) Internal control systems are in place to ensure ongoing tax compliance (c) Regular reviews are conducted to verify adherence to tax policies (d) All tax preparation software and systems are current and properly maintained (e) Staff responsible for tax matters receive appropriate training and updates

4.5 Special Industry Considerations

The Company further represents that: (a) All software development costs have been properly capitalized or expensed (b) Research and development tax credits have been properly documented and claimed (c) International software licensing arrangements comply with transfer pricing regulations (d) Revenue from subscription-based services is recognized in

accordance with applicable tax rules (e) All intellectual property-related tax positions are supported by appropriate documentation

5.0 STATE AND LOCAL TAX OBLIGATIONS

5.1 Nexus Determination

- (a) The Company maintains nexus in the following jurisdictions: (i) Delaware (incorporation) (ii) California (sales office) (iii) Texas (technical operations) (iv) Massachusetts (R&D facility)
- (b) Additional nexus considerations include: (i) Remote workforce presence exceeding 30 days per calendar year (ii) Digital marketplace facilitation activities (iii) Cloud-based service delivery infrastructure (iv) Third-party contractor relationships

5.2 State Filing Obligations

The Company certifies compliance with filing obligations in all jurisdictions where: (a) Physical presence exists (b) Economic nexus thresholds are met (c) Software access is provided

5.3 Sales Tax Collection

- (a) The Company collects and remits sales tax on taxable transactions in applicable jurisdictions (b) Software access is treated as a service for sales tax purposes (c) Professional services are separately stated and taxed accordingly

5.4 Economic Nexus Thresholds

- (a) The Company monitors and complies with state-specific economic nexus thresholds: (i) Sales volume exceeding \$100,000 annually (ii) Transaction count exceeding 200 per calendar year (iii) Combined threshold measurements across product lines (iv) Marketplace facilitator obligations

5.5 Local Tax Compliance

- (a) Municipality-specific obligations: (i) Business license requirements (ii) Gross receipts taxes (iii) Local option sales taxes (iv) Special district assessments

5.6 Documentation Requirements

- (a) The Company maintains: (i) Exemption certificates for exempt customers (ii) Multi-state tax registration records (iii) Nexus determination worksheets (iv) Transaction sourcing documentation (v) Digital goods classification records

5.7 Audit Preparation

- (a) The Company maintains detailed records for: (i) Revenue allocation methodologies (ii) State-specific sourcing rules (iii) Digital product categorization (iv) Service component separation (v) Interstate commerce documentation

5.8 Compliance Monitoring

- (a) Quarterly reviews of: (i) Nexus-creating activities (ii) Revenue thresholds by jurisdiction
- (iii) Changes in state tax laws (iv) Local tax rate modifications

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:

Exhibit A: State Tax Registration Schedule Exhibit B: R&D Activity Documentation Exhibit
C: Revenue Classification Guidelines

[Exhibits to follow]