

TAX MATTERS CERTIFICATE AND COMPLIANCE DOCUMENTATION

THIS TAX MATTERS CERTIFICATE AND COMPLIANCE DOCUMENTATION (this "Certificate") is made and entered into as of January 15, 2024 (the "Effective Date"), by Nexus Industrial Intelligence, Inc., a Delaware corporation with its principal place of business at 2500 Innovation Drive, Wilmington, Delaware 19801 (the "Company").

WHEREAS, the Company develops and provides proprietary artificial intelligence software solutions for industrial applications;

WHEREAS, the Company desires to certify certain tax matters in connection with its operations and compliance obligations;

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 (i) is a corporation duly organized under the laws of the State of Delaware, (ii) has not made any entity classification election under Treasury Regulations Section 301.7701-3, and (iii) is treated as a C-corporation for U.S. federal income tax purposes. The Company further acknowledges that any future changes to its entity classification must be reported to the Internal Revenue Service using Form 8832 within seventy-five (75) days of the effective date of such change.

1.2 Tax Residency. The Company confirms its tax residency in the United States and certifies that it maintains substantial business operations in multiple U.S. states through its software development, sales, and customer support activities. The Company maintains its principal place of business in California and operates significant facilities in Texas, New York, and Massachusetts, thereby establishing clear domestic tax residency under Section 7701(b) of the Code.

1.3 FATCA Status. The Company certifies its status as a U.S. Person as defined in 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 verify its status and commits to promptly notify relevant parties of any change in circumstances affecting its FATCA status.

1.4 Sales Tax Nexus. The Company acknowledges economic nexus for sales tax purposes in jurisdictions where its software-as-a-service offerings exceed applicable revenue or transaction

thresholds pursuant to state economic nexus standards following *South Dakota v. Wayfair, Inc.* Specifically, the Company:

(a) Maintains sales tax registrations in thirty-five (35) states where economic nexus thresholds are met; (b) Collects and remits sales tax on qualifying software-as-a-service transactions pursuant to state-specific regulations; (c) Conducts quarterly nexus reviews to identify new jurisdictions requiring registration; (d) Maintains detailed transaction records supporting nexus determinations; and (e) Engages third-party tax professionals to ensure ongoing compliance with evolving state tax requirements.

1.5 Tax Compliance Representation. The Company represents that it is current with all federal, state, and local tax filing obligations and has implemented appropriate internal controls to ensure continued compliance with applicable tax laws and regulations.

2.0 TAX REPRESENTATIONS AND WARRANTIES

2.1 Federal Income Tax Compliance. The Company represents and warrants that: (a) It has timely filed all required federal income tax returns and information returns, including Forms 1120, 1099, and W-2; (b) All such returns are true, complete, and accurate in all material respects, with no material misstatements or omissions; (c) All federal income taxes shown as due have been paid in full, including estimated tax payments; (d) No federal tax audits or examinations are currently pending or threatened; (e) The Company maintains comprehensive records supporting all tax positions for the required retention period; (f) All employee classifications for tax purposes are properly documented and defensible.

2.2 State and Local Tax Compliance. The Company represents that: (a) It has properly registered for all required state and local tax purposes in each jurisdiction where it conducts business; (b) It collects and remits sales tax on taxable software services as required by applicable state laws; (c) It has filed all required state income, franchise, and sales tax returns within prescribed deadlines; (d) All state and local tax liabilities have been paid when due; (e) The Company maintains nexus studies supporting its multi-state tax positions; (f) It properly allocates and apports income among states using approved methodologies; (g) All software subscription revenue is properly characterized for state tax purposes.

2.3 International Tax Obligations. The Company warrants that: (a) It complies with all applicable transfer pricing requirements and maintains contemporaneous documentation; (b) It maintains documentation supporting cross-border transactions and intercompany agreements; (c) It properly reports all international revenue under applicable treaties and conventions; (d) All permanent establishment determinations are properly documented and supported; (e) Foreign tax credits are properly claimed and documented; (f) International software licensing arrangements comply with relevant tax regulations.

2.4 R&D Tax Credit Qualification. The Company represents that: (a) Its artificial intelligence and software development activities qualify for federal and state R&D tax credits; (b) It maintains contemporaneous documentation supporting R&D credit claims, including: (i) Project documentation describing technical uncertainty (ii) Time tracking records for qualified research activities (iii) Documentation of systematic experimentation processes (iv) Records of successful and failed trials (c) All claimed R&D expenses meet the requirements of Code Section 41; (d) The Company maintains documentation demonstrating: (i) The innovative nature of AI development activities (ii) Technical complexity of software architecture (iii) Novel algorithm development processes (e) Qualified research expenses are properly segregated from non-qualified expenses.

2.5 Tax Treatment of Software Revenue. The Company warrants that: (a) Revenue from software subscriptions is properly recognized and characterized; (b) Treatment of deferred revenue complies with applicable tax regulations; (c) Revenue allocation among multiple performance obligations follows appropriate methodologies; (d) Documentation exists supporting the tax treatment of: (i) Setup and implementation fees (ii) Subscription renewals and upgrades (iii) Professional services revenue (e) All software revenue recognition policies are consistently applied and documented.

3.0 TAX COVENANTS

3.1 Tax Return Filing Obligations. The Company covenants to: (a) File all required tax returns and reports when due, including federal, state, local, and international tax returns; (b) Maintain accurate books and records supporting all tax positions, including detailed transaction logs and supporting calculations; (c) Calculate and remit all required estimated tax payments according to prescribed schedules; (d) Comply with all electronic filing requirements and digital submission protocols; (e) Submit specialized returns for software and SaaS revenue recognition; (f) Report all intercompany transactions and cross-border payments.

3.2 Record Retention Requirements. The Company shall: (a) Maintain tax records for the applicable statute of limitations, but no less than seven (7) years; (b) Preserve documentation supporting R&D credit claims, including project time tracking and expense allocation; (c) Retain all transfer pricing and international tax documentation, including contemporaneous studies; (d) Archive digital records of software revenue recognition, including customer contracts and usage data; (e) Maintain detailed documentation of tax positions taken on uncertain items; (f) Preserve all correspondence with tax authorities and regulatory bodies.

3.3 Tax Audit Cooperation. The Company agrees to: (a) Promptly respond to tax authority inquiries within specified deadlines; (b) Provide requested documentation during audits in the format specified; (c) Maintain internal procedures for audit response and document production; (d) Engage appropriate tax advisors when necessary for complex matters.

3.4 Transfer Pricing Compliance. The Company shall: (a) Implement and maintain transfer pricing policies consistent with arm's length principles; (b) Document all intercompany transactions and pricing methodologies; (c) Conduct annual reviews of transfer pricing positions; (d) Prepare contemporaneous documentation as required by local jurisdictions.

3.5 Digital Revenue Recognition. The Company must: (a) Maintain detailed records of SaaS revenue recognition policies; (b) Document the basis for allocation of revenue across jurisdictions; (c) Track and report subscription-based revenue appropriately; (d) Implement systems to monitor and report usage-based revenue.

3.6 Tax Planning and Risk Management. The Company shall: (a) Regularly review tax positions and assess compliance risks; (b) Document the basis for significant tax positions taken; (c) Maintain appropriate reserves for uncertain tax positions; (d) Implement procedures to identify and address emerging tax risks; (e) Conduct periodic internal reviews of tax compliance procedures.

4.0 SPECIAL TAX CONSIDERATIONS

4.1 AI Software Development. The Company acknowledges: (a) Capitalization requirements for software development costs, including segregation of research, development, and implementation phases pursuant to ASC 350-40; (b) Special tax treatment of machine learning algorithm development, with particular attention to qualifying research expenses under IRC Section 41; (c) Proper allocation of mixed AI/software development expenses, including documentation of dual-purpose technologies; (d) Recognition of cloud computing implementation costs and their appropriate tax treatment; (e) Distinction between routine maintenance and qualifying innovation activities.

4.2 Cross-Border Data Transfers. The Company confirms: (a) Compliance with international data transfer tax implications, including VAT/GST considerations; (b) Proper characterization of cross-border data processing fees in accordance with OECD guidelines; (c) Documentation of data localization requirements and associated cost allocation methodologies; (d) Implementation of transfer pricing policies for intercompany data transfers; (e) Adherence to permanent establishment considerations for server locations and data centers.

4.3 IP Ownership. The Company warrants: (a) Clear documentation of IP ownership for tax purposes, including development jurisdiction records; (b) Proper valuation of self-developed intellectual property using recognized methodologies; (c) Compliance with IP transfer pricing requirements under BEPS Action Plans; (d) Maintenance of contemporaneous documentation for cost-sharing arrangements; (e) Implementation of appropriate IP holding company structures where applicable; (f) Regular review and updates of IP valuations for tax reporting purposes.

4.4 Employee Equity Compensation. The Company certifies: (a) Proper tax treatment of stock option and RSU grants across all jurisdictions; (b) Compliance with Section 409A requirements, including vesting schedules and exercise prices; (c) Accurate reporting of equity compensation on Forms W-2, 3921, and 3922; (d) Implementation of procedures for tracking mobile employee equity awards; (e) Documentation of fair market value determinations for private company stock.

4.5 Emerging Technology Considerations. The Company acknowledges: (a) Tax implications of blockchain-based transactions and digital assets; (b) Treatment of quantum computing research and development expenses; (c) Classification of edge computing infrastructure costs; (d) Allocation of hybrid cloud environment expenses.

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: Certificate of Good Standing B: State Tax Registrations C: R&D Tax Credit Documentation

APPENDICES: 1: Software Revenue Recognition Policies 2: Transfer Pricing Documentation
3: Tax Compliance Procedures