TAX MATTERS CERTIFICATE AND COMPLIANCE DECLARATION

THIS TAX MATTERS CERTIFICATE AND COMPLIANCE DECLARATION (this "Certificate") is made and executed 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 matters relating to its tax status, obligations, and compliance;

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

1.0 TAX MATTERS CERTIFICATE

1.1 **Entity Classification**. The Company hereby certifies that it (i) is classified as a C-corporation for U.S. federal income tax purposes pursuant to Section 301.7701-3 of the Treasury Regulations, (ii) has not filed any entity classification elections under Form 8832, and (iii) maintains such classification in all applicable state and local jurisdictions. The Company further acknowledges its obligation to notify relevant parties of any changes to this classification within 30 days of such change.

1.2 **Tax Residency**. The Company certifies that it is a U.S. person within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not subject to withholding under Section 1446 of the Code. The Company maintains its principal place of business within the United States and conducts substantial business operations therein.

1.3 **FATCA Status**. The Company declares that it is a U.S. person for purposes of the Foreign Account Tax Compliance Act ("FATCA") and is not subject to FATCA withholding or reporting requirements under Chapter 4 of the Code. The Company maintains appropriate documentation to support this status, including Form W-9 certifications for all applicable accounts.

1.4 **Sales Tax Nexus**. The Company maintains sales tax nexus and collection obligations in the following jurisdictions: Delaware, California, Texas, Massachusetts, and New York, based on its software licensing activities and provision of digital services. The Company acknowledges

its responsibility to (i) maintain current sales tax permits in these jurisdictions, (ii) collect and remit applicable sales taxes on taxable transactions, (iii) file returns within prescribed deadlines, and (iv) monitor changes in nexus requirements in additional jurisdictions where it conducts business.

2.0 TAX REPRESENTATIONS AND WARRANTIES

2.1 **Filing Compliance**. The Company represents and warrants that:

(a) It has timely filed all required federal, state, and local tax returns and reports;

(b) All such returns and reports are true, complete, and accurate in all material respects;

(c) All taxes shown as due on such returns have been paid in full;

(d) No extensions for filing are currently in effect except as properly requested and granted;

(e) The Company maintains comprehensive records of all tax filings, payments, and correspondence for the statutory retention period of seven years; and

(f) All information returns, including Forms 1099 and W-2, have been timely filed with appropriate authorities.

2.2 **R&D Tax Credits**. The Company represents that:

(a) It has claimed federal research and development tax credits under Section 41 of the Code for qualified research expenses related to its software development activities;

(b) All such claims are supported by contemporaneous documentation meeting the requirements of Treasury Regulation 1.41-4(d);

(c) The Company maintains records demonstrating the qualification of its development activities under the four-part test of Section 41(d);

(d) Project-specific documentation exists identifying qualified research expenses, including employee time tracking, contractor agreements, and supply costs;

(e) The Company has implemented internal controls to ensure proper segregation of qualified versus non-qualified research activities; and

(f) State-level R&D tax credit claims comply with applicable state regulations and documentation requirements.

2.3 **Software Development Treatment**. The Company warrants that:

(a) It properly capitalizes software development costs in accordance with Rev. Proc. 2000-50;

(b) Internal-use software development costs are treated consistently with ASC 350-40;

(c) All research and experimental expenditures are appropriately amortized under Section 174;

(d) Cloud computing arrangements are properly classified and treated in accordance with ASC 350-40 and IRS guidance;

(e) Software development costs for products intended for sale are capitalized at technological feasibility per ASC 985-20.

2.4 **International Tax Compliance**. The Company represents and warrants that:

(a) It complies with all transfer pricing requirements for international software licensing and development services;

(b) All international tax treaty positions are properly documented and supported;

(c) Foreign-derived intangible income (FDII) deductions are properly calculated and claimed;

(d) Global Intangible Low-Taxed Income (GILTI) calculations are accurate and complete;

(e) Digital services taxes are properly assessed and paid in applicable jurisdictions.

2.5 **State Tax Nexus**. The Company warrants that:

(a) It has properly determined and documented its nexus status in all jurisdictions;

(b) Sales tax collection obligations for SaaS products are properly evaluated and implemented;

(c) State income tax apportionment factors accurately reflect software sales and licensing;

(d) Economic nexus thresholds are monitored and compliance obligations are met timely;

(e) All state tax registrations and licenses are current and properly maintained.

3.0 REVENUE RECOGNITION AND TAX TREATMENT

3.1 **Revenue Recognition Standards**. The Company certifies compliance with:

(a) ASC 606 requirements for recognition of subscription-based software revenue, including: (i) Identification of distinct performance obligations within contracts; (ii) Determination of transaction prices, including variable consideration; (iii) Allocation of transaction price to performance obligations based on standalone selling prices; (iv) Recognition of revenue when performance obligations are satisfied over time or at a point in time.

(b) Multi-element arrangement guidance under ASC 606-10-25, specifically addressing: (i) Bundled software and service offerings; (ii) Implementation and customization services; (iii) Post-contract customer support and maintenance; (iv) Usage-based pricing components.

(c) Performance obligation identification and allocation requirements, including: (i) Material rights considerations for renewal options; (ii) Treatment of non-refundable upfront fees; (iii) Contract modification accounting procedures.

3.2 **State Tax Apportionment**. The Company's state tax apportionment methodology:

(a) Utilizes market-based sourcing for software licenses and SaaS revenue, considering: (i) Customer's primary place of use; (ii) Benefit received location; (iii) User access points and deployment locations.

(b) Applies appropriate cost of performance rules where required, including: (i) Server location considerations; (ii) Technical support delivery locations; (iii) Development and maintenance activities.

(c) Follows state-specific guidance for digital goods and services, addressing: (i) Economic nexus thresholds; (ii) Marketplace facilitator obligations; (iii) Digital product classification requirements.

3.3 **International Revenue**. For cross-border transactions, the Company:

(a) Applies appropriate transfer pricing methodologies, including: (i) Comparable uncontrolled price method; (ii) Cost plus method for support services; (iii) Profit split methodology where appropriate.

(b) Maintains documentation supporting arm's length pricing, comprising: (i) Functional and risk analyses; (ii) Benchmarking studies; (iii) Contemporaneous documentation requirements.

(c) Complies with relevant treaty provisions and foreign tax requirements, including: (i) Permanent establishment considerations; (ii) Value-added tax obligations; (iii) Withholding tax requirements; (iv) Country-specific digital service tax provisions.

3.4 **Documentation Requirements**. The Company maintains comprehensive records demonstrating compliance with all applicable revenue recognition standards and tax requirements, subject to regular internal review and external audit verification.

4.0 TAX COMPLIANCE DECLARATIONS

4.1 **Sales and Use Tax**. The Company declares that:

(a) It collects and remits sales tax on taxable transactions in all jurisdictions where required, maintaining detailed records of each transaction and applicable tax rates;

(b) It maintains current and properly executed exemption certificates for exempt customers, with annual verification procedures in place;

(c) It properly documents interstate commerce transactions, including proof of delivery and destination-based tax calculations;

(d) It conducts quarterly internal audits of sales tax compliance procedures and maintains a dedicated tax compliance officer.

4.2 **Employment Tax Compliance**. The Company certifies that:

(a) All required employment tax returns have been filed, including Forms 940, 941, and state-specific returns;

(b) Employment taxes have been properly withheld and remitted, with documentation of calculation methodologies;

(c) Worker classification determinations are properly documented through standardized assessment protocols;

(d) Independent contractor relationships are validated through annual reviews and written agreements.

4.3 **State Tax Compliance**. The Company affirms that:

(a) It maintains active tax registrations in all states where nexus exists;

(b) It complies with state-specific filing requirements and payment schedules;

(c) It maintains documentation of state tax nexus determinations and periodic reviews.

4.4 **Corporate Income Tax**. The Company represents that:

(a) All federal and state corporate income tax returns are filed timely;

(b) Transfer pricing documentation is maintained for inter-company transactions;

(c) Tax provisions are reviewed quarterly by qualified tax professionals.

4.5 **Information Returns**. The Company represents that:

(a) All required information returns, including Forms 1099, W-2, and 1042-S, have been timely filed;

(b) Information return preparation procedures include verification protocols;

(c) Electronic filing requirements are met where applicable;

(d) Records retention policies comply with federal and state requirements.

4.6 **Documentation Requirements**. The Company maintains:

(a) A comprehensive tax compliance manual;

(b) Digital records of all tax filings and supporting documentation;

(c) Audit trails for all tax-related transactions and decisions.

[SIGNATURE AND NOTARY SECTION AS PREVIOUSLY STATED]

EXHIBIT A

Schedule of State Tax Registration Numbers [State-by-state listing]

EXHIBIT B

R&D Tax Credit Documentation Requirements [Technical documentation requirements]

APPENDIX 1

Revenue Recognition Policies [Detailed policies]