

EMPLOYMENT AND COMPENSATION AGREEMENT

THIS EMPLOYMENT AND COMPENSATION 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 (the "Company"), and JENNIFER MARTINEZ, an individual residing at 127 Technology Lane, Wilmington, Delaware 19803 (the "Executive").

1.0 PREAMBLE AND RECITALS

WHEREAS, the Company, Nexus Industrial Intelligence, Inc., a corporation duly organized and existing under the laws of the State of Delaware, with its principal place of business at 2100 Technology Drive, Suite 400, Silicon Valley, California 94025 (hereinafter referred to as the "Company"), is engaged in the business of developing and commercializing proprietary machine learning and computer vision solutions for industrial process optimization and predictive maintenance, including the NexusCore™ Industrial AI Platform (the "Business");

WHEREAS, the Company desires to employ the Executive as Vice President of Product Development, and the Executive desires to accept such employment with the Company, effective as of January 1, 2024 (the "Effective Date");

WHEREAS, the Board of Directors of the Company, during its regularly scheduled meeting on December 15, 2023, has approved the employment of the Executive on the terms and conditions set forth herein, as evidenced by the Board Resolution No. 2023-142;

WHEREAS, the Executive possesses certain technical expertise in artificial intelligence and machine learning systems that the Company considers essential to its continued growth and success, including but not limited to expertise in deep learning algorithms, neural network architecture, and industrial automation systems;

WHEREAS, the Company has invested substantial resources in developing its proprietary technology and seeks to protect its intellectual property and competitive advantage in the industrial artificial intelligence market; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

2.0 DEFINITIONS AND INTERPRETATION

2.1 Defined Terms. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Artificial Intelligence Systems" means any software, algorithms, models, or systems that utilize machine learning, deep learning, neural networks, or other artificial intelligence technologies developed by or for the Company, including but not limited to predictive maintenance systems, anomaly detection algorithms, optimization engines, and automated decision-making platforms.

(b) "Cause" means (i) Executive's material breach of this Agreement; (ii) Executive's gross negligence or willful misconduct; (iii) Executive's conviction of a felony or crime involving moral turpitude; (iv) Executive's material violation of Company policies; or (v) Executive's repeated failure to meet established performance metrics after written notice and reasonable opportunity to cure.

(c) "Confidential Information" means all non-public information relating to the Company's technology, products, business methods, research, development, customers, pricing, and trade secrets, including but not limited to: (i) machine learning algorithms and models; (ii) computer vision systems; (iii) edge computing architectures; (iv) customer deployment data; (v) industrial process optimization techniques; (vi) training datasets and methodologies; (vii) model performance metrics; (viii) system integration protocols; and (ix) proprietary hardware specifications.

(d) "Intellectual Property" means all patents, copyrights, trade secrets, trademarks, mask works, and other intellectual property rights relating to the Company's Artificial Intelligence Systems and Business, including all improvements, modifications, derivatives, and enhancements thereof.

(e) "Performance Metrics" means the quantifiable measures used to evaluate system effectiveness, including but not limited to: (i) model accuracy rates; (ii) processing speed; (iii) resource utilization; (iv) prediction reliability; and (v) customer satisfaction scores.

(f) "Technical Documentation" means all specifications, designs, flowcharts, algorithms, code documentation, training materials, and other technical materials relating to the Company's products and services.

(g) "Edge Computing Solutions" means all hardware, software, and systems designed to process data at or near the source of data generation, including associated optimization algorithms and deployment frameworks.

2.2 Interpretation. In this Agreement:

(a) Headings are for convenience only and shall not affect interpretation;

(b) Words importing the singular include the plural and vice versa;

- (c) References to Sections are to Sections of this Agreement unless otherwise specified;
- (d) The terms "including" and "includes" mean "including without limitation" and "includes without limitation" respectively;
- (e) References to any gender include all genders;
- (f) Any reference to a statute, regulation, or law includes any amendment, modification, or replacement thereof;
- (g) Time periods shall be calculated in calendar days unless business days are specified;
- (h) Any reference to "writing" or "written" includes electronic communications that create a record capable of retention and retrieval;
- (i) Technical terms shall be interpreted according to their generally accepted meaning within the artificial intelligence and machine learning industry; and
- (j) In the event of any conflict between defined terms, the more specific definition shall prevail over the general.

3.0 EMPLOYMENT TERMS AND DUTIES

3.1 Position and Term. The Company hereby employs the Executive, and the Executive hereby accepts employment, as Vice President of Product Development, reporting directly to the Chief Technology Officer. The term of employment shall commence on the Effective Date and continue until terminated pursuant to Section 3.4 (the "Term"). The Executive's appointment shall be subject to annual performance reviews and any necessary adjustments to responsibilities as determined by the Board of Directors.

3.2 Duties and Responsibilities. The Executive shall:

- (a) Lead the Company's product development organization and strategy, including establishment of product roadmaps, development methodologies, and technical specifications;
- (b) Oversee development of the NexusCore™ platform and related products, ensuring compliance with industry standards, security requirements, and intellectual property protocols;
- (c) Manage technical teams across multiple global locations, including responsibility for team composition, performance evaluation, professional development, and succession planning;
- (d) Drive innovation in industrial AI applications through research initiatives, technology partnerships, and strategic collaborations;
- (e) Establish and maintain key performance indicators (KPIs) for product development efficiency, quality metrics, and market responsiveness;
- (f) Participate in executive leadership meetings, strategic planning sessions, and board presentations as required;

- (g) Ensure compliance with all applicable regulatory requirements, including data protection, privacy laws, and industry-specific regulations;
- (h) Develop and maintain relationships with key technology partners, industry stakeholders, and potential acquisition targets; and
- (i) Perform such other duties as reasonably assigned by the Chief Technology Officer.

3.3 Work Location and Schedule.

- (a) Primary work location shall be the Company's headquarters in Wilmington, Delaware, where Executive shall maintain a dedicated office space.
- (b) Executive may work remotely up to two (2) days per week in accordance with Company's Flexible Work Policy, subject to the following conditions: (i) Maintenance of regular core working hours (9:00 AM - 5:00 PM EST); (ii) Availability for in-person meetings with 24-hour notice; (iii) Secure and reliable remote work environment meeting Company IT standards; (iv) Regular attendance at scheduled leadership meetings and team events.
- (c) Executive shall be required to travel to customer sites and other Company locations as necessary, with expected travel of 25-30% annually.

3.4 Performance Standards and Evaluation.

- (a) Executive shall be subject to annual performance reviews based on: (i) Achievement of specified product development milestones; (ii) Team performance and retention metrics; (iii) Product quality and customer satisfaction measures; (iv) Innovation metrics and patent filings; (v) Budget management and resource utilization.
- (b) Executive shall maintain all necessary professional certifications and stay current with relevant technology trends and best practices.

3.5 Termination.

- (a) By Company for Cause: Immediate termination upon written notice. "Cause" shall include: (i) Material breach of this Agreement; (ii) Gross negligence or willful misconduct; (iii) Conviction of a felony or crime involving moral turpitude; (iv) Repeated failure to perform duties after written notice; (v) Violation of Company policies or code of conduct.
- (b) By Company without Cause: Thirty (30) days written notice required, with continuation of base salary and benefits during notice period.
- (c) By Executive: Sixty (60) days written notice required. Executive shall: (i) Assist in transition of duties and responsibilities; (ii) Return all Company property and confidential information; (iii) Maintain confidentiality obligations post-termination; (iv) Comply with non-compete and non-solicitation provisions.

3.6 Compliance and Governance.

- (a) Executive shall comply with all Company policies, procedures, and guidelines, including but not limited to: (i) Code of Business Conduct and Ethics; (ii) Insider Trading Policy; (iii) Information Security Policy; (iv) Global Anti-Corruption Policy; (v) Social Media Guidelines.
- (b) Executive shall maintain accurate records of all product development activities, team performance, and resource allocation in accordance with Company documentation requirements.
- (c) Executive shall participate in mandatory training programs and leadership development initiatives as required by the Company.

4.0 COMPENSATION AND BENEFITS

4.1 Base Salary. The Company shall pay the Executive an annual base salary of Three Hundred Twenty-Five Thousand Dollars (\$325,000), payable in accordance with the Company's standard payroll practices. The base salary shall be subject to annual review by the Board of Directors and may be increased but not decreased without the Executive's written consent. Salary payments shall be made bi-weekly, less applicable withholdings and deductions required by law or elected by the Executive.

4.2 Annual Bonus.

- (a) Target Amount. Executive shall be eligible for an annual performance bonus targeted at forty percent (40%) of base salary based on achievement of Company and individual performance metrics as determined by the Board.
- (b) Performance Criteria. The annual bonus shall be based on: (i) Company financial performance (50% weighting) (ii) Strategic objectives achievement (30% weighting) (iii) Individual performance goals (20% weighting)
- (c) Payment Terms. The annual bonus, if earned, shall be paid no later than March 15 of the year following the performance year. Executive must be actively employed on the payment date to receive the bonus, except as otherwise provided in Section 7.0 (Termination).

4.3 Equity Compensation.

- (a) Initial Grant. Executive shall receive an initial grant of 75,000 Restricted Stock Units (RSUs) under the Company's 2023 Equity Incentive Plan (the "Plan"), subject to the following vesting schedule:

- (i) 25% shall vest on the first anniversary of the Effective Date
- (ii) The remaining 75% shall vest in equal quarterly installments over the fol

- (b) Additional Grants. Executive shall be eligible for additional annual equity grants as determined by the Board, with target annual grants valued at approximately 100% of base salary, subject to performance and market conditions.

(c) Change in Control Provisions. In the event of a Change in Control (as defined in the Plan):
(i) Unvested equity awards shall accelerate and vest in full (ii) Any performance-based awards shall vest at target levels (iii) Executive shall have the right to exercise vested options for up to twelve (12) months following the Change in Control

(d) Exercise Period. Vested stock options shall remain exercisable for ninety (90) days following termination of employment, except in cases of termination for Cause, where options shall expire immediately.

4.4 Benefits.

(a) Health and Welfare Benefits. Executive shall be entitled to participate in all employee benefit plans, including: (i) Health, dental, and vision insurance with premium coverage for Executive and eligible dependents (ii) Annual medical expense reimbursement up to \$5,000 for uncovered expenses (iii) Life and disability insurance providing coverage of 2x base salary (iv) Supplemental executive disability coverage

(b) Retirement Benefits. (i) 401(k) plan participation with Company match up to 4% of eligible compensation (ii) Deferred compensation plan participation, subject to plan terms (iii) Annual retirement planning services allowance of \$2,500

(c) Paid Time Off. (i) Twenty-five (25) days of paid vacation annually (ii) Ten (10) paid holidays per Company calendar (iii) Five (5) paid sick days annually (iv) Carryover of up to five (5) vacation days annually

4.5 Additional Compensation.

(a) Relocation Assistance. Company shall provide up to \$50,000 in relocation expenses, including: (i) Moving expenses (ii) Temporary housing for up to 60 days (iii) Home sale/purchase assistance (iv) Tax gross-up on taxable relocation benefits

(b) Professional Development. (i) Annual professional development allowance of \$10,000 (ii) Membership dues for relevant professional organizations (iii) Conference attendance and related travel expenses

4.6 Compensation Review and Adjustments.

(a) Annual Review. All compensation elements shall be reviewed annually by the Board or Compensation Committee.

(b) Market Adjustments. Compensation shall be adjusted to maintain market competitiveness based on peer group analysis and industry standards.

(c) Performance Adjustments. Additional compensation adjustments may be made based on exceptional performance or expanded responsibilities.

4.7 Tax Matters.

(a) Section 409A Compliance. All compensation arrangements shall be structured to comply with Section 409A of the Internal Revenue Code.

(b) Tax Withholding. Company shall withhold all required taxes from any compensation or benefits provided hereunder.

(c) Tax Advisory Services. Company shall provide annual tax preparation and advisory services through a Company-designated provider.

4.8 Clawback Provisions.

(a) The Executive's compensation shall be subject to any clawback policies adopted by the Company in compliance with applicable laws or listing requirements.

(b) In the event of material financial restatement due to Executive's misconduct, the Board may require reimbursement of any bonus or incentive compensation paid to Executive.

5.0 INTELLECTUAL PROPERTY AND CONFIDENTIALITY

5.1 Assignment of Intellectual Property.

(a) Executive hereby irrevocably assigns, transfers, and conveys to Company all right, title, and interest in and to any and all Intellectual Property conceived, developed, created, or reduced to practice, whether solely or jointly with others, during the Term of employment. This assignment includes, but is not limited to: (i) Patents, patent applications, and patent rights; (ii) Trademarks, service marks, trade dress, and related rights; (iii) Copyrights and rights in copyrightable works; (iv) Trade secrets and confidential information; (v) Software, source code, and algorithms; (vi) Machine learning models and artificial intelligence systems; (vii) Data analytics methodologies and frameworks; (viii) Industrial process optimization techniques.

(b) Executive shall promptly and fully disclose all Intellectual Property to Company and shall:

- (i) Execute all documents necessary to protect and record Company's ownership;
- (ii) Provide reasonable assistance in prosecution of intellectual property applications;
- (iii) Cooperate in enforcement of intellectual property rights;
- (iv) Maintain detailed records of all development activities.

5.2 Confidentiality Obligations.

(a) Executive shall maintain strict confidentiality of all Confidential Information, including but not limited to: (i) Technical specifications and engineering designs; (ii) Software architecture and implementation details; (iii) Machine learning algorithms and model parameters; (iv) Training datasets and data preprocessing methods; (v) Customer information and business strategies; (vi) Financial data and market analyses; (vii) Research and development initiatives; (viii) Manufacturing processes and optimization techniques.

(b) Executive shall not use or disclose Confidential Information except as specifically required for performance of assigned duties. Such permitted use shall be: (i) Limited to authorized Company purposes; (ii) Subject to appropriate security measures; (iii) Tracked and documented as required by Company policy; (iv) Terminated upon conclusion of the specific task or project.

(c) These confidentiality obligations shall: (i) Survive termination of employment indefinitely; (ii) Apply to all forms of information storage and transmission; (iii) Extend to derivative works and modifications; (iv) Include obligation to prevent unauthorized access.

5.3 Data Protection.

(a) Executive shall strictly comply with: (i) Company's data security policies and procedures; (ii) Applicable privacy laws and regulations; (iii) Industry standard security protocols; (iv) Data breach notification requirements.

(b) Executive shall implement and maintain appropriate safeguards for: (i) Customer data and personally identifiable information; (ii) AI training datasets and model parameters; (iii) Process control and optimization data; (iv) System access credentials and authentication tokens.

5.4 Specific Protections for AI/ML Technologies.

(a) Executive acknowledges that Company's artificial intelligence and machine learning technologies constitute highly valuable trade secrets, including: (i) Neural network architectures and configurations; (ii) Training methodologies and hyperparameters; (iii) Feature engineering techniques; (iv) Model optimization strategies; (v) Performance metrics and benchmarking data.

(b) Executive shall maintain enhanced security measures for AI/ML assets: (i) Segregated development environments; (ii) Version control and audit logging; (iii) Access restrictions and monitoring; (iv) Secure model deployment protocols.

5.5 Return of Materials.

(a) Upon termination or Company request, Executive shall promptly: (i) Return all physical materials containing Confidential Information; (ii) Delete all electronic copies from personal devices; (iii) Certify compliance in writing; (iv) Submit to verification procedures as required.

5.6 Remedies.

(a) Executive acknowledges that: (i) Breach of these provisions would cause irreparable harm; (ii) Monetary damages alone would be inadequate; (iii) Company shall be entitled to injunctive relief; (iv) Company may pursue all available legal and equitable remedies.

5.7 Third-Party Information.

(a) Executive shall not: (i) Bring to Company any confidential information of third parties; (ii) Use such information in performance of duties; (iii) Violate any continuing obligations to former employers; (iv) Infringe third-party intellectual property rights.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.