

Research Grant Funding Allocation Agreement

PREAMBLE

THIS RESEARCH GRANT FUNDING ALLOCATION AGREEMENT (the "Agreement") is executed on January 22, 2024, by and between Nexus Intelligent Systems, Inc., a Delaware corporation with principal offices at 1200 Technology Park Drive, San Jose, California 95134 (the "Company"), and the Research Funding Committee of the Advanced Technology Innovation Consortium (the "Funding Committee").

RECITALS

WHEREAS, Nexus Intelligent Systems, Inc. is a leading enterprise AI services company specializing in predictive analytics and intelligent automation technologies;

WHEREAS, the Company has submitted a comprehensive research proposal for advanced machine learning diagnostic tools in industrial predictive maintenance;

WHEREAS, the Funding Committee has reviewed and approved the Company's research proposal subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. DEFINITIONS

1 "Research Project" shall mean the AI-powered predictive maintenance platform development initiative as detailed in Exhibit A of this Agreement.

2 "Funding Period" shall mean the twenty-four (24) month period commencing on the Effective Date of this Agreement.

3 "Eligible Expenses" shall include direct research personnel costs, technology infrastructure, software development, prototype testing, and associated intellectual property protection expenses.

2. GRANT ALLOCATION

1 Total Funding Amount

The Funding Committee shall provide a total grant allocation of Two Million Five Hundred Thousand Dollars (\$2,500,000), to be disbursed in four (4) quarterly installments of Six Hundred Twenty-Five Thousand Dollars (\$625,000).

2 Disbursement Conditions

Subsequent funding installments shall be contingent upon:

- a) Submission of quarterly progress reports
- b) Achievement of predetermined research milestones
- c) Comprehensive financial accounting of prior fund utilization
- d) Independent technical review and validation

3. REPORTING REQUIREMENTS

1 Quarterly Reports

The Company shall provide detailed quarterly reports including:

- Technical progress summaries
- Milestone achievement status
- Detailed financial expenditure breakdowns
- Intellectual property developments
- Projected outcomes and potential commercial applications

2 Audit Rights

The Funding Committee reserves the right to conduct financial and technical audits of the Research Project at any time during the Funding Period.

4. INTELLECTUAL PROPERTY

1 Ownership

All intellectual property developed during the Research Project shall remain the exclusive property of Nexus Intelligent Systems, Inc., subject to a non-exclusive perpetual license granted to the Funding Committee for research and educational purposes.

2 Commercialization Rights

The Company shall have full commercialization rights to any technologies developed, with a requirement to provide the Funding Committee a royalty-free license for non-commercial research

applications.

5. COMPLIANCE AND TERMINATION

1 Material Breach

Failure to meet research milestones or misappropriate use of funds shall constitute a material breach, enabling immediate termination of funding and potential clawback of previously disbursed funds.

2 Compliance Monitoring

The Company shall maintain comprehensive documentation and provide unrestricted access to research records upon reasonable notice.

6. CONFIDENTIALITY

1 Both parties agree to maintain strict confidentiality regarding the Research Project, its methodologies, and potential commercial applications.

2 Confidential information shall be protected for a period of five (5) years following the conclusion of the Funding Period.

7. MISCELLANEOUS PROVISIONS

1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

2 Entire Agreement

This document constitutes the entire understanding between the parties and supersedes all prior negotiations and representations.

SIGNATURE BLOCK

EXECUTED as of the date first above written:

FOR NEXUS INTELLIGENT SYSTEMS, INC.

—

Dr. Elena Rodriguez

Chief Executive Officer

FOR RESEARCH FUNDING COMMITTEE

—

Dr. Jonathan Hartwell

Committee Chair