

# **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, Suite 400, Wilmington, Delaware 19801 (the "Company"), and DR. ALEXANDER PATEL, an individual residing at 127 Technology Circle, Cambridge, Massachusetts 02142 (the "Executive").

WHEREAS, 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 (the "Business");

WHEREAS, the Company desires to employ the Executive as Chief Machine Learning Officer, and the Executive desires to accept such employment with the Company, subject to the terms and conditions set forth herein; and

WHEREAS, the parties desire to set forth their respective rights and obligations regarding the Executive's employment relationship with the Company.

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

## **1.0 DEFINITIONS AND INTERPRETATION**

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

"Affiliate" means any entity that directly or indirectly controls, is controlled by, or is under common control with the Company. Control shall mean ownership of more than 50% of voting securities or the power to direct management decisions.

"AI/ML Technology" means any artificial intelligence or machine learning algorithms, models, methodologies, software, systems, or related intellectual property developed, acquired, or licensed by the Company, including but not limited to neural networks, deep learning systems, training data, inference engines, and associated documentation.

"Base Salary" shall have the meaning set forth in Section 4.1.

"Cause" means (a) Executive's material breach of this Agreement; (b) Executive's gross negligence or willful misconduct; (c) Executive's conviction of, or plea of guilty or nolo

contendere to, a felony; (d) Executive's violation of the Company's written policies; (e) Executive's unauthorized disclosure of Confidential Information; (f) Executive's repeated failure to perform assigned duties; or (g) Executive's engagement in any conduct that materially damages the Company's reputation.

"Change of Control" means (a) the acquisition of the Company by another entity by means of merger or consolidation; (b) the sale of all or substantially all of the Company's assets; (c) any transaction resulting in the holders of the Company's voting securities prior to such transaction owning less than 50% of the voting power of the Company's voting securities following such transaction; or (d) a change in the composition of the Board of Directors wherein a majority of the directors are replaced within a twelve-month period.

"Confidential Information" means all non-public information, whether in oral, written, or electronic form, concerning the Company's Business, including but not limited to AI/ML Technology, trade secrets, proprietary information, customer data, business plans, financial information, research and development activities, product specifications, manufacturing processes, technical know-how, marketing strategies, and employee information.

"Good Reason" means (a) material reduction in Executive's Base Salary; (b) material diminution in Executive's duties or responsibilities; (c) relocation of Executive's primary work location by more than 50 miles; (d) material breach of this Agreement by the Company; or (e) significant restructuring of Executive's department or reporting relationships.

"Intellectual Property Rights" means all patents, copyrights, trade secrets, trademarks, mask works, and other intellectual property rights, including applications and registrations thereof, whether registered or unregistered, and all rights to pursue and perfect such rights.

1.2 Interpretation. In this Agreement, unless the context requires otherwise: (a) headings are for convenience only and do not affect interpretation; (b) words importing the singular include the plural and vice versa; (c) a reference to a Section is a reference to a Section of this Agreement; (d) the word "including" means "including without limitation"; (e) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Agreement; (f) references to any gender include all genders; (g) monetary references are in United States dollars; and (h) time periods shall be strictly construed.

## **2.0 EMPLOYMENT TERMS AND DUTIES**

2.1 Position. The Company hereby employs the Executive, and the Executive hereby accepts employment, as Chief Machine Learning Officer of the Company, reporting directly to the Chief Executive Officer. The Executive acknowledges and agrees that this position constitutes a key executive role with significant influence over the Company's technological direction and strategic initiatives.

2.2 Duties and Responsibilities. The Executive shall: (a) lead the Company's machine learning and artificial intelligence research and development initiatives, including but not limited to: (i) establishing research priorities and development roadmaps; (ii) evaluating emerging AI/ML technologies and methodologies; (iii) directing proof-of-concept implementations and pilot programs; (iv) overseeing algorithm development and optimization processes;

(b) oversee the development and implementation of the Company's AI/ML Technology, specifically: (i) architecting scalable ML infrastructure and deployment frameworks; (ii) establishing quality assurance protocols for ML models; (iii) implementing version control and documentation standards; (iv) managing technical debt and system maintenance;

(c) manage the Company's team of machine learning engineers and data scientists, including: (i) recruiting and retaining top technical talent; (ii) establishing performance metrics and career development paths; (iii) fostering a culture of innovation and continuous learning; (iv) allocating resources across multiple project streams;

(d) collaborate with other executive team members to define and execute the Company's technical strategy through: (i) regular participation in executive leadership meetings; (ii) cross-functional project coordination; (iii) alignment of ML initiatives with business objectives; (iv) budget planning and resource allocation;

(e) ensure compliance with applicable AI governance and ethical standards by: (i) developing and maintaining AI ethics guidelines; (ii) implementing bias detection and mitigation protocols; (iii) establishing data privacy and security frameworks; (iv) maintaining regulatory compliance documentation;

(f) perform such other duties as may be assigned by the Chief Executive Officer or Board of Directors.

2.3 Performance Standards. The Executive shall: (a) devote substantially all business time and efforts to the Company, with any external professional activities requiring prior written approval;

(b) perform duties faithfully, diligently, and to the best of Executive's ability, maintaining: (i) professional standards of conduct; (ii) timely completion of deliverables; (iii) effective communication with stakeholders; (iv) appropriate risk management practices;

(c) comply with all Company policies, procedures, and codes of conduct, including: (i) information security protocols; (ii) intellectual property protection measures; (iii) confidentiality requirements; (iv) conflict of interest guidelines;

(d) maintain all required professional certifications and credentials, including: (i) industry-standard ML/AI certifications; (ii) continuing education requirements; (iii) professional memberships; (iv) security clearances as needed;

(e) refrain from engaging in any activity that materially interferes with performance of duties.

2.4 Work Location and Schedule. The Executive's primary work location shall be the Company's headquarters in Wilmington, Delaware, with flexibility for remote work as approved by the Chief Executive Officer. Executive shall:

- (a) maintain regular office hours of 9:00 AM to 5:00 PM Eastern Time, Monday through Friday, subject to reasonable adjustments;
- (b) be available for emergency response and critical system issues outside normal business hours;
- (c) participate in international business travel as required, not to exceed 25% of working time unless mutually agreed;
- (d) establish and maintain appropriate home office facilities for remote work, meeting Company security and connectivity requirements;
- (e) attend quarterly in-person executive meetings and annual strategic planning sessions regardless of remote work arrangements;
- (f) provide advance notice of any extended periods of unavailability or deviation from standard work schedule.

2.5 Performance Review and Adjustment. The Executive's performance shall be formally reviewed annually, with: (a) assessment against established key performance indicators; (b) evaluation of technical leadership effectiveness; (c) review of team development and retention metrics; (d) analysis of project delivery outcomes; (e) consideration of innovation and strategic contribution.

### **3.0 COMPENSATION AND BENEFITS**

3.1 Base Salary. The Company shall pay the Executive an annual base salary of \$375,000 (the "Base Salary"), payable in accordance with the Company's normal payroll practices. The Base Salary shall be reviewed annually and may be increased (but not decreased) at the Company's discretion. Such review shall occur within sixty (60) days following each anniversary of the Effective Date and shall take into account the Executive's performance, Company performance, market conditions, and compensation practices of peer companies.

3.2 Annual Bonus. (a) Target and Range. The Executive shall be eligible for an annual performance bonus targeted at 50% of Base Salary (the "Target Bonus"), based on achievement of Company and individual performance objectives established by the Board of Directors. The actual bonus amount may range from 0% to 150% of the Target Bonus.

(b) Performance Metrics. The Board shall establish written performance criteria within the first ninety (90) days of each fiscal year. Such criteria shall include both quantitative metrics (including revenue, profitability, and growth targets) and qualitative objectives (including strategic initiatives, operational improvements, and leadership effectiveness).

(c) Payment Terms. The Annual Bonus, if earned, shall be paid no later than March 15 of the year following the performance year. The Executive must remain employed through the payment date to receive the Annual Bonus, except as otherwise provided in Section 5.0 (Termination).

3.3 Equity Compensation. (a) Initial Grant. Upon commencement of employment, the Executive shall receive an option to purchase 200,000 shares of the Company's common stock (the "Initial Option") under the Company's 2023 Equity Incentive Plan (the "Plan").

(b) Vesting Schedule. The Initial Option shall vest over four years, with 25% vesting on the first anniversary of the Effective Date and the remainder vesting in equal monthly installments thereafter, subject to Executive's continued employment.

(c) Exercise Price. The exercise price per share shall be equal to the fair market value on the date of grant, as determined by the Board of Directors in compliance with Section 409A of the Internal Revenue Code.

(d) Additional Grants. The Executive shall be eligible for additional equity awards as determined by the Board of Directors. Such awards may include stock options, restricted stock units (RSUs), performance shares, or other equity instruments available under the Plan.

(e) Acceleration. In the event of a Change in Control (as defined in Section 6.0), fifty percent (50%) of any unvested equity awards shall immediately vest, with the remainder subject to double-trigger acceleration provisions.

(f) Post-Termination Exercise Period. Upon termination of employment for any reason other than Cause, the Executive shall have twelve (12) months to exercise any vested options.

3.4 Benefits. (a) Standard Benefits. The Executive shall be eligible to participate in all employee benefit plans, programs, and arrangements maintained by the Company and made available to senior executives generally, including: (i) health, dental, and vision insurance with premium coverage for Executive and eligible dependents; (ii) life insurance with coverage of 2x Base Salary; (iii) short-term and long-term disability insurance; (iv) 401(k) retirement plan with Company matching up to 4% of eligible compensation; (v) twenty (20) days of paid vacation annually, accruing ratably; (vi) twelve (12) paid holidays per calendar year; (vii) sick leave in accordance with Company policy; (viii) professional development allowance of \$10,000 annually; and (ix) such other benefits as the Company may establish from time to time.

(b) Executive Benefits. In addition to standard benefits, the Executive shall receive: (i) annual executive health screening; (ii) supplemental disability coverage to ensure 66.67% of Base Salary replacement; (iii) tax preparation and financial planning services up to \$5,000 annually; (iv) club membership dues reimbursement up to \$3,000 annually; and (v) first-class travel for flights exceeding three hours.

3.5 Expense Reimbursement. (a) Business Expenses. The Company shall reimburse the Executive for all reasonable business expenses incurred in performing services hereunder, subject to Company policies and procedures.

(b) Documentation. The Executive shall submit expense reports with appropriate documentation in accordance with Company policy.

(c) Timing. Reimbursement shall be made within thirty (30) days following submission of proper documentation.

3.6 Clawback Provisions. All compensation under this Agreement shall be subject to any clawback or recoupment policy adopted by the Company or required by applicable law, regulation, or stock exchange listing requirement.

3.7 Section 409A Compliance. (a) Intent. This Agreement is intended to comply with Section 409A of the Internal Revenue Code ("Section 409A") or an exemption thereunder.

(b) Separation from Service. No payment subject to Section 409A shall be made upon a separation from service until the Executive has experienced a "separation from service" as defined under Section 409A.

(c) Specified Employee. If the Executive is a "specified employee" under Section 409A, any payment that becomes due upon separation from service shall be delayed for six months or until death, if earlier.

The provisions of this Section 3.0 shall be interpreted and administered in accordance with applicable law and regulations, including Section 409A. The Company may modify these provisions to maintain compliance while preserving the economic benefits intended hereunder.

## **4.0 INTELLECTUAL PROPERTY AND CONFIDENTIALITY**

4.1 Assignment of Inventions. (a) The Executive hereby assigns to the Company all right, title, and interest in any invention, discovery, improvement, or work product ("Inventions") conceived or developed during employment that relates to the Company's Business or AI/ML Technology, including but not limited to: (i) algorithms, models, and mathematical formulations; (ii) software code, applications, and systems; (iii) machine learning architectures and frameworks; (iv) data processing methodologies and techniques; (v) industrial process optimizations and controls; and (vi) any derivative works or improvements thereof.

(b) The Executive shall promptly disclose all Inventions to the Company and execute all documents necessary to perfect the Company's ownership thereof, including: (i) patent applications and declarations; (ii) copyright registrations; (iii) trademark applications; (iv) assignments and transfers of rights; and (v) any other intellectual property documentation required.

(c) The Executive acknowledges that all Inventions developed using Company resources, during Company time, or within the scope of employment constitute "works made for hire" under applicable copyright laws.

4.2 Confidentiality Obligations. (a) The Executive shall maintain strict confidentiality of all Confidential Information and shall not disclose such information to any third party without prior written consent. "Confidential Information" includes: (i) technical specifications and documentation; (ii) source code and algorithmic implementations; (iii) training data and datasets; (iv) customer information and requirements; (v) business strategies and plans; (vi) financial data and projections; (vii) research and development activities; (viii) operational procedures and methodologies; and (ix) any other non-public information of commercial value.

(b) The Executive shall implement reasonable security measures to protect Confidential Information, including: (i) maintaining secure passwords and access controls; (ii) encrypting sensitive data; (iii) securing physical documents and materials; (iv) limiting access to authorized personnel only; and (v) reporting any suspected security breaches immediately.

(c) Upon termination of employment, the Executive shall: (i) return all physical materials containing Confidential Information; (ii) permanently delete any electronic copies; (iii) certify in writing the completion of these actions; (iv) continue to maintain confidentiality indefinitely; and (v) assist in the transition of sensitive projects and information.

4.3 Restrictive Covenants. (a) Non-Competition. During employment and for 12 months thereafter, the Executive shall not: (i) engage in any business competitive with the Company's Business; (ii) develop similar AI/ML technologies or solutions; (iii) provide consulting services to competitors; (iv) invest in or advise competing ventures; or (v) participate in any competing enterprise.

(b) Non-Solicitation. During employment and for 12 months thereafter, the Executive shall not: (i) solicit any customer or prospective customer of the Company; (ii) hire or solicit any employee or consultant of the Company; (iii) interfere with any business relationship of the Company; (iv) divert business opportunities from the Company; or (v) encourage others to terminate relationships with the Company.

4.4 Intellectual Property Protection. (a) The Executive shall assist in protecting the Company's intellectual property by: (i) maintaining detailed documentation of innovations; (ii) participating in patent prosecution processes; (iii) supporting intellectual property litigation if required; (iv) identifying potential infringement by competitors; and (v) suggesting improvements to existing protections.

4.5 Survival and Enforcement. (a) The obligations under this Section 4 shall survive the termination of employment and remain binding on the Executive.

(b) The Executive acknowledges that: (i) the restrictions are reasonable and necessary; (ii) the Company's AI/ML Technology represents substantial investment; (iii) breach would cause

irreparable harm; (iv) monetary damages alone would be inadequate; and (v) injunctive relief is appropriate and necessary.

4.6 Remedies. (a) In the event of any breach, the Company shall be entitled to: (i) immediate injunctive relief; (ii) monetary damages; (iii) recovery of attorney fees and costs; (iv) extension of restrictive periods; and (v) any other available legal or equitable remedies.