

# **Employee Stock Option and Equity Compensation Plan**

**Nexus Intelligent Systems, Inc.**

## **1. PURPOSE AND OBJECTIVES**

1 This Employee Stock Option and Equity Compensation Plan (the "Plan") is established by Nexus Intelligent Systems, Inc., a Delaware corporation (the "Company"), to attract, retain, and motivate key employees, directors, and consultants by providing them with opportunities to acquire a proprietary interest in the Company's growth and performance.

2 The Plan is designed to:

- a) Align employee interests with those of the Company's shareholders
- b) Provide competitive compensation opportunities
- c) Encourage long-term commitment to the Company's strategic objectives
- d) Support the Company's talent retention and recruitment strategies

## **2. DEFINITIONS**

1 "Eligible Participant" shall mean any full-time or part-time employee, director, or consultant of the Company who is selected by the Compensation Committee to receive an equity award under this Plan.

2 "Stock Option" means the right to purchase shares of the Company's common stock at a predetermined price during a specified period.

3 "Restricted Stock Unit (RSU)" means a contractual right to receive shares of common stock at a future date, subject to specified vesting conditions.

4 "Fair Market Value" shall be determined as the most recent valuation of the Company's common stock, typically established through a 409A valuation conducted by an independent third-party appraiser.

## **3. EQUITY AWARD TYPES**

1 Incentive Stock Options (ISOs)

- a) Available only to employees
- b) Potential tax-advantaged treatment under Internal Revenue Code Section 422

c) Maximum aggregate grant value of \$100,000 per calendar year per participant

## 2 Non-Qualified Stock Options (NSOs)

a) Available to employees, directors, and consultants

b) Taxed as ordinary income upon exercise

c) No statutory limitations on grant value

## 3 Restricted Stock Units (RSUs)

a) Grants of potential future stock ownership

b) Subject to time-based and/or performance-based vesting schedules

c) No purchase price required from participant

# 4. ADMINISTRATION

1 The Compensation Committee of the Board of Directors shall have full authority to:

a) Select participants

b) Determine award types and quantities

c) Establish vesting schedules

d) Interpret and implement Plan provisions

2 Standard vesting schedules shall be:

a) Time-based: 4-year vesting with 25% cliff vesting after one year, then quarterly vesting

b) Performance-based: Tied to individual and company performance metrics

# 5. ELIGIBILITY AND GRANT CRITERIA

1 Eligibility Criteria

a) Full-time employees with minimum 6 months of continuous service

b) Directors and key consultants critical to Company strategy

c) Performance and potential for future contribution

2 Grant Determination Factors

a) Role and responsibilities

b) Individual performance

c) Market competitive compensation

d) Strategic importance to Company objectives

## **6. TERMINATION AND POST-EMPLOYMENT PROVISIONS**

### **1 Termination Scenarios**

- a) Voluntary Resignation: Unvested options/RSUs typically forfeit immediately
- b) Involuntary Termination Without Cause: Prorated vesting may apply
- c) Retirement or Disability: Potential extended exercise periods

## **7. TRANSFERABILITY**

### **1 Equity awards are non-transferable except:**

- a) By will or inheritance
- b) Pursuant to domestic relations orders
- c) With explicit Compensation Committee approval

## **8. TAX CONSIDERATIONS**

1 Participants are solely responsible for all tax implications arising from equity awards.

2 The Company makes no representations regarding tax consequences and recommends independent tax counsel consultation.

## **9. AMENDMENT AND TERMINATION**

1 The Board of Directors reserves the right to modify, suspend, or terminate the Plan at any time.

2 No modification shall materially impair existing award rights without participant consent.

## **10. GOVERNING LAW**

1 This Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

## **EXECUTION**

Approved by the Board of Directors on: January 22, 2024

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Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.