

# **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 JENNIFER MARTINEZ, an individual residing at 127 Tech Valley Road, Cambridge, Massachusetts 02142 (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 1200 Technology Drive, Suite 400, Wilmington, Delaware 19801 (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 and related technologies (the "Business");

WHEREAS, the Company desires to employ the Executive as Senior 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 (the "Board") has approved the employment of the Executive on the terms and conditions set forth herein during its regular meeting held on December 15, 2023, 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 specialized knowledge in deep learning algorithms, neural network architecture, and industrial automation systems;

WHEREAS, the Company's strategic objectives include the expansion of its artificial intelligence capabilities and market presence in the industrial automation sector, which directly align with the Executive's expertise and professional background; 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

2.1 "Cause" shall mean: (a) Executive's material breach of this Agreement; (b) Executive's conviction of, or plea of guilty or nolo contendere to, a felony or crime involving moral turpitude; (c) Executive's willful misconduct or gross negligence in the performance of duties; (d) Executive's unauthorized disclosure of Confidential Information; (e) Executive's material violation of Company policies; (f) Executive's repeated failure to follow reasonable and lawful directives of the Board; or (g) Executive's engagement in conduct that brings or is reasonably likely to bring the Company into public disgrace.

2.2 "Change in Control" shall mean: (a) any person or entity becomes the beneficial owner of more than 50% of the Company's voting securities; (b) a merger or consolidation where the Company's shareholders immediately prior thereto fail to own at least 50% of the surviving entity; (c) a sale of all or substantially all of the Company's assets; (d) a liquidation or dissolution of the Company; or (e) a replacement of a majority of the Board of Directors during any 12-month period by directors whose appointment was not endorsed by the previous Board.

2.3 "Confidential Information" shall mean all non-public information relating to the Company's technology, including but not limited to: (a) machine learning algorithms and models; (b) computer vision systems and methodologies; (c) training data and datasets; (d) source code and software architecture; (e) customer deployment configurations; (f) research and development plans; (g) technical specifications of the NexusCore™ platform; (h) neural network architectures and training methodologies; (i) data preprocessing techniques and feature engineering approaches; (j) model optimization strategies and hyperparameter configurations; (k) system integration protocols and APIs; and (l) performance metrics and benchmarking results.

2.4 "Competitive Business" shall mean any business engaged in developing or commercializing artificial intelligence or machine learning solutions for industrial process optimization, predictive maintenance, or quality control applications within the manufacturing sector, including but not limited to: (a) computer vision-based inspection systems; (b) sensor fusion algorithms for equipment monitoring; (c) predictive analytics platforms for manufacturing; (d) automated process control systems; or (e) industrial IoT solutions incorporating machine learning capabilities.

2.5 "Intellectual Property" shall mean all inventions, innovations, improvements, developments, methods, processes, programs, designs, analyses, drawings, reports, patents, copyrights, trade secrets, and all similar or related information (whether or not patentable) which relate to the Company's actual or anticipated business, including: (a) algorithmic implementations and mathematical models; (b) software architecture and code repositories; (c) training methodologies and procedures; (d) data collection and preprocessing techniques; (e)

system optimization strategies; (f) user interface designs and workflows; (g) documentation and technical specifications; and (h) any derivatives, modifications, or improvements thereof.

2.6 "Territory" shall mean any geographic area where the Company conducts business, maintains customers or partners, or has demonstrable plans to expand operations within the twelve (12) months following the Effective Date.

2.7 "Work Product" shall mean all deliverables, innovations, improvements, modifications, developments, or enhancements created, conceived, reduced to practice, or authored by Executive, either solely or jointly with others, during the course of employment with the Company.

### **3.0 EMPLOYMENT TERMS**

#### **3.1 Position and Duties**

(a) The Company hereby employs the Executive as Senior Vice President of Product Development, reporting directly to the Chief Technology Officer.

(b) The Executive shall have responsibility for leading the Company's product development organization, including oversight of the NexusCore™ platform architecture, ML model development, and technical roadmap execution.

(c) The Executive shall devote substantially all of their business time, attention, and efforts to the performance of their duties hereunder.

(d) Specific responsibilities shall include, but are not limited to: (i) Strategic leadership of product development teams comprising no fewer than fifty (50) technical staff members; (ii) Management of annual product development budgets exceeding \$10 million; (iii) Quarterly presentations to the Board of Directors regarding product roadmap progress; (iv) Direct oversight of patent applications and intellectual property strategy; (v) Collaboration with Sales and Marketing departments on product positioning and go-to-market strategy.

(e) The Executive shall maintain all necessary professional certifications and technical credentials relevant to their position, with associated costs reimbursed by the Company.

#### **3.2 Term of Employment**

(a) The initial term of employment shall be three (3) years from the Effective Date (the "Initial Term"), unless earlier terminated pursuant to Section 3.4.

(b) Following the Initial Term, this Agreement shall automatically renew for successive one-year periods (each, a "Renewal Term"), unless either party provides written notice of non-renewal at least ninety (90) days prior to the end of the then-current term.

(c) During any Renewal Term, all terms and conditions of this Agreement shall remain in full force and effect unless modified by written agreement of both parties.

### 3.3 Work Location and Arrangements

- (a) The Executive's primary work location shall be the Company's headquarters in Wilmington, Delaware.
- (b) The Executive may work remotely up to two (2) days per week, subject to the Company's Remote Work Policy and business needs.
- (c) Remote work arrangements shall be subject to the following conditions: (i) Maintenance of a secure, private home office environment; (ii) Availability during core business hours (9:00 AM - 5:00 PM EST); (iii) High-speed internet connection meeting Company security requirements; (iv) Participation in all scheduled meetings, whether virtual or in-person; (v) Compliance with all Company security and confidentiality protocols.
- (d) The Company shall provide necessary equipment for remote work, including: (i) Company-issued laptop computer; (ii) Mobile device; (iii) Secure VPN access; (iv) Video conferencing equipment.

### 3.4 Performance Expectations

- (a) The Executive shall meet or exceed the following performance metrics: (i) Quarterly product release targets; (ii) Annual revenue growth objectives for product lines; (iii) Customer satisfaction scores above 85%; (iv) Team retention rates above industry average; (v) Innovation metrics including patent filings and new feature deployment.
- (b) Performance reviews shall be conducted quarterly, with comprehensive annual evaluations affecting compensation adjustments.

### 3.5 Termination

- (a) By Company for Cause: The Company may terminate Executive's employment for Cause immediately upon written notice.
- (b) By Company without Cause: The Company may terminate Executive's employment without Cause upon thirty (30) days' written notice.
- (c) By Executive: The Executive may resign upon sixty (60) days' written notice.
- (d) Definition of 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 meet performance expectations; (v) Violation of Company policies or procedures; (vi) Unauthorized disclosure of confidential information; (vii) Actions causing material harm to Company reputation.
- (e) Upon termination for any reason, the Executive shall: (i) Return all Company property and confidential information; (ii) Assist in transition of duties to designated successor; (iii) Maintain all confidentiality obligations; (iv) Comply with non-compete and non-solicitation provisions; (v) Submit final expense reports within thirty (30) days.

### 3.6 Compliance and Reporting

- (a) The Executive shall maintain strict compliance with all Company policies, procedures, and applicable regulations.
- (b) Regular reporting requirements include: (i) Weekly status updates to Chief Technology Officer; (ii) Monthly product development metrics; (iii) Quarterly budget reconciliation; (iv) Annual strategic planning documentation.

## 4.0 COMPENSATION AND BENEFITS

### 4.1 Base Salary

- (a) The Executive shall receive an annual base salary of \$275,000, payable in accordance with the Company's normal payroll practices and subject to all applicable withholdings and deductions.
- (b) The base salary shall be reviewed annually and may be increased (but not decreased) at the Board's discretion based on factors including, but not limited to, Company performance, market conditions, and the Executive's contributions.
- (c) Any increase in base salary shall become the new base salary for purposes of this Agreement and shall not be reduced without the Executive's written consent.

### 4.2 Equity Compensation

- (a) Initial Grant: The Executive shall receive an initial grant of 100,000 restricted stock units (RSUs) under the Company's 2023 Equity Incentive Plan (the "Plan"), subject to the terms and conditions set forth therein.
- (b) Vesting Schedule: The RSUs shall vest over four (4) years, with 25% vesting on the first anniversary of the Effective Date and the remainder vesting in equal quarterly installments thereafter, subject to the Executive's continued employment with the Company.
- (c) Additional Grants: The Executive shall be eligible for additional equity grants as determined by the Board, with the size, terms, and conditions of such grants based on factors including Company performance, market conditions, and individual contributions.
- (d) Acceleration: In the event of a Change in Control (as defined in Section 7.0), any unvested equity shall be subject to accelerated vesting as specified in the Company's Change in Control provisions.
- (e) Exercise Period: Upon termination of employment for any reason other than Cause, the Executive shall have twelve (12) months to exercise any vested equity awards.

### 4.3 Annual Bonus

(a) Target Bonus: The Executive shall be eligible for an annual performance bonus with a target of 40% of base salary, with the potential to earn up to 200% of target based on exceptional performance.

(b) Metrics: The bonus shall be based on achievement of Company and individual performance objectives established by the Board, including but not limited to: (i) Financial metrics (revenue, EBITDA, etc.) (ii) Strategic objectives (iii) Operational goals (iv) 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.

(d) Pro-ration: The bonus shall be pro-rated for partial years of service based on the number of days employed during the applicable performance year.

#### 4.4 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, including but not limited to: (i) Medical, dental, and vision insurance (ii) Life and disability insurance (iii) 401(k) retirement plan with Company matching (iv) Health Savings Account (HSA) with Company contribution (v) Flexible Spending Accounts (FSA)

(b) Vacation and Leave: (i) The Executive shall be entitled to four (4) weeks of paid vacation annually (ii) Vacation days shall accrue monthly and may be carried over as per Company policy (iii) The Executive shall receive paid holidays as per Company policy (iv) Sick leave and personal days shall be provided as per Company policy

#### 4.5 Additional Compensation

(a) Sign-on Bonus: The Executive shall receive a one-time sign-on bonus of \$50,000, payable within 30 days of the Effective Date, subject to repayment if the Executive voluntarily terminates employment within 12 months.

(b) Relocation Assistance: If applicable, the Company shall provide relocation assistance up to \$25,000, subject to appropriate documentation and tax treatment.

#### 4.6 Business Expenses

(a) The Company shall reimburse the Executive for all reasonable business expenses incurred in performing services pursuant to this Agreement.

(b) Reimbursement shall be subject to the Company's expense policies and appropriate documentation requirements.

#### 4.7 Tax Treatment

(a) All compensation shall be subject to applicable withholding and payroll taxes and other deductions required by law.

(b) The Company makes no representations regarding the tax treatment of any compensation or benefits provided hereunder.

#### 4.8 Compensation Review

(a) The Compensation Committee shall review all elements of compensation annually to ensure alignment with market practices and Company objectives.

(b) Any modifications to compensation elements shall be documented in writing and require Board approval.

#### 4.9 Clawback Provisions

(a) All incentive compensation shall be subject to the Company's clawback policy, as may be adopted or amended from time to time.

(b) The Executive agrees to promptly return any compensation required to be forfeited or repaid under such policy.

#### 4.10 Section 409A Compliance

(a) All compensation under this Agreement is intended to comply with or be exempt from Section 409A of the Internal Revenue Code.

(b) Any payment that is determined to be subject to Section 409A shall be paid in a manner that complies with Section 409A.

(c) The Company shall not be liable for any taxes, penalties, or interest that may be imposed under Section 409A.

## **5.0 INTELLECTUAL PROPERTY AND CONFIDENTIALITY**

### 5.1 Assignment of Intellectual Property

(a) The Executive hereby assigns to the Company all right, title, and interest in any Intellectual Property developed during employment, including but not limited to: (i) Inventions, discoveries, processes, formulas, data, and know-how; (ii) Software, algorithms, code, and computational methods; (iii) Machine learning models, training data, and neural network architectures; (iv) Technical specifications, documentation, and research materials; (v) Improvements, modifications, and derivative works.

(b) The Executive shall promptly disclose all Intellectual Property to the Company and assist in securing and defending the Company's rights therein, including: (i) Executing necessary documentation for patent, copyright, or trademark applications; (ii) Providing testimony in any enforcement proceedings; (iii) Maintaining detailed records of development activities; (iv) Cooperating in technology transfer procedures.

### 5.2 Confidentiality Obligations

(a) The Executive shall maintain the confidentiality of all Confidential Information during employment and thereafter, including: (i) Trade secrets and proprietary technical information; (ii) Customer data, preferences, and usage patterns; (iii) Business strategies, plans, and market analyses; (iv) Financial projections and performance metrics; (v) Employee information and human resources data.

(b) The Executive shall: (i) Use appropriate security measures to protect Confidential Information; (ii) Limit access to authorized personnel on a need-to-know basis; (iii) Return all materials containing Confidential Information upon termination; (iv) Report any unauthorized disclosure immediately.

### 5.3 Specific Protections for AI/ML Technologies

(a) The Executive acknowledges that the Company's artificial intelligence and machine learning technologies constitute highly valuable trade secrets, including: (i) Training methodologies and data preprocessing techniques; (ii) Model architectures and hyperparameter configurations; (iii) Feature engineering approaches and selection criteria; (iv) Performance optimization strategies and benchmarks.

(b) The Executive shall maintain detailed documentation of: (i) Algorithm development and iteration history; (ii) Data sources and transformation procedures; (iii) Testing protocols and validation results; (iv) Implementation specifications and deployment procedures.

### 5.4 Data Protection and Privacy

(a) The Executive shall comply with all applicable data protection laws and regulations.

(b) The Executive shall: (i) Implement appropriate technical and organizational measures; (ii) Follow established data handling protocols; (iii) Report potential data breaches within 24 hours; (iv) Assist in data protection impact assessments.

### 5.5 Non-Competition and Non-Solicitation

(a) During employment and for twelve (12) months thereafter, the Executive shall not: (i) Engage in any Competitive Business within the Restricted Territory; (ii) Develop competing AI/ML technologies or solutions; (iii) Provide consulting services to competitors; (iv) Hold more than 1% ownership in any Competitive Business.

(b) During employment and for twelve (12) months thereafter, the Executive shall not: (i) Solicit Company employees or contractors; (ii) Interfere with customer relationships; (iii) Disrupt supplier or partner arrangements; (iv) Target Company's business opportunities.

### 5.6 Remedies and Enforcement

(a) The Executive acknowledges that: (i) Breach of these provisions would cause irreparable harm; (ii) Monetary damages alone would be inadequate; (iii) Injunctive relief may be necessary and appropriate.



(b) In the event of breach, the Company shall be entitled to: (i) Immediate injunctive relief; (ii) Monetary damages and lost profits; (iii) Recovery of enforcement costs and fees; (iv) Extension of restrictive periods.

#### 5.7 Survival and Severability

(a) The obligations in this Section shall: (i) Survive termination of employment; (ii) Remain binding regardless of reason for termination; (iii) Continue for the specified duration; (iv) Be independently enforceable.

(b) If any provision is found unenforceable: (i) The remaining provisions shall continue in effect; (ii) The provision shall be modified to the extent permitted by law; (iii) The provision shall be enforced in all permitted jurisdictions; (iv) The essential protections shall be preserved.

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