

# Merger and Acquisition Governance Protocol

## Preamble

This Merger and Acquisition Governance Protocol ("Protocol") is executed on January 22, 2024, by and between Nexus Intelligent Systems, Inc., a Delaware corporation ("Nexus" or the "Company"), in connection with potential strategic merger and acquisition transactions.

## 1. Purpose and Scope

1 **Objective**: This Protocol establishes comprehensive guidelines, procedural frameworks, and governance standards for evaluating, executing, and managing potential merger and acquisition ("M&A") opportunities for Nexus Intelligent Systems, Inc.

2 **Applicability**: This Protocol shall govern all strategic transaction evaluations, due diligence processes, negotiation protocols, and post-transaction integration strategies for the Company.

## 2. Governance Framework

### 1 **Strategic Transaction Committee**

a) Composition: The committee shall include:

- Chief Executive Officer
- Chief Strategy Officer
- Chief Financial Officer
- Chief Technology Officer
- External Legal Counsel (as required)

b) Responsibilities:

- Identify potential strategic acquisition targets
- Conduct initial screening and strategic alignment assessments
- Authorize comprehensive due diligence processes
- Recommend transaction approvals to the Board of Directors

### 2 **Transaction Evaluation Criteria**

The Strategic Transaction Committee shall evaluate potential acquisitions based on the following primary criteria:

- a) Strategic Alignment
- b) Technology Compatibility
- c) Financial Performance
- d) Cultural Integration Potential
- e) Synergy Realization Potential
- f) Risk Profile Assessment

### **3. Due Diligence Protocol**

#### **1 \*\*Initial Screening\*\***

- Preliminary assessment of target company's strategic fit
- High-level financial and technological compatibility review
- Confidentiality and non-disclosure agreement execution

#### **2 \*\*Comprehensive Due Diligence\*\***

Detailed examination encompassing:

##### **a) Financial Due Diligence**

- Audited financial statements (3-year historical review)
- Revenue and profitability analysis
- Working capital assessment
- Debt and contingent liability evaluation

##### **b) Technological Due Diligence**

- Intellectual property portfolio review
- Technology stack compatibility assessment
- Product/service roadmap alignment
- Research and development capabilities evaluation

##### **c) Legal Due Diligence**

- Corporate governance review
- Litigation history examination
- Regulatory compliance assessment
- Contractual obligation analysis

#### d) Operational Due Diligence

- Organizational structure assessment
- Human capital evaluation
- Operational efficiency analysis
- Cultural compatibility assessment

### **4. Transaction Execution Guidelines**

#### 1 **\*\*Negotiation Principles\*\***

- Maintain arm's length transaction standards
- Prioritize shareholder value creation
- Ensure transparent and ethical negotiation processes
- Protect the Company's strategic interests

#### 2 **\*\*Transaction Structuring\*\***

Potential transaction structures include:

- a) Full acquisition
- b) Majority equity stake
- c) Strategic minority investment
- d) Joint venture
- e) Asset acquisition

### **5. Post-Transaction Integration**

#### 1 **\*\*Integration Management\*\***

- Develop comprehensive integration roadmap
- Establish clear integration governance structure
- Define key performance indicators
- Create cultural integration strategy

#### 2 **\*\*Risk Mitigation\*\***

- Implement robust post-transaction monitoring
- Establish contingency planning mechanisms
- Develop retention strategies for key personnel

## **6. Confidentiality and Limitations**

1 This Protocol represents internal guidelines and does not constitute a binding commitment to any transaction.

2 All information generated under this Protocol shall remain strictly confidential.

## **7. Amendments**

1 This Protocol may be amended by majority vote of the Strategic Transaction Committee.

## **8. Execution**

Approved and executed by:

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024