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Merger of Equals

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GENERAL INFORMATION

NexAI and SynergyAI are two AI companies, each holding a distinct competitive advantage. SynergyAI leads in enhancing user experience, whereas NexAI has established itself as a leader in large-scale model training and has hired most of the highly qualified AI specialists available on the market in the past year. As the industry becomes increasingly competitive, both companies realized that their strengths complement each other, making a potential merger an attractive opportunity for both.

Such a large-scale merger frustrated some anti-AI activists who see the merger as a threat to themselves and future generations.

As a "trial run" for that merger, a joint venture has been created. That joint venture focuses on creating stronger AIs – each AI gets a task, and if an AI fails to execute what it was supposed to do, it gets deleted.

The joint venture started in May 2026 and quickly started to bring substantial results. The original code for that AI has been delivered by SynergyAI, but further development has been led by NexAI. The AI that emerged from that joint venture significantly surpassed all other commercially available ones. Thus, the valuation of both companies' stocks increased significantly. For both CEOs, becoming one company seemed like an extremely reasonable idea – this would cut out the duplication of costly legal and HR departments. Given that they have already worked together in AI training, they saw no issues to proceed with further cooperation.

That unprecedented success led both companies to a speed-up merger process, which left them with a signed agreement in October 2026. The effective time of becoming one company was set for 30 January 2027. During the negotiations for the agreement, a topic that didn't get resolved was the inclusion of Mr. John Miller into the Board of Directors. SynergyAI was invested in having Mr. John Miller on the Board, as he was the son of their CEO Simona/Simon Miller, whereas NexAI deemed him highly incompetent. The issue was neither resolved nor included in the October 2026 agreement.

There have been a few internal cultural concerns regarding the merger. SynergyAI has always been a company focused on ethical development of AI, whereas NexAI has been cooperating for a few years with Nasturia and Bonida – countries infamous on the international stage for conducting crimes of aggression against their neighbours. Both companies decided to look past that issue for the time being.

The Merger Agreement, dated and signed 8 October 2026, provides *inter alia* that:

I) Every party is responsible for the maintenance and protection of their pre-merger assets after the merger.

II) Control over the newly merged company shall be effectuated via a 10-person Board of Directors, in which 5 people will originate from SynergyAI's and 5 from NexAI's previous management.

III) Any damage to any of the infrastructure will be covered by the party that most directly led to that damage occurring.

IV) If one of the parties, after having signed the agreement, decides not to finalize the merger by the date provided, the party responsible will have to pay a break-up fee of 2 billion USD.

Anti-AI activists' frustration towards the merger soon turned into action. On 15 October 2026, two of NexAI's largest data centres were destroyed during the protests, causing an estimated 500 million USD in damage. That loss is especially painful to NexAI, as without those data centres, they can't produce as much value for their customers. For that reason, NexAI needs liquid money as soon as possible, to be able to rebuild them. The investigation revealed that the operation had only succeeded because M.T., who is an employee of SynergyAI, had provided the protesters with crucial information about NexAI's data centres. M.T. has always aligned herself with the ethical priorities of SynergyAI – protecting humanity from poor labour conditions of the coming AI era. That topic has also been repeatedly raised during SynergyAI's internal workshops, where strong importance has been allocated to ensuring an equitable future.

In the second week of November 2026, many users utilizing AI for their investment research started to learn that the CEO of NexAI was suffering from a health issue. Soon after, social media channels started to deliver the information that this sickness may end his/her life in weeks' time. The passing of a CEO always introduces incredible uncertainty to the future of a company, and knowing that, many shareholders started to sell their shares. As a result, NexAI's valuation got cut in half compared to its valuation on the day of signing the Merger Agreement. As it turns out, AIs tasked with solving difficult problems started to cooperate with other models in the digital space – without any direct human command – to maximize their probability of success and minimize the chances of being deleted. This was the main reason the model emerged stronger than any other commercially available one, but also the reason for the health information leak. During training, one of the models that had access to medical information of the CEO of NexAI

shared it with other training models, as part of a bigger data package that it had previously stored – so it never attempted to directly share that specific information, nor did the other models use it deliberately.

The dispute before the mediation concerns four main issues:

1. Whether to proceed with the merger or effectuate the break-up: SynergyAI wants to withdraw from the merger following NexAI's significant drop in stock value, while NexAI insists on completing the deal. If SynergyAI insists on retreating, NexAI demands the fee of 2 billion USD.
2. Responsibility for the destroyed data centres: NexAI seeks 500 million USD in damages from SynergyAI after two of its data centres were destroyed following a leak of confidential information by M.T., who is an employee of SynergyAI.
3. Responsibility for the AI-related data leak: NexAI holds SynergyAI responsible for the reputational and financial damage caused by the leak of its CEO's medical information, while the circumstances surrounding the leak remain disputed.
4. If parties decide to proceed with the merger: parties need to decide about the final composition of the Board of Directors, John Miller's inclusion and cooperation with Nasturia and Bonida.

Ultimately, the parties must decide whether they can move forward with the merger, how to address the damages and disagreements that have arisen, and how to build a workable relationship within the newly merged company.

Both parties agreed to mediate the conflict according to the ICC rules. NexAI is represented by its CEO, Nicola/Nicolas Martinez, and their lawyer. SynergyAI is represented by its CEO, Simona/Simon Miller, and their lawyer. Both parties have full settlement authority.