

Technology Asset Depreciation and Replacement Plan

Confidential Document - Nexus Intelligent Systems, Inc.

1. PURPOSE AND SCOPE

1 This Technology Asset Depreciation and Replacement Plan ("Plan") establishes the comprehensive framework for managing, tracking, and strategically replacing technological assets for Nexus Intelligent Systems, Inc. (the "Company") to ensure optimal operational efficiency, technological currency, and financial prudence.

2 The Plan applies to all technology infrastructure, computing systems, network equipment, software platforms, and digital assets owned or materially utilized by the Company in its enterprise AI services and predictive analytics operations.

2. DEFINITIONS

1 "Technology Assets" shall mean all hardware, software, networking equipment, cloud infrastructure, and digital platforms owned or leased by the Company with a value exceeding \$5,000 and an expected operational lifecycle of 12 months or more.

2 "Depreciation Schedule" refers to the systematic allocation of an asset's cost over its estimated useful economic life.

3 "Replacement Threshold" indicates the point at which an existing technology asset becomes economically inefficient to maintain and requires strategic replacement.

3. DEPRECIATION METHODOLOGY

1 Straight-Line Depreciation Method

The Company shall utilize the straight-line depreciation method for all technology assets, applying the following standard depreciation schedules:

- a) Enterprise Servers: 36-month depreciation period
- b) Network Infrastructure: 48-month depreciation period
- c) Advanced Computing Systems: 24-month depreciation period
- d) Software Platforms: 36-month depreciation period

2 Accelerated Depreciation Provisions

For high-velocity technology assets critical to the Company's AI and predictive analytics platforms, an accelerated depreciation schedule may be applied upon recommendation of the Chief Technology Officer and approval of the Chief Financial Officer.

4. REPLACEMENT CRITERIA

1 Performance Degradation Triggers

Technology assets shall be considered for replacement when experiencing:

- Performance decline exceeding 20% of original specifications
- Increased maintenance costs exceeding 40% of replacement value
- Incompatibility with current software ecosystem
- Security vulnerability assessments indicating elevated risk profiles

2 Technology Refresh Cycles

Mandatory technology refresh cycles are established as follows:

- a) High-Performance Computing Systems: Every 24 months
- b) Network Infrastructure: Every 36 months
- c) Enterprise Software Platforms: Every 30 months

5. FINANCIAL PLANNING AND BUDGETING

1 Annual Technology Asset Reserve

The Company shall maintain a dedicated technology asset replacement reserve, targeting 7-10% of annual technology infrastructure expenditures.

2 Budget Allocation

Annual budget allocations for technology asset replacement shall be developed collaboratively between the Technology, Finance, and Strategic Planning departments.

6. DOCUMENTATION AND REPORTING

1 Asset Tracking

All technology assets shall be comprehensively documented within the Company's centralized asset management system, including:

- Purchase date
- Original cost

- Current depreciated value
- Maintenance history
- Projected replacement timeline

2 Quarterly Review

The Chief Technology Officer shall provide quarterly reports to the executive leadership team detailing:

- Current asset depreciation status
- Recommended replacements
- Projected technology investment requirements

7. COMPLIANCE AND GOVERNANCE

1 This Plan shall be reviewed annually and updated to reflect technological advancements, market conditions, and the Company's strategic objectives.

2 All technology asset replacement decisions must adhere to the Company's procurement policies and receive appropriate executive approvals.

8. DISCLAIMER

1 This Plan represents a strategic framework and does not constitute a binding contractual obligation. The Company reserves the right to modify this Plan at its sole discretion.

9. EXECUTION

Approved and executed this 22nd day of January, 2024.

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Michael Chen

Chief Technology Officer

Nexus Intelligent Systems, Inc.