

2023 DEPRECIATION SCHEDULE

Summit Digital Solutions, Inc.

A Delaware Corporation

EIN: 47-3856291

As of December 31, 2023

1. OVERVIEW AND CERTIFICATION

This Depreciation Schedule has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and reflects all depreciable assets owned by Summit Digital Solutions, Inc. (the "Company") as of December 31, 2023. The undersigned Chief Financial Officer hereby certifies that this schedule is complete and accurate to the best of their knowledge.

2. SUMMARY OF DEPRECIATION METHODS

1. The Company utilizes the following depreciation methods:

- Straight-line depreciation for buildings and leasehold improvements
- Modified Accelerated Cost Recovery System (MACRS) for technology equipment
- Double declining balance for furniture and fixtures
- Sum-of-years-digits for specialized technical equipment

2. All calculations comply with IRS Publication 946 guidelines and applicable sections of the Internal Revenue Code.

3. TECHNOLOGY EQUIPMENT AND SOFTWARE

1. Enterprise Server Infrastructure

- Original Cost: \$2,875,000
- Purchase Date: March 15, 2021
- Useful Life: 5 years
- 2023 Depreciation: \$575,000
- Accumulated Depreciation: \$1,581,250
- Net Book Value: \$1,293,750

2. Peak Performance Platform Software

- Original Cost: \$4,250,000
- Purchase Date: June 1, 2022
- Useful Life: 3 years
- 2023 Depreciation: \$1,416,667
- Accumulated Depreciation: \$2,125,000
- Net Book Value: \$2,125,000

3. Development Environment Hardware

- Original Cost: \$1,750,000
- Purchase Date: September 30, 2022
- Useful Life: 4 years
- 2023 Depreciation: \$437,500
- Accumulated Depreciation: \$546,875
- Net Book Value: \$1,203,125

4. OFFICE FURNITURE AND EQUIPMENT

1. Headquarters Office Furniture

- Original Cost: \$685,000
- Purchase Date: January 15, 2021
- Useful Life: 7 years
- 2023 Depreciation: \$97,857
- Accumulated Depreciation: \$293,571
- Net Book Value: \$391,429

2. Regional Office Equipment

- Original Cost: \$425,000
- Purchase Date: August 1, 2022
- Useful Life: 5 years
- 2023 Depreciation: \$85,000
- Accumulated Depreciation: \$127,500
- Net Book Value: \$297,500

5. LEASEHOLD IMPROVEMENTS

1. Headquarters Data Center

- Original Cost: \$1,250,000
- Purchase Date: April 1, 2021
- Useful Life: 10 years
- 2023 Depreciation: \$125,000
- Accumulated Depreciation: \$343,750
- Net Book Value: \$906,250

2. Innovation Lab Facilities

- Original Cost: \$875,000
- Purchase Date: October 15, 2022
- Useful Life: 8 years
- 2023 Depreciation: \$109,375
- Accumulated Depreciation: \$150,391
- Net Book Value: \$724,609

6. SPECIALIZED TECHNICAL EQUIPMENT

1. IoT Testing Infrastructure

- Original Cost: \$925,000
- Purchase Date: May 1, 2023
- Useful Life: 4 years
- 2023 Depreciation: \$231,250
- Accumulated Depreciation: \$231,250
- Net Book Value: \$693,750

2. AI Development Clusters

- Original Cost: \$1,650,000
- Purchase Date: March 1, 2023
- Useful Life: 3 years
- 2023 Depreciation: \$550,000

- Accumulated Depreciation: \$550,000
- Net Book Value: \$1,100,000

7. TOTALS AND RECONCILIATION

1. Total Original Cost: \$14,685,000
2. Total 2023 Depreciation: \$3,627,649
3. Total Accumulated Depreciation: \$5,949,587
4. Total Net Book Value: \$8,735,413

8. CERTIFICATION

The undersigned hereby certifies that this depreciation schedule accurately reflects the Company's depreciable assets and depreciation calculations for the year ended December 31, 2023, in accordance with GAAP and applicable tax regulations.

Dated: January 15, 2024

/s/ Margaret Chen

Margaret Chen

Chief Financial Officer

Summit Digital Solutions, Inc.

9. NOTES AND DISCLAIMERS

1. All amounts are stated in US Dollars.
2. This schedule is subject to review and adjustment during annual audit procedures.
3. Useful life estimates are based on management's best judgment and industry standards.
4. This document is confidential and proprietary to Summit Digital Solutions, Inc.