

CAPITAL EXPENDITURE BUDGET 2024

Summit Digital Solutions, Inc.

Approved by Board of Directors on December 15, 2023

1. EXECUTIVE SUMMARY

This Capital Expenditure Budget ("CapEx Budget") outlines the approved capital investments for Summit Digital Solutions, Inc. ("Company") for fiscal year 2024. Total authorized expenditures shall not exceed \$12,500,000 USD without additional Board approval.

2. BUDGET ALLOCATION BY CATEGORY

2.1 Technology Infrastructure

- Cloud Computing Infrastructure: \$3,200,000
- Data Center Expansion: \$1,800,000
- Network Security Systems: \$1,100,000
- Enterprise Software Licenses: \$900,000

Subtotal: \$7,000,000

2.2 Research & Development

- AI/ML Development Environment: \$1,500,000
- IoT Testing Laboratory: \$800,000
- Peak Performance Platform Enhancements: \$700,000

Subtotal: \$3,000,000

2.3 Facilities & Equipment

- Office Space Modernization: \$1,200,000
- Technical Equipment: \$800,000
- Workplace Safety Improvements: \$500,000

Subtotal: \$2,500,000

3. EXPENDITURE AUTHORIZATION

3.1 Approval Thresholds

- Up to \$100,000: Department Head approval
- \$100,001 - \$500,000: CEO approval
- \$500,001 - \$1,000,000: CEO and CFO joint approval
- Above \$1,000,000: Board approval required

3.2 Documentation Requirements

All capital expenditure requests must include:

- a) Detailed project justification
- b) ROI analysis
- c) Implementation timeline
- d) Risk assessment
- e) Vendor selection documentation
- f) Technical specifications
- g) Compliance verification

4. QUARTERLY ALLOCATION

4.1 Planned Distribution

- Q1 2024: \$4,000,000
- Q2 2024: \$3,500,000
- Q3 2024: \$2,500,000
- Q4 2024: \$2,500,000

4.2 Flexibility Provisions

Quarterly allocations may be adjusted by up to 20% with CEO and CFO approval, provided total annual budget is not exceeded.

5. PROJECT PRIORITIZATION

5.1 Critical Projects (Must Complete)

Cloud Infrastructure Expansion

Security System Upgrades

Peak Performance Platform 2.0

Data Center Redundancy

5.2 Strategic Projects (High Priority)

AI/ML Development Environment

IoT Laboratory Enhancement

Enterprise Software Integration

5.3 Discretionary Projects (As Funding Permits)

Office Modernization

Technical Equipment Refresh

Workplace Improvements

6. CONTINGENCY AND RESERVES

6.1 Emergency Fund

\$1,000,000 allocated for emergency capital requirements, accessible only with CEO and Board Chair approval.

6.2 Cost Overrun Protection

10% contingency buffer included in each major project budget.

7. MONITORING AND REPORTING

7.1 Regular Reporting

Monthly CapEx reports to be submitted to Executive Committee including:

- Actual vs. budgeted expenditure
- Project status updates
- Variance analysis
- Risk assessment updates

7.2 Quarterly Review

Board review of CapEx performance each quarter with formal presentation by CFO.

8. LEGAL AND COMPLIANCE

8.1 Procurement Requirements

All expenditures must comply with Company's Procurement Policy (POL-2023-12) and applicable regulations.

8.2 Asset Management

All capital acquisitions must be recorded in accordance with Company's Asset Management Policy (POL-2023-15).

9. AMENDMENTS AND MODIFICATIONS

This CapEx Budget may be amended only by Board resolution, except for adjustments within authorized variance thresholds noted in Section 4.2.

APPROVAL AND EXECUTION

APPROVED by the Board of Directors of Summit Digital Solutions, Inc. on December 15, 2023.

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Dr. Alexandra Reeves

Chief Executive Officer

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Sarah Blackwell

Chief Operating Officer

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James Henderson

Chief Digital Officer

ATTESTED BY:

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Corporate Secretary

Summit Digital Solutions, Inc.

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Version: 1.0

Effective Date: January 1, 2024