

Technology Asset Depreciation Report

Confidential Document - Nexus Intelligent Systems, Inc.

1. Executive Summary

This Technology Asset Depreciation Report ("Report") provides a comprehensive analysis of the technology asset depreciation schedule for Nexus Intelligent Systems, Inc. (the "Company") as of December 31, 2023. The report details the valuation, depreciation methodology, and current book value of the Company's critical technological infrastructure and intellectual property-related assets.

2. Depreciation Methodology

1 Accounting Standards

The depreciation calculations in this report are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and follow the straight-line depreciation method for tangible technology assets.

2 Depreciation Rates

- Enterprise Server Infrastructure: 3-5 year depreciation schedule
- Advanced Computing Hardware: 2-3 year depreciation schedule
- Software Licenses and Development Tools: 2-4 year depreciation schedule
- Networking Equipment: 3-5 year depreciation schedule

3. Asset Classification and Valuation

1 Hardware Assets

| Asset Category | Original Cost | Accumulated Depreciation | Net Book Value |
|-------------------------------------|---------------|--------------------------|----------------|
| ----- | ----- | ----- | ----- |
| Server Infrastructure | \$1,245,000 | \$623,750 | \$621,250 |
| High-Performance Computing Clusters | \$2,100,000 | \$875,000 | \$1,225,000 |
| Network and Security Infrastructure | \$675,000 | \$337,500 | \$337,500 |

2 Software and Intellectual Property Assets

| Asset Category | Original Cost | Accumulated Depreciation | Net Book Value |
|----------------|---------------|--------------------------|----------------|
| ----- | ----- | ----- | ----- |

| AI Development Platforms | \$1,500,000 | \$625,000 | \$875,000 |

| Machine Learning Diagnostic Tools | \$1,250,000 | \$520,833 | \$729,167 |

| Enterprise Integration Frameworks | \$950,000 | \$395,833 | \$554,167 |

4. Depreciation Projections

1 Projected Asset Lifecycle

- 75% of current hardware assets expected to be fully depreciated within 36 months
- Software assets projected to maintain 40-50% residual value after primary depreciation period
- Anticipated technology refresh cycle: 24-36 months for critical infrastructure components

2 Replacement and Upgrade Considerations

The Company anticipates approximately \$1.2M in planned technology infrastructure investments during the next fiscal year, with a focus on:

- Advanced AI computing infrastructure
- Enhanced machine learning development environments
- Next-generation network security systems

5. Impairment and Extraordinary Depreciation Analysis

1 No material impairment of technology assets has been identified as of the reporting date.

2 All technology assets are currently in active use and demonstrate continued operational effectiveness.

6. Compliance and Disclosure

1 This report has been prepared with full transparency and in compliance with applicable accounting standards.

2 All valuations represent good faith estimates based on current market conditions and internal asset assessments.

7. Limitations and Disclaimers

1 This report is intended for internal use and potential due diligence purposes.

2 Valuations are subject to change based on technological advancements, market conditions, and asset performance.

3 External verification is recommended for comprehensive asset valuation.

8. Certification

Prepared by: Michael Chen, Chief Technology Officer

Date of Report: January 22, 2024

Signature:

Michael Chen, CTO

Nexus Intelligent Systems, Inc.

9. Confidentiality Notice

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