

# InnovateSphere Dynamics Inc.

## 2024 Annual Financial Report

For the Fiscal Year Ended December 31, 2024

### InnovateSphere Dynamics Inc.

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### 1. Letter to Our Shareholders

To Our Valued Shareholders, Colleagues, and Partners,

Fiscal year 2024 was a landmark period for InnovateSphere Dynamics Inc. In a landscape of rapid technological advancement and shifting market demands, our team demonstrated remarkable resilience, innovation, and strategic foresight. We not only navigated the challenges but also capitalized on key opportunities, delivering strong financial results and significant progress toward our long-term vision.

Our total revenue grew by an impressive 18% to reach \$1.2 billion, a testament to the successful launch of our "Synapse AI" platform and the continued expansion of our cloud infrastructure services. This growth was driven by a 25% increase in our enterprise client base and a significant rise in recurring revenue streams, which now constitute 70% of our total revenue.

Net income for the year was \$150 million, or \$1.25 per diluted share, up from \$110 million in

the previous year. This profitability was achieved through a combination of top-line growth and disciplined operational management, which allowed us to invest heavily in Research & Development (\$180 million) while improving our operating margin to 15%.

Strategically, our acquisition of DataWeave Analytics in the third quarter has already begun to bear fruit, enhancing our data processing capabilities and providing a competitive edge in the Big Data market. We are confident that this synergy will unlock even greater value in the years to come.

Looking ahead to 2025, we are focused on three key pillars: expanding our international footprint, deepening our investment in quantum computing research, and continuing to enhance our AI-driven product suite. While we anticipate a competitive market, our strong financial position, robust product pipeline, and talented team give us confidence in our ability to continue delivering sustainable growth and value to you, our shareholders.

Thank you for your continued trust and support.

Sincerely,

Eleanor Vance  
Chief Executive Officer

## 2. Company Overview

InnovateSphere Dynamics Inc. is a global leader in providing advanced technology solutions for the digital age. Founded in 2010, the company specializes in artificial intelligence, cloud computing, and big data analytics. Our mission is to empower businesses to harness the power of data and AI to drive innovation, efficiency, and growth.

Our primary service offerings include:

- **Synapse AI Platform:** A proprietary suite of AI tools that enables businesses to build, deploy, and manage machine learning models at scale.
- **QuantumLeap Cloud Services:** A secure, scalable, and high-performance cloud infrastructure platform.
- **DataWeave Analytics:** A comprehensive data analytics and visualization service that transforms raw data into actionable business insights.

We serve a diverse client base of over 5,000 customers across various sectors, including finance, healthcare, retail, and manufacturing. Our headquarters is in Future City, with major offices in London, Tokyo, and Bangalore.

## 3. Management's Discussion and Analysis (MD&A)

### 3.1. Executive Summary

In 2024, InnovateSphere Dynamics achieved significant financial and operational milestones.

Revenue growth was primarily driven by the strong market adoption of our Synapse AI platform, which saw a 40% year-over-year increase in subscription revenue. The strategic acquisition of DataWeave Analytics for \$200 million was a key highlight, expanding our service portfolio and market reach. Despite increased operating expenses related to R&D and market expansion, we successfully improved our net profit margin from 10.8% in 2023 to 12.5% in 2024.

### **3.2. Financial Performance Review**

**Revenue:** Total revenue for 2024 was \$1,200 million, an 18% increase from \$1,015 million in 2023. This increase was attributed to a \$150 million rise in subscription-based services and a \$35 million increase in professional services and consulting.

**Cost of Revenue:** Cost of revenue increased to \$480 million from \$420 million in 2023, primarily due to higher infrastructure costs associated with supporting our growing cloud services client base.

**Operating Expenses:**

- **Research and Development (R&D):** R&D expenses were \$180 million, up from \$150 million in 2023, reflecting our continued investment in next-generation technologies.
- **Sales and Marketing (S&M):** S&M expenses increased to \$250 million from \$210 million in 2023, driven by our global market expansion efforts.
- **General and Administrative (G&A):** G&A expenses were \$110 million, a modest increase from \$105 million in 2023.

**Net Income:** Net income for the year was \$150 million, a 36% increase from the \$110 million reported in 2023.

### **3.3. Liquidity and Capital Resources**

As of December 31, 2024, we held \$350 million in cash and cash equivalents. Our primary sources of liquidity are cash generated from operations and available credit facilities. In 2024, our operations generated \$250 million in cash flow, which was primarily used to fund the acquisition of DataWeave Analytics (\$200 million) and for capital expenditures (\$50 million). We believe our current cash position and operational cash flow are sufficient to meet our working capital and investment needs for the foreseeable future.

### **3.4. Future Outlook and Strategic Initiatives**

For fiscal year 2025, we project revenue growth in the range of 15-20%. Our strategy focuses on international expansion, particularly in the European and Asia-Pacific markets. We plan to increase R&D spending by approximately 20% to accelerate our quantum computing and advanced AI research. We are also exploring further strategic partnerships to enhance our ecosystem and deliver more integrated solutions to our clients.

## 4. Consolidated Financial Statements

### 4.1. InnovateSphere Dynamics Inc. - Consolidated Balance Sheet

(As of December 31, 2024; in millions of USD)

Assets	2024	2023
<b>Current Assets</b>		
Cash and cash equivalents	\$350	\$400
Accounts receivable, net	\$210	\$180
Prepaid expenses	\$40	\$35
<b>Total Current Assets</b>	<b>\$600</b>	<b>\$615</b>
<b>Non-Current Assets</b>		
Property and equipment, net	\$550	\$510
Goodwill	\$250	\$50
Intangible assets, net	\$100	\$80
<b>Total Non-Current Assets</b>	<b>\$900</b>	<b>\$640</b>
<b>Total Assets</b>	<b>\$1,500</b>	<b>\$1,255</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$120	\$100
Accrued expenses	\$80	\$75
Deferred revenue	\$150	\$120

<b>Total Current Liabilities</b>	\$350	\$295
<b>Non-Current Liabilities</b>		
Long-term debt	\$300	\$250
<b>Total Non-Current Liabilities</b>	<b>\$300</b>	<b>\$250</b>
<b>Total Liabilities</b>	<b>\$650</b>	<b>\$545</b>
<b>Shareholders' Equity</b>		
Common stock	\$100	\$100
Retained earnings	\$750	\$610
<b>Total Shareholders' Equity</b>	<b>\$850</b>	<b>\$710</b>
<b>Total Liabilities and Equity</b>	<b>\$1,500</b>	<b>\$1,255</b>

#### **4.2. InnovateSphere Dynamics Inc. - Consolidated Statement of Operations**

*(For the Year Ended December 31, 2024; in millions of USD)*

Item	2024	2023
<b>Revenue</b>	<b>\$1,200</b>	<b>\$1,015</b>
Cost of Revenue	\$480	\$420
<b>Gross Profit</b>	<b>\$720</b>	<b>\$595</b>
<b>Operating Expenses</b>		
Research and Development	\$180	\$150

Sales and Marketing	\$250	\$210
General and Administrative	\$110	\$105
<b>Total Operating Expenses</b>	<b>\$540</b>	<b>\$465</b>
<b>Operating Income</b>	<b>\$180</b>	<b>\$130</b>
Interest Expense	(\$15)	(\$10)
Other Income, net	\$5	\$5
<b>Income Before Tax</b>	<b>\$170</b>	<b>\$125</b>
Provision for Income Taxes	(\$20)	(\$15)
<b>Net Income</b>	<b>\$150</b>	<b>\$110</b>
<b>Earnings Per Share (Diluted)</b>	<b>\$1.25</b>	<b>\$0.92</b>

#### **4.3. InnovateSphere Dynamics Inc. - Consolidated Statement of Cash Flows**

*(For the Year Ended December 31, 2024; in millions of USD)*

Cash Flow Activity	2024
<b>Operating Activities</b>	
Net Income	\$150
Depreciation & Amortization	\$60
Changes in working capital	\$40
<b>Net cash from operating activities</b>	<b>\$250</b>
<b>Investing Activities</b>	

Purchase of property and equipment	(\$50)
Acquisition of DataWeave Analytics	(\$200)
<b>Net cash used in investing activities</b>	<b>(\$250)</b>
<b>Financing Activities</b>	
Proceeds from long-term debt	\$50
<b>Net cash from financing activities</b>	<b>\$50</b>
<b>Net Decrease in Cash</b>	<b>(\$50)</b>
Cash at beginning of year	\$400
<b>Cash at End of Year</b>	<b>\$350</b>

## 5. Notes to Consolidated Financial Statements

### Note 1: Summary of Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

### Note 2: Business Combination

On August 1, 2024, the Company acquired DataWeave Analytics for a total purchase price of \$200 million in cash. The acquisition resulted in the recognition of \$200 million in goodwill.

### Note 3: Revenue Recognition

The Company recognizes revenue from subscription services over the term of the contract. Revenue from professional services is recognized as services are performed.

## 6. Independent Auditor's Report

### To the Board of Directors and Shareholders of InnovateSphere Dynamics Inc.,

We have audited the accompanying consolidated financial statements of InnovateSphere Dynamics Inc., which comprise the consolidated balance sheet as of December 31, 2024, and the related consolidated statements of operations and cash flows for the year then ended.

In our opinion, the financial statements present fairly, in all material respects, the financial position of InnovateSphere Dynamics Inc. as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting

principles generally accepted in the United States of America.

Future Veritas LLP  
Certified Public Accountants  
Future City, FC  
February 15, 2025