

2024 FINANCIAL PROJECTIONS AND BUDGET

Summit Digital Solutions, Inc.

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Effective Date: January 1, 2024

1. EXECUTIVE SUMMARY

This document outlines the approved financial projections and operating budget for Summit Digital Solutions, Inc. ("Company") for fiscal year 2024. These projections have been prepared by the Company's Finance Department in collaboration with executive leadership and approved by the Board of Directors on December 15, 2023.

2. BASIS OF PROJECTIONS

1. The financial projections contained herein are based on:

- (a) Historical performance data from FY2021-2023
- (b) Current sales pipeline and contracted revenue
- (c) Market analysis and industry growth projections
- (d) Known operational expenses and planned investments
- (e) Existing contractual obligations

2. All figures are presented in United States Dollars (USD) unless otherwise noted.

3. REVENUE PROJECTIONS

1. Total Projected Revenue: \$112,500,000

- Enterprise Digital Transformation Services: \$65,250,000
- IoT Integration Solutions: \$24,750,000
- Recurring Platform Licensing: \$18,000,000
- Professional Services & Training: \$4,500,000

2. Revenue Growth Assumptions

- 28.6% year-over-year growth from FY2023
- New client acquisition target: 45 enterprises

- Client retention rate: 92%
- Average contract value: \$1.25M

4. OPERATING EXPENSE BUDGET

1. Personnel Expenses: \$56,250,000

- Direct Labor: \$42,187,500
- Sales & Marketing: \$7,875,000
- G&A Staff: \$6,187,500

2. Technology & Infrastructure: \$12,375,000

- Cloud Infrastructure: \$5,625,000
- Software Licenses: \$3,750,000
- Development Tools: \$3,000,000

3. Sales & Marketing: \$8,437,500

- Digital Marketing: \$2,812,500
- Events & Conferences: \$2,625,000
- Business Development: \$3,000,000

4. General & Administrative: \$7,875,000

- Office Facilities: \$3,375,000
- Professional Services: \$2,250,000
- Insurance & Compliance: \$2,250,000

5. CAPITAL EXPENDITURE BUDGET

1. Total CapEx Budget: \$8,437,500

- Technology Platform Development: \$4,500,000
- Office Expansions: \$2,437,500
- Equipment & Infrastructure: \$1,500,000

6. PROJECTED PROFITABILITY

1. Gross Profit: \$56,250,000

- Gross Margin: 50%
- 2. EBITDA: \$27,562,500
- EBITDA Margin: 24.5%
- 3. Net Income: \$19,687,500
- Net Margin: 17.5%

7. CASH FLOW PROJECTIONS

- 1. Operating Cash Flow: \$24,750,000
- 2. Free Cash Flow: \$16,312,500
- 3. Working Capital Requirements: \$14,062,500

8. KEY PERFORMANCE INDICATORS

- 1. Financial KPIs
 - Customer Acquisition Cost (CAC): \$125,000
 - Lifetime Value (LTV): \$3,750,000
 - LTV/CAC Ratio: 30:1
 - Days Sales Outstanding (DSO): 45 days
- 2. Operational KPIs
 - Utilization Rate: 85%
 - Project Delivery On-Time: 92%
 - Customer Satisfaction Score: >4.5/5.0

9. ASSUMPTIONS AND RISK FACTORS

- 1. These projections assume:
 - Stable macroeconomic conditions
 - No material adverse changes in market conditions
 - Successful execution of growth strategy
 - Maintenance of key client relationships
- 2. Risk Factors:

- Market competition
- Technology changes
- Regulatory environment
- Labor market conditions

10. DISCLAIMER

This document contains forward-looking statements and projections that involve risks and uncertainties. Actual results may differ materially from these projections. This document is confidential and proprietary to Summit Digital Solutions, Inc. and may not be reproduced or distributed without written authorization.

11. APPROVAL

APPROVED BY THE BOARD OF DIRECTORS:

December 15, 2023

/s/ Dr. Alexandra Reeves

Chief Executive Officer

/s/ Sarah Blackwell

Chief Operating Officer

/s/ Thomas Wilson

Chief Financial Officer