

OPERATING EXPENSES BREAKDOWN BY DEPARTMENT

Summit Digital Solutions, Inc.

Fiscal Year 2023 (January 1, 2023 - December 31, 2023)

Document Reference: FIN-OPEX-2023-001

1. DOCUMENT PURPOSE AND SCOPE

1. This Operating Expenses Breakdown document provides a detailed analysis of departmental operating expenses for Summit Digital Solutions, Inc. ("Company") for fiscal year 2023.
2. All figures are presented in United States Dollars (USD) and have been reviewed by Kingston & Associates, LLP, the Company's independent auditors.
3. This document is confidential and proprietary to Summit Digital Solutions, Inc.

2. TECHNOLOGY & DEVELOPMENT DEPARTMENT

1. Personnel Expenses

- Base Salaries: \$12,450,000
- Benefits and Insurance: \$3,735,000
- Performance Bonuses: \$2,490,000
- Stock-Based Compensation: \$1,867,500

Total Personnel: \$20,542,500

2. Infrastructure and Tools

- Cloud Services (AWS/Azure): \$3,245,000
- Development Tools & Licenses: \$875,000
- Testing Environment: \$425,000
- Security Systems: \$685,000

Total Infrastructure: \$5,230,000

3. PROFESSIONAL SERVICES DEPARTMENT

1. Personnel Expenses

- Base Salaries: \$8,750,000

- Benefits and Insurance: \$2,625,000
- Performance Bonuses: \$1,750,000
- Training and Certifications: \$437,500

Total Personnel: \$13,562,500

2. Project Delivery Expenses

- Travel and Accommodation: \$875,000
- Client-Specific Tools: \$437,500
- Professional Certifications: \$218,750

Total Project Delivery: \$1,531,250

4. SALES AND MARKETING DEPARTMENT

1. Personnel Expenses

- Base Salaries: \$5,250,000
- Benefits and Insurance: \$1,575,000
- Commission Structure: \$2,625,000

Total Personnel: \$9,450,000

2. Marketing Activities

- Digital Marketing: \$875,000
- Events and Conferences: \$656,250
- Marketing Technology: \$328,125
- Content Production: \$218,750

Total Marketing: \$2,078,125

5. GENERAL AND ADMINISTRATIVE

1. Executive and Support Staff

- Executive Compensation: \$3,500,000
- Administrative Staff: \$1,750,000
- Benefits and Insurance: \$1,575,000

Total Personnel: \$6,825,000

2. Corporate Overhead

- Office Leases: \$1,750,000
- Insurance: \$875,000
- Professional Services: \$656,250
- Corporate Systems: \$437,500

Total Overhead: \$3,718,750

6. RESEARCH AND INNOVATION

1. Personnel Expenses

- Research Staff: \$2,625,000
- Benefits and Insurance: \$787,500
- Innovation Bonuses: \$437,500

Total Personnel: \$3,850,000

2. Research Operations

- Lab Equipment: \$437,500
- Research Subscriptions: \$218,750
- Patent Filings: \$164,063

Total Operations: \$820,313

7. TOTAL OPERATING EXPENSES SUMMARY

1. Department Totals

- Technology & Development: \$25,772,500
- Professional Services: \$15,093,750
- Sales and Marketing: \$11,528,125
- General and Administrative: \$10,543,750
- Research and Innovation: \$4,670,313

Total Operating Expenses: \$67,608,438

8. CERTIFICATIONS AND DISCLAIMERS

1. This operating expenses breakdown has been prepared in accordance with Generally Accepted

Accounting Principles (GAAP).

2. All figures represent actual expenses incurred during FY2023 and have been verified through internal audit procedures.

3. This document is confidential and intended solely for due diligence purposes. Any distribution or reproduction without written consent is strictly prohibited.

9. AUTHORIZATION

PREPARED AND CERTIFIED BY:

/s/ Sarah Blackwell

Sarah Blackwell

Chief Operating Officer

Summit Digital Solutions, Inc.

Date: January 15, 2024

REVIEWED BY:

/s/ Marcus Thompson

Marcus Thompson, CPA

Director of Finance

Summit Digital Solutions, Inc.

Date: January 15, 2024

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