

MONTHLY CASH FLOW STATEMENT

Summit Digital Solutions, Inc.

For the Period Ending December 31, 2023

(Amounts in USD)

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1. OPERATING ACTIVITIES

Cash Inflows

- Customer Payments for Services: \$8,245,000
- License Fee Collections: \$1,875,000
- Maintenance Contract Receipts: \$925,000
- Other Operating Income: \$156,000

Total Operating Inflows: \$11,201,000

Cash Outflows

- Payroll and Benefits: (\$4,125,000)
- Cloud Infrastructure Costs: (\$865,000)
- Software License Expenses: (\$425,000)
- Professional Services: (\$385,000)
- Office Operations: (\$295,000)
- Marketing and Sales: (\$375,000)
- Travel and Entertainment: (\$185,000)
- Insurance Premiums: (\$95,000)
- Other Operating Expenses: (\$245,000)

Total Operating Outflows: (\$6,995,000)

Net Cash from Operations: \$4,206,000

2. INVESTING ACTIVITIES

Cash Inflows

- Sale of IT Equipment: \$75,000
- Investment Income: \$45,000

Total Investment Inflows: \$120,000

Cash Outflows

- Technology Infrastructure: (\$525,000)
- R&D Equipment: (\$285,000)
- Patent Applications: (\$95,000)
- Software Development: (\$375,000)

Total Investment Outflows: (\$1,280,000)

Net Cash from Investing: (\$1,160,000)

3. FINANCING ACTIVITIES

Cash Inflows

- Line of Credit Draws: \$0
- Equipment Financing: \$250,000

Total Financing Inflows: \$250,000

Cash Outflows

- Debt Service: (\$185,000)
- Lease Payments: (\$165,000)
- Distribution to Shareholders: (\$500,000)

Total Financing Outflows: (\$850,000)

Net Cash from Financing: (\$600,000)

4. NET CASH POSITION

Monthly Cash Movement

- Beginning Cash Balance: \$12,450,000
- Net Change in Cash: \$2,446,000
- Ending Cash Balance: \$14,896,000

Cash Composition

- Operating Accounts: \$8,896,000
- Strategic Reserve: \$5,000,000
- Restricted Cash: \$1,000,000

5. SUPPLEMENTARY INFORMATION

Key Performance Metrics

- Days Sales Outstanding (DSO): 42
- Operating Cash Conversion: 85%
- Free Cash Flow Margin: 34%

Notable Items

Strategic investment in AI development infrastructure: \$375,000

Completion of Series C distribution to shareholders: \$500,000

New equipment financing facility secured: \$250,000

6. CERTIFICATION

The undersigned, duly authorized officers of Summit Digital Solutions, Inc., hereby certify that this Cash Flow Statement fairly presents, in all material respects, the cash flows of the Company for the period indicated.

Prepared by:

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Jennifer Martinez

Corporate Controller

Date: January 15, 2024

Reviewed by:

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Marcus Thompson, CPA

Chief Financial Officer

Date: January 15, 2024

7. DISCLAIMERS

This statement has been prepared in accordance with generally accepted accounting principles. All amounts are stated in US Dollars. This document contains confidential information and is intended solely for internal use and authorized recipients. The information contained herein has not been audited and is subject to adjustment during year-end close procedures.

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