PROFESSIONAL SERVICES REVENUE BREAKDOWN

Summit Digital Solutions, Inc.

For the Period Ending December 31, 2023

CONFIDENTIAL - FOR DUE DILIGENCE PURPOSES ONLY

1. DOCUMENT PURPOSE AND SCOPE

1. This Professional Services Revenue Breakdown ("Revenue Analysis") has been prepared by Summit Digital Solutions, Inc. ("Company") to provide a detailed analysis of service-based revenue streams for potential transaction purposes.

2. All financial figures presented are in United States Dollars (USD) and have been prepared in accordance with Generally Accepted Accounting Principles (GAAP).

2. REVENUE CATEGORIZATION

1. Primary Service Categories

The Company's professional services revenue is categorized into the following primary segments:

a) Digital Transformation Consulting

b) AI/ML Implementation Services

c) IoT Systems Integration

d) Process Automation Solutions

e) Peak Performance Platform Licensing

f) Managed Services & Support

3. REVENUE BREAKDOWN BY SERVICE CATEGORY

1. Digital Transformation Consulting

- Total Revenue: $26,250,000 (30% of total revenue)

- Average Project Size: $875,000

- Number of Active Projects: 30

- Average Duration: 9 months

2. AI/ML Implementation Services

- Total Revenue: $21,875,000 (25% of total revenue)

- Average Project Size: $1,250,000

- Number of Active Projects: 18

- Average Duration: 12 months

3. IoT Systems Integration

- Total Revenue: $13,125,000 (15% of total revenue)

- Average Project Size: $625,000

- Number of Active Projects: 21

- Average Duration: 6 months

4. Process Automation Solutions

- Total Revenue: $8,750,000 (10% of total revenue)

- Average Project Size: $437,500

- Number of Active Projects: 20

- Average Duration: 4 months

5. Peak Performance Platform Licensing

- Total Revenue: $13,125,000 (15% of total revenue)

- Average Annual License: $175,000

- Number of Active Licenses: 75

- Renewal Rate: 92%

6. Managed Services & Support

- Total Revenue: $4,375,000 (5% of total revenue)

- Average Monthly Recurring Revenue: $364,583

- Number of Active Contracts: 45

- Average Contract Term: 24 months

4. REVENUE ANALYSIS BY CLIENT SEGMENT

1. Enterprise Clients ($1B+ Revenue)

- Total Revenue: $43,750,000 (50%)

- Number of Clients: 25

- Average Annual Revenue per Client: $1,750,000

2. Mid-Market Clients ($500M-$1B Revenue)

- Total Revenue: $30,625,000 (35%)

- Number of Clients: 35

- Average Annual Revenue per Client: $875,000

3. Growth Clients ($100M-$500M Revenue)

- Total Revenue: $13,125,000 (15%)

- Number of Clients: 30

- Average Annual Revenue per Client: $437,500

5. REVENUE RECOGNITION POLICIES

1. Time & Materials Projects

- Revenue recognized based on billable hours and expenses

- Invoicing occurs monthly

- Payment terms: Net 30

2. Fixed Price Projects

- Revenue recognized using percentage-of-completion method

- Milestone-based invoicing

- Payment terms: 40% upfront, 30% at midpoint, 30% upon completion

3. Licensing Revenue

- Recognized ratably over license term

- Annual billing in advance

- Payment terms: Net 45

6. DISCLAIMERS AND LIMITATIONS

1. This Revenue Analysis has been prepared solely for due diligence purposes and should not be relied upon for any other purpose.

2. All financial information presented is unaudited and subject to adjustment during year-end close procedures.

3. Historical performance may not be indicative of future results.

4. Revenue recognition policies comply with ASC 606 requirements.

7. CERTIFICATION

The undersigned hereby certifies that this Revenue Analysis presents a true and accurate representation of Summit Digital Solutions, Inc.'s professional services revenue for the period specified.

Dated: January 9, 2024

By:

Sarah Blackwell

Chief Operating Officer

Summit Digital Solutions, Inc.

By:

Marcus Thompson

Chief Financial Officer

Summit Digital Solutions, Inc.

[COMPANY SEAL]