

2024 ANNUAL BUDGET PROJECTION

Summit Digital Solutions, Inc.

CONFIDENTIAL & PROPRIETARY

Effective Date: January 1, 2024

1. EXECUTIVE SUMMARY

This 2024 Annual Budget Projection (the "Budget") has been prepared by the Office of the Chief Financial Officer of Summit Digital Solutions, Inc., a Delaware corporation (the "Company"), and approved by the Board of Directors on December 15, 2023. This Budget outlines anticipated revenue, expenses, and capital allocation for fiscal year 2024.

2. REVENUE PROJECTIONS

1. **Core Service Lines**

- Digital Transformation Consulting: \$52,500,000
- AI/ML Implementation Services: \$24,750,000
- IoT Systems Integration: \$18,375,000
- Process Automation Solutions: \$9,875,000

Total Projected Revenue: \$105,500,000

2. **Revenue Growth Assumptions**

- Organic growth rate: 20.5% year-over-year
- New client acquisition target: 45 enterprise accounts
- Average contract value increase: 15% from FY2023
- Client retention rate: 92%

3. OPERATING EXPENSES

1. **Personnel Expenses**

- Total Headcount: 465 (projected end of 2024)
- Salary and Wages: \$42,200,000
- Benefits and Insurance: \$8,440,000
- Performance Bonuses: \$6,330,000

- Employee Training: \$1,265,000

Total Personnel Expenses: \$58,235,000

2. **Technology Infrastructure**

- Cloud Services and Hosting: \$4,220,000
- Software Licenses: \$2,850,000
- Development Tools: \$1,575,000
- Security and Compliance: \$1,925,000

Total Technology Expenses: \$10,570,000

3. **Operating Overhead**

- Office Facilities: \$3,850,000
- Professional Services: \$2,275,000
- Marketing and Sales: \$4,750,000
- Travel and Entertainment: \$2,125,000
- Administrative Expenses: \$1,875,000

Total Operating Overhead: \$14,875,000

4. CAPITAL EXPENDITURE

1. **Strategic Investments**

- Peak Performance Platform Enhancement: \$5,500,000
- AI/ML Infrastructure Expansion: \$3,750,000
- IoT Lab Development: \$2,250,000

Total Strategic Investments: \$11,500,000

2. **Facilities and Equipment**

- Office Expansions: \$1,750,000
- Equipment and Hardware: \$875,000
- Facility Improvements: \$625,000

Total Facilities and Equipment: \$3,250,000

5. FINANCIAL METRICS

1. ****Projected Margins****

- Gross Margin: 42.5%
- Operating Margin: 15.8%
- EBITDA Margin: 18.2%

2. ****Key Performance Indicators****

- Utilization Rate: 78%
- Revenue per Employee: \$227,000
- Client Acquisition Cost: \$125,000
- Average Project Duration: 8.5 months

6. RISK FACTORS AND CONTINGENCIES

1. This Budget includes contingency allocations of 7.5% across major expense categories to account for:

- Market volatility
- Currency fluctuations
- Supply chain disruptions
- Labor market changes
- Regulatory compliance requirements

2. The Company maintains a working capital reserve equivalent to 4 months of operating expenses.

7. LEGAL DISCLAIMERS

1. This Budget contains forward-looking statements and projections that involve risks and uncertainties. Actual results may differ materially from those projected herein.

2. This document is confidential and proprietary to Summit Digital Solutions, Inc. Unauthorized disclosure, copying, or distribution is strictly prohibited.

3. All figures are presented in United States Dollars and rounded to the nearest thousand unless otherwise specified.

8. APPROVAL AND AUTHORIZATION

APPROVED by the Board of Directors of Summit Digital Solutions, Inc. on December 15, 2023.

By:

Dr. Alexandra Reeves

Chief Executive Officer

By:

Sarah Blackwell

Chief Operating Officer

By:

[NAME]

Chief Financial Officer

ATTESTED:

Corporate Secretary

Summit Digital Solutions, Inc.

[CORPORATE SEAL]