

## **IoT Solutions Division P&L Statement - YTD 2023**

**Summit Digital Solutions, Inc.**

**For the Period January 1, 2023 - December 31, 2023**

**(Amounts in thousands USD)**

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### **REVENUE**

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Product & License Revenue	\$24,850
Implementation Services	\$18,725
Managed Services & Support	\$12,375
Professional Services	\$8,450
Training & Certification	\$2,100
Gross Revenue	\$66,500
Less: Returns & Allowances	(\$985)
Less: Channel Partner Commissions	(\$3,325)
Net Revenue	\$62,190

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### **COST OF REVENUE**

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Direct Labor - Implementation	(\$12,850)
Direct Labor - Support	(\$7,225)
Hardware & Components	(\$8,450)
Cloud Infrastructure	(\$4,225)
Third-Party Software Licenses	(\$2,875)
Travel & Expenses	(\$1,225)

Total Cost of Revenue	(\$36,850)
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<b>GROSS PROFIT</b>	<b>\$25,340</b>
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Gross Margin %	40.7%
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#### **OPERATING EXPENSES**

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Research & Development	(\$6,850)
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Sales & Marketing	(\$5,225)
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General & Administrative	(\$4,125)
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Facilities & Infrastructure	(\$2,250)
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Professional Fees	(\$1,125)
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Total Operating Expenses	(\$19,575)
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<b>OPERATING INCOME</b>	<b>\$5,765</b>
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Operating Margin %	9.3%
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#### **OTHER INCOME/(EXPENSE)**

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Interest Income	\$225
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Foreign Exchange Gain/(Loss)	(\$175)
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Other Income	\$85
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Total Other Income	\$135
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<b>INCOME BEFORE TAX</b>	<b>\$5,900</b>
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Income Tax Expense	(\$1,475)
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<b>NET INCOME</b>	<b>\$4,425</b>
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Net Margin % 7.1%

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## **SUPPLEMENTARY INFORMATION**

### Key Performance Indicators:

- New Customer Acquisitions: 47
- Customer Retention Rate: 92%
- Average Deal Size: \$528K
- Services Utilization Rate: 84%
- Recurring Revenue %: 38%

### Geographic Revenue Distribution:

- North America: 65%
- Europe: 22%
- Asia Pacific: 13%

### Revenue by Industry Vertical:

- Manufacturing: 45%
- Logistics: 28%
- Professional Services: 18%
- Other: 9%

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## **NOTES AND DISCLAIMERS**

This financial statement has been prepared in accordance with U.S. GAAP and internal accounting policies of Summit Digital Solutions, Inc.

All figures are unaudited and subject to review and adjustment.

Revenue recognition follows ASC 606 guidelines for performance obligations in technology service contracts.

Operating expenses include stock-based compensation as per ASC 718.

Foreign currency transactions are converted at average exchange rates for the period.

Segment reporting aligns with internal management structure and ASC 280.

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Reviewed by: Marcus Thompson, Corporate Controller

Date: January 15, 2024

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