

# **BOARD OF DIRECTORS FINANCIAL PACKAGE**

## **Q4 2023 Financial Review and Analysis**

**DeepShield Systems, Inc.**

**For the Quarter Ended December 31, 2023**

### **CONFIDENTIAL AND PRIVILEGED**

*For Board of Directors Review Only*

## **1. EXECUTIVE SUMMARY**

1. This financial package has been prepared by the Office of the Chief Financial Officer of DeepShield Systems, Inc. (the "Company") for the quarter ended December 31, 2023, and is intended for review by the Board of Directors.

### 2. Key Financial Highlights:

- Q4 2023 Revenue: \$9.8M (32% YoY growth)
- Gross Margin: 73.4%
- EBITDA: \$2.1M
- Cash Position: \$18.4M
- ARR: \$27.2M

## **2. REVENUE ANALYSIS**

### 1. Revenue Composition

- Enterprise Licenses: \$5.2M
- Professional Services: \$2.8M
- Maintenance & Support: \$1.8M

### 2. Geographic Distribution

- North America: 62%
- EMEA: 28%
- APAC: 10%

### 3. Customer Metrics

- Net Revenue Retention: 118%
- New Logo Acquisitions: 14
- Total Enterprise Customers: 187

### **3. OPERATIONAL EXPENSES**

#### **1. Q4 2023 Operating Expenses**

- R&D: \$2.8M
- Sales & Marketing: \$3.1M
- G&A: \$1.4M
- Total OpEx: \$7.3M

#### **2. Headcount Analysis**

- Total Employees: 187
- Engineering: 82
- Sales & Marketing: 58
- Customer Success: 27
- G&A: 20

### **4. BALANCE SHEET HIGHLIGHTS**

#### **1. Assets**

- Cash and Equivalents: \$18.4M
- Accounts Receivable: \$7.2M
- Fixed Assets: \$2.1M
- Total Assets: \$42.8M

#### **2. Liabilities**

- Accounts Payable: \$2.1M
- Deferred Revenue: \$8.4M
- Long-term Debt: \$5.0M
- Total Liabilities: \$15.5M

### **5. CASH FLOW ANALYSIS**

## 1. Operating Cash Flow

- Net Cash from Operations: \$2.8M
- Working Capital Changes: (\$0.4M)
- Net Operating Cash Flow: \$2.4M

## 2. Investment Activities

- Capital Expenditures: (\$0.8M)
- Product Development: (\$1.2M)
- Net Investment Cash Flow: (\$2.0M)

## 6. KEY INITIATIVES AND METRICS

### 1. Product Development

- Maritime Security Suite: 85% complete
- AI Detection Engine v3.0: Beta testing
- OT Integration Framework: Released

### 2. Sales Pipeline

- Total Pipeline Value: \$42.5M
- Late-Stage Opportunities: \$12.8M
- Average Deal Size: \$425K

## 7. FORWARD-LOOKING PROJECTIONS

### 1. Q1 2024 Guidance

- Projected Revenue: \$10.2M - \$10.8M
- Projected Gross Margin: 72-74%
- Expected New Customers: 12-15

### 2. FY 2024 Targets

- Annual Revenue Target: \$45M
- Projected EBITDA Margin: 22-24%
- Expected Headcount: 225

## 8. RISK FACTORS AND CONSIDERATIONS

## 1. Market Risks

- Increasing competitive pressure in ICS security
- Global economic uncertainty
- Regulatory environment changes

## 2. Operational Risks

- Talent acquisition in key markets
- Supply chain dependencies
- Technology infrastructure scaling

## 9. CERTIFICATION

The undersigned hereby certifies that the information contained in this financial package is true and accurate to the best of their knowledge as of the date hereof.

Dated: January 15, 2024

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Robert Kessler

Chief Financial Officer

DeepShield Systems, Inc.

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Dr. Marcus Chen

Chief Executive Officer

DeepShield Systems, Inc.

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