

PAYROLL SUMMARY REPORT

Q4 2023 - DeepShield Systems, Inc.

CONFIDENTIAL & PROPRIETARY

Reporting Period: October 1, 2023 - December 31, 2023

Generated: January 10, 2024

Prepared By: Robert Kessler, Chief Financial Officer

Distribution: Board of Directors, Series C Investors

1. EXECUTIVE SUMMARY

This report summarizes payroll expenditures and related metrics for DeepShield Systems, Inc. ("Company") for Q4 2023. All figures are preliminary and subject to year-end audit adjustments.

1.1 Key Metrics

- Total Headcount: 187 employees
- Full-Time Equivalents (FTE): 183.5
- New Hires: 12
- Departures: 4
- Net Headcount Change: +8
- Quarterly Payroll Spend: \$7,243,650

2. PAYROLL DISTRIBUTION BY DEPARTMENT

2.1 Engineering & Product Development

- Headcount: 89
- Total Compensation: \$3,486,425
- Average Salary: \$156,500
- Stock Option Allocation: 42% of total pool

2.2 Sales & Business Development

- Headcount: 35
- Total Compensation: \$1,568,275
- Average Salary: \$134,750

- Commission Payments: \$428,650

2.3 Security Research & Architecture

- Headcount: 28
- Total Compensation: \$1,246,500
- Average Salary: \$178,000
- Special Project Bonuses: \$86,500

2.4 Operations & Support

- Headcount: 24
- Total Compensation: \$642,450
- Average Salary: \$107,075
- On-Call Premiums: \$42,300

2.5 Administrative & Corporate

- Headcount: 11
- Total Compensation: \$299,900
- Average Salary: \$109,050

3. COMPENSATION ANALYSIS

3.1 Base Salary Distribution

- Executive Level (C-Suite): \$1,425,000
- Senior Management: \$2,168,400
- Mid-Level: \$2,846,250
- Entry-Level: \$804,000

3.2 Variable Compensation

- Performance Bonuses: \$486,500
- Commission Payments: \$428,650
- Stock Option Exercises: \$168,750
- Special Project Incentives: \$126,800

3.3 Benefits & Additional Compensation

- Health Insurance Premiums: \$428,650

- 401(k) Matching: \$246,800
- Professional Development: \$86,400
- Other Benefits: \$124,500

4. GEOGRAPHIC DISTRIBUTION

4.1 Primary Office Locations

- Delaware HQ: 82 employees
- Boston R&D Center: 45 employees
- San Jose Technical Office: 38 employees
- Remote Workers: 22 employees

4.2 State Tax Withholding

- Delaware: \$684,250
- Massachusetts: \$426,800
- California: \$486,500
- Other States: \$186,400

5. QUARTERLY TRENDS & ANALYSIS

5.1 Key Changes from Q3 2023

- 6.8% increase in total payroll spend
- 4.5% headcount growth
- 3.2% average salary increase
- New hiring focused on engineering roles

5.2 Notable Events

- Implementation of new equity compensation plan
- Adjustment to sales commission structure
- Introduction of enhanced cybersecurity certification bonuses
- Expansion of professional development allowances

6. COMPLIANCE & REGULATORY

6.1 Regulatory Compliance

- All required state and federal filings completed
- Worker classification audit completed
- Updated W-4 forms processed
- I-9 verification current for all employees

6.2 Policy Adherence

- Compensation guidelines maintained
- Equal pay compliance verified
- Benefits administration current
- Stock option documentation updated

7. FORWARD-LOOKING STATEMENTS

7.1 Q1 2024 Projections

- Planned headcount increase: 15-20 positions
- Projected payroll growth: 8-10%
- New position focus: Maritime security specialists
- Additional office expansion planned

8. DISCLAIMERS

This report contains confidential and proprietary information of DeepShield Systems, Inc. All figures are preliminary and subject to adjustment. This document may not be reproduced or distributed without express written consent. Employment data excludes contractors and temporary workers. Compensation figures include base salary, bonuses, and cash-equivalent benefits but exclude equity compensation unless specifically noted.

9. CERTIFICATION

I hereby certify that the information contained in this report is accurate and complete to the best of my knowledge as of the date of this report.

/s/ Robert Kessler

Robert Kessler

Chief Financial Officer

DeepShield Systems, Inc.

Date: January 10, 2024