

SERIES C PREFERRED STOCK FINANCING

TERM SHEET

DeepShield Systems, Inc.

Delaware Corporation

Date: January 11, 2024

This Term Sheet summarizes the principal terms of the Series C Preferred Stock Financing of DeepShield Systems, Inc. (the "Company").

1. OFFERING TERMS

Issuer: DeepShield Systems, Inc., a Delaware corporation

Security: Series C Preferred Stock (the "Series C Preferred")

Investment Amount: \$45,000,000

Pre-Money Valuation: \$375,000,000

Price Per Share: \$12.50 (the "Original Purchase Price")

Number of Shares: 3,600,000 shares of Series C Preferred

2. RIGHTS, PREFERENCES, AND PRIVILEGES

2.1 Dividend Rights

The Series C Preferred will carry an annual 8% non-cumulative dividend preference senior to all other series of Preferred Stock and Common Stock.

2.2 Liquidation Preference

In the event of any liquidation or winding up of the Company, the Series C Preferred will receive:

- First priority payment of 1.5x the Original Purchase Price, plus declared but unpaid dividends
- Thereafter, participate with Common Stock pro rata on an as-converted basis

2.3 Conversion Rights

The Series C Preferred shall be convertible at any time at the option of the holder into shares of Common Stock. The initial conversion ratio shall be 1:1, subject to standard anti-dilution

adjustments.

2.4 Anti-dilution Protection

Broad-based weighted average anti-dilution protection for issuances below the Series C Original Purchase Price, subject to customary exceptions.

3. VOTING RIGHTS AND PROTECTIVE PROVISIONS

3.1 Voting Rights

The Series C Preferred will vote together with Common Stock on an as-converted basis, plus separate series voting rights on specified matters.

3.2 Protective Provisions

Series C approval required for:

- Changes to certificate of incorporation affecting Series C rights
- Authorization of senior or pari passu securities
- Any merger, acquisition, or sale of the Company
- Increase in size of Board of Directors
- Payment of dividends
- Incurrence of debt exceeding \$10 million

4. BOARD COMPOSITION

4.1 Board Seats

Post-closing Board composition of seven (7) members:

- 2 Series C investor representatives
- 2 Series B investor representatives
- 2 management seats (CEO + CTO)
- 1 independent director

5. INVESTOR RIGHTS

5.1 Registration Rights

- Demand registration rights after earlier of IPO or 3 years
- Two demand registrations

- Unlimited piggyback registration rights
- S-3 registration rights when eligible

5.2 Information Rights

Investors shall receive:

- Quarterly and annual financial statements
- Annual operating plan and budget
- Monthly KPI reports
- Board observer rights

5.3 Pre-emptive Rights

Pro rata right to participate in subsequent equity financings.

6. CLOSING CONDITIONS

6.1 Due Diligence

Satisfactory completion of legal, financial, and technical due diligence.

6.2 Documentation

Execution of definitive agreements including:

- Series C Preferred Stock Purchase Agreement
- Amended and Restated Certificate of Incorporation
- Investors' Rights Agreement
- Right of First Refusal Agreement
- Voting Agreement

6.3 Corporate Matters

- Board and stockholder approval
- Valid corporate authorization
- Regulatory clearances
- Third-party consents

7. EXCLUSIVITY

Company agrees to negotiate exclusively with the Series C investors for 45 days from signing of this

Term Sheet.

8. CONFIDENTIALITY

The terms of this Term Sheet are confidential and shall not be disclosed except to employees, advisors, and existing investors as required.

9. EXPIRATION

This Term Sheet expires if not accepted by January 25, 2024.

10. NON-BINDING EFFECT

This Term Sheet is non-binding except for Sections 7, 8, and 9 above.

AGREED AND ACCEPTED:

DEEPSHIELD SYSTEMS, INC.

By:

Name: Dr. Marcus Chen

Title: Chief Executive Officer

Date:

[LEAD INVESTOR]

By:

Name:

Title:

Date: