

Q4 2023 Sales Commission Calculations

DeepShield Systems, Inc.

Effective Date: October 1, 2023 - December 31, 2023

1. Purpose and Scope

1. This document sets forth the official sales commission calculations and policies for DeepShield Systems, Inc. ("Company") for the fourth quarter of fiscal year 2023, pursuant to the Company's Sales Compensation Plan dated January 1, 2023.

2. These calculations apply to all qualified sales personnel operating under the Company's direct sales organization for the period of October 1, 2023 through December 31, 2023.

2. Commission Structure

1. Base Commission Rates

- Tier 1 (0-100% of quota): 8% of net revenue
- Tier 2 (101-150% of quota): 10% of net revenue
- Tier 3 (151%+ of quota): 12% of net revenue

2. Product-Specific Commission Multipliers

- DeepShield Enterprise Platform: 1.0x
- Maritime Security Module: 1.2x
- Subsea Protection Suite: 1.3x
- Professional Services: 0.5x
- Maintenance Renewals: 0.3x

3. Q4 2023 Quota Attainment Calculations

1. Quarterly Quota Requirements

- Enterprise Sales Representatives: \$750,000
- Strategic Account Managers: \$1,000,000
- Regional Sales Directors: \$2,500,000

2. Accelerators

- Achievement of quarterly quota unlocks additional 2% commission on all deals
- Strategic product mix bonus of 1.5% for sales including 3+ product categories
- New logo acquisition bonus of \$5,000 per new enterprise customer

4. Special Provisions for Q4 2023

1. Strategic Initiative Bonuses

- Maritime sector penetration bonus: Additional 3% on maritime security deals
- Critical infrastructure vertical bonus: Additional 2% on utility sector sales
- Multi-year contract bonus: 1.5x multiplier on years 2+ of contract value

2. Team Performance Modifiers

- Regional team achievement bonus: 1% additional when region exceeds 110% of quota
- Cross-selling bonus: 2% additional for successful cross-team collaborations

5. Commission Payment Terms

1. Payment Schedule

- Commissions calculated monthly
- Payment processed by 15th of following month
- Quarterly bonuses paid within 30 days of quarter close

2. Clawback Provisions

- 100% clawback for customer non-payment within 90 days
- Pro-rated clawback for early contract termination
- 50% clawback for professional services scope reduction

6. Deal Attribution Rules

1. Revenue Recognition

- License revenue recognized at contract execution
- Services revenue recognized upon delivery
- Multi-year contracts recognized per payment schedule

2. Split Commissions

- Equal splits for joint territory sales
- 60/40 split for lead generator/closer
- Regional overlay splits per territory mapping

7. Administrative Procedures

1. Documentation Requirements

- Completed deal registration in Salesforce
- Signed customer contract
- Approved pricing exception documentation
- Territory assignment confirmation

2. Dispute Resolution

- Commission disputes must be submitted within 45 days
- Written appeal to Sales Operations required
- Final determination by VP of Sales and Finance

8. Legal Disclaimers

1. The Company reserves the right to modify or terminate this commission structure at any time with written notice to affected sales personnel.

2. This document does not constitute an employment contract or guarantee of compensation.

3. All commission calculations are subject to final review and approval by Finance and Sales Operations.

9. Approval and Implementation

APPROVED AND ADOPTED this 30th day of September, 2023.

For DeepShield Systems, Inc.:

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Robert Kessler

Chief Financial Officer

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James Morrison

VP of Sales

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Sarah Williams

Director, Sales Operations