

# **DEBT SCHEDULE AND ANALYSIS 2023**

**DeepShield Systems, Inc.**

**As of December 31, 2023**

## **1. OVERVIEW AND CERTIFICATION**

This Debt Schedule and Analysis (the "Schedule") sets forth all outstanding indebtedness, credit facilities, and material financial obligations of DeepShield Systems, Inc. (the "Company") as of December 31, 2023. The undersigned Chief Financial Officer hereby certifies that this Schedule is true, complete, and accurate in all material respects.

## **2. SUMMARY OF OUTSTANDING DEBT**

### **2.1 Senior Secured Credit Facility**

- Lender: Silicon Valley Bank
- Principal Amount: \$15,000,000
- Outstanding Balance: \$12,750,000
- Interest Rate: SOFR + 3.25%
- Maturity Date: March 15, 2026
- Security: First-priority lien on all assets
- Material Covenants:
  - Minimum liquidity of \$5,000,000
  - Maximum leverage ratio of 3.0x
  - Minimum debt service coverage ratio of 1.25x

### **2.2 Convertible Notes**

- Series C-1 Convertible Notes
- Aggregate Principal: \$8,000,000
- Issue Date: June 1, 2022
- Maturity: June 1, 2025
- Conversion Price: \$12.50 per share
- Interest Rate: 6% per annum
- Holders: Qualified institutional buyers

### **2.3 Equipment Financing**

- Lender: Dell Financial Services
- Original Principal: \$2,500,000
- Outstanding Balance: \$1,875,000
- Interest Rate: 4.75% fixed
- Term: 48 months
- Collateral: Financed equipment

## **3. DEBT SERVICE REQUIREMENTS**

### **3.1 Principal Payment Schedule**

2024:

- Q1: \$750,000
- Q2: \$750,000
- Q3: \$750,000
- Q4: \$750,000

2025:

- Q1: \$875,000
- Q2: \$875,000
- Q3: \$875,000
- Q4: \$8,875,000 (includes convertible note maturity)

2026:

- Q1: \$9,750,000 (includes credit facility maturity)

### **3.2 Interest Payment Schedule**

Estimated annual interest payments:

- 2024: \$1,225,000
- 2025: \$985,000
- 2026: \$125,000 (through Q1)

## **4. FINANCIAL COVENANT COMPLIANCE**

#### **4.1 Current Compliance Status**

As of December 31, 2023:

- Liquidity: \$8,750,000 (compliant)
- Leverage Ratio: 2.1x (compliant)
- Debt Service Coverage: 1.45x (compliant)

#### **4.2 Covenant Testing Schedule**

- Liquidity: Monthly testing
- Leverage Ratio: Quarterly testing
- Debt Service Coverage: Quarterly testing

### **5. MATERIAL DEBT TERMS AND CONDITIONS**

#### **5.1 Change of Control Provisions**

- Credit Facility: Mandatory prepayment upon change of control
- Convertible Notes: Holder option to require redemption at 101% of principal

#### **5.2 Cross-Default Provisions**

Material cross-default threshold: \$1,000,000

#### **5.3 Permitted Indebtedness**

Additional indebtedness limited to:

- Purchase money debt up to \$5,000,000
- Capital leases up to \$2,500,000
- Ordinary course trade payables

### **6. LIENS AND ENCUMBRANCES**

#### **6.1 Existing Liens**

Silicon Valley Bank - First priority on all assets

Dell Financial Services - Specific equipment

De minimis liens in ordinary course

#### **6.2 Negative Pledge Provisions**

No additional liens permitted except:

- Permitted encumbrances as defined
- Purchase money security interests
- Statutory liens

## **7. CERTIFICATION**

The undersigned hereby certifies that this Debt Schedule and Analysis is true and correct as of the date below and that no event of default exists under any of the Company's debt instruments.

Dated: December 31, 2023

DEEPSHIELD SYSTEMS, INC.

**By: \_**

Robert Kessler

Chief Financial Officer

## **8. DISCLAIMER**

This Schedule is confidential and proprietary. While believed to be accurate, this Schedule is subject to change and should be read in conjunction with the underlying debt documents. Nothing herein creates any rights in favor of any party.