

CUSTOMER LIFETIME VALUE ANALYSIS

Q4 2023 Financial Report

DeepShield Systems, Inc.

CONFIDENTIAL & PRIVILEGED

1. EXECUTIVE SUMMARY

This Customer Lifetime Value (CLV) Analysis has been prepared by the Finance Department of DeepShield Systems, Inc. ("DeepShield" or the "Company") for the quarter ending December 31, 2023. This document contains confidential information and is subject to the terms of applicable non-disclosure agreements.

2. METHODOLOGY AND DEFINITIONS

1 The Customer Lifetime Value calculations employ the following formula:

$$\text{CLV} = (\text{Average Annual Revenue per Customer} \times \text{Gross Margin \%}) \times \text{Average Customer Lifespan} \times \text{Retention Rate}$$

2 Key Metrics Defined:

- Customer Acquisition Cost (CAC): Total sales and marketing expenses divided by number of new customers acquired
- Churn Rate: Percentage of customers who discontinue service within the measurement period
- Net Revenue Retention (NRR): Revenue from existing customers including expansions and contractions
- Time to Recovery: Months required to recover CAC through customer revenue

3. CUSTOMER SEGMENTATION ANALYSIS

1 Enterprise Accounts (\$500,000+ Annual Contract Value)

- Average CLV: \$2,875,000
- Customer Count: 18
- Retention Rate: 94%
- Average Lifespan: 5.8 years
- Gross Margin: 78%

2 Mid-Market Accounts (\$100,000-\$499,999 Annual Contract Value)

- Average CLV: \$875,000
- Customer Count: 47
- Retention Rate: 88%
- Average Lifespan: 4.2 years
- Gross Margin: 72%

3 Small Business Accounts (<\$100,000 Annual Contract Value)

- Average CLV: \$225,000
- Customer Count: 124
- Retention Rate: 82%
- Average Lifespan: 3.1 years
- Gross Margin: 68%

4. VERTICAL-SPECIFIC PERFORMANCE

1 Maritime & Offshore

- Total Customers: 58
- Average CLV: \$1,450,000
- Sector Growth Rate: 42% YoY
- Customer Acquisition Cost: \$185,000

2 Manufacturing & Industrial

- Total Customers: 73
- Average CLV: \$925,000
- Sector Growth Rate: 35% YoY
- Customer Acquisition Cost: \$145,000

3 Critical Infrastructure

- Total Customers: 58
- Average CLV: \$1,275,000
- Sector Growth Rate: 38% YoY
- Customer Acquisition Cost: \$165,000

5. KEY FINDINGS AND TRENDS

1 Customer Acquisition Metrics

- Blended CAC: \$165,000
- Average Time to Recovery: 11.2 months
- Sales Cycle Duration: 4.8 months (Enterprise), 3.2 months (Mid-Market)
- Lead-to-Close Rate: 22% (Enterprise), 28% (Mid-Market)

2 Revenue Performance

- Net Revenue Retention: 118%
- Average Contract Value Growth: 24% YoY
- Expansion Revenue: \$8.2M in Q4 2023
- Cross-sell Success Rate: 42%

6. RISK FACTORS AND LIMITATIONS

1 This analysis is subject to various risks and uncertainties, including:

- Market conditions and competitive dynamics
- Changes in customer buying patterns
- Technological evolution and obsolescence
- Regulatory environment changes
- Economic conditions affecting customer segments

2 Historical performance may not be indicative of future results.

7. CERTIFICATION AND DISCLAIMERS

1 This analysis has been prepared by the Finance Department of DeepShield Systems, Inc. in accordance with generally accepted financial principles and methodologies.

2 All financial projections and estimates contained herein represent management's best judgment as of the date of this report.

3 This document contains confidential and proprietary information. Unauthorized distribution, copying, or disclosure is strictly prohibited.

8. APPROVAL AND AUTHENTICATION

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