

Q4 2023 Board Financial Package

DeepShield Systems, Inc.

For the Quarter Ended December 31, 2023

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1. Executive Financial Summary

1.1 Key Performance Metrics

- Q4 2023 Revenue: \$9.8M (up 42% YoY)
- Full Year 2023 Revenue: \$32.5M
- Gross Margin: 73%
- Q4 2023 EBITDA: \$1.2M
- Cash Position: \$18.4M
- Burn Rate: \$650K/month
- Customer Count: 127 (net addition of 14 in Q4)

1.2 Revenue Composition

- Enterprise Licenses: 65%
- Professional Services: 22%
- Maintenance & Support: 13%

2. Detailed Financial Statements

2.1 Income Statement

(USD in thousands)

Q4 2023	Q3 2023	Q4 2022	FY 2023	
Revenue	9,800	8,400	6,900	32,500
Cost of Revenue	2,646	2,268	1,932	8,775
Gross Profit	7,154	6,132	4,968	23,725
Operating Expenses	6,002	5,712	4,830	21,840
Operating Income	1,152	420	138	1,885

Net Income	892	326	98	1,465
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2.2 Balance Sheet Highlights

As of December 31, 2023 (USD in thousands)

Assets:

Cash & Equivalents	18,400
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Accounts Receivable	4,200
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Fixed Assets	2,800
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Total Assets	28,600
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Liabilities:

Accounts Payable	1,800
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Deferred Revenue	5,400
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Long-term Debt	3,000
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Total Liabilities	11,200
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Stockholders' Equity	17,400
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3. Operational Metrics

3.1 Sales Pipeline

- Total Pipeline Value: \$42M
- Qualified Opportunities: 84
- Average Deal Size: \$485K
- Win Rate: 38%

3.2 Customer Metrics

- Net Revenue Retention: 118%
- Gross Churn Rate: 4.2%
- Average Contract Value: \$256K
- Customer Acquisition Cost: \$168K

4. Strategic Initiatives Update

4.1 Maritime Security Module Launch

- Development completed on schedule
- Beta testing with 3 anchor customers
- Full commercial release scheduled for Q2 2024
- Initial pipeline: \$8.2M

4.2 Geographic Expansion

- EMEA office established in Rotterdam
- Initial team of 8 personnel hired
- First European customer signed (1.2M contract)
- Regulatory certifications in progress

5. Cash Management & Funding

5.1 Current Position

- Operating runway: 28 months
- Series C funds remaining: \$16.2M
- Credit facility: \$5M (undrawn)

5.2 Capital Allocation

- R&D Investment: 32% of revenue
- Sales & Marketing: 28% of revenue
- G&A: 12% of revenue

6. Risk Factors & Mitigation

6.1 Current Risk Assessment

- Supply chain dependencies
- Regulatory compliance requirements
- Competitive landscape evolution
- Cybersecurity threat environment

6.2 Mitigation Strategies

- Diversified supplier relationships
- Enhanced compliance monitoring
- Accelerated product roadmap
- Increased security investments

7. Forward-Looking Statements

This document contains forward-looking statements within the meaning of applicable securities laws. Such statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those implied by such forward-looking statements. DeepShield Systems, Inc. assumes no obligation to update any forward-looking statement contained herein.

8. Certification

The undersigned officers hereby certify that the financial information contained in this package is accurate and complete to the best of their knowledge as of the date below.

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Robert Kessler

Chief Financial Officer

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Dr. Marcus Chen

Chief Executive Officer

Date: January 15, 2024

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