

# **OPERATING EXPENSES BREAKDOWN 2023**

**DeepShield Systems, Inc.**

**For the Fiscal Year Ending December 31, 2023**

**CONFIDENTIAL AND PROPRIETARY**

## **1. DOCUMENT PURPOSE**

This Operating Expenses Breakdown provides a detailed analysis of DeepShield Systems, Inc.'s operating expenses for fiscal year 2023. This document has been prepared in accordance with GAAP standards and the company's internal accounting policies.

## **2. PERSONNEL EXPENSES**

### **1. Salaries and Wages**

- Engineering and Development: \$8,245,000
- Sales and Marketing: \$3,875,000
- General Administrative: \$2,165,000
- Research Staff: \$2,985,000
- Operations Team: \$2,450,000

Total Salaries and Wages: \$19,720,000

### **2. Benefits and Related Costs**

- Health Insurance: \$2,244,000
- 401(k) Matching: \$985,000
- Payroll Taxes: \$1,508,000
- Other Benefits: \$745,000

Total Benefits: \$5,482,000

## **3. TECHNOLOGY AND INFRASTRUCTURE**

### **1. Cloud Services and Computing**

- AWS Infrastructure: \$1,245,000
- Azure Services: \$875,000
- Development Tools: \$425,000

- Security Software: \$385,000

Total Cloud Services: \$2,930,000

## 2. Hardware and Equipment

- Development Hardware: \$685,000
- Testing Equipment: \$425,000
- Office Equipment: \$195,000

Total Hardware: \$1,305,000

## 4. FACILITIES AND OPERATIONS

### 1. Office Space

- Headquarters (Delaware): \$985,000
- R&D Facility (Boston): \$755,000
- Sales Office (San Francisco): \$625,000

Total Rent: \$2,365,000

### 2. Utilities and Maintenance

- Power and Internet: \$245,000
- Building Maintenance: \$185,000
- Security Services: \$165,000

Total Utilities: \$595,000

## 5. SALES AND MARKETING

### 1. Marketing Programs

- Digital Marketing: \$685,000
- Trade Shows: \$425,000
- Content Development: \$245,000

Total Marketing: \$1,355,000

### 2. Sales Operations

- Travel Expenses: \$485,000
- Sales Tools: \$265,000

- Customer Events: \$325,000

Total Sales Ops: \$1,075,000

## **6. PROFESSIONAL SERVICES**

### **1. External Services**

- Legal Services: \$485,000
- Accounting/Audit: \$245,000
- Consulting: \$385,000

Total Professional Services: \$1,115,000

## **7. RESEARCH AND DEVELOPMENT**

### **1. R&D Programs**

- Maritime Security Research: \$985,000
- AI/ML Development: \$1,245,000
- OT Security Research: \$865,000

Total R&D: \$3,095,000

## **8. TOTAL OPERATING EXPENSES**

### **1. Summary by Category**

- Personnel: \$25,202,000
- Technology: \$4,235,000
- Facilities: \$2,960,000
- Sales/Marketing: \$2,430,000
- Professional Services: \$1,115,000
- R&D: \$3,095,000

Total Operating Expenses: \$39,037,000

## **9. CERTIFICATION AND DISCLAIMERS**

The undersigned Chief Financial Officer hereby certifies that this Operating Expenses Breakdown accurately reflects the expenses incurred by DeepShield Systems, Inc. during fiscal year 2023, subject to standard year-end adjustments and audit results.

This document is confidential and proprietary to DeepShield Systems, Inc. All figures are preliminary and subject to final audit review. This breakdown has been prepared for internal management and due diligence purposes only and should not be relied upon for investment decisions.

Dated: January 15, 2024

/s/ Robert Kessler

Robert Kessler

Chief Financial Officer

DeepShield Systems, Inc.

## **10. NOTES AND QUALIFICATIONS**

1. All amounts are expressed in United States Dollars.
2. Categories may not sum to totals due to rounding.
3. Certain expenses may be subject to reallocation based on final audit results.
4. Operating expenses exclude non-cash items such as depreciation and amortization.
5. R&D expenses include only direct costs; allocated overhead is included in respective categories.