

2024 FINANCIAL BUDGET AND FORECAST

DeepShield Systems, Inc.

CONFIDENTIAL AND PROPRIETARY

Effective Date: January 1, 2024

1. EXECUTIVE SUMMARY

This 2024 Financial Budget and Forecast (the "Budget") has been prepared by the management of DeepShield Systems, Inc. (the "Company") and approved by the Board of Directors on December 15, 2023. This Budget outlines projected financial performance, operational expenditures, and strategic investments for fiscal year 2024.

2. REVENUE PROJECTIONS

1. **Core Product Revenue**

- Industrial Control System (ICS) Security Platform: \$28,500,000
- Maritime Security Solutions: \$12,750,000
- Professional Services: \$4,250,000
- Maintenance and Support: \$3,500,000

2. **Total Projected Revenue**: \$49,000,000

- Representing 50.8% growth from FY2023 (\$32,500,000)
- Quarter-over-quarter growth projected at 10-12%

3. OPERATIONAL EXPENSES

1. **Personnel Expenses**

- Total Headcount: 245 (projected EOY 2024)
- Salary and Wages: \$18,750,000
- Benefits and Insurance: \$4,687,500
- Stock-Based Compensation: \$2,250,000

2. **Research and Development**

- Core Platform Development: \$6,500,000

- AI/ML Infrastructure: \$2,750,000
- Security Research: \$1,500,000

3. **Sales and Marketing**

- Direct Sales Team: \$3,250,000
- Marketing Programs: \$2,750,000
- Channel Partner Development: \$1,250,000

4. **General and Administrative**

- Facilities and Operations: \$2,250,000
- Professional Services: \$1,750,000
- Insurance and Compliance: \$875,000

4. CAPITAL EXPENDITURE

1. **Infrastructure Investments**

- Cloud Infrastructure: \$2,250,000
- Testing Facilities: \$1,500,000
- Security Operations Centers: \$1,750,000

2. **Office Expansion**

- New Engineering Center (Boston): \$2,500,000
- European Office (Amsterdam): \$1,750,000

5. GROWTH INITIATIVES

1. **Geographic Expansion**

- European Market Entry: \$3,500,000
- Asia-Pacific Partnership Development: \$2,250,000

2. **Product Development**

- Subsea Infrastructure Protection Module: \$2,750,000
- Advanced Threat Intelligence Platform: \$3,250,000

6. FINANCIAL METRICS

1. ****Projected Margins****

- Gross Margin: 72%
- Operating Margin: 18%
- EBITDA Margin: 22%

2. ****Key Performance Indicators****

- Customer Acquisition Cost (CAC): \$125,000
- Lifetime Value (LTV): \$875,000
- Net Revenue Retention: 135%

7. CASH FLOW AND WORKING CAPITAL

1. ****Working Capital Requirements****

- Accounts Receivable (Days): 65
- Accounts Payable (Days): 45
- Inventory: \$750,000

2. ****Cash Position****

- Beginning Cash Balance: \$28,500,000
- Projected End of Year: \$35,750,000

8. ASSUMPTIONS AND RISK FACTORS

1. This Budget assumes:

- Stable macroeconomic conditions
- No material adverse changes in cybersecurity market
- Successful execution of planned product launches
- Maintenance of key customer relationships

2. ****Risk Factors****

- Market competition and pricing pressure
- Regulatory changes in target markets
- Technical development delays
- Geopolitical instability affecting critical infrastructure

9. LEGAL DISCLAIMERS

This Budget contains forward-looking statements and projections. Actual results may differ materially from these projections. This document is confidential and proprietary to DeepShield Systems, Inc. and may not be shared without written authorization.

10. APPROVAL AND MODIFICATIONS

This Budget has been approved by:

DEEPSHIELD SYSTEMS, INC.

By: _

Robert Kessler

Chief Financial Officer

Date: December 15, 2023

By: _

Dr. Marcus Chen

Chief Executive Officer

Date: December 15, 2023

[BOARD OF DIRECTORS APPROVAL STAMP]