



SETTLEMENT AGREEMENT

This Settlement Agreement (the "Agreement") is made as of this 15th day of June 2023, by and between ATLANTIC WAVE HOLDINGS, LLC, SECURE COMMUNITY, LLC (collectively, "Plaintiffs"), CYBERLUX CORPORATION AND MARK D. SCHMIDT (collectively, "Defendants"), and STRIKEPOINT CONSULTING, LLC ("Strikepoint") a separate party with some common interest holders to the Plaintiffs. Plaintiffs, Defendants, and Strikepoint shall collectively be referred to as the "Parties to this Agreement" and Plaintiffs and Defendants shall collectively be referred to as "Parties to the Litigation."

RECITALS

WHEREAS, Plaintiffs and Defendants entered into an agreement on October 8, 2021, which compensated Plaintiffs for the reacquisition by Defendant Cyberlux of certain intellectual property in exchange for certain installment payments of fixed liquidated sums by Defendants to Plaintiffs and "Freely Trading" stock, which had fallen into arrears ("the IP Agreement");

WHEREAS, on September 24, 2021, an agreement was executed between an entity described as "Strikepoints Consulting, LLC" and Defendant Cyberlux Corporation for certain consulting services (the "Strikepoint Consulting Agreement"), which called for, *inter alia*, installment payments of fixed liquidated sums owed by Defendants to Plaintiff, which also fell into arrears;

WHEREAS, Plaintiffs filed its Complaint for breach of said agreements in the Circuit Court of the City of Richmond, Virginia (the "Court"), against Defendants in the civil action titled, *Atlantic Wave Holdings, LLC and Secure Community, LLC v. Cyberlux Corporation and Mark D. Schmidt* (Case No. CL22-3882) (the "Litigation"), which remains pending;

WHEREAS, the Parties to this Agreement desire to resolve and settle any and all existing disputes between the Plaintiffs and Defendants and between Strikepoint and Defendants to eliminate uncertainty and facilitate final resolution of their respective relationships between the parties; and

WHEREAS, the Parties to this Agreement have been told by Cyberlux for more than six (6) months that Cyberlux anticipates a significant cash inflow connected with the sales of certain drone products.

NOW, THEREFORE, in consideration of the promises, and other good and valuable consideration, the sufficiency of which is acknowledged by the Parties, and intending to be legally bound, the Parties to this Agreement agree as follows:

AGREEMENT

1. Recitals. The recitals set forth above are incorporated herein.

2. Settlement Consideration and Consent to Final Judgment. To avoid the substantial cost and uncertainty in prosecuting the Litigation, Defendants agree to the join and simultaneously endorse for immediate entry a consent order awarding a FINAL JUDGEMENT to Plaintiffs in the form attached to this Agreement as Exhibit A (the "Consent Judgment"), which will jointly and severally bind Defendants for payment of the following liquidated sums in resolution of certain discreet claims at issue in the Litigation, as well as resolving and terminating any potential dispute that Strikepoint may have against Defendants arising out of the Strikepoint Consulting Agreement:

a. IP Agreement: ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000) minus payments made of TWO HUNDRED SEVENTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$277,500) for a total due of NINE HUNDRED TWENTY-TWO THOUSAND FIVE HUNDRED DOLLARS (\$922,500), as the balance due and owing for installment payments under the IP Agreement between the parties, as that term is defined in the Complaint initiating the Litigation; and

b. Balance of Consulting Agreement: The parties agree to terminate and resolve any disputes arising out of the Strikepoint Consulting Agreement for consideration of SIX HUNDRED FIFTY THOUSAND DOLLARS (\$650,000), as the balance due and owing for installment payments under the Consulting Agreement between the parties.

c. Total Value of the Consent Judgment: The total liquidated sum that shall be due and owing to Plaintiffs under the parties' Consent Judgment shall be ONE MILLION FIVE HUNDRED SEVENTY-TWO THOUSAND AND FIVE HUNDRED DOLLARS (\$1,572,500), plus Plaintiffs' costs as defined in 4(d) (the "Settlement Consideration"), which is the sum of the outstanding installment payments owing in the IP Agreement, the Strikepoint Consulting Agreement, and Plaintiffs' costs as appropriately allocated between Plaintiffs and Strikepoint below.

d. Effect of Consent Judgment: The Consent Judgment shall be promptly entered jointly and severally against Defendants and in favor of Plaintiffs in exchange for payment of the full Settlement Consideration, which shall resolve the above styled matter. The parties agree that the Consent Judgment shall not be dischargeable, including by appeal or bankruptcy, in any manner other than by agreement of the parties, to the fullest extent permissible under the law.

e. Stock. Notwithstanding the foregoing, the parties agree that entry of the Consent Judgment awarding FINAL judgment in favor of Plaintiffs and against Defendants shall resolve the pending Litigation. Notwithstanding entry of a Final Order, the parties hereby agree that if the Cyberlux stock is not brought to current "Pink Status" and the Caveat Emptor legend and restriction is not remedied and removed on or before December 31, 2023, Plaintiffs shall have the option, at their

sole discretion, to re-file a new complaint related to the breach by Defendants to create "Negotiable Shares", as that breach is alleged and defined in the Complaint, without Defendants asserting a defense of res judicata or collateral estoppel. Plaintiffs recognize that matters can be delayed at no fault of a party and to that end shall consider an extension of the aforementioned deadline (December 31, 2023) upon the showing of credible evidence to do so, for an extension period to be decided at the reasonable discretion of Plaintiffs.

3. Compliance with Court Orders dated December 13, 2022 & April 7, 2023.

Within twenty-one (21) days of execution of this Agreement, Defendants shall pay the sanctions of \$3,895.00 and \$6,842.50, as provided by the Court's Orders in the Litigation.

4. How the Settlement Consideration Shall be Paid. The Settlement Consideration shall be paid by Defendant to Plaintiff as follows:

a. First Settlement Payment: Within thirty (30) days after the simultaneous execution of this Agreement, and entry of the Consent Judgment, and the receipt by Cyberlux of its first installment payment for the anticipated sale of drones or other revenue whichever occurs last, but in no event more than forty-five (45) days from the execution of this Agreement, Defendants shall transmit to Plaintiffs, by wire transmission, the non-defeasible sum of One Hundred Fifty Thousand Dollars (\$150,000) (the "First Settlement Payment"). The delivery of the First Settlement Payment shall require the actual receipt of the Settlement Payment by Plaintiffs as set forth herein. Time being of the essence.

b. Monthly Installments Thereafter to Plaintiffs: Defendants shall transmit to Plaintiffs, by wire transmission, thirty-Six (36) non-defeasible monthly payments of TWENTY-ONE THOUSAND FOUR HUNDRED AND FIFTY-NINE DOLLARS (\$21,459.00) payable on the first day of each month, beginning

in July 2023. Monthly payments shall continue on the first of each month, time being of the essence, until the total Settlement Consideration due to Plaintiffs is paid. Defendants agree to accelerate and pay the full outstanding balance of all sums owed under the Consent Judgment up to a total of FIVE THOUSAND DOLLARS (\$5,000) per drone sold within twenty-one (21) days of Defendants, or any parent's, subsidiary's, affiliate's, or assign's first receipt of payment for any contract to purchase drone aircraft.

c. Monthly Installments Thereafter to Strikepoint: Defendants shall transmit to Strikepoint, by wire transmission, thirty-Six non-defeasible monthly payments of EIGHTEEN THOUSAND FIFTY-FIVE DOLLARS AND FIFTY-SIX CENTS (\$18,055.56) payable on the first day of each month, beginning in July of 2023. Monthly payments shall continue on the first of each month, time being of the essence, until the total Settlement Consideration due to Strikepoint is paid. Defendants agree to accelerate and pay the full outstanding balance of all sums owed under the Consent Judgment up to a total of FIVE THOUSAND DOLLARS (\$5,000) per drone sold within twenty-one (21) days of Defendants, or any parent's, subsidiary's, affiliate's, or assign's first receipt of payment for any contract to purchase drone aircraft.

d. Costs, including Legal Fees: In addition to the sums above, Defendants agree to pay all Plaintiffs' costs, including but not limited to, attorney's fees and expert witness fees, accrued in and with this Litigation within 60 (sixty) days of the full execution of this Agreement or upon terms agreed to by the parties. Subject to the following CAP, Plaintiffs agree to CAP costs and attorney's fees, for cost and attorney's fees relevant the matters dealt with in this settlement agreement, at 12% of the value of the total settlement or ONE HUNDRED EIGHTY-EIGHT

THOUSAND SEVEN HUNDRED DOLLARS (\$188,700). The CAP does not apply to restrict or limit Plaintiffs ability to pursue costs and attorney's fees should Defendants breach this Agreement. This obligation shall be added to the total balance due specified in section 2(b) above and paid to Strikepoint.

e. Manner of Payment: All payments shall be wired to Plaintiffs and to Strikepoint. Information and Instructions for completing the wire transfer shall be provided to Defendants' Counsel upon execution of this agreement. Plaintiff may change its payment instructions from time to time by providing written notice.

f. Effect of Full Payment: Upon payment of all sums due and owing herein, the Judgment entered herein shall be marked "Satisfied."

g. No Other Beneficiary: The payment of funds herein shall not operate to release any other party, other than the Parties to this Agreement, as set forth below. Nor shall the dismissal of any claim herein inure to the benefit of any party who is not a Party to this Agreement.

5. Notice of Satisfaction. Within ten (10) business days of Plaintiff receiving the complete Settlement Consideration and satisfactions of all terms herein, Plaintiff shall file a Notice of Satisfaction, pursuant to Va. Code Ann. § 16.1-94.01.

6. Mutual Release of All Claims. Immediately upon endorsement of this Agreement, except for the obligations expressly set forth herein and any claims or actions for breach or enforcement of this Agreement, Defendants Cyberlux Corporation and Mark D. Schmidt, individually, hereby release any and all causes of action, claims, counterclaims, or demands, present or future, known or unknown, asserted or unasserted, against Plaintiffs or any of Plaintiffs' members, officers, agents, counsel, employees, and affiliates arising or accruing from the beginning of time and up to and including the date of this Agreement, including all claims based upon or in any way relating to the IP Agreement, the Strikepoint Consulting Agreement, Plaintiffs'

ownership of stock in Cyberlux Corporation, Plaintiff's prosecution of the Litigation, or the negotiation and entry into this Agreement. Upon receipt of the First Settlement Payment, Plaintiff Secure Community, LLC, Plaintiff Atlantic Wave Holdings, LLC, and Strikepoint Consulting, LLC, release any and all known or unknown causes of action, claims, counterclaims, or demands, present or future, asserted or unasserted, against Defendants or any of Defendant Cyberlux's members, officers, agents, counsel, employees, and affiliates arising or accruing from the beginning of time and up to and including the date of this Agreement, including all claims based upon or in any way relating to the IP Agreement, the Strikepoint Consulting Agreement, Plaintiffs' prosecution of the Litigation, or the negotiation and entry into this Agreement.

7. Security Interest and Lien Interest. Defendants agree and grant to Plaintiff a full security interest and lien interest in all of Defendants' assets, including but not limited to IP, subsidiaries, contractual rights, accounts receivable, drone sales, etc., which may, in Plaintiff's sole discretion, be memorialized through the filing of UCC-1 forms and Liens.

8. Updates and Continued Cooperation: Defendants, upon demand of Plaintiffs, shall keep Plaintiffs fully updated as to any and all progress on contract negotiations and provide documentation about payments received for the sale of drones, including providing copies of relevant documents requested by Plaintiffs, subject to the confidentiality provisions set forth in Paragraph 12 below, and to the extent such documents or information **are not classified or restricted**. Defendant Cyberlux shall also in good faith provide any assistance that it can reasonably provide and required by Plaintiffs in their effort to bring their CYBL stock shares into compliance so that the shares will be accepted by a reputable brokerage firm in order to permit the trading of such shares on the OTC Market.

9. Compliance: Defendants represent to Plaintiff Secure Community, LLC that Defendants have used reasonable efforts to comply with all State, Federal and OTC Markets rules and regulations (subject to the fact that Cyberlux shares are currently subject to the "Caveat

Emptor" restriction) and will continue to use any and all reasonable efforts to maintain compliance at all times.

10. Financial Statements: Defendants hereby represent that any Financial Statements published or produced hereunder or publicly filed which Plaintiff has relied upon in entering into this Agreement, have been prepared in good faith and in accordance with OTC standards and are materially true and accurate.

11. OTC Markets: Defendants hereby represent that Defendants are using any and all reasonable efforts to resolve all issues with OTC Markets that is causing the OTC Markets to issue its caveat emptor restriction and will continue to use any and all reasonable efforts to have the Caveat Emptor restriction currently imposed by OTC Markets removed so that the stock will be returned to "Pink Current" as soon as reasonably possible.

12. Stockholders' Rights: The parties agree that this agreement shall not affect Plaintiff's rights as stockholders in any manner going forward.

13. Confidentiality of Settlement Terms and Discovery Information. The terms and circumstances of this Agreement, and all documents and information disclosed in the Litigation, are completely confidential between the Parties and shall not be disclosed to anybody else. Any disclosure or violation shall be deemed a breach of this Agreement. If a Party discloses confidential information in material violation of this paragraph, then, following written notice to such Party summarizing such violation and such Party's failure to cure such material violation within fourteen (14) days of receiving such notice, then such Party may be deemed to have breached this Agreement. If a breach is to occur, notwithstanding the foregoing, Plaintiffs shall be entitled to use any information received in the Litigation if necessary to collect sums owing under this Agreement and/or to defend against any claims of breach, and Defendants shall be entitled to use such information to defend against any claims of breach, though reasonable efforts will be made to keep such information private.

14. Non-Disparagement. The Parties to this Agreement further agree that, in order to facilitate the transactions and obligations set forth herein, during the period from the date of this Agreement through December 31, 2023, no Party shall communicate, publish, or caused to be published any comments, statements, or information that could reasonably be expected to adversely affect the business interests or reputation of any other Party. If it is alleged a party materially disparaged the other party in violation of this paragraph, then, following written notice to such Party summarizing such violation and such Party's failure to cure such material violation within fourteen (14) days of receiving such notice, then such Party may be deemed to have breached this Agreement.

15. Advice of Counsel: The Parties to this Agreement represent and warrant that they have chosen to execute this Agreement of their own volition and free will after fully reviewing the Agreement and having the opportunity to seek the advice of counsel. Accordingly, the rule of contract interpretation to the effect that any ambiguities are to be resolved against the drafting party will not be employed in any interpretation of this Agreement.

16. Entire Agreement. This Agreement constitutes the entire agreement between the Parties pertaining to the matters with which it deals, and it supersedes all prior agreements pertaining to those matters. This Agreement may only be modified by written consent of the parties.

17. Severability of Provisions. If any clause or provision, or any part of any clause or provision, of this Agreement is found by the court to be illegal, invalid, or unenforceable under present or future laws, then the remainder of this Agreement shall not be affected thereby, and it shall be construed as if the unenforceable clause or provision, or the offending part of any clause or provision, were deleted.

18. Successorship. It is the intention of the Parties to this Agreement that the provisions hereof are binding upon the Parties, their employees, affiliates, agents, heirs, successors, and assigns forever.

19. Attorneys' Fees and Costs. In addition, as provided for herein, Defendants shall be responsible for the payment of Plaintiffs' attorneys' fees and costs in any action caused by the breach of this Agreement. The CAP referenced in paragraph 4(d) does not apply to this paragraph for costs and attorney's fees resulting from a breach of this Agreement.

20. Counterparts. This Agreement may be executed in any number of counterparts, including electronic signatures, each of which will be deemed an original.

21. Remedies for Breach. As noted above, in the event of a breach of this Agreement by Plaintiffs, Defendants shall be entitled to file an action for said breach and seek all remedies available under law, including injunctive relief. In the event of a breach of this Agreement by Defendants, Plaintiffs may seek relief, including damages, restitution, and/or injunctive relief. Defendants agree that Plaintiff shall be entitled to injunctive, ex-parte and/or any other relief available either in the present matter or subsequent court matters needed to enforce this Agreement. A breach shall be defined as, among other things, the breach of any material term of this agreement not being fulfilled including, but not limited to, failure to make timely payments and failure to timely provide requested information. For the avoidance of doubt, any payment not received by the first of each month shall be deemed late, any information requested shall be due in ten (10) calendar days and, unless cured within 3 calendar days, will be considered a breach of this Agreement.

22. Governing Law. This Agreement is governed by the laws of the Commonwealth of Virginia without giving effect to conflict of law principles. Venue for any future disputes hereunder, including any carved-out claims reserved in Section 2(e) above, shall solely lie in either the Circuit Court of the City of Richmond, Virginia, or the United States District Court for the

Eastern District of Virginia in the Richmond Division. Defendants hereby agree and submit to the Jurisdiction of the foregoing Courts, including personal jurisdiction, for any such future action.

23. Headings. The headings in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.


24. Authority. The undersigned warrant and represent that they have actual authority to execute this Agreement on behalf of the Parties.

Mart. D. **Electronic Signatures Permitted.** The Parties to this Agreement will accept electronic signatures as being effective signatures for the purposes of endorsing this Agreement, and any counterparts or amendments to this Agreement.

26. Construction. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties.

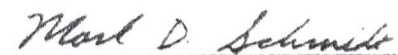
THE PARTIES FULLY UNDERSTAND THE FINAL AND BINDING EFFECT OF THIS AGREEMENT. THE ONLY PROMISES OR REPRESENTATIONS MADE TO ANY SIGNATORY ABOUT THIS AGREEMENT ARE CONTAINED HEREIN. THE PARTIES ARE VOLUNTARILY AND KNOWINGLY SIGNING THIS AGREEMENT.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties hereto set their hands and seals.




Charles Watts, Jr. in his capacity as Special Counsel
for Cyberlux Corporation and Mark D. Schmidt

Date: 06/15/2023



Mark D. Schmidt, individually and on behalf of
Cyberlux Corporation, as its President

Date: 06/15/2023



William Welter, as a Managing Director of
Atlantic Wave Holdings, LLC and Secure Community, LLC

Date: June 15, 2023

STRIKEPOINT CONSULTING, LLC



Cheri Nolan, CEO and President of Strikepoint Consulting, LLC

Date: 6/15/2023



William Welter, Managing Director of Strikepoint Consulting, LLC

Date: June 15, 2023