

# **BANK COVENANT COMPLIANCE REPORT**

## **BANK COVENANT COMPLIANCE REPORT**

### **Q4 2023 - POLAR DYNAMICS ROBOTICS, INC.**

PREPARED FOR: Silicon Valley Bank, as Administrative Agent

REPORTING PERIOD: October 1, 2023 - December 31, 2023

DATE SUBMITTED: January 15, 2024

### **1. CERTIFICATION**

I, Victoria Wells, in my capacity as Chief Financial Officer of Polar Dynamics, Inc., hereby certify that the information provided in this report is true and accurate to the best of my knowledge and belief.

Robotics, Inc. (the "Company"), hereby certify that:

(a) I am authorized to execute this Compliance Report on behalf of the

(b) The financial statements and calculations herein are accurate and  
as of December 31, 2023;

(c) No Default or Event of Default has occurred or is continuing under  
Credit Agreement dated March 15, 2022.

## **2. FINANCIAL COVENANTS**

### **2.1 Minimum Liquidity Ratio**

Required: 1.25:1.00

Actual: 1.43:1.00

Status: IN COMPLIANCE

Calculation:

-

Current Assets: \$18,425,000

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Current Liabilities: \$12,885,000

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Ratio:  $\$18,425,000 / \$12,885,000 = 1.43$

## **2.2 Maximum Leverage Ratio**

Required: 3.50:1.00

Actual: 2.87:1.00

Status: IN COMPLIANCE

Calculation:

-

Total Funded Debt: \$15,750,000

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TTM Adjusted EBITDA: \$5,487,000

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Ratio:  $\$15,750,000 / \$5,487,000 = 2.87$

### **2.3 Fixed Charge Coverage Ratio**

Required: 1.20:1.00

Actual: 1.35:1.00

Status: IN COMPLIANCE

Calculation:

-

TTM EBITDA: \$5,487,000

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TTM Fixed Charges: \$4,064,444

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Ratio:  $\$5,487,000 / \$4,064,444 = 1.35$

### **3. FINANCIAL METRICS**

#### **3.1 Revenue Performance**

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Q4 2023 Revenue: \$8,875,000

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YTD Revenue: \$31,500,000

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YoY Growth: 42.3%

#### **3.2 EBITDA Analysis**

- - 5 -

Q4 2023 EBITDA: \$1,575,000

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YTD EBITDA: \$5,487,000

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EBITDA Margin: 17.4%

### **3.3 Working Capital Position**

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Net Working Capital: \$5,540,000

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Days Sales Outstanding: 45

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Days Inventory Outstanding: 62

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Days Payable Outstanding: 38

## **4. OPERATIONAL UPDATES**

### **4.1 Key Business Developments**

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Successfully launched BlueCore(TM) 2.0 platform upgrade

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Secured three new enterprise contracts valued at \$12.5M

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Expanded manufacturing capacity by 40% at Minnesota facility

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R&D investment maintained at 15% of revenue

### **4.2 Material Changes**

- - 7 -

No material adverse changes in business operations

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No significant asset dispositions or acquisitions

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No material litigation or regulatory issues

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No changes in senior management

## **5. DEBT AND CAPITAL STRUCTURE**

### **5.1 Outstanding Debt**

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Term Loan A: \$10,000,000

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Revolving Credit Facility: \$5,750,000

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Equipment Financing: \$2,500,000

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Total Debt: \$18,250,000

## **5.2 Available Credit**

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Revolving Credit Facility Limit: \$15,000,000

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Amount Drawn: \$5,750,000

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Available Credit: \$9,250,000

## **6. REPRESENTATIONS AND WARRANTIES**

The Company hereby represents and warrants that:

1 All information provided in this report is true, complete, and accurate

2 The Company maintains compliance with all terms and conditions o

3 No event has occurred that would constitute a Default or Event of D

4 All required insurance policies remain in full force and effect.

## **7. ATTACHMENTS**

The following documents are attached as supporting documentation:

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Unaudited Q4 2023 Financial Statements

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Covenant Calculation Worksheets

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Aging Reports (A/R and A/P)

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Bank Account Statements

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Management Discussion & Analysis

## **EXECUTION**

POLAR DYNAMICS ROBOTICS, INC.

**By: [Victoria Wells]**

Name: Victoria Wells

Title: Chief Financial Officer

Date: January 15, 2024

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RECEIVED AND ACKNOWLEDGED:

SILICON VALLEY BANK, as Administrative Agent

**By:**

Name:

Title:

Date:

