

# **CASH BURN RATE ANALYSIS - Q4 2023**

**POLAR DYNAMICS ROBOTICS, INC.**

**CONFIDENTIAL - FOR DUE DILIGENCE PURPOSES ONLY**

**Prepared by: Katherine Wells, Chief Financial Officer**

**Date: January 10, 2024**

**Period Covered: October 1, 2023 - December 31, 2023**

## **1. EXECUTIVE SUMMARY**

This analysis details the cash burn rate and operational expenditures of Polar Dynamics Robotics, Inc. ("Company") for Q4 2023, prepared in accordance with GAAP standards and the Company's internal financial controls. The analysis reflects the Company's current growth phase and strategic investments in R&D and market expansion.

## **2. QUARTERLY CASH BURN METRICS**

### **2.1 Net Cash Burn Rate**

- Monthly Average: \$1.85M
- Quarter Total: \$5.55M
- Variance from Q3 2023: +12.3%

### **2.2 Operating Cash Flow Components**

- Revenue Receipts: \$8.75M
- Operating Expenses: \$14.30M
- Net Operating Cash Flow: (\$5.55M)

## **3. EXPENSE CATEGORIZATION**

### **3.1 Research & Development**

- IceNav Platform Enhancement: \$2.1M
- Cold-Resistant Actuator Development: \$1.4M
- Testing & Validation: \$0.8M
- R&D Personnel: \$1.2M

**Subtotal: \$5.5M**

### **3.2 Manufacturing & Operations**

- Production Facility Costs: \$1.8M
- Raw Materials & Components: \$2.3M
- Quality Control: \$0.6M
- Operations Staff: \$1.1M

**Subtotal: \$5.8M**

### **3.3 Sales, Marketing & Administrative**

- Sales Team Compensation: \$0.9M
- Marketing Programs: \$0.7M
- G&A Expenses: \$1.4M

**Subtotal: \$3.0M**

## **4. RUNWAY ANALYSIS**

### **4.1 Current Cash Position**

- Cash & Cash Equivalents: \$28.5M
- Short-term Investments: \$12.3M
- Total Available Liquidity: \$40.8M

### **4.2 Projected Runway**

Based on current burn rate and accounting for planned operational scaling:

- Conservative Scenario (Current Burn): 22 months
- Accelerated Scenario (+20% Burn): 18 months
- Aggressive Scenario (+40% Burn): 15 months

## **5. BURN RATE DRIVERS & VARIANCES**

### **5.1 Notable Q4 Events**

- Expansion of cold storage testing facility: \$1.2M (one-time)
- New engineering hires (12 FTEs): \$0.4M (recurring)
- IceNav 3.0 development acceleration: \$0.8M (project-based)

## **5.2 Variance Analysis**

Primary drivers of increased burn rate vs. Q3 2023:

Strategic R&D investments (+15%)

Production capacity expansion (+8%)

Market expansion initiatives (+5%)

## **6. RISK FACTORS & MITIGATION**

### **6.1 Identified Risks**

- Supply chain cost volatility
- Extended sales cycles in enterprise contracts
- R&D timeline uncertainties
- Market adoption rate variations

### **6.2 Mitigation Strategies**

Maintaining strategic component inventory

Diversified customer pipeline development

Stage-gated R&D spending approach

Flexible operational scaling plans

## **7. FORWARD-LOOKING STATEMENTS**

This analysis contains forward-looking statements regarding the Company's cash position and operational expenditures. Actual results may vary materially from these projections based on market conditions, technological developments, and other factors beyond the Company's control.

## **8. CERTIFICATION**

I, Katherine Wells, in my capacity as Chief Financial Officer, certify that this analysis accurately reflects the Company's cash position and burn rate for the stated period, prepared in accordance with standard accounting practices and internal controls.

/s/ Katherine Wells

Katherine Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.

Date: January 10, 2024

## **9. DISCLAIMER**

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