

POLAR DYNAMICS ROBOTICS, INC.

Balance Sheet and Financial Statements

For the Fiscal Year Ended December 31, 2023

1. INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of Polar Dynamics Robotics, Inc.

We have audited the accompanying financial statements of Polar Dynamics Robotics, Inc. (the "Company"), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Polar Dynamics Robotics, Inc. as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Boston, Massachusetts

March 15, 2024

2. BALANCE SHEET

(in thousands, except share data)

ASSETS

Current Assets:

- Cash and cash equivalents: \$12,450
- Short-term investments: \$8,750
- Accounts receivable, net: \$7,325
- Inventory: \$5,890
- Prepaid expenses: \$980

Total Current Assets: \$35,395

Non-Current Assets:

- Property and equipment, net: \$12,780
- Intangible assets: \$8,450
- Goodwill: \$3,250
- Other long-term assets: \$1,890

Total Non-Current Assets: \$26,370

Total Assets: \$61,765

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

- Accounts payable: \$4,280
- Accrued expenses: \$3,150
- Deferred revenue: \$2,890
- Current portion of long-term debt: \$1,500

Total Current Liabilities: \$11,820

Non-Current Liabilities:

- Long-term debt: \$15,500
- Deferred tax liabilities: \$2,180
- Other long-term liabilities: \$1,450

Total Non-Current Liabilities: \$19,130

Stockholders' Equity:

- Common stock, \$0.001 par value; 50,000,000 shares authorized; 12,500,000 shares issued and outstanding: \$13
- Additional paid-in capital: \$28,450
- Accumulated other comprehensive income: \$890
- Retained earnings: \$1,462

Total Stockholders' Equity: \$30,815

Total Liabilities and Stockholders' Equity: \$61,765

3. STATEMENT OF OPERATIONS

(in thousands, except per share data)

Revenue:

- Product sales: \$28,750
- Service and maintenance: \$3,750

Total Revenue: \$32,500

Cost of Revenue:

- Product costs: \$14,375
- Service and maintenance costs: \$1,875

Total Cost of Revenue: \$16,250

Gross Profit: \$16,250

Operating Expenses:

- Research and development: \$5,890
- Sales and marketing: \$4,250
- General and administrative: \$3,780

Total Operating Expenses: \$13,920

Operating Income: \$2,330

Other Income (Expense):

- Interest income: \$380
- Interest expense: \$(890)
- Other income, net: \$150

Total Other Income (Expense): \$(360)

Income Before Income Taxes: \$1,970

Income tax expense: \$(508)

Net Income: \$1,462

Earnings per share:

- Basic: \$0.12
- Diluted: \$0.11

Weighted average shares outstanding:

- Basic: 12,500,000
- Diluted: 13,250,000

4. STATEMENT OF CASH FLOWS

(in thousands)

Cash flows from operating activities:

- Net income: \$1,462
- Depreciation and amortization: \$2,890
- Stock-based compensation: \$980
- Changes in operating assets and liabilities: \$(1,250)

Net cash provided by operating activities: \$4,082

Cash flows from investing activities:

- Capital expenditures: \$(3,890)
- Purchases of short-term investments: \$(5,000)
- Proceeds from maturities of short-term investments: \$3,500

Net cash used in investing activities: \$(5,390)

Cash flows from financing activities:

- Proceeds from issuance of long-term debt: \$8,000

- Principal payments on long-term debt: \$(1,500)
- Proceeds from exercise of stock options: \$750

Net cash provided by financing activities: \$7,250

Net increase in cash and cash equivalents: \$5,942

Cash and cash equivalents at beginning of year: \$6,508

Cash and cash equivalents at end of year: \$12,450

5. NOTES TO FINANCIAL STATEMENTS

1 Organization and Significant Accounting Policies

Polar Dynamics Robotics, Inc. (the "Company") was incorporated in Delaware on March 15, 2018. The Company develops and manufactures ruggedized autonomous mobile robots for extreme operating conditions and mission-critical logistics environments.

2 Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers. Revenue is recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

3 Inventory

Inventory consists primarily of raw materials, work in progress, and finished goods. Inventory is stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis.

4 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

5 Intangible Assets

Intangible assets consist primarily of developed technology and patents. Intangible assets are amortized on a straight-line basis over their estimated useful lives of 5 to 10 years.

6 Commitments and Contingencies

The Company leases office and manufacturing facilities under non-cancelable operating leases expiring at various dates through 2028. Future minimum lease payments total \$8.5 million.

6. CERTIFICATION

The undersigned hereby certifies that these financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Polar Dynamics Robotics, Inc. as of and for the year ended December 31, 2023.

/s/ Katherine Wells

Katherine Wells

Chief Financial Officer

March 15, 2024