

# AMR LEASE VS. PURCHASE FINANCIAL MODEL

## CONFIDENTIAL AND PROPRIETARY

*Prepared for Polar Dynamics Robotics, Inc.*

*Date: January 11, 2024*

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## 1. OVERVIEW AND PURPOSE

1. This Financial Model ("Model") sets forth the comparative analysis framework for evaluating lease versus purchase options for Polar Dynamics Robotics, Inc.'s ("Company") IceNav-enabled Autonomous Mobile Robot systems ("AMR Units") for customer deployment considerations.

2. This Model is intended for internal use and authorized third parties under appropriate confidentiality agreements to evaluate optimal financial structures for AMR Unit deployment.

## 2. FINANCIAL MODEL PARAMETERS

### 1. \*\*Base Unit Specifications\*\*

- Model: PDR-3000 Cold Environment AMR
- Useful Life: 7 years
- Base Unit Cost: \$175,000
- Annual Maintenance Cost: \$12,500
- Software License: \$15,000/year

### 2. \*\*Lease Structure Parameters\*\*

- Term Options: 36/48/60 months
- Residual Value: 15% of original equipment cost
- Maintenance Inclusion: Full-service option
- Software License: Included in lease payment
- Early Termination: Available after 24 months with 3-month notice

### 3. \*\*Purchase Structure Parameters\*\*

- Payment Terms: Net-30
- Warranty: 12 months standard

- Extended Warranty: Available up to 36 months
- Financing Options: Available through approved partners
- Volume Discounts: Applicable per Schedule A

### **3. COMPARATIVE ANALYSIS FRAMEWORK**

#### **1. \*\*Net Present Value (NPV) Calculations\*\***

- Discount Rate: Customer's weighted average cost of capital
- Tax Considerations: Depreciation (MACRS 5-year schedule)
- Operating Expense Treatment
- Capital Expense Treatment

#### **2. \*\*Total Cost of Ownership Components\*\***

- Initial Capital Outlay
- Annual Operating Costs
- Maintenance and Support
- Software Licensing
- Training and Implementation
- End-of-Life Considerations

### **4. LEASE OPTION ANALYSIS**

#### **1. \*\*Monthly Payment Calculation\*\***

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Monthly Payment = (Equipment Cost - Residual Value) Lease Rate Factor

+ Monthly Maintenance Fee

+ Monthly Software License Fee

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#### **2. \*\*Lease Benefits Consideration\*\***

- Off-balance sheet treatment (subject to accounting standards)
- Predictable monthly expenses
- Reduced upfront capital requirement
- Technology refresh options

- Comprehensive maintenance coverage

## **5. PURCHASE OPTION ANALYSIS**

### **1. \*\*Total Investment Calculation\*\***

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Total Investment = Equipment Cost

+ Implementation Costs

+ (Annual Maintenance   Term)

+ (Annual Software License   Term)

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### **2. \*\*Purchase Benefits Consideration\*\***

- Asset ownership
- Depreciation tax benefits
- No long-term commitments
- Flexibility in maintenance options
- Potential resale value

## **6. DECISION MATRIX VARIABLES**

### **1. \*\*Quantitative Factors\*\***

- Cash flow impact
- Tax implications
- Balance sheet effects
- Maintenance costs
- Total cost of ownership

### **2. \*\*Qualitative Factors\*\***

- Operational flexibility
- Technology obsolescence risk
- Budget constraints
- Accounting treatment preferences
- Internal maintenance capabilities

## **7. DISCLAIMERS AND LIMITATIONS**

1. This Model contains forward-looking financial projections that are subject to various risks and uncertainties.
2. The Company makes no representations or warranties regarding the accuracy or completeness of the financial projections contained herein.
3. This Model should be used in conjunction with other due diligence materials and professional advice.

## **8. CONFIDENTIALITY**

1. This Model contains confidential and proprietary information of the Company and shall not be disclosed to any third party without prior written consent.

## **9. APPROVAL AND MODIFICATION**

This Model has been approved by:

POLAR DYNAMICS ROBOTICS, INC.

**By:**

Name: Katherine Wells

Title: Chief Financial Officer

Date: January 11, 2024

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*This document is controlled by the Finance Department and requires CFO approval for modifications.*

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