

CREDIT FACILITY AGREEMENT SUMMARY

CREDIT FACILITY AGREEMENT SUMMARY

Date: January 11, 2024

Reference: CFA-2024-001

1. PARTIES

Borrower: Polar Dynamics Robotics, Inc., a Delaware corporation

Administrative Agent: Silicon Valley Bank ("Agent")

Lenders: Silicon Valley Bank, as Lead Arranger, and Syndicate M

2. FACILITY OVERVIEW

2.1 Credit Facilities

-

****Revolving Credit Facility:**** \$25,000,000

-

****Term Loan Facility:**** \$40,000,000

-

****Accordion Feature:**** Up to additional \$15,000,000

2.2 Purpose

Proceeds to be used for:

(a) Working capital and general corporate purposes

(b) Capital expenditures related to AMR production

(c) Research and development of BlueCore(TM) technology

(d) Permitted acquisitions

3. KEY TERMS

3.1 Interest Rates

-

****Revolving Credit Facility:**** SOFR + 3.25%

-

****Term Loan:**** SOFR + 3.75%

-

****Default Rate:**** Applicable Rate + 2.00%

3.2 Maturity

- - 3 -

****Revolving Credit Facility:**** 36 months from closing

-

****Term Loan:**** 60 months from closing

3.3 Repayment Terms

-

****Revolving Credit Facility:**** Interest payable monthly; principal due a

-

****Term Loan:**** Quarterly principal payments of \$2,000,000 plus accru

4. SECURITY AND COLLATERAL

4.1 Security Interest

First-priority security interest in:

- (a) All ~~per~~sonal property assets
- (b) Intellectual property, including BlueCore(TM) technology
- (c) Accounts receivable and inventory
- (d) Equipment and fixtures

4.2 Excluded Assets

- (a) Leased real property
- (b) Motor vehicles
- (c) Assets subject to permitted liens

5. FINANCIAL COVENANTS

5.1 Required Ratios

-

****Maximum Leverage Ratio:** 3.0x**

-

****Minimum Fixed Charge Coverage Ratio:** 1.25x**

-

****Minimum Liquidity:** \$10,000,000**

5.2 Testing

-

Quarterly testing of financial covenants

-

Monthly reporting requirements

-

Compliance certificates due within 45 days of quarter-end

6. REPRESENTATIONS AND WARRANTIES

6.1 Corporate Matters

- (a) Valid existence and good standing
- (b) Authority to execute and perform
- (c) No conflicts with existing agreements
- (d) All required consents obtained

6.2 Financial Statements

- (a) Accuracy of financial statements
- (b) No material adverse change
- (c) No undisclosed liabilities

6.3 Intellectual Property

- (a) Ownership of BlueCore(TM) technology
- (b) Valid patents and trademarks

(c) No infringement claims

7. AFFIRMATIVE COVENANTS

7.1 Reporting Requirements

-

Monthly financial statements

-

Annual audited financials

-

Quarterly compliance certificates

-

Annual operating budget

-

Material event notifications

7.2 Operational Covenants

-

Maintain corporate existence

-

Maintain insurance

-

Pay taxes when due

-

Comply with laws

-

Maintain intellectual property

8. NEGATIVE COVENANTS

8.1 Restrictions

-

No additional indebtedness

-

No liens except permitted liens

-

No fundamental changes

-

No asset sales outside ordinary course

-

No restricted payments

8.2 Permitted Exceptions

-

Capital leases up to \$5,000,000

- - 10 -

Permitted acquisitions up to \$10,000,000

-

R&D investments up to \$15,000,000 annually

9. EVENTS OF DEFAULT

9.1 Standard Events

-

Payment default

-

Covenant breach

-

Material misrepresentation

-

Cross-default

-

Bankruptcy events

-

Material adverse change

9.2 Company-Specific Events

-

Loss of key management

-

Material IP litigation

-

Loss of material customers

10. FEES AND EXPENSES

10.1 Facility Fees

-

****Commitment Fee:**** 0.35%

-

****Unused Line Fee:**** 0.25%

-

****Administrative Agent Fee:**** \$50,000 annually

10.2 Other Fees

-

Legal fees and expenses

-

Due diligence expenses

-

Documentation fees

11. MISCELLANEOUS

11.1 Governing Law

This Agreement shall be governed by Delaware law.

11.2 Assignment

No assignment without prior written consent of Agent.

11.3 Amendments

Amendments require written consent of Required Lenders.

ACKNOWLEDGMENT

This summary is provided for convenience only and does not modify o

the terms of the Credit Facility Agreement dated January 11, 2024.

POLAR DYNAMICS ROBOTICS, INC.

By: _

Name: Victoria Wells

Title: Chief Financial Officer

Date: January 11, 2024

SILICON VALLEY BANK

as Administrative Agent

By: _

Name: [Bank Signatory]

Title: Senior Vice President

Date: January 11, 2024

