

DEBT SERVICE COVERAGE RATIO ANALYSIS

Polar Dynamics Robotics, Inc.

Prepared as of December 31, 2023

1. EXECUTIVE SUMMARY

This Debt Service Coverage Ratio (DSCR) Analysis has been prepared by the Office of the Chief Financial Officer of Polar Dynamics Robotics, Inc. (the "Company") to assess the Company's ability to service its current and projected debt obligations through its operating income. This analysis covers the fiscal years 2021-2023 and includes projections for 2024.

2. DEFINITIONS

1. "Debt Service Coverage Ratio" shall mean the ratio of:
 - (a) Net Operating Income, to
 - (b) Total Debt Service Requirements
2. "Net Operating Income" shall mean EBITDA less non-cash items, calculated in accordance with GAAP.
3. "Total Debt Service Requirements" shall mean the sum of all required principal and interest payments on the Company's outstanding debt obligations.

3. CURRENT DEBT OBLIGATIONS

1. Series A Equipment Financing
 - Principal Outstanding: \$4,750,000
 - Interest Rate: 5.25% per annum
 - Maturity Date: March 15, 2025
 - Quarterly Payment: \$412,875
2. Series B Manufacturing Facility Loan
 - Principal Outstanding: \$8,250,000
 - Interest Rate: 4.75% per annum
 - Maturity Date: September 30, 2026

- Monthly Payment: \$198,450

3. Revolving Credit Facility

- Maximum Available: \$5,000,000
- Current Outstanding: \$2,750,000
- Interest Rate: SOFR + 3.25%
- Maturity Date: December 31, 2024

4. HISTORICAL DSCR CALCULATION

1. Fiscal Year 2021

- Net Operating Income: \$5,850,000
- Total Debt Service: \$3,250,000
- DSCR: 1.80x

2. Fiscal Year 2022

- Net Operating Income: \$7,250,000
- Total Debt Service: \$3,875,000
- DSCR: 1.87x

3. Fiscal Year 2023

- Net Operating Income: \$9,750,000
- Total Debt Service: \$4,625,000
- DSCR: 2.11x

5. PROJECTED DSCR ANALYSIS

1. Fiscal Year 2024 (Projected)

- Projected Net Operating Income: \$12,250,000
- Projected Total Debt Service: \$5,125,000
- Projected DSCR: 2.39x

2. Key Assumptions

- Revenue growth of 22% year-over-year
- Gross margin improvement of 150 basis points

- Operating expense scaling at 85% of revenue growth
- No additional debt issuance planned

6. COVENANT COMPLIANCE

1. The Company maintains the following debt covenants:

- Minimum DSCR of 1.25x (Series A Equipment Financing)
- Minimum DSCR of 1.35x (Series B Manufacturing Facility Loan)
- Minimum DSCR of 1.40x (Revolving Credit Facility)

2. The Company is currently in compliance with all DSCR covenants and projects maintained compliance through FY2024.

7. RISK FACTORS

1. The following factors may impact future DSCR calculations:

- Market conditions affecting revenue growth
- Supply chain disruptions impacting gross margins
- Interest rate fluctuations on variable rate debt
- Working capital requirements
- Capital expenditure needs

8. CERTIFICATION

The undersigned hereby certifies that this DSCR Analysis has been prepared in accordance with GAAP and fairly represents the Company's debt service capacity as of the date hereof.

Dated: December 31, 2023

—

Katherine Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.

9. DISCLAIMER

This analysis contains forward-looking statements and projections that involve risks and uncertainties. Actual results may differ materially from those projected herein. This document is confidential and intended solely for the Company's lenders and their representatives. No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained herein.

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