SERIES B PREFERRED STOCK FINANCING

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SUMMARY OF TERMS

POLAR DYNAMICS ROBOTICS, INC.

January 11, 2024

This non-binding Term Sheet summarizes the principal terms of the S Preferred Stock Financing of Polar Dynamics Robotics, Inc., a Delawa corporation (the "Company").

Offering Terms

Closing Date: Expected February 15, 2024

Amount of Financing: Up to \$45,000,000

Price Per Share: \$8.50 per share (the "Original Purchase Price"),

Investment Terms

Type of Security

Series B Preferred Stock (the "Series B Preferred")

Investors

Led by Arctic Ventures Partners, with participation from existing inves

Northern Light Capital and Frost Innovation Fund

Use of Proceeds

Working capital to expand manufacturing capacity, accelerate R&D in the BlueCore(TM) technology platform, and support international mark

Capitalization

The Company's capital structure before and after the closing will be a forth on Exhibit A

Rights, Preferences, and Privileges

Dividend Rights

8% non-cumulative dividends payable when and if declared by the Bo Directors, prior and in preference to dividends declared on Common S

Liquidation Preference

In the event of liquidation, dissolution, or winding up of the Company, Series B Preferred will receive: - 3 -

First priority return of the Original Purchase Price plus declared but un

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Thereafter, participate with Common Stock pro rata on an as-converte

Conversion Rights

- a) The Series B Preferred shall be convertible at any time at the optio holder into shares of Common Stock
- b) Initial conversion ratio of 1:1, subject to standard anti-dilution adjustments
- c) Automatic conversion upon:

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Qualified IPO (raising at least \$100M at a pre-money valuation of at le

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Written consent of holders of at least 66 % of Series B Preferred

Anti-didution Protection
Broad-based weighted average anti-dilution protection for issuances I
Original Purchase Price
Voting Rights
a) The Series B Preferred will vote together with Common Stock on a
as-converted basis
b) Approval of 66 % of Series B Preferred required for:
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Changes to certificate of incorporation adversely affecting Series B P
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Creation of senior or pari passu security
-
Increase in authorized shares of Series B Preferred
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Sale or merger of the Company

Board of Directors

Size and Composition

Seven-person Board of Directors:

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2 Series B Directors (appointed by lead investors)

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2 Series A Directors (existing)

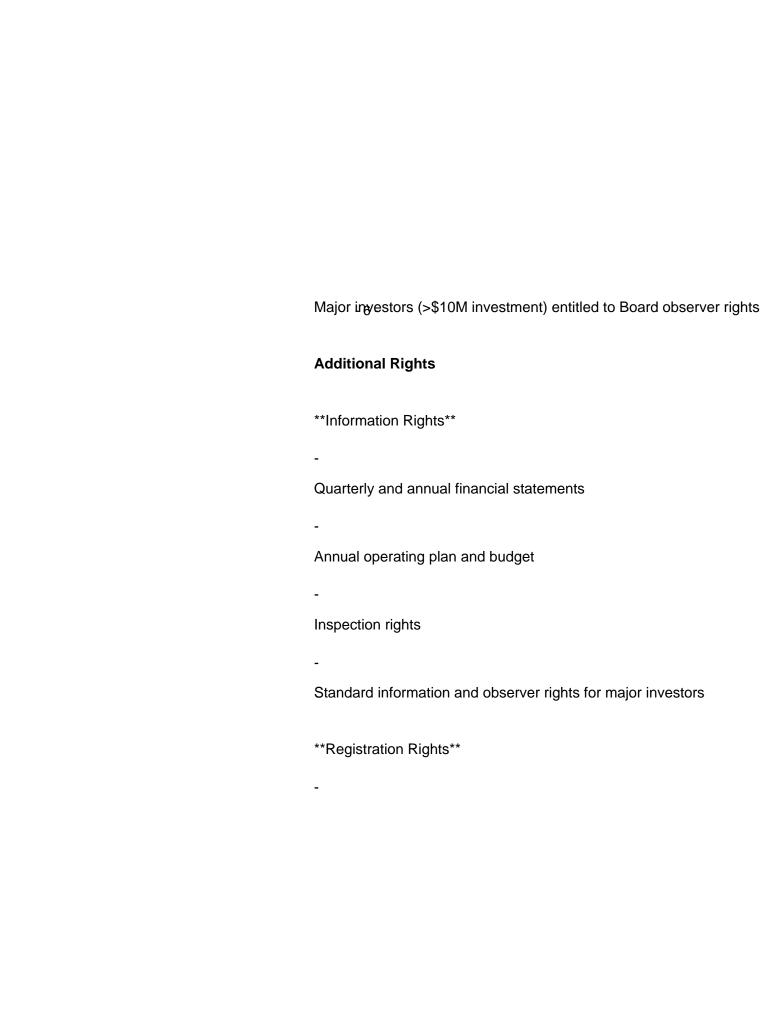
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2 Common Directors (including CEO)

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1 Independent Director (mutually agreed)

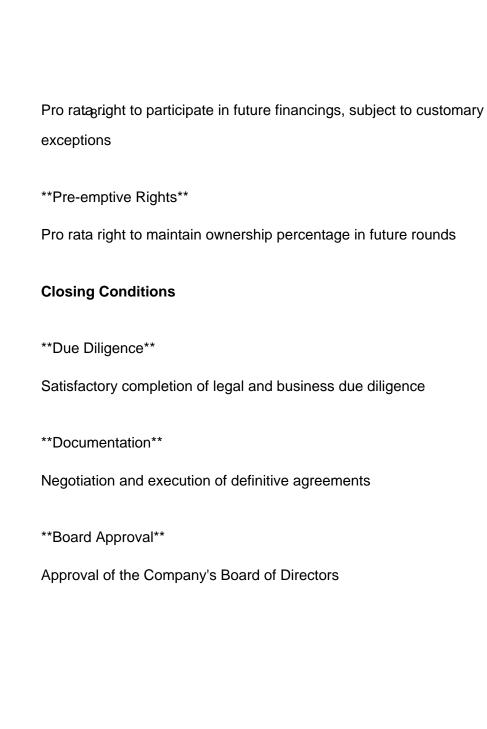
Board Observer Rights



Demand registration rights after earlier of:

5 years from Closing
180 days after IPO
Two demand registrations
Unlimited piggyback registration rights
S-3 registration rights when eligible
Company to bear registration expenses

Right of First Refusal



Stockbolder Approval

Required amendments to Certificate of Incorporation

Exclusivity

30-day exclusive negotiating period

Expenses

Company to reimburse reasonable legal fees of lead investor, not to \$75,000

Governing Law

Delaware

This Term Sheet is non-binding and is intended solely as a summary that are currently proposed by the parties. The parties acknowledge the neither intend to enter, nor have they entered, into any agreement to be a summary that are currently proposed by the parties acknowledge the neither intend to enter, nor have they entered, into any agreement to be a summary that are currently proposed by the parties.

a definitive agreement pursuant to this Term Sheet, and either party retime prior to execution of such definitive agreement, propose different from those summarized herein or unilaterally terminate all negotiation to this Term Sheet without any liability whatsoever to the other party.

[Signature blocks and date lines follow]