CUSTOMER CREDIT RISK ANALYSIS

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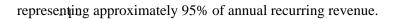
Polar Dynamics Robotics, Inc.

Confidential Document

Date: January 11, 2024

1. EXECUTIVE SUMMARY

This Customer Credit Risk Analysis document outlines the credit risk assess methodology and current risk profile of Polar Dynamics Robotics, Inc.'s ("Company") customer base as of Q4 2023. This analysis covers customers



2. CREDIT RISK ASSESSMENT METHODOLOGY

2.1 Risk Rating Framework

The Company employs a proprietary 1-5 risk rating system:

Rating 1: Minimal Risk (Investment Grade)

Rating 2: Low Risk

Rating 3: Moderate Risk

Rating 4: Elevated Risk

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Rating 5: High Risk

2.2 Assessment Criteria

Credit risk evaluations incorporate:

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Financial statements analysis (3 years historical)

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Payment history and days sales outstanding (DSO)

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Third-party credit bureau scores

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Industry sector risk factors

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Geographic concentration

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Customer size and operational history

3. CUSTOMER PORTFOLIO ANALYSIS

3.1 Revenue Distribution by Risk Rating

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Rating 1: 35% (\$11.025M)

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Rating 2: 40% (\$12.600M)

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Rating 3: 15% (\$4.725M)

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Rating 4: 8% (\$2.520M)

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Rating 542% (\$0.630M)

3.2 Key Customer Concentration

Top 5 customers by annual revenue:

ColdChain Solutions, Inc. (Risk Rating 1) - \$4.2M

Arctic Storage Systems LLC (Risk Rating 2) - \$3.8M

PharmaFreeze Technologies (Risk Rating 1) - \$3.1M

Nordic Logistics Partners (Risk Rating 2) - \$2.9M

Glacier Distribution Corp. (Risk Rating 3) - \$2.4M

4. RISK MITIGATION STRATEGIES

4.1 Credit Terms and Controls

Standard payment terms: Net 30

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Credit limits established based on risk rating

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Security deposits required for Rating 4-5 customers

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Quarterly credit review for customers >\$1M annual revenue

4.2 Collection Procedures

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Automated payment reminders at 15, 30, 45 days

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Credit hold policy at 60 days past due

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Legal action initiated at 90 days past due

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Dedicated collections team for high-risk accounts

5. HISTORICAL PERFORMANCE

5.1 Bad Debt Experience

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2023 YTD: 0.8% of revenue

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2022: 1.1% of revenue

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2021: 1.3% of revenue

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2020: 1.5% of revenue

5.2 Days Sales Outstanding

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Current: 42 days

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12-month average: 45 days

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Industry benchmark: 50 days

6. INDUSTRY-SPECIFIC CONSIDERATIONS

6.1 Cold Chain Sector Analysis

Strong growth in pharmaceutical cold storage

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Stable food manufacturing segment

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Increasing automation adoption rates

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High barriers to entry favor established customers

6.2 Geographic Distribution

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Northeast US: 35%

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Midwest US: 25%

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Southeast US: 20%

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Western US: 15%

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International: 5%

7. RECOMMENDATIONS

7.1 Strategic Initiatives

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Implement enhanced credit monitoring for Rating 3+ customers

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Increase security deposit requirements for new customers

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Expand use of credit insurance for international accounts
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Develop early warning system for customer financial distres
7.2 Policy Updates
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Review credit limits quarterly
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Strengthen payment terms for high-risk segments
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Implement additional controls for contracts >\$500K
8. DISCLAIMERS AND LIMITATIONS

This analysis represents management's current assessment of customer credit

and may not be indicative of future performance. The information contained herein is confidential and proprietary to Polar Dynamics Robotics, Inc. This document may not be reproduced or distributed without express written constant.

9. CERTIFICATION

Prepared and certified by:

Victoria Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.

Date: January 11, 2024

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