

CUSTOMER PAYMENT TERMS ANALYSIS

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NaviFloor Robotics, Inc.

Prepared: January 11, 2024

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1. EXECUTIVE SUMMARY

This analysis examines NaviFloor Robotics, Inc.'s ("Company") customer payment terms, credit policies, and collection practices across its primary revenue streams. This document has been prepared for due diligence purposes and related

payment terms data as of December 31, 2023.

2. STANDARD PAYMENT TERMS

2.1 Hardware Sales

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Net 30 payment terms for AMR unit sales above \$250,000

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Net 45 payment terms for AMR unit sales below \$250,000

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30% deposit required for all custom configuration orders

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Early payment discount of 2% if paid within 10 days (2/10 net 30)

2.2 Software Licensing

- - 2 -

Annual subscriptions payable in advance

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Quarterly payment options available for enterprise licenses >\$100,000

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Net 30 payment terms for all software licensing fees

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Auto-renewal terms with 60-day advance notice requirement

2.3 Maintenance Services

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Monthly billing for ongoing maintenance contracts

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Net 15 payment terms for all maintenance services

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Service suspension after 45 days past due

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Annual maintenance contracts payable quarterly in advance

3. CUSTOMER SEGMENTATION ANALYSIS

3.1 Enterprise Accounts (>\$1M Annual Revenue)

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Customized payment terms available

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Credit limits established based on D&B ratings

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Quarterly billing cycles permitted

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Master Service Agreement (MSA) payment terms override standard terms

3.2 Mid-Market Accounts (\$250K-\$1M Annual Revenue)

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Standard payment terms apply

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Credit limits capped at \$500,000

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Security deposits required for customers <2 years in operation

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Monthly billing cycles standard

3.3 Small Business Accounts (<\$250K Annual Revenue)

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Advance payment required for initial orders

-

Credit limits capped at \$100,000

- - 5 -

Weekly billing cycles for maintenance services

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Personal guarantees required for private companies

4. COLLECTION POLICIES

4.1 Invoice Processing

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Electronic invoicing through Oracle NetSuite

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Automated payment reminders at 15, 30, and 45 days

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Late payment interest of 1.5% per month

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Collection agency engagement after 90 days past due

4.2 Credit Management

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Annual credit reviews for accounts >\$500,000

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Quarterly payment history reporting to D&B

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Credit holds implemented at 60 days past due

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Required financial statements for credit limits >\$250,000

5. PAYMENT TERM EXCEPTIONS

5.1 Strategic Accounts

- - 7 -

Custom payment terms require CFO approval

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Maximum payment terms of Net 60

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Minimum annual revenue requirement of \$2.5M

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Quarterly business reviews required

5.2 International Customers

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Letters of Credit required for initial orders

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Payment in advance for high-risk countries

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Currency exchange risk borne by customer

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Local banking relationship requirements

6. RISK ANALYSIS

6.1 Current Portfolio Risk Assessment

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Average DSO: 42 days

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Bad debt ratio: 0.8% of revenue

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Credit limit utilization: 65%

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Past due accounts >90 days: 2.3% of AR

6.2 Risk Mitigation Measures

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Credit insurance for accounts >\$1M

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UCC filings on financed equipment

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Performance bonds for government contracts

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Cross-default provisions in MSAs

7. COMPLIANCE AND REPORTING

7.1 Internal Controls

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Monthly AR aging review by Finance Committee

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Quarterly bad debt reserve analysis

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Annual payment terms policy review

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Segregation of duties in credit approval process

7.2 External Reporting

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SOX compliance requirements

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Quarterly board reporting on AR metrics

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Annual external audit review

Credit agency reporting requirements

8. LEGAL DISCLAIMER

This analysis contains confidential and proprietary information of NaviFloor Robotics, Inc. The information contained herein is subject to change without notice and is not warranted to be error-free. If you find any errors, please report them to us in writing.

9. CERTIFICATION

The undersigned hereby certifies that this Customer Payment Terms Analysis accurately reflects the payment terms and policies of NaviFloor Robotics, Inc. as of the date first written above.

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By: _

James Wilson

Chief Financial Officer

NaviFloor Robotics, Inc.

Date: _

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