

VENDOR PAYMENT TERMS ANALYSIS

Polar Dynamics Robotics, Inc.

Prepared: January 11, 2024

Reference: VPT-2024-001

1. EXECUTIVE SUMMARY

This analysis examines the current vendor payment terms and obligations of Polar Dynamics Robotics, Inc. ("Company") as of January 11, 2024. The assessment covers material vendor relationships supporting the Company's autonomous mobile robot (AMR) manufacturing operations, with particular focus on critical component suppliers and strategic partners.

2. SCOPE OF ANALYSIS

1. Review Period: January 1, 2023 - December 31, 2023
2. Materiality Threshold: Vendors with annual spend exceeding \$250,000
3. Geographic Coverage: North America, Europe, and Asia-Pacific regions
4. Currency: All amounts in United States Dollars (USD)

3. VENDOR CATEGORIZATION

1. Strategic Component Suppliers

- Thermal Management Systems: Net 45
- Actuator Components: Net 30-60
- Battery Systems: Net 45
- Sensor Arrays: Net 30

2. Manufacturing Partners

- Contract Manufacturers: Net 60
- Assembly Services: Net 45
- Testing Facilities: Net 30

3. Software and Technology Vendors

- Navigation Software Licenses: Net 30
- Cloud Services: Net 30

- Development Tools: Net 30

4. PAYMENT TERM ANALYSIS

1. Standard Payment Terms

- Mean Payment Term: 42 days
- Median Payment Term: 45 days
- Range: 30-60 days
- Early Payment Discounts: Available from 35% of vendors

2. Critical Vendor Terms

- Actuator Components (Nordtech Solutions): Net 60, 2% discount if paid within 10 days
- Thermal Management Systems (CryoTech Industries): Net 45, no early payment discount
- Battery Systems (PowerCore Technologies): Net 45, 1.5% discount if paid within 15 days

3. Payment Method Distribution

- ACH/Wire Transfer: 65%
- Corporate Credit Card: 20%
- Check: 15%

5. FINANCIAL IMPACT ASSESSMENT

1. Working Capital Impact

- Average Monthly Vendor Payments: \$1,850,000
- Early Payment Discount Savings (2023): \$175,000
- Working Capital Tied to Vendor Payments: \$2,575,000

2. Cash Flow Management

- Payment Timing Optimization Potential: \$225,000 annually
- Recommended Working Capital Reserve: \$3,000,000
- Seasonal Payment Variation: +/- 15%

6. RISK ANALYSIS

1. Identified Risks

- Concentration risk with key component suppliers
- Foreign exchange exposure on international payments
- Supply chain disruption impact on payment terms

2. Mitigating Factors

- Multiple supplier relationships for critical components
- Currency hedging program in place
- Strategic inventory management

7. RECOMMENDATIONS

1. Short-term Recommendations

- Negotiate early payment discounts with top 5 suppliers
- Standardize payment terms to Net 45 where possible
- Implement automated payment processing system

2. Long-term Strategies

- Develop supplier financing program
- Establish supply chain financing options
- Review vendor consolidation opportunities

8. LEGAL CONSIDERATIONS

1. Contract Terms

- Payment terms legally binding under existing agreements
- Force majeure provisions applicable to payment obligations
- Dispute resolution procedures established

2. Compliance

- Payment terms comply with applicable state and federal laws
- International payment regulations observed
- Anti-corruption compliance maintained

9. DISCLAIMERS

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10. APPROVAL AND AUTHORIZATION

REVIEWED AND APPROVED:

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Katherine Wells

Chief Financial Officer

Date: _

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Legal Department Review

Date: _

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