

CASH MANAGEMENT STRATEGY 2024

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POLAR DYNAMICS ROBOTICS, INC.

Effective Date: January 1, 2024

1. EXECUTIVE SUMMARY

This Cash Management Strategy (the "Strategy") establishes the framework and protocols for managing cash and liquid assets of Polar Dynamics Robotics, Inc. (the "Company") for fiscal year 2024. This Strategy has been approved by the Board of Directors on December 15, 2023, and shall be reviewed quarterly by the Finance Committee.

2. OBJECTIVES

1. **Primary Objectives**

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Maintain sufficient liquidity to support operational requirements

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Preserve capital and minimize risk exposure

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Optimize returns on cash holdings within risk parameters

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Support working capital needs for BlueCore(TM) production expansion

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Enable strategic M&A opportunities

2. **Risk Management Priorities**

- - 2 -

Maintain minimum cash reserves of \$12.5M

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Ensure coverage of 6 months operating expenses

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Maintain debt service coverage ratio above 2.0x

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Limit single institution exposure to 35% of total cash holdings

3. CASH FORECASTING AND POSITIONING

1. **Operating Cash**

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Maintain \$8.5M in primary operating accounts

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Weekly cash flow forecasting with 13-week rolling horizon

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Daily position monitoring by Treasury team

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Bi-weekly reconciliation with accounts receivable aging

2. ****Strategic Reserve****

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Maintain \$15M strategic reserve for M&A opportunities

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Quarterly review of reserve adequacy

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Investment in U.S. Treasury securities with <12 month duration

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Separate account segregation from operating funds

4. INVESTMENT GUIDELINES

1. **Permitted Investments**

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U.S. Government securities

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Money market funds (minimum AA rating)

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Commercial paper (minimum A1/P1 rating)

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Corporate bonds (minimum AA- rating)

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FDIC-insured certificates of deposit

2. **Investment Restrictions**

- - 5 -

Maximum maturity of 24 months for any single investment

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No derivatives or structured products

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No equity securities

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No foreign currency exposure

-

No securities lending

5. BANKING RELATIONSHIPS

1. ****Primary Banking Partners****

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Silicon Valley Bank (primary operating account)

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JPMorgan Chase (secondary operating account)

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First Republic Bank (payroll processing)

-

Wells Fargo (lockbox services)

2. **Account Structure**

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Zero-balance account (ZBA) structure

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Daily automated sweeps to interest-bearing accounts

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Separate accounts for Series C investor funds

- - 7 -

Dedicated R&D grant accounts

6. WORKING CAPITAL MANAGEMENT

1. **Accounts Receivable**

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Target DSO of 45 days

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Weekly aging review

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Credit terms standardization

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Implementation of early payment discounts

2. ****Accounts Payable****

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Optimize payment timing for working capital efficiency

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Maintain vendor payment terms at net 60

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Leverage supply chain financing where advantageous

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Quarterly vendor payment term review

7. COMPLIANCE AND REPORTING

1. ****Internal Controls****

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Dual authorization for transfers above \$100,000

- - 9 -

Monthly reconciliation of all accounts

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Quarterly audit of cash movements

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Segregation of duties between authorization and execution

2. ****Reporting Requirements****

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Daily cash position reporting to Treasury

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Weekly cash forecast to CFO

-

Monthly reporting to Finance Committee

-

Quarterly presentation to Board of Directors

8. GOVERNANCE

1. **Oversight Responsibilities**

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Board of Directors: Strategy approval

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Finance Committee: Quarterly review

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CFO: Strategy implementation

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Treasury Director: Daily execution

2. **Review and Updates**

- - 11 -

Annual strategy review and update

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Quarterly performance assessment

-

Monthly compliance monitoring

-

Ad hoc reviews triggered by material events

9. EXECUTION

IN WITNESS WHEREOF, this Cash Management Strategy has been
by the Board of Directors of Polar Dynamics Robotics, Inc.

By:

Victoria Wells

Chief Financial Officer

Date: December 15, 2023

Approved:

By:

Dr. Elena Frost

Chief Executive Officer

By:

Jonathan Matthews

Chair, Finance Committee

