

TREASURY MANAGEMENT POLICY

Polar Dynamics Robotics, Inc.

Effective Date: January 1, 2024

Policy Number: FIN-2024-001

1. PURPOSE AND SCOPE

1. This Treasury Management Policy (the "Policy") establishes the framework and guidelines for managing treasury operations at Polar Dynamics Robotics, Inc. (the "Company"), including cash management, investment strategies, funding operations, and risk management.

2. This Policy applies to all treasury activities conducted by or on behalf of the Company and its subsidiaries.

2. GOVERNANCE AND OVERSIGHT

1. The Board of Directors delegates oversight of treasury management to the Audit Committee.

2. The Chief Financial Officer ("CFO") is responsible for implementing this Policy and may delegate specific responsibilities to the Treasury Department.

3. The Treasury Department shall provide quarterly reports to the Audit Committee on treasury operations, risk positions, and policy compliance.

3. CASH MANAGEMENT

1. Operating Cash

- Maintain minimum operating cash balance of \$5 million
- Daily cash position monitoring and reporting
- Weekly cash flow forecasting for 13-week rolling period
- Monthly forecasting for 12-month horizon

2. Bank Account Management

- Maintain authorized banking relationships with minimum Moody's rating of A3
- Implement dual control mechanisms for all payment processes
- Review bank account structure quarterly

- Maintain detailed signatory matrix updated semi-annually

4. INVESTMENT GUIDELINES

1. Short-term Investments

- Maximum maturity of 12 months
- Minimum credit quality: A-1/P-1
- Permitted instruments:
 - U.S. Treasury securities
 - Commercial paper
 - Money market funds
 - Bank deposits

2. Investment Restrictions

- No derivatives except for approved hedging
- No equity investments
- No foreign currency denominated securities
- Maximum 20% concentration in any single issuer

5. FUNDING AND CAPITAL STRUCTURE

1. Debt Management

- Maintain debt-to-EBITDA ratio below 3.0x
- Minimum interest coverage ratio of 4.0x
- Diversify funding sources between banks and capital markets
- Maintain unused credit facilities of at least \$10 million

2. Working Capital Management

- Target days sales outstanding (DSO) of 45 days
- Target days payable outstanding (DPO) of 60 days
- Review working capital metrics monthly

6. RISK MANAGEMENT

1. Foreign Exchange Risk

- Hedge 75% of known foreign currency exposures
- Use forward contracts and plain vanilla options only
- Maximum hedge tenure of 18 months
- Monthly mark-to-market reporting

2. Interest Rate Risk

- Maintain minimum 50% fixed-rate debt
- Interest rate swaps permitted with Board approval
- Quarterly sensitivity analysis reporting

7. COUNTERPARTY RISK

1. Banking Relationships

- Minimum credit rating requirements
- Regular credit monitoring
- Exposure limits by counterparty
- Annual relationship review

2. Investment Counterparties

- Approved counterparty list maintained by Treasury
- Quarterly counterparty review
- Maximum exposure limits based on credit rating

8. COMPLIANCE AND REPORTING

1. Policy Compliance

- Treasury to maintain compliance monitoring system
- Quarterly compliance certification to Audit Committee
- Annual independent review of treasury operations
- Immediate reporting of policy violations

2. Required Reports

- Daily cash position report
- Weekly liquidity forecast

- Monthly treasury dashboard
- Quarterly risk management summary

9. POLICY REVIEW AND AMENDMENTS

1. This Policy shall be reviewed annually by the Audit Committee.
2. Amendments require approval from the Board of Directors.

10. APPROVAL AND ADOPTION

This Policy was approved by the Board of Directors on December 15, 2023.

By: /s/ Katherine Wells

Katherine Wells

Chief Financial Officer

Approved:

/s/ Elena Frost

Dr. Elena Frost

Chief Executive Officer

Date: December 15, 2023