

CUSTOMER PAYMENT TERMS STRATEGY

Polar Dynamics Robotics, Inc.

Effective Date: January 1, 2024

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1. PURPOSE AND SCOPE

1. This Customer Payment Terms Strategy ("Strategy") establishes the official payment terms, credit policies, and collection procedures for Polar Dynamics Robotics, Inc. ("Company") in relation to its autonomous mobile robot ("AMR") sales, leasing, and service agreements.

2. This Strategy applies to all customer transactions involving the Company's IceNav-enabled AMR systems, related components, maintenance services, and software licensing agreements.

2. STANDARD PAYMENT TERMS

1. **New Customers**

- 50% payment due upon purchase order execution
- 40% payment due upon delivery and acceptance
- 10% payment due upon completion of implementation and testing
- Net 30 payment terms for ongoing maintenance and support fees

2. **Established Customers**

- 30% payment due upon purchase order execution
- 60% payment due upon delivery and acceptance
- 10% payment due upon completion of implementation and testing
- Net 45 payment terms available for customers with 24+ months of payment history

3. CREDIT EVALUATION CRITERIA

1. **Credit Assessment Requirements**

- Audited financial statements for the past two fiscal years
- Bank references and trade references
- D&B business credit report

- Company registration and corporate structure documentation
- Personal guarantee for privately-held companies (case-by-case basis)

2. **Credit Limits**

- Initial credit limits determined based on financial strength assessment
- Periodic review and adjustment of credit limits every 6 months
- Maximum credit limit of \$2,500,000 without executive approval

4. SPECIALIZED PAYMENT ARRANGEMENTS

1. **Leasing Options**

- 36-month standard lease term
- Quarterly payments in advance
- Security deposit equal to one quarter's payment
- Maintenance and support fees included in lease payment

2. **Volume Purchase Agreements**

- Minimum annual purchase commitment of \$1,000,000
- Progressive discount structure based on volume
- Quarterly billing with Net 60 terms
- Annual true-up mechanism for volume achievements

5. COLLECTION PROCEDURES

1. **Late Payment Protocol**

- First notice at 5 days past due
- Second notice at 15 days past due
- Final notice at 25 days past due
- Account suspension at 45 days past due
- Legal action initiated at 90 days past due

2. **Interest and Penalties**

- 1.5% monthly interest on overdue amounts
- \$500 account reinstatement fee after suspension

- Customer responsible for all collection costs

6. SECURITY INTERESTS

1. The Company maintains a security interest in all AMR systems until full payment is received, including:

- Physical hardware components
- Software licenses and access credentials
- Technical documentation and training materials
- Maintenance tools and diagnostic equipment

7. DISPUTE RESOLUTION

1. ****Payment Disputes****

- Written notice required within 10 days of invoice date
- Detailed description of disputed items required
- Undisputed amounts must be paid per standard terms
- Resolution timeline not to exceed 30 days

8. MODIFICATIONS AND EXCEPTIONS

1. Any modifications to these payment terms must be approved by:

- CFO for modifications up to \$500,000
- CEO for modifications up to \$1,000,000
- Board of Directors for modifications exceeding \$1,000,000

9. COMPLIANCE AND REPORTING

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

- Monthly aging reports review by Finance Committee
- Quarterly credit policy compliance audit
- Annual review of credit limits and payment terms
- Regular reporting to Board on significant deviations

10. GOVERNING LAW

1. This Strategy shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of law provisions.

AUTHORIZATION

This Customer Payment Terms Strategy has been reviewed and approved by the Board of Directors of Polar Dynamics Robotics, Inc.

APPROVED BY:

Katherine Wells

Chief Financial Officer

Date: December 15, 2023

Dr. Elena Frost

Chief Executive Officer

Date: December 15, 2023