

# **CAPITAL EXPENDITURE BUDGET**

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### **FISCAL YEAR 2024**

**Polar Dynamics Robotics, Inc.**

**Approved by Board of Directors on December 15, 2023**

### **1. EXECUTIVE SUMMARY**

This Capital Expenditure Budget ("CapEx Budget") outlines the approved capital expenditures and investments for Polar Dynamics Robotics, Inc. ("Company") for Fiscal Year 2024, commencing January 1, 2024, and ending December 31, 2024. Total

expenditures shall not exceed \$12,500,000 USD without additional Board approval.

## **2. STRATEGIC OBJECTIVES**

1. The CapEx Budget supports the following strategic initiatives:
  - a) Expansion of BlueCore(TM) manufacturing capabilities
  - b) Enhancement of cold-environment testing facilities
  - c) Research and development infrastructure improvements
  - d) Operational capacity expansion

## **3. AUTHORIZED EXPENDITURES**

1. Manufacturing Equipment and Facilities (\$5,200,000)

-

Automated assembly line expansion: \$2,300,000

-

Clean room construction: \$1,400,000

-

Quality control testing equipment: \$900,000

-

Facility modifications: \$600,000

## 2. Research and Development Infrastructure (\$3,800,000)

-

Cold chamber testing facility: \$1,800,000

-

Navigation systems lab equipment: \$1,200,000

-

Prototype development tools: \$500,000

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Environmental simulation hardware: \$300,000

### 3. Information Technology (\$2,100,000)

-

Engineering software licenses: \$800,000

-

Server infrastructure: \$600,000

-

Cybersecurity systems: \$400,000

-

Network upgrades: \$300,000

### 4. Operational Infrastructure (\$1,400,000)

-

Warehouse automation: \$600,000

-

Material handling equipment: \$400,000

-

Safety and compliance systems: \$400,000

## **4. EXPENDITURE CONTROLS**

### **1. Authorization Requirements**

-

Expenditures >\$250,000: CEO and CFO approval

-

Expenditures >\$500,000: Additional Board notification

-

Expenditures >\$1,000,000: Board approval required

## 2. Quarterly Review Process

- 

CFO shall present quarterly variance analysis

- 

Reallocation between categories requires Board approval if >15%

- 

Cumulative overruns >10% trigger automatic review

## 5. FUNDING SOURCES

### 1. Primary Funding

- 

Operating cash flow: \$8,000,000

- 

Existing credit facility: \$3,000,000

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Equipment financing: \$1,500,000

## 2. Contingency Funding

-

Additional credit line availability: \$5,000,000

-

Potential equipment lease arrangements as needed

## 6. IMPLEMENTATION TIMELINE

### 1. Q1 2024 (\$3,200,000)

-

Manufacturing line expansion initiation

-

IT infrastructure upgrades

-

Initial R&D equipment procurement

2. Q2 2024 (\$3,800,000)

-

Clean room construction

-

Cold chamber facility development

-

Software system implementations

3. Q3 2024 (\$3,100,000)

-

Quality control systems deployment



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Warehouse automation implementation

-

Network infrastructure completion

4. Q4 2024 (\$2,400,000)

-

Final equipment installations

-

System integrations

-

Project completions

## **7. RISK MANAGEMENT**

## 1. Cost Overrun Protection

- 

10% contingency allocation included in each category

- 

Quarterly reassessment of cost projections

- 

Stop-gate provisions for projects exceeding 120% of budget

## 2. Implementation Risk Mitigation

- 

Phased deployment approach

- 

Vendor performance guarantees required

- 

Regular milestone reviews

## 8. REPORTING REQUIREMENTS

### 1. Monthly Reports

-

Actual vs. budgeted expenditure analysis

-

Project status updates

-

Cash flow impact assessment

### 2. Quarterly Board Updates

-

Comprehensive progress review

-

Updated ROI calculations

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Risk assessment updates

## **9. AUTHORIZATION**

This CapEx Budget is approved and adopted by the Board of Directors of Dynamics Robotics, Inc.

APPROVED BY:

Dr. Elena Frost

Chief Executive Officer

Victoria Wells

Chief Financial Officer

Jonathan Martinez

Chairman of the Board

Date: December 15, 2023

