

# **ANNUAL BUDGET PLANNING FY2024**

## **POLAR DYNAMICS ROBOTICS, INC.**

*A Delaware Corporation*

*Effective Date: January 1, 2024*

### **1. EXECUTIVE SUMMARY**

This Annual Budget Planning document for Fiscal Year 2024 ("Budget Plan") has been prepared by the Office of the Chief Financial Officer of Polar Dynamics Robotics, Inc. (the "Company") and approved by the Board of Directors on December 15, 2023.

### **2. BUDGET AUTHORITY AND GOVERNANCE**

1. This Budget Plan is established pursuant to Article VII, Section 7.3 of the Company's Amended and Restated Bylaws and shall govern all financial operations for FY2024.
2. The Chief Financial Officer shall serve as the primary budget officer with implementation oversight subject to Board supervision.
3. Material deviations (>10% of any major budget category) require Board approval per Resolution 2023-14.

### **3. REVENUE PROJECTIONS**

1. **\*\*Core Product Lines\*\***
  - IceNav(TM) AMR Systems: \$28,500,000
  - Cold Storage Solutions: \$12,750,000
  - Service & Maintenance: \$4,250,000
  - Licensing & Technology: \$2,500,000
2. **\*\*Total Projected Revenue\*\***: \$48,000,000
  - Representing 47.7% YoY growth
  - Q1-Q4 distribution: 20% / 25% / 25% / 30%

### **4. OPERATIONAL EXPENDITURES**

1. **Research & Development**

- Core R&D Operations: \$8,400,000
- IceNav(TM) Platform Enhancement: \$3,200,000
- New Product Development: \$2,400,000

2. **Manufacturing & Production**

- Direct Materials: \$9,600,000
- Labor Costs: \$4,800,000
- Facility Operations: \$2,200,000

3. **Sales & Marketing**

- Direct Sales Team: \$3,600,000
- Marketing Programs: \$2,400,000
- Trade Shows & Events: \$800,000

4. **General & Administrative**

- Executive Compensation: \$2,800,000
- Administrative Staff: \$1,900,000
- Professional Services: \$1,200,000
- Insurance & Compliance: \$900,000

**5. CAPITAL EXPENDITURES**

1. **Facility Expansion**

- Cold Testing Laboratory: \$2,500,000
- Manufacturing Floor Expansion: \$1,800,000
- R&D Facility Upgrades: \$1,200,000

2. **Equipment & Technology**

- Production Equipment: \$2,400,000
- Testing Infrastructure: \$1,600,000
- IT Systems: \$900,000

**6. CONTINGENCY AND RISK MANAGEMENT**

1. Operating Reserve: \$4,800,000 (10% of projected revenue)
2. Strategic Investment Fund: \$2,400,000 (5% of projected revenue)
3. Risk Mitigation Allocations:
  - Supply Chain Disruption: \$1,200,000
  - R&D Contingency: \$800,000
  - Legal/Regulatory: \$600,000

## **7. QUARTERLY REVIEW AND ADJUSTMENT**

1. The Budget Committee shall conduct quarterly reviews within 15 days of quarter-end.
2. Adjustment Protocols:
  - Minor adjustments (<5%): CFO approval
  - Medium adjustments (5-10%): CEO approval
  - Major adjustments (>10%): Board approval

## **8. COMPLIANCE AND REPORTING**

1. Monthly financial reports due by the 15th of following month
2. Quarterly compliance certifications required from:
  - Chief Financial Officer
  - Controller
  - Department Heads
3. Annual audit to commence within 60 days of fiscal year end

## **9. AUTHORIZATION AND EXECUTION**

This Budget Plan is hereby adopted and approved:

APPROVED BY THE BOARD OF DIRECTORS

December 15, 2023

By: \_

Katherine Wells

Chief Financial Officer

**By:** \_

Dr. Elena Frost

Chief Executive Officer

**By:** \_

Marcus Chen

Chairman, Budget Committee

## **10. LEGAL DISCLAIMER**

This Budget Plan contains forward-looking projections and estimates. Actual results may vary materially from these projections. This document is confidential and proprietary to Polar Dynamics Robotics, Inc. and may not be shared without written authorization.

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