COST OF GOODS SOLD BY ROBOT MODEL

CONFIDENTIAL AND PROPRIETARY

Polar Dynamics Robotics, Inc.

For Period Ending December 31, 2023

1. OVERVIEW AND METHODOLOGY

1 This Cost of Goods Sold ("COGS") analysis presents the detailed cost structure for each autonomous mobile robot ("AMR") model manufactured by Polar Dynamics Robotics, Inc. ("Company") during fiscal year 2023. All costs are presented in United States Dollars (USD).

2 COGS calculations include direct materials, direct labor, manufacturing overhead, and allocated production costs in accordance with GAAP standards and the Company's established cost accounting procedures.

2. COST COMPONENTS BY MODEL

2.1 PolarBot-X500 (Standard Industrial AMR)

Direct Materials

- Chassis and Frame: $4,850
- Actuators and Motors: $3,275
- Battery Systems: $2,950
- Sensors and Navigation: $3,825
- Electronic Components: $2,675
- Thermal Management System: $1,950

Direct Labor: $3,450

Manufacturing Overhead: $2,825

Total COGS per Unit: $25,800

2.2 CryoBot-750 (Deep Freeze AMR)

Direct Materials

- Enhanced Thermal Chassis: $6,950
- Cold-Resistant Actuators: $4,875
- Extended-Life Battery: $3,950

- Advanced Sensor Suite: $4,725
- Cold-Rated Electronics: $3,875
- Proprietary Thermal Shield: $3,250

Direct Labor: $4,650

Manufacturing Overhead: $3,725

Total COGS per Unit: $36,000

2.3 PharmaBot-1000 (GMP-Compliant AMR)

Direct Materials

- Sanitizable Chassis: $7,850
- Precision Actuators: $5,275
- Validated Battery System: $4,450
- GMP-Compliant Sensors: $5,325
- Validated Electronics: $4,275
- Compliance Systems: $3,850

Direct Labor: $5,950

Manufacturing Overhead: $4,025

Total COGS per Unit: $41,000

3. COST ALLOCATION METHODOLOGY

1 Direct materials costs reflect actual procurement costs plus applicable import duties, freight, and handling.

2 Direct labor costs include assembly technicians, quality control personnel, and production engineering support, calculated at standard rates plus benefits.

3 Manufacturing overhead allocation is based on machine hours and includes:

- Facility costs
- Utilities
- Equipment depreciation
- Production supervision
- Quality assurance
- Material handling

4. QUARTERLY COST TRENDS

1 Q1 2023 Average COGS

- PolarBot-X500: $26,200
- CryoBot-750: $36,500
- PharmaBot-1000: $41,500

2 Q4 2023 Average COGS

- PolarBot-X500: $25,800
- CryoBot-750: $36,000
- PharmaBot-1000: $41,000

5. COST OPTIMIZATION INITIATIVES

1 The Company has implemented the following cost reduction measures:

- Supply chain optimization program
- Automated assembly processes
- Bulk component purchasing
- Vertical integration of key subsystems
- Enhanced quality control reducing rework

6. DISCLAIMERS AND LIMITATIONS

1 All figures presented are internal management calculations and subject to year-end audit adjustments.

2 COGS may vary based on production volume, component availability, and market conditions.

3 This document contains confidential information and trade secrets of Polar Dynamics Robotics, Inc. and is protected under applicable law.

7. CERTIFICATION

The undersigned hereby certifies that this COGS analysis accurately reflects the Company's cost structure as of December 31, 2023.

POLAR DYNAMICS ROBOTICS, INC.

By: _

Katherine Wells

Chief Financial Officer

Date: January 11, 2024

8. APPENDIX: NOTES AND ASSUMPTIONS

1 Currency conversions use month-end exchange rates.

2 Labor rates reflect actual costs including benefits and overhead.

3 Component costs are weighted averages across multiple suppliers.

4 Overhead allocations follow standard cost accounting principles.

5 Costs exclude R&D, sales, marketing, and general administrative expenses.