

BREAK-EVEN ANALYSIS BY PRODUCT LINE

CONFIDENTIAL AND PROPRIETARY

Polar Dynamics Robotics, Inc.

Fiscal Year 2023-2024

1. EXECUTIVE SUMMARY

This Break-Even Analysis document presents detailed financial metrics and operational thresholds for Polar Dynamics Robotics, Inc.'s ("Company") primary product lines. The analysis has been prepared by the Company's Finance Department in collaboration with KPMG LLP and reviewed by the Board of Directors on January 5, 2024.

2. PRODUCT LINE DEFINITIONS

1. **Arctic Series (AS-1000)**

- Industrial-grade autonomous mobile robots
- Operating temperature range: -40 C to +30 C
- Primary application: Deep freeze warehouses
- Unit cost basis: \$78,500

2. **Polar Navigator (PN-500)**

- Mid-range autonomous mobile robots
- Operating temperature range: -20 C to +40 C
- Primary application: Cold storage facilities
- Unit cost basis: \$52,300

3. **ColdChain Express (CCE-200)**

- Light-duty autonomous mobile robots
- Operating temperature range: -10 C to +45 C
- Primary application: Pharmaceutical cold chain
- Unit cost basis: \$31,750

3. FIXED COST ALLOCATION

1. **Corporate Overhead**

- Research & Development: \$8,450,000
- General & Administrative: \$4,230,000
- Sales & Marketing: \$3,875,000
- Facilities & Infrastructure: \$2,940,000

Total Fixed Costs: \$19,495,000

2. ****Product Line Attribution****

- Arctic Series: 45% (\$8,772,750)
- Polar Navigator: 35% (\$6,823,250)
- ColdChain Express: 20% (\$3,899,000)

4. **VARIABLE COST ANALYSIS**

1. ****Arctic Series (AS-1000)****

- Direct Materials: \$42,300/unit
- Direct Labor: \$15,750/unit
- Variable Overhead: \$8,900/unit

Total Variable Cost: \$66,950/unit

2. ****Polar Navigator (PN-500)****

- Direct Materials: \$28,400/unit
- Direct Labor: \$10,500/unit
- Variable Overhead: \$5,900/unit

Total Variable Cost: \$44,800/unit

3. ****ColdChain Express (CCE-200)****

- Direct Materials: \$16,800/unit
- Direct Labor: \$6,300/unit
- Variable Overhead: \$3,500/unit

Total Variable Cost: \$26,600/unit

5. **BREAK-EVEN CALCULATIONS**

1. ****Arctic Series (AS-1000)****

- Selling Price: \$125,000/unit
- Contribution Margin: \$58,050/unit
- Break-even Units: 151 units
- Break-even Revenue: \$18,875,000

2. ****Polar Navigator (PN-500)****

- Selling Price: \$85,000/unit
- Contribution Margin: \$40,200/unit
- Break-even Units: 170 units
- Break-even Revenue: \$14,450,000

3. ****ColdChain Express (CCE-200)****

- Selling Price: \$49,500/unit
- Contribution Margin: \$22,900/unit
- Break-even Units: 170 units
- Break-even Revenue: \$8,415,000

6. SENSITIVITY ANALYSIS

1. The break-even points calculated above assume standard operating conditions. A variance of 10% in the following factors would impact break-even thresholds:

- Raw material costs
- Labor rates
- Energy costs
- Shipping and logistics expenses

2. Market conditions may necessitate price adjustments, potentially affecting break-even points by:

- 5% for Arctic Series
- 7% for Polar Navigator
- 8% for ColdChain Express

7. DISCLAIMERS AND LIMITATIONS

1. This analysis is based on current cost structures and market conditions as of January 2024.

2. Break-even calculations exclude non-recurring engineering costs and extraordinary expenses.
3. Future changes in technology, market conditions, or regulatory requirements may materially impact these calculations.
4. This document is confidential and proprietary to Polar Dynamics Robotics, Inc.

8. CERTIFICATION

The undersigned hereby certify that this Break-Even Analysis accurately reflects the Company's current cost structure and operational metrics as of the date below.

DATED: January 11, 2024

—

Katherine Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.

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Elena Frost, Ph.D.

Chief Executive Officer

Polar Dynamics Robotics, Inc.