

# **OPERATING EXPENSE ANALYSIS FY2023**

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

**Confidential & Privileged**

**Prepared by: Victoria Wells, Chief Financial Officer**

**Date: December 31, 2023**

## **1. EXECUTIVE SUMMARY**

This Operating Expense Analysis presents a detailed review of Polar

Robotics, Inc.'s ("Company") operating expenses for fiscal year 2023. This document has been prepared in accordance with GAAP standards and the Company's internal financial controls.

## 2. SCOPE OF ANALYSIS

1. Period Covered: January 1, 2023 - December 31, 2023
2. Business Units: All operational divisions
3. Geographic Locations: North American operations
4. Currency: All figures in USD unless otherwise noted

## 3. OPERATING EXPENSE BREAKDOWN

1. Research & Development

-

BlueCore<sup>TM</sup> Technology Platform: \$4,725,000

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Cold Environment Navigation Systems: \$3,850,000

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Chassis Design & Testing: \$2,275,000

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Software Development: \$1,925,000

Total R&D: \$12,775,000 (40.6% of revenue)

## 2. Sales & Marketing

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Direct Sales Team: \$2,150,000

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Marketing Programs: \$875,000

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Trade Shows & Events: \$625,000

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Digital Marketing: \$450,000

Total S&M: \$4,100,000 (13.0% of revenue)

### 3. General & Administrative

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Executive Compensation: \$2,250,000

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Administrative Staff: \$1,575,000

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Professional Services: \$925,000

-

Insurance & Risk Management: \$675,000

Total G&A: \$5,425,000 (17.2% of revenue)

#### 4. Operations & Manufacturing

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Production Facility Costs: \$2,850,000

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Quality Control: \$975,000

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Supply Chain Management: \$725,000

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Inventory Management: \$525,000

Total Operations: \$5,075,000 (16.1% of revenue)

## 4. YEAR-OVER-YEAR ANALYSIS

### 1. Notable Changes

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R&D expenses increased 27.8% YoY due to accelerated BlueCore(TI

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S&M expenses grew 15.2% YoY aligned with market expansion

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G&A expenses increased 8.5% YoY reflecting headcount growth

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Operations costs rose 12.4% YoY due to production scaling

## 2. Efficiency Metrics

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Operating expense ratio: 86.9%

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R&D efficiency ratio: 3.2x

-

Sales efficiency ratio: 2.8x

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G&A cost per employee: \$38,204

## 5. RISK FACTORS

1. The Company acknowledges the following risk factors affecting operations:

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Semiconductor supply chain volatility

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Labor market competition in robotics sector

-

Raw material cost fluctuations

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Regulatory compliance costs

## 6. FORWARD-LOOKING STATEMENTS

1. This analysis contains forward-looking statements regarding future

-

Market conditions

-

Technological advances

-

Competitive landscape

-

Regulatory environment

-

Economic conditions



## **7. CERTIFICATION**

The undersigned certifies that this Operating Expense Analysis accurately reflects the Company's financial position based on available information and reasonable assumptions as of the date of this document.

## **8. DISCLAIMER**

This document is confidential and proprietary to Polar Dynamics Robotics. It has been prepared for due diligence purposes only and should not be relied upon for any other purpose. The Company makes no representations regarding the accuracy or completeness of the information contained

## **9. SIGNATURES**

POLAR<sub>g</sub>DYNAMICS ROBOTICS, INC.

**By:** \_

Victoria Wells

Chief Financial Officer

Date: December 31, 2023

**Reviewed by:** \_

Elena Frost, Ph.D.

Chief Executive Officer

Date: December 31, 2023

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