

2024 OPERATING BUDGET - ROBOTICS DIVISION

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POLAR DYNAMICS ROBOTICS, INC.

Confidential & Proprietary

Effective Date: January 1, 2024

1. EXECUTIVE SUMMARY

This document outlines the approved 2024 operating budget for the R
Division of Polar Dynamics Robotics, Inc. ("Company"), as authorized
Board of Directors on December 15, 2023. All figures are presented in

States. Dollars (USD).

2. REVENUE PROJECTIONS

1. **Product Revenue**

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BlueCore(TM) AMR Units: \$28,500,000

-

Retrofit Packages: \$4,200,000

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Service Contracts: \$6,800,000

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Software Licensing: \$3,500,000

Total Projected Revenue: \$43,000,000

2. ****Revenue Growth Assumptions****

-

36.5% year-over-year growth from 2023

-

New customer acquisition rate: 2.8 per month

-

Average contract value: \$425,000

-

Retention rate: 92%

3. OPERATING EXPENSES

1. ****Research & Development****

-

Engineering Staff: \$4,850,000

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Materials & Prototyping: \$1,200,000

-

Testing & Certification: \$750,000

-

Patent Applications: \$320,000

Total R&D: \$7,120,000

2. ****Manufacturing & Operations****

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Direct Materials: \$8,400,000

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Labor (Production): \$3,200,000

-

Facility Costs: \$1,850,000

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Quality Control: \$920,000

Total Manufacturing: \$14,370,000

3. ****Sales & Marketing****

-

Sales Team Compensation: \$2,100,000

-

Marketing Programs: \$1,400,000

-

Trade Shows & Events: \$650,000

-

Channel Development: \$480,000

Total S&M: \$4,630,000

4. ****General & Administrative****

-

Executive Compensation: \$1,850,000

-

Administrative Staff: \$980,000

-

Professional Services: \$420,000

-

Insurance & Compliance: \$380,000

Total G&A: \$3,630,000

4. CAPITAL EXPENDITURES

1. ****Facility Improvements****

-

Clean Room Expansion: \$1,200,000

-

Testing Chamber Updates: \$850,000

-

Safety Systems: \$320,000

Total Facilities: \$2,370,000

2. ****Equipment & Technology****

-

Manufacturing Equipment: \$1,850,000

-

IT Infrastructure: \$680,000

-

Software Systems: \$420,000

Total Equipment: \$2,950,000

5. HEADCOUNT PLAN

1. **Planned Additions**

-

Engineering: 12 FTEs

-

Manufacturing: 8 FTEs

-

Sales: 6 FTEs

-

Support Functions: 4 FTEs

Total New Hires: 30 FTEs

6. QUARTERLY ALLOCATION

1. ****Revenue Distribution****

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Q1 2024: 22% (\$9,460,000)

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Q2 2024: 24% (\$10,320,000)

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Q3 2024: 26% (\$11,180,000)

-

Q4 2024: 28% (\$12,040,000)

2. ****Expense Distribution****

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Q1 2024: 23% (\$6,832,500)

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Q2 2024: 25% (\$7,426,250)

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Q3 2024: 26% (\$7,723,000)

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Q4 2024: 26% (\$7,723,000)

7. CONTINGENCY PROVISIONS

1. A contingency fund of \$2,150,000 (5% of projected revenue) is established for the following purposes:

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Supply chain disruptions

-

Emergency facility repairs

-

Unexpected regulatory compliance

-

Market condition changes

2. Access to contingency funds requires:

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CFO approval for amounts up to \$100,000

-

CEO approval for amounts up to \$250,000

-

Board approval for amounts exceeding \$250,000

8. BUDGET ADMINISTRATION

1. ****Monitoring & Reporting****

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Monthly variance analysis

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Quarterly budget reviews

-

Semi-annual forecast updates

2. **Amendment Process**

Budget modifications exceeding 10% of any major category require:

-

Executive team review

-

Finance Committee approval

-

Board notification

9. LEGAL DISCLAIMERS

This budget document 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.

APPROVALS

APPROVED BY THE BOARD OF DIRECTORS:

December 15, 2023

—

Dr. Elena Frost

Chief Executive Officer

—

Victoria Wells

Chief Financial Officer

—

Sarah Nordstrom

Chief Operating Officer

