

# **OPERATING EXPENSE BREAKDOWN BY DIVISION**

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### **CONFIDENTIAL FINANCIAL DOCUMENT**

**Polar Dynamics Robotics, Inc.**

**For Period: January 1, 2023 - December 31, 2023**

**Document Reference: FIN-OPEX-2023-Q4**

### **1. DOCUMENT PURPOSE AND SCOPE**

1. This Operating Expense Breakdown document ("Expense Report")

2. All figures presented herein are in United States Dollars (USD) and

## 2. ROBOTICS ENGINEERING DIVISION

### 1. Personnel Expenses

-

Engineering Salaries: \$4,825,000

-

Benefits and Payroll Taxes: \$1,447,500

-

Stock-Based Compensation: \$965,000

-

Training and Development: \$241,250

### 2. Research and Development

- - 2 -

BlueCore(TM) Technology Development: \$2,175,000

-

Navigation Systems Research: \$1,450,000

-

Materials Testing: \$725,000

-

Patent Applications and IP Protection: \$362,500

### 3. Equipment and Infrastructure

-

Engineering Lab Facilities: \$870,000

-

Testing Equipment: \$435,000

-

Software Licenses: \$290,000

-

Development Hardware: \$362,500

### **3. MANUFACTURING AND OPERATIONS**

#### **1. Production Facilities**

-

Facility Lease (Boston): \$1,450,000

-

Utilities and Maintenance: \$435,000

-

Equipment Leasing: \$725,000

-

Quality Control Systems: \$290,000

## 2. Direct Labor

-

Assembly Personnel: \$2,175,000

-

Quality Control Staff: \$725,000

-

Operations Management: \$580,000

-

Training Programs: \$145,000

## 3. Supply Chain

-

Inventory Management Systems: \$362,500

-

Logistics Software: \$217,500

- - 5 -

Warehouse Operations: \$435,000

-

Supply Chain Personnel: \$725,000

## **4. SALES AND MARKETING DIVISION**

### **1. Marketing Expenses**

-

Digital Marketing: \$435,000

-

Trade Show Participation: \$290,000

-

Product Documentation: \$145,000

-

Marketing Personnel: \$870,000

## 2. Sales Operations

-

Sales Team Compensation: \$1,450,000

-

Commission Structure: \$725,000

-

CRM Systems: \$217,500

-

Sales Support Infrastructure: \$290,000

## 5. ADMINISTRATIVE AND CORPORATE

### 1. Executive Management

- - 7 -

Executive Compensation: \$2,175,000

-

Board Expenses: \$290,000

-

Corporate Insurance: \$435,000

-

Professional Services: \$580,000

## 2. General Administrative

-

Finance Department: \$725,000

-

HR Operations: \$435,000

-



IT Infrastructure: \$580,000

-

Office Operations: \$290,000

## **6. TOTAL OPERATING EXPENSES**

### **1. Division Totals**

-

Robotics Engineering: \$12,833,750

-

Manufacturing and Operations: \$7,492,500

-

Sales and Marketing: \$4,422,500

-

Administrative and Corporate: \$5,510,000

2. Total Operating Expenses: \$30,258,750

## **7. CERTIFICATIONS AND DISCLAIMERS**

1. This Operating Expense Breakdown has been prepared in accordance with the company's internal controls and procedures.
2. All figures are subject to year-end adjustments and external audit verification.
3. This document is confidential and proprietary to Polar Dynamics Robotics, Inc. and should not be distributed outside the company without prior written consent.

## **8. APPROVAL AND VERIFICATION**

CERTIFIED AND APPROVED BY:

/s/ Victoria Wells

Victoria Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.

Date: January 15, 2024

/s/ Elena Frost

Dr. Elena Frost

Chief Executive Officer

Polar Dynamics Robotics, Inc.

Date: January 15, 2024

[COMPANY SEAL]

