

QUARTERLY TAX PLANNING DOCUMENT

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Q4 2023

Polar Dynamics Robotics, Inc.

Confidential & Privileged Tax Planning Memorandum

Date: December 15, 2023

1. EXECUTIVE SUMMARY

This quarterly tax planning document outlines strategic tax considerations

planning initiatives for Polar Dynamics Robotics, Inc. ("Company") for
and early 2024. This document has been prepared by the Company's
in consultation with external tax advisors.

2. CURRENT TAX POSITION

1. **Revenue Recognition**

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Q4 2023 projected revenue: \$8.7M

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YTD revenue through Q3 2023: \$22.8M

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Total projected 2023 revenue: \$31.5M

2. **Tax Credits and Incentives**

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R&D Tax Credit estimated for 2023: \$875,000

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Qualified research expenses related to BlueCore(TM) technology: \$4.

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Delaware Manufacturing Tax Credit eligibility: \$225,000

3. Q4 2023 STRATEGIC INITIATIVES

1. **Research & Development**

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Documentation of qualifying R&D activities for BlueCore(TM) platform

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Segregation of qualifying expenses for cold-environment navigation s

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Allocation of engineering staff time to qualifying projects

2. ****Capital Expenditures****

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Accelerated depreciation opportunities for new testing facility equipment

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Section 179 expensing for eligible manufacturing equipment

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Bonus depreciation analysis for autonomous robot testing units

4. STATE AND LOCAL TAX CONSIDERATIONS

1. ****Multi-State Operations****

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Delaware corporate income tax compliance

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Sales tax nexus analysis for robot deployments in 12 states

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Local tax obligations for new testing facility in Minnesota

2. **State Tax Credits**

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Minnesota R&D credit application for new facility

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Massachusetts manufacturing incentive program qualification

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California automated systems deployment credit analysis

5. INTERNATIONAL TAX PLANNING

1. ****Transfer Pricing****

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Review of intercompany pricing for Canadian subsidiary

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Documentation requirements for technology licensing

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Cost-sharing arrangements for international R&D activities

2. ****Foreign Tax Considerations****

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Analysis of permanent establishment risk in European markets

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VAT implications for EU robot deployments

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Foreign tax credit optimization strategy

6. ~~RISK~~ MANAGEMENT

1. ****Documentation Requirements****

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Maintenance of contemporaneous R&D documentation

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Support for transfer pricing positions

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Substantiation of business expense deductions

2. ****Compliance Calendar****

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Q4 2023 estimated tax payment due: December 15, 2023

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Year-end tax provision analysis: January 15, 2024

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2023 R&D credit study completion: February 28, 2024

7. 2024 PLANNING CONSIDERATIONS

1. **Strategic Initiatives**

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Tax efficiency analysis for planned Series D funding

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Structure optimization for potential European expansion

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Review of state tax incentives for new manufacturing facility

2. **Legislative Updates**

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Impact analysis of proposed corporate tax changes

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Assessment of clean energy tax incentives

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Evaluation of state manufacturing credit modifications

8. ACTION ITEMS

1. **Immediate Actions (Q4 2023)**

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Complete R&D credit documentation for BlueCore(TM) development

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Finalize depreciation elections for Q4 equipment purchases

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Review state tax nexus positions

2. ****Q1 2024 Planning****

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Prepare annual tax provision

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Update transfer pricing documentation

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Review tax efficiency of corporate structure

9. CERTIFICATION

This tax planning document has been reviewed and approved by:

Victoria Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.

Date: December 15, 2023

10. DISCLAIMER

This document contains confidential tax planning information for Polar Robotics, Inc. and its subsidiaries. The information contained herein is based on current tax laws and regulations, which are subject to change. This document is not intended to provide, and should not be relied upon for, tax, legal, or accounting advice. Consult qualified professional advisors before acting on matters discussed in this document.

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