ENGINEERING LABOR COST ANALYSIS

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Polar Dynamics Robotics, Inc.

Confidential & Privileged

FY2023-2024

1. EXECUTIVE SUMMARY

This Engineering Labor Cost Analysis document provides a comprehe
engineering personnel expenses, allocations, and projections for Pola
Robotics, Inc. ("Company") for fiscal years 2023-2024. This analysis h

prepared by the Finance Department in collaboration with Human Res
Engineering leadership.

2. SCOPE AND METHODOLOGY

1. This analysis covers all engineering personnel costs including:

-
Direct salary and wages

-
Benefits and employment taxes

-
Stock-based compensation

-
Contract labor and consulting

-

Training and professional development

2. Cost calculations are based on:

-

Actual payroll data from Q1-Q4 2023

-

Approved 2024 engineering department budget

-

Current headcount and planned hiring initiatives

-

Historical retention rates and compensation adjustments

3. ENGINEERING WORKFORCE COMPOSITION

1. Current Engineering Headcount (as of December 31, 2023):

Senior Engineers (L5+): 18

-

Mid-level Engineers (L3-L4): 34

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Junior Engineers (L1-L2): 22

-

Contract Engineers: 8

Total Engineering Staff: 82

2. Specialized Teams:

-

BlueCore(TM) Platform Development: 24

-

Navigation Systems: 16

Hardware Integration: 14

-

Quality Assurance: 12

-

Research & Development: 16

4. LABOR COST BREAKDOWN

1. Direct Labor Costs (FY2023):

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Base Salaries: $11,245,000

-

Performance Bonuses: $1,687,500

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Overtime: $428,000

-

Stock Options (vested): $2,145,000

2. Indirect Labor Costs (FY2023):

-

Health Benefits: $1,624,000

-

Retirement Benefits: $674,700

-

Employment Taxes: $861,443

-

Workers' Compensation: $224,900

3. Additional Personnel Expenses:

Training and Certification: $345,000

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Conference Attendance: $128,000

-

Professional Development: $186,000

-

Recruitment Costs: $412,000

5. PROJECT ALLOCATION ANALYSIS

1. Labor Hours by Product Line:

-

BlueCore(TM) Platform: 45%

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Navigation Systems: 25%

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Hardware Integration: 20%

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New Product Development: 10%

2. Capitalized Labor:

-

R&D Projects: $3,245,000

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Software Development: $2,876,000

-

Patent-Related Activities: $645,000

6. COST PROJECTIONS

1. FY2024 Projected Increases:

- Merit Increases: 4.5%
- Market Adjustments: 2.5%
- Promotion Budget: $875,000

2. Planned Headcount Changes:

- Q1 2024: +8 positions
- Q2 2024: +6 positions
- Q3 2024: +5 positions

Q4 2024: +4 positions

7. EFFICIENCY METRICS

1. Key Performance Indicators:

- Revenue per Engineer: $384,146

- Development Cost per Product: $1,245,000

- Average Project Completion Rate: 92%

- Engineering Margin: 68%

8. RISK FACTORS

1. Identified Cost Risks:

- Competitive hiring market in robotics sector
- Increasing benefit costs
- Project timeline extensions
- Technical skill premiums

9. LEGAL DISCLAIMERS

This document contains confidential and proprietary information of Po

Dynamics Robotics, Inc. The financial projections and analyses conta
are based on various assumptions and estimates that are subject to b
economic, and competitive uncertainties. Actual results may differ ma
from those projected.

10. CERTIFICATION

The undersigned hereby certifies that this Engineering Labor Cost An
accurately reflects the Company's engineering labor costs and related
as of the date hereof.

Prepared by:

Victoria Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.

Date: January 11, 2024

Reviewed by:

Dr. James Barrett

Chief Robotics Officer

Polar Dynamics Robotics, Inc.

Date: January 11, 2024