

# **OPERATING EXPENSES BY FACILITY**

## **Q2 2023 Financial Report**

**Polar Dynamics Robotics, Inc.**

**CONFIDENTIAL AND PRIVILEGED**

**Document Reference: PDR-FIN-2023-Q2-OPEX-001**

**Reporting Period: April 1, 2023 - June 30, 2023**

**Prepared By: Katherine Wells, Chief Financial Officer**

**Date of Preparation: July 15, 2023**

## **1. EXECUTIVE SUMMARY**

This document details the operating expenses by facility for Polar Dynamics Robotics, Inc. ("Company") for Q2 2023. All figures are presented in USD and have been reviewed by Ernst & Young LLP, our external auditors.

## **2. FACILITY OVERVIEW**

### **2.1 Primary Manufacturing Facility**

**Location: 4500 Innovation Drive, Dover, Delaware**

- Total Square Footage: 125,000 sq ft
- Primary Use: AMR Assembly and Testing
- Operational Since: March 2019

### **2.2 R&D Center**

**Location: 2800 Technology Park, Cambridge, Massachusetts**

- Total Square Footage: 45,000 sq ft
- Primary Use: Product Development and Testing
- Operational Since: January 2020

### **2.3 West Coast Operations Center**

**Location: 15600 Industrial Parkway, Fremont, California**

- Total Square Footage: 35,000 sq ft
- Primary Use: Customer Support and Regional Sales

- Operational Since: September 2021

### **3. DETAILED OPERATING EXPENSES**

#### **3.1 Primary Manufacturing Facility (Dover)**

**Q2 2023 Total: \$2,847,500**

- Utilities: \$425,000
- Electricity: \$285,000
- HVAC: \$95,000
- Water: \$45,000
- Labor: \$1,650,000
- Direct Manufacturing: \$1,200,000
- Supervision: \$285,000
- Maintenance: \$165,000
- Maintenance & Repairs: \$385,000
- Insurance: \$175,000
- Property Tax: \$212,500

#### **3.2 R&D Center (Cambridge)**

**Q2 2023 Total: \$1,925,000**

- Utilities: \$185,000
- Electricity: \$125,000
- HVAC: \$45,000
- Water: \$15,000
- Labor: \$1,350,000
- Research Staff: \$950,000
- Engineering: \$285,000
- Support Staff: \$115,000
- Equipment Maintenance: \$195,000
- Insurance: \$95,000
- Property Tax: \$100,000

#### **3.3 West Coast Operations (Fremont)**

**Q2 2023 Total: \$985,000**

- Utilities: \$125,000
- Electricity: \$85,000
- HVAC: \$30,000
- Water: \$10,000
- Labor: \$650,000
- Technical Support: \$375,000
- Sales: \$185,000
- Administration: \$90,000
- Maintenance: \$95,000
- Insurance: \$65,000
- Property Tax: \$50,000

**4. QUARTERLY COMPARISON****4.1 Quarter-over-Quarter Change**

- Primary Manufacturing: +8.5% vs Q1 2023
- R&D Center: +5.2% vs Q1 2023
- West Coast Operations: +3.8% vs Q1 2023

**4.2 Notable Variances**

Manufacturing facility utility costs increased 12% due to expanded testing of cold-environment systems

R&D labor costs increased 7% due to additional hires for IceNav platform development

West Coast facility maintenance costs decreased 5% following HVAC system upgrade completion

**5. CERTIFICATIONS AND DISCLAIMERS**

The undersigned hereby certifies that:

All expenses reported herein are accurate and complete to the best of our knowledge

All allocations have been made in accordance with GAAP principles

This document has been prepared for internal use and M&A due diligence purposes only

All figures are subject to adjustment during year-end audit

## **6. AUTHORIZATION**

PREPARED AND CERTIFIED BY:

—

Katherine Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.

Date: July 15, 2023

—

Sarah Nordstrom

Chief Operating Officer

Polar Dynamics Robotics, Inc.

Date: July 15, 2023

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