

OPERATING EXPENSES SUMMARY 2023

OPERATING EXPENSES SUMMARY 2023

NAVIFLOOR ROBOTICS, INC.

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

CONFIDENTIAL AND PROPRIETARY

Prepared by: James Wilson, Chief Financial Officer

Date: January 11, 2024

1. EXECUTIVE SUMMARY

This Operating Expenses Summary provides a comprehensive overview of N Robotics, Inc.'s ("Company") operating expenses for fiscal year 2023. All figures are presented in accordance with GAAP and have been reviewed by I Young LLP, our independent auditors.

2. OPERATING EXPENSE CATEGORIES

2.1 Research & Development

- Personnel Costs: \$8,450,000
- Engineering Staff (72 FTEs)
- Research Scientists (18 FTEs)
-

Development Operations (12 FTEs)

-

Equipment and Materials: \$2,340,000

-

Software Licenses: \$875,000

-

Patent Applications: \$425,000

Subtotal R&D: \$12,090,000

2.2 Sales and Marketing

-

Personnel Costs: \$3,250,000

-

Sales Team (24 FTEs)

-

Marketing Staff (8 FTEs)

-

Marketing Programs: \$1,450,000

-

Trade Shows & Events: \$685,000

-

Digital Marketing: \$425,000

Subtotal S&M: \$5,810,000

2.3 General & Administrative

-

Executive Compensation: \$2,850,000

-

Administrative Staff: \$1,425,000

-

Professional Services: \$875,000

-

Insurance: \$645,000

-

Office Operations: \$525,000

Subtotal G&A: \$6,320,000

2.4 Operations & Manufacturing

-

Facility Costs: \$2,250,000

-

Manufacturing Personnel: \$3,450,000

-

Quality Control: \$875,000

-

Supply Chain Management: \$625,000

Subtotal Operations: \$7,200,000

3. EXPENSE ANALYSIS

3.1 Year-over-Year Comparison

-

Total 2023 Operating Expenses: \$31,420,000

-

Total 2022 Operating Expenses: \$26,850,000

-

Year-over-Year Increase: 17.0%

3.2 Key Variances

- - 6 -

R&D expenses increased 22% due to:

-

Expansion of LiDAR development team

-

New terrain-mapping algorithm research

-

Advanced robotics testing facility buildout

-

Sales & Marketing increased 15% due to:

-

Market expansion initiatives

-

New product launch campaigns

- - 7 -

Additional territory coverage

4. OPERATIONAL METRICS

4.1 Key Performance Indicators

-

Revenue per Employee: \$173,796

-

R&D as % of Revenue: 37.2%

-

Operating Expense Ratio: 96.7%

-

Gross Margin: 58.4%

4.2 Departmental Headcount

-

Research & Development: 102

-

Sales & Marketing: 32

-

General & Administrative: 28

-

Operations & Manufacturing: 25

Total Headcount: 187

5. FORWARD-LOOKING STATEMENTS

The Company projects 2024 operating expenses to increase approximately 2% due to:

- - 9 -

Planned expansion of R&D capabilities

-

Geographic market expansion

-

Additional manufacturing capacity

-

Enhanced quality control systems

6. DISCLAIMERS AND NOTES

This Operating Expenses Summary contains confidential and proprietary information of NaviFloor Robotics, Inc. The financial data presented herein has been prepared in accordance with generally accepted accounting principles (GAAP) and represents management's best estimates and judgments. Actual results may

differ materially from these figures.

6.1 Limitations

-

Figures are unaudited unless otherwise noted

-

Excludes non-operating expenses

-

Currency in USD unless otherwise specified

-

Rounded to nearest thousand

6.2 Distribution Restrictions

This document is strictly confidential and is provided solely for due diligence purposes. Distribution, reproduction, or use without written consent from

NaviFloor Robotics, Inc. is strictly prohibited.

7. CERTIFICATION

I, James Wilson, in my capacity as Chief Financial Officer of NaviFloor Robotics, Inc., hereby certify that the information contained in this Operating Expenses Summary is true and accurate to the best of my knowledge as of the date of this document.

/s/ James Wilson

James Wilson

Chief Financial Officer

NaviFloor Robotics, Inc.

Date: January 11, 2024

