

FINANCIAL CONTROLS AND PROCEDURES MANUAL

FINANCIAL CONTROLS AND PROCEDURES

NaviFloor Robotics, Inc.

Effective Date: January 1, 2024

Document Version: 2.4

1. INTRODUCTION AND PURPOSE

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1. This Financial Controls and Procedures Manual (the "Manual") establishes

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2. All employees, contractors, and agents of the Company involved in financ

2. REVENUE RECOGNITION AND BILLING

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1. ****AMR Sales Revenue****

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Revenue from direct sales of autonomous mobile robots shall be recognized

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Multi-unit fleet orders exceeding \$500,000 require CFO approval for revenue

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Installation and training services shall be recognized separately from hardware

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2. ****Subscription Revenue****

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Fleet management platform subscription fees shall be recognized monthly

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Annual contracts shall be amortized over the subscription term

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Usage-based fees shall be recognized in the period incurred

3. **EXPENDITURE CONTROLS**

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1. ****Purchase Authorization Limits****

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Up to \$10,000: Department Manager approval

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\$10,001 - \$50,000: Division Director approval

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\$50,001 - \$250,000: CFO approval

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Above \$250,000: CEO and Board approval required

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2. **R&D Expenditures**

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All research expenditures must be coded to designated cost centers

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Prototype development requires CTO authorization

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External research partnerships require Legal Department review

4. CASH MANAGEMENT AND TREASURY

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1. **Bank Account Controls**

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Dual signature required for transactions exceeding \$100,000

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Monthly reconciliation by Treasury Department

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Segregation of duties between payment initiation and approval

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2. **Investment Guidelines**

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Working capital maintained in FDIC-insured accounts

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Excess cash invested in U.S. Treasury securities

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Quarterly review of cash positions by Investment Committee

5. INVENTORY MANAGEMENT

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1. ****Component Tracking****

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Real-time inventory management system integration

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Monthly physical count of high-value components

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Quarterly reconciliation of perpetual inventory records

- - 6 -

2. ****Valuation Methods****

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FIFO methodology for all inventory items

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Monthly obsolescence review for electronic components

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Quarterly adjustment of standard costs

6. FINANCIAL REPORTING

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1. ****Internal Reports****

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Daily cash position reports

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Weekly sales and bookings reports

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Monthly departmental budget variance analysis

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Quarterly financial statements for management review

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2. ****External Reporting****

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Annual audited financial statements

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Quarterly board reports

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Monthly investor updates

- - 8 -

Tax compliance reporting

7. INTERNAL CONTROLS AND AUDIT

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1. ****Segregation of Duties****

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Separate personnel for transaction authorization, recording, and custody

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Regular rotation of key financial positions

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Independent review of reconciliations

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2. ****Audit Requirements****

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Annual external audit by approved accounting firm

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Quarterly internal control testing

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Random spot checks of expense reports

8. COMPLIANCE AND ETHICS

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1. ****Whistleblower Protection****

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Anonymous reporting hotline

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Non-retaliation policy

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Quarterly compliance training

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2. ****Document Retention****

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Financial records retained for 7 years

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Electronic backup of all transactions

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Secure destruction procedures

9. AMENDMENTS AND UPDATES

This Manual shall be reviewed annually by the Audit Committee and updated as necessary. Amendments require Board approval and shall be communicated to relevant personnel.

APPROVAL AND ADOPTION

Approved by the Board of Directors of NaviFloor Robotics, Inc. on December 12, 2023.

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James Wilson

Chief Financial Officer

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Dr. Sarah Chen

Chief Executive Officer

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Marcus Depth

Corporate Secretary

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