

COST OF GOODS SOLD ANALYSIS Q4 2023

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Q4 2023 FINANCIAL REVIEW

NaviFloor Robotics, Inc.

CONFIDENTIAL AND PRIVILEGED

Prepared By: Finance Department

Reviewed By: James Wilson, Chief Financial Officer

Date: January 15, 2024

Period Covered: October 1, 2023 - December 31, 2023

1. EXECUTIVE SUMMARY

This Cost of Goods Sold ("COGS") Analysis presents a detailed examination of NaviFloor Robotics, Inc.'s ("Company") production and operational costs for 2023. This document has been prepared in accordance with GAAP standards and the Company's internal accounting policies.

2. METHODOLOGY

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1. Cost calculations follow the Company's standard absorption costing method.

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Direct materials

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Direct labor

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Manufacturing overhead

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Component allocation

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Research and development cost attribution

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2. All figures are presented in USD and have been reviewed by Deloitte & T

3. DIRECT MATERIALS ANALYSIS

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1. Primary Components:

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LiDAR sensors: \$2,847,500

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Terrain mapping processors: \$1,965,300

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Mobile chassis systems: \$2,134,800

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Battery units: \$1,456,700

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Navigation control modules: \$1,873,400

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2. Secondary Components:

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Electronic subsystems: \$987,600

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Cabling and connectors: \$456,300

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Structural materials: \$678,900

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Packaging materials: \$234,500

Total Direct Materials: \$12,635,000

4. DIRECT LABOR COSTS

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1. Assembly Operations:

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Primary assembly: \$1,456,700

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Quality control: \$678,900

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Testing and calibration: \$567,800

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Packaging and shipping: \$234,500

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2. Engineering Support:

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Production engineering: \$876,500

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Technical supervision: \$456,700

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Quality assurance: \$345,600

Total Direct Labor: \$4,616,700

5. MANUFACTURING OVERHEAD

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1. Fixed Overhead:

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Facility lease: \$876,500

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Equipment depreciation: \$567,800

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Utilities: \$234,500

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Insurance: \$156,700

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2. Variable Overhead:

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Maintenance and repairs: \$345,600

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Production supplies: \$234,500

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Quality control materials: \$123,400

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Indirect labor: \$456,700

Total Manufacturing Overhead: \$2,995,700

6. UNIT COST ANALYSIS

- - 8 -

1. Standard AMR Models:

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NaviFloor Pro-2000: \$47,500/unit

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NaviFloor Elite-3000: \$68,900/unit

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NaviFloor Enterprise-5000: \$89,700/unit

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2. Average Cost per Unit: \$68,700

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3. Target Cost per Unit: \$65,000

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4. Variance: +5.69%

7. COST OPTIMIZATION INITIATIVES

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1. Current Initiatives:

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Component sourcing optimization

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Manufacturing process automation

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Supply chain consolidation

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Inventory management enhancement

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2. Projected Cost Savings:

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Q1 2024: 3.5%

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Q2 2024: 4.2%

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Q3 2024: 5.0%

8. RISK FACTORS

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1. The following factors may impact future COGS:

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Global semiconductor shortage

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Raw material price volatility

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Labor market conditions

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Supply chain disruptions

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Currency exchange fluctuations

9. CERTIFICATION

The undersigned hereby certifies that this COGS Analysis accurately reflects Company's cost structure for Q4 2023 and has been prepared in accordance with applicable accounting standards and internal controls.

10. DISCLAIMERS

This document contains confidential and proprietary information of NaviFloor Robotics, Inc. The information contained herein is subject to change without notice and is not warranted to be error-free. Financial projections and estimates represent management's best judgment based on currently available information.

APPROVED BY:

/s/ James Wilson

James Wilson

Chief Financial Officer

NaviFloor Robotics, Inc.

Date: January 15, 2024

/s/ Richard Torres

Richard Torres

Chief Operating Officer

NaviFloor Robotics, Inc.

Date: January 15, 2024

