WARRANTY RESERVE CALCULATION MODEL

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NaviFloor Robotics, Inc.

Effective Date: January 1, 2024

Document Version: 2.0

1. PURPOSE AND SCOPE

1. This Warranty Reserve Calculation Model (the "Model") establishes

2. This Model applies to all warranty obligations arising from the sale

(a) NF-1000 Series Industrial AMRs

(b) NF-2000 Series Heavy-Duty AMRs

(c) NaviFleet(TM) Management Software

(d) Proprietary terrain-mapping systems

2. DEFINITIONS

1. "Warranty Period" means the standard 24-month warranty period fr

2. "Historical Claim Rate" means the percentage of units requiring wa

3. "Average Repair Cost" means the mean cost of warranty repairs, in

4. "Installation Base" means the total number of units under active wa

3. CALCULATION METHODOLOGY

1. Basic Reserve Formula

The warranty reserve shall be calculated quarterly using the following

Reserve = (Installation Base Historical Claim Rate Average Repair Co

Adjustment Factor

2. Component-Specific Calculations

(a) Mechanical Components: 40% weighting

(b) Electronic Systems: 35% weighting

(c) Software Systems: 15% weighting

(d) Sensor Arrays: 10% weighting

4. RISK ADJUSTMENT FACTORS

1. Standard Risk Adjustments

(a) New Product Introduction: +15% for first 12 months

(b) Software Version Updates: +5% for 3 months post-release

(c) Geographic Region Adjustment: 5% based on operating environm

(d) Usage Intensity: +10% for high-utilization customers

2. Environmental Factors

(a) Temperature Extremes: +3%

(b) High Humidity Environments: +2%

(c) Dusty/Particulate Environments: +4%

(d) Multi-Surface Operations: +2%

5. DATA COLLECTION AND ANALYSIS

1. Required Data Points

(a) Monthly unit sales by model

(b) Warranty claims history

(c) Repair cost tracking

(d) Component failure rates

(e) Labor costs by region

(f) Parts replacement costs

2. Review Frequency

The Model shall be reviewed and updated quarterly based on:

(a) Actual warranty claims

(b) Cost variance analysis

(c) Product modification impacts

(d) Market condition changes

6. REPORTING REQUIREMENTS

1. Quarterly Reports

(a) Total warranty reserve balance

(b) Claims paid during period

(c) Reserve adjustments

(d) Projected future obligations

2. Annual Review

(a) Historical accuracy analysis

(b) Model adjustment recommendations

(c) Risk factor evaluation

(d) Cost trend analysis

7. COMPLIANCE AND OVERSIGHT

1. The Finance Department shall maintain oversight of the Model, with

2. The Model shall comply with:

(a) GAAP requirements

(b) SEC reporting standards

(c) Internal control procedures

(d) Risk management policies

8. LIMITATIONS AND DISCLAIMERS

1. This Model represents management's best estimate of future warra

2. The Company reserves the right to modify this Model as necessary

9. APPROVAL AND IMPLEMENTATION

1. This Model has been approved by:

(a) Chief Financial Officer

(b) Chief Technology Officer

(c) Chief Operating Officer

(d) Board Audit Committee

IN WITNESS WHEREOF, the undersigned have executed this Warran
Calculation Model as of the Effective Date.

NAVIFLOOR ROBOTICS, INC.

By: _

James Wilson

Chief Financial Officer

Date: _

By: _

Richard Torres

Chief Operating Officer

Date: _