

ANNUAL BUDGET VS ACTUAL ANALYSIS

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NaviFloor Robotics, Inc.

For the Fiscal Year Ended December 31, 2023

Prepared by: James Wilson, Chief Financial Officer

Date: January 15, 2024

1. EXECUTIVE SUMMARY

This analysis compares NaviFloor Robotics, Inc.'s ("Company") budgeted financial performance against actual results for FY2023. All figures are presented in

thousands (000s) USD unless otherwise noted.

1.1 Key Performance Metrics

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Revenue: 103% of budget target achieved

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Gross Margin: 48.2% actual vs 45.0% budgeted

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EBITDA: \$7.2M actual vs \$6.5M budgeted

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Operating Cash Flow: \$5.8M actual vs \$5.0M budgeted

2. REVENUE ANALYSIS

2.1 Product Revenue

Category	Budget	Actual	Variance	% Variance
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AMR Units	\$22,500	\$23,850	+\$1,350	+6.0%
Fleet Management Software	\$6,000	\$5,980	-\$20	-0.3%
Service & Maintenance	\$3,500	\$2,670	-\$830	-23.7%
Total Product Revenue	\$32,000	\$32,500	+\$500	+1.6%

2.2 Revenue Variance Analysis

Strong AMR unit sales in Q4 2023 offset lower-than-projected service revenue. New customer acquisitions in manufacturing sector exceeded expectations, while software subscription renewal rates met targets at 94%.

3. COST ANALYSIS

3.1 Cost of Goods Sold

Component	Budget	Actual	Variance	% Variance
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Raw Materials	\$9,800	\$9,400	-\$400	-4.1%
Direct Labor	\$4,200	\$4,100	-\$100	-2.4%
Manufacturing Overhead	\$3,600	\$3,350	-\$250	-6.9%
Total COGS	\$17,600	\$16,850	-\$750	-4.3%

3.2 Operating Expenses

Category	Budget	Actual	Variance	% Variance
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R&D	\$4,500	\$4,820	+\$320	+7.1%
Sales & Marketing	\$2,800	\$2,950	+\$150	+5.4%

G&A	\$2,100	\$2,180	+\$80	+3.8%	
Total OpEx	\$9,400	\$9,950	+\$550	+5.9%	

4. CAPITAL EXPENDITURE

4.1 CapEx Summary

Project	Budget	Actual	Variance	Status
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Manufacturing Automation	\$2,200	\$2,150	-\$50	Complete
R&D Lab Expansion	\$1,800	\$1,900	+\$100	90% Complete
IT Infrastructure	\$800	\$780	-\$20	Complete
Total CapEx	\$4,800	\$4,830	+\$30	

5. WORKING CAPITAL

5.1 Key Metrics

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Inventory Turnover: 5.2x actual vs 4.8x budgeted

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DSO: 48 days actual vs 45 days budgeted

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DPO: 42 days actual vs 40 days budgeted

6. VARIANCE EXPLANATIONS

6.1 Favorable Variances

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AMR unit sales exceeded budget due to accelerated market adoption

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Raw material costs decreased through strategic supplier negotiations

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Manufacturing efficiency improvements reduced overhead costs

6.2 Unfavorable Variances

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Service revenue shortfall due to delayed rollout of preventive maintenance program

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R&D expenses exceeded budget due to accelerated terrain-mapping algorithm development

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Sales expenses increased due to expansion of enterprise sales team

7. RECOMMENDATIONS

7.1 Strategic Initiatives

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Accelerate service revenue growth through enhanced preventive maintenance

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Continue investment in manufacturing automation to maintain margin improvement

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Optimize working capital through inventory management initiatives

7.2 Budget Adjustments

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Increase R&D budget allocation for FY2024 by 10%

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Implement enhanced cost controls in sales & marketing

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Review service pricing strategy to improve margins

8. CERTIFICATION

The undersigned hereby certifies that this analysis accurately reflects the Company's financial performance for FY2023 and has been prepared in accordance with generally accepted accounting principles.

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James Wilson

Chief Financial Officer

NaviFloor Robotics, Inc.

Date: January 15, 2024

9. DISCLAIMER

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