

R&D EXPENSE ALLOCATION REPORT

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NaviFloor Robotics, Inc.

For Fiscal Year 2023

Prepared: January 11, 2024

1. EXECUTIVE SUMMARY

This report details the allocation and categorization of research and development expenses incurred by NaviFloor Robotics, Inc. ("Company") during fiscal year 2023. All figures are presented in accordance with GAAP standards.

and have been reviewed by Wilson & Associates, LLP, the Company's independent auditors.

Total R&D expenditure for FY2023: \$8,745,000

Percentage of revenue: 26.9%

Year-over-year increase: 32.4%

2. ALLOCATION BY RESEARCH CATEGORY

2.1 Core Technology Development

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LiDAR Systems Enhancement: \$2,623,500

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Depth-Sensing Algorithm Optimization: \$1,749,000

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Multi-Surface Navigation Framework: \$1,311,750

2.2 Applied Research

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Fleet Management Software Development: \$874,500

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Terrain Mapping Systems: \$699,600

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Safety Protocol Integration: \$437,250

2.3 Product Implementation

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Hardware Integration: \$524,700

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Testing and Validation: \$349,800

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Documentation and Standards Compliance: \$175,000

3. PERSONNEL ALLOCATION

3.1 Direct R&D Staff

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Senior Research Engineers (12 FTE): \$2,160,000

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Research Scientists (8 FTE): \$1,120,000

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Software Developers (15 FTE): \$1,875,000

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Hardware Engineers (6 FTE): \$840,000

3.2 Support Personnel

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Technical Documentation (3 FTE): \$285,000

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Research Operations (4 FTE): \$320,000

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Quality Assurance (5 FTE): \$425,000

4. FACILITY AND EQUIPMENT EXPENSES

4.1 Research Facilities

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Laboratory Space (15,000 sq ft): \$450,000

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Testing Environment (8,000 sq ft): \$240,000

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Clean Room Operations: \$175,000

4.2 Equipment

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LiDAR Testing Equipment: \$385,000

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Robotics Development Platforms: \$295,000

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Simulation Systems: \$165,000

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Calibration Tools: \$105,000

5. EXTERNAL COLLABORATION AND LICENSING

5.1 Academic Partnerships

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MIT Robotics Lab Partnership: \$250,000

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Stanford AI Research Program: \$175,000

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Georgia Tech Navigation Systems Project: \$125,000

5.2 Technology Licensing

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Third-Party Software Licenses: \$187,500

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Patent Licensing Fees: \$145,000

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Research Database Subscriptions: \$92,500

6. PROJECT-SPECIFIC ALLOCATIONS

6.1 NextGen AMR Platform Development

Total Allocation: \$3,498,000

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Core Algorithm Development: \$1,399,200

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Hardware Integration: \$874,500

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Testing and Validation: \$699,600

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Documentation and Compliance: \$524,700

6.2 Fleet Management System Enhancement

Total Allocation: \$2,623,500

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Software Development: \$1,311,750

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Integration Testing: \$787,050

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Security Implementation: \$524,700

7. CAPITALIZATION ANALYSIS

7.1 Capitalized R&D Expenses

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Software Development: \$1,749,000

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Hardware Integration: \$874,500

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Patent Development: \$349,800

7.2 Expensed R&D Costs

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Basic Research: \$3,498,000

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Testing and Validation: \$1,399,200

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Support Operations: \$874,500

8. COMPLIANCE AND REPORTING

This report has been prepared in accordance with:

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ASC 730 (Research and Development)

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Internal Revenue Code Section 174

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FASB Accounting Standards Updates

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SEC Reporting Requirements for R&D Activities

9. CERTIFICATION

The undersigned hereby certify that this report accurately reflects the R&D expense allocations of NaviFloor Robotics, Inc. for the fiscal year 2023.

Prepared by:

/s/ James Wilson

James Wilson

Chief Financial Officer

Date: January 11, 2024

Reviewed by:

/s/ Dr. Elena Kovacs

Dr. Elena Kovacs

Chief Research Officer

Date: January 11, 2024

DISCLAIMER

This report is confidential and proprietary to NaviFloor Robotics, Inc. The financial information contained herein has been prepared for internal management purposes and due diligence review. While reasonable efforts have been made

ensure accuracy, no warranty or representation is made regarding the completeness or accuracy of the information presented. This report should be reviewed in conjunction with audited financial statements and other corporate documentation.

