SOFTWARE REVENUE RECOGNITION GUIDELINES

SOFTWARE REVENUE RECOGNITION GUIDE

NaviFloor Robotics, Inc.

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1. PURPOSE AND SCOPE

1. These Software Revenue Recognition Guidelines (the "Guidelines"

2. These Guidelines apply to all revenue streams related to:

a) FleetControl(TM) software platform licenses

b) Terrain-mapping software subscriptions

c) Navigation algorithm licensing

d) Custom software development services

e) Software maintenance and support

2. REVENUE RECOGNITION CRITERIA

1. The Company shall recognize revenue when all of the following crit

a) Existence of a valid contract with commercial substance

b) Identification of performance obligations

c) Determination of transaction price

d) Allocation of transaction price to performance obligations

e) Satisfaction of performance obligations

2. Contract Requirements

-

Written agreements executed by authorized representatives

-

Payment terms clearly defined

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Collection deemed probable based on customer credit assessment

-

Enforceable rights and obligations established

3. PERFORMANCE OBLIGATIONS

1. Software License Revenue

-

Perpetual licenses recognized upon delivery

Access credentials provided to customer

-

Technical implementation completed

-

Customer acceptance received, if required

2. Subscription-Based Revenue

-

Recognized ratably over subscription period

-

Pro-rated for partial periods

-

Setup fees amortized over expected customer relationship

3. Professional Services

-

Revenue recognized as services are performed

-

Milestone-based recognition when applicable

-

Time and materials billing recognized monthly

4. MULTI-ELEMENT ARRANGEMENTS

1. Bundled Offerings

-

Separate performance obligations identified

-

Standalone selling price determined for each element

- Relative fair value allocation applied

- Contingent revenue deferred until uncertainty resolved

2. Extended Payment Terms

- Revenue recognition limited to amounts due within 12 months

- Interest component separated if material

- Collectibility assessed quarterly

5. SPECIFIC TRANSACTION TYPES

1. Proof of Concept Implementations

-

Revenue deferred until customer acceptance

-

Non-refundable deposits recognized ratably

-

Costs capitalized if recoverable

2. Custom Development

-

Percentage of completion method applied

-

Progress measured using input method

-

Change orders priced separately

3. Maintenance and Support

-

Recognized ratably over service period

-

Standalone value established

-

Renewal options priced at market rates

6. DOCUMENTATION REQUIREMENTS

1. Required Documentation

-

Executed contracts and amendments

-

Delivery verification records

Customer acceptance certificates

-

Price lists and discounting approvals

-

Revenue allocation calculations

2. Timing of Recognition

-

Revenue recorded in period earned

-

Cut-off procedures enforced

-

Reconciliation to contract terms required

7. MODIFICATIONS AND TERMINATIONS

1. Contract Modifications

-

Evaluated as separate contract or modification

-

Remaining performance obligations adjusted

-

Pricing updates documented

2. Early Terminations

-

Refund obligations assessed

-

Remaining performance obligations reversed

Termination penalties recognized when earned

8. COMPLIANCE AND REVIEW

1. Quarterly Review Process

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Revenue recognition compliance verified

-

Documentation completeness confirmed

-

Exceptions documented and approved

-

Adjustments processed if required

2. Audit Trail

-

Supporting documentation maintained

-

System access controls implemented

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Regular compliance training conducted

9. AUTHORITY AND AMENDMENTS

1. These Guidelines are approved by the Chief Financial Officer and r

2. Amendments require written approval from:

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Chief Financial Officer

Corporate Controller

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Revenue Recognition Committee

APPROVAL

APPROVED BY:

James Wilson

Chief Financial Officer

NaviFloor Robotics, Inc.

Date: _

Corporate Controller

NaviFloor Robotics, Inc.

Date: _