

## **2023 AUDIT COMMITTEE MEETING MINUTES**

### **MINUTES OF THE AUDIT COMMITTEE MEETING**

#### **NAVIFLOOR ROBOTICS, INC.**

**December 14, 2023, 9:00 AM EST**

**Via Video Conference and In-Person at Corporate Headquarters**

#### **ATTENDANCE**

Present:

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Robert Chen, Committee Chair (via video conference)

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Patricia Martinez, Committee Member

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Dr. William Foster, Committee Member

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James Wilson, Chief Financial Officer

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Sarah Thompson, External Audit Partner, Deloitte & Touche LLP

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Michael Roberts, Internal Audit Director

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Jennifer Lee, Corporate Secretary (Recording)

## **1. CALL TO ORDER AND QUORUM**

The meeting was called to order at 9:00 AM EST by Committee Chair Robert Wilson. The Corporate Secretary confirmed that a quorum was present and proper notice of the meeting had been given to all members in accordance with the Committee Charter.

## **2. APPROVAL OF PREVIOUS MINUTES**

Upon motion duly made by Dr. Foster and seconded by Ms. Martinez, the minutes of the September 21, 2023 Audit Committee meeting were unanimously approved as presented.

## **3. FINANCIAL STATEMENTS REVIEW**

### **3.1 Q3 2023 Financial Results**

Mr. Wilson presented the Q3 2023 financial statements, highlighting:

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Revenue growth of 42% year-over-year to \$8.7M

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Gross margin improvement to 58% from 54% in Q2 2023

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Operating expenses at 45% of revenue, in line with budget

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Cash position of \$28.4M as of September 30, 2023

### **3.2 Year-End Projections**

The CFO provided updated FY2023 projections:

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Annual revenue forecast of \$32.5M

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Expected EBITDA margin of 15%

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Projected year-end cash balance of \$25M

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Working capital requirements through Q1 2024

## **4. EXTERNAL AUDIT UPDATE**

Ms. Thompson from Deloitte & Touche presented the external audit planning update:

### **4.1 Audit Timeline**

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Interim procedures completed November 15-30, 2023

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Year-end inventory observation scheduled for January 3, 2024

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Final fieldwork to commence January 15, 2024

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Target completion date: February 28, 2024

## **4.2 Key Audit Matters**

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Revenue recognition for multi-element contracts

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Capitalization of development costs

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Valuation of stock-based compensation

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Going concern assessment

## **5. INTERNAL AUDIT MATTERS**

Mr. Roberts presented the internal audit update:

### **5.1 Completed Reviews**

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Procurement process assessment

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IT security controls evaluation

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Revenue recognition procedures

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Inventory management systems

### **5.2 Outstanding Items**

- - 7 -

Four high-priority findings requiring management attention

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Implementation timeline for recommended controls

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Resource requirements for 2024 audit plan

## **6. RISK MANAGEMENT**

### **6.1 Enterprise Risk Assessment**

The Committee reviewed the updated enterprise risk assessment, focusing on

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Supply chain disruption risks

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Cybersecurity threats



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Intellectual property protection

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Regulatory compliance

## **6.2 Internal Controls**

Discussion of control environment improvements:

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Implementation of new ERP modules

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Enhanced segregation of duties

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Updated approval matrices

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Automated compliance monitoring

## **7. COMPLIANCE UPDATE**

### **7.1 SOX Compliance**

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Review of key control testing results

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Discussion of remediation efforts

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Timeline for year-end certification

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External auditor's preliminary assessment

### **7.2 Regulatory Matters**

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Update 99 SEC reporting requirements

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Review of insider trading policy compliance

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Discussion of upcoming regulatory changes

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Whistleblower program status

## **8. COMMITTEE GOVERNANCE**

### **8.1 Charter Review**

The Committee conducted its annual review of the Audit Committee Charter and recommended no changes.

### **8.2 2024 Meeting Schedule**

The following meeting dates were approved for 2024:

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March 14, 2024

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June 13, 2024

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September 12, 2024

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December 12, 2024

## **9. NEW BUSINESS**

### **9.1 Cybersecurity Assessment**

The Committee requested a comprehensive cybersecurity assessment to be presented at the next meeting, including:

- - 12 -

Third-party penetration testing results

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Cloud security protocols

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Data privacy compliance

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Incident response procedures

## **9.2 Treasury Management**

Review of:

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Investment policy compliance

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Cash management strategies

- - 13 -

Banking relationship assessment

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Foreign exchange exposure

## **10. EXECUTIVE SESSION**

The Committee met in executive session with:

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External auditors

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Internal audit director

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CFO

No material issues were raised requiring disclosure in these minutes.

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## **11. ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:45 AM ES

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## **CERTIFICATION**

These minutes were approved by the Audit Committee on March 14, 2024.

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Robert Chen

Audit Committee Chair

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Jennifer Lee

Corporate Secretary

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#### **CONFIDENTIALITY NOTICE**

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