

INVENTORY VALUATION REPORT - Q4 2023

INVENTORY VALUATION REPORT

Q4 2023 - NAVIFLOOR ROBOTICS, INC.

PREPARED BY: Wilson & Associates, LLP

FOR: NaviFloor Robotics, Inc. Board of Directors

DATE: December 31, 2023

1. EXECUTIVE SUMMARY

This Inventory Valuation Report presents a comprehensive analysis of NaviF

Robotics, Inc.'s ("Company") inventory positions as of December 31, 2023. The valuation has been conducted in accordance with GAAP principles and the Company's established inventory accounting policies.

2. INVENTORY CLASSIFICATION & VALUATION

2.1 Raw Materials

- Electronic components and sensors: \$3,847,500
- LiDAR modules and depth sensors: \$2,965,000
- Chassis and structural components: \$1,875,000
- Circuit boards and processors: \$2,245,000

2.2 Work in Progress (WIP)

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Partially assembled AMR units: \$4,125,000

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Navigation system assemblies: \$1,875,000

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Custom integration components: \$925,000

2.3 Finished Goods

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NF-1000 Series AMRs: \$5,245,000

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NF-2000 Series AMRs: \$4,875,000

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Spare parts and accessories: \$1,245,000

3. VALUATION METHODS & ASSUMPTIONS

3.1 Cost Basis

All inventory items are valued at the lower of cost or net realizable value (LCRV), utilizing the weighted average cost method. Direct materials, direct labor, and applicable manufacturing overhead have been included in the cost calculations.

3.2 Overhead Allocation

Manufacturing overhead has been allocated based on standard cost drivers:

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Direct labor hours

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Machine hours

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Production facility utilization

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Quality control inspection time

3.3 Obsolescence Assessment

Inventory obsolescence has been evaluated based on:

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Age of components

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Technological advancement cycles

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Historical usage patterns

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Current market demands

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Engineering change orders

4. INVENTORY ANALYSIS

4.1 Inventory Turnover

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Raw Materials: 6.2x annually

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WIP: 8.4x annually

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Finished Goods: 5.8x annually

4.2 Aging Analysis

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Age Category	Value (\$)	% of Total
0-90 days	18,575,000	63.8%
91-180 days	7,245,000	24.9%
181-270 days	2,875,000	9.9%
>270 days	427,500	1.4%
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4.3 Obsolescence Reserves

Total obsolescence reserve: \$875,000

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Electronic components: \$425,000

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Mechanical components: \$275,000

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Software licenses: \$175,000

5. VALUATION ADJUSTMENTS

5.1 Write-downs

Q4 2023 inventory write-downs total \$245,000:

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Discontinued NF-1000 components: \$165,000

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Damaged LiDAR modules: \$80,000

5.2 Market Value Adjustments

Net realizable value adjustments: (\$125,000)

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Price protection agreements: (\$75,000)

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Market price deterioration: (\$50,000)

6. RISK FACTORS

6.1 Supply Chain Risks

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Component shortages in semiconductor market

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Extended lead times for specialized sensors

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Single-source dependencies for critical components

6.2 Technology Risks

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Rapid advancement in LiDAR technology

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Software compatibility requirements

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Industry standard changes

7. CERTIFICATION

The undersigned hereby certifies that:

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This inventory valuation has been conducted in accordance with GAAP and

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All material facts have been disclosed

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Valuations represent fair market value as of December 31, 2023

8. DISCLAIMERS

This report is prepared solely for the use of NaviFloor Robotics, Inc.'s management and Board of Directors. No third party may rely upon this report without express written consent. All valuations are based on information available as of the report date and may be subject to change.

SIGNATURES

/s/ James Wilson

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James Wilson

Chief Financial Officer

NaviFloor Robotics, Inc.

/s/ Maria Rodriguez

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Maria Rodriguez, CPA

Lead Audit Partner

Wilson & Associates, LLP

Date: December 31, 2023

APPENDICES

A. Detailed Inventory Listings

B. Valuation Methodology Documentation

C. Market Analysis Supporting Documentation

D. Historical Trend Analysis

E. Obsolescence Testing Results

[End of Report]

