

Annual Report

For the period ending December 31, 2023
"Reporting Period"

Outstanding Shares

The number of shares outstanding of our Common Stock was:

34,296,641 as of February 28, 2024

34,296,641 as of December 31, 2023

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control⁴ of the company has occurred during this reporting period:

Yes: ☐ No: ☒

⁴ "Change in Control" shall mean any events resulting in:

- (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
- (ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
- (iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
- (iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and names used by predecessor entities, along with the dates of the name changes.

Novus Robotics Inc. The issuer was originally incorporated under the name of Guano Distribution Inc. in Nevada. The Issuer changed its name to Ecoland International Inc. on June 28, 2006, and subsequently changed its name to Novus Robotics Inc. on March 13, 2012.

Current State and Date of Incorporation or Registration: Nevada on June 24, 2005.

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

NONE

Describe any trading suspension or halt orders issued by the SEC or FINRA concerning the issuer or its predecessors since inception:

NONE

List any stock split, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

NONE

Address of the issuer's principal executive office:

7669 Kimbel Street Mississauga, ON L5S 1A7 Canada

Address of the issuer's principal place of business:

XX Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: ☒ Yes: ☐ If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Manhattan Transfer Registrar Co.

Phone: 914-512-0112

Email: Arta Nezaj <Arta@mtrco.com>

Address: 60 East 42nd Street, Suite 1201 New York, NY 10165

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	NRBT
Exact title and class of securities outstanding:	Common stock
CUSIP:	6700 11H 207
Par or stated value:	.001
Total shares authorized:	500,000,000 as of date: December 31, 2023
Total shares outstanding:	34,296,641 as of date: December 31, 2023
Total number of shareholders of record:	62 as of date: December 31, 2023

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Trading symbol:	NRBT
Exact title and class of securities outstanding:	Preferred Stock Series B
CUSIP:	6700 11H 207
Par or stated value:	.001
Total shares authorized:	1,000,000 as of date: December 31, 2023
Total shares outstanding:	1,000,000 as of date: December 31, 2023
Total number of shareholders of record:	2 as of date: December 31, 2023

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g., preferred shares that do not have a trading symbol). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	_____
Par or stated value:	_____
Total shares authorized:	_____ as of date: _____
Total shares outstanding:	_____ as of date: _____
Total number of shareholders of record:	_____ as of date: _____

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Our Bylaws have not been amended nor restated since 2010. No dividends have been declared or paid by the Board of Directors.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

No dividends have been declared nor paid by our Board of Directors. The Series B Preferred stock votes or acts by written consent together with our common stock as a single class. Each share of Series B Preferred stock shall have that number of votes equal to 5,000 shares of Common Stock. No fractional shares of common stock shall be issued upon conversion of Preferred Stock.

3. Describe any other material rights of common or preferred stockholders.

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

NONE

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares for the two most recently completed fiscal years and any subsequent period.

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: xx Yes: ☐ (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance:</u> Date 12/31/2021 Common: 34,296,641 Preferred: 1,000,000			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. ***You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date: 12-31-2023 Common: 34,296,641 Preferred: 1,000,000			Berardino Paolucci CEO CFO Director is the Control person for the entities						

Example: A company with a fiscal year end of December 31st, 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022, through December 31, 2023, pursuant to the tabular format above.

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No: XXX Yes: ☐ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

Use the space below to provide any additional details, including footnotes to the table above:

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.OTCMarkets.com.

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

The Issuer is engaged in the business of engineering, designing and manufacturing of Robotic and Automation solutions for tube forming machines. Through the Issuers wholly owned subsidiary, D&R Technology Inc., the issuer provides state of the art technology for the automotive industry, in passenger seating and for aluminum applications for automotive panels and bumpers.

B. List any subsidiaries, parent company, or affiliated companies.

Our wholly owned subsidiary is D&R Technology Inc.

C. Describe the issuers' principal products or services.

The Issuers principal products are tube forming machines, spare parts, service and automation for the Automotive industry in North America and Mexico.

5) Issuer's Facilities

The goal of this section is to provide investors with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

The Issuer currently occupies a stand-alone facility in Mississauga, Ontario Canada comprising approximately 18,000 square feet on a three-year lease beginning August 1, 2022. We do not lease any other assets or properties. Assets such as our Machining equipment are owned by us.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities. If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity. Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide investors with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial owners.

Names of All Officers, Directors, and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of 5% or more)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Berardino Paolucci</u>	CEO, CFO, Director and owner of more than 5%	Mississauga, ON	15,094,400	Common	42.76%	
Drasko Karanovic	Director	Toronto, ON	15,047,200	Common	42.6%	
Beth Carey	Director	Orangeville, ON	0			

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

- A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

NO

2. Been the subject of the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, financial- or investment-related, insurance or banking activities;

NO

3. Been the subject of a finding, disciplinary order or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, a state securities regulator of a violation of federal or state securities or commodities law, or a foreign regulatory body or court, which finding or judgment has not been reversed, suspended, or vacated;

NO

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

NO

5. Been the subject of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NO

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

NO

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party to or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

NONE

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Firm: White Summers Caffee and James LLP
Name: William H. Caffee
Address 1: 805 SW Broadway # 2440
Address 2: Portland, OR 97205
Phone: 503-419-3000
Email: wcaffee@white-summers.com

Accountant or Auditor

Name: Jaimie MacPherson
Firm: Lieu & MacPherson Financial Services Inc.
Address 1: 100 King Street West, Suite 5600
Toronto, ON M5X
Phone: 416-847-1858
Email: jaimie@lieumacpherson.ca

Investor Relations

Name: NONE
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

X (Twitter): NONE
Discord: _____
LinkedIn: _____
Facebook: _____
[Other]: _____

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: NONE
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

Name: **Beth Carey**
Title: **Secretary**
Relationship to Issuer: **Director**

B. The following financial statements were prepared in accordance with:

☐ IFRS
☒ U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **Jaimie MacPherson**
Title: **Owner**
Relationship to Issuer: **Accountant**

Describe the qualifications of the person or persons who prepared the financial statements:⁵ **CPA, CA**

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

10) Issuer Certification

Principal Executive Officer:

⁵ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Berardino Paolucci certify that:

1. I have reviewed this Disclosure Statement for Novus Robotics Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 15, 2024

"/s/(Berardino Paolucci")

Principal Financial Officer:

I, Berardino Paolucci certify that:

1. I have reviewed this Disclosure Statement for Novus Robotics Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 15, 2024

"/s/(Berardino Paolucci")

NOVUS ROBOTICS INC.

Consolidated Balance Sheets

(Unaudited)

As at December 31,	2023	2022
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ASSETS**Current assets**

Cash	\$ 1,700,891	\$ 933,854
Amounts receivable, net	1,942,934	176,162
Inventory	1,024,286	1,334,322
Sales tax recoverable	103,981	19,467
Security deposits	9,976	9,742
Prepaid expense	27,577	3,011
Total current assets	4,809,645	2,476,558

Fixed assets

Fixed assets, net of depreciation	299,026	418,600
Total assets	\$ 5,108,671	\$ 2,895,158

LIABILITIES**Current liabilities**

Accounts payable and accrued expenses	\$ 606,055	\$ 231,603
Sales tax payable	-	-
Customer deposits	2,708,418	1,384,129
Warranty provision	20,887	23,521
Current portion of lease liabilities	130,833	115,033
Total current liabilities	3,466,193	1,754,286

Long term liabilities

Deferred income taxes	2,834	3,646
Long term portion of lease liabilities	82,072	207,906
Total liabilities	3,551,099	1,965,838

COMMITMENTS AND CONTINGENCIES - Note 8

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STOCKHOLDERS' EQUITY

Preferred Stock

50,000,000 shares authorized with a par value of \$0.001;

Series A - 100 designated, none outstanding

Series B - 49,999,900 designated, 1,000,000 issued and outstanding (December 31, 2022 - 1,000,000)	1,000	1,000
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Common Stock

500,000,000 shares authorized with a par value of \$0.001, 34,296,641 issued and outstanding

(December 31, 2022 - 34,296,641 common shares)	34,296	34,296
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Accumulated other comprehensive loss	(617,492)	(799,352)
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Retained earnings	2,139,768	1,693,376
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Total stockholders' equity	1,557,572	929,320
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Total liabilities and stockholders' equity	\$ 5,108,671	\$ 2,895,158
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The accompanying notes are an integral part of these consolidated financial statements

NOVUS ROBOTICS INC.**Consolidated Statements of Earnings and Comprehensive Income**
(Unaudited)

For the Year Ended December 31,	2023	2022
Revenue	\$ 3,482,990	\$ 2,269,265
Cost of sales	2,070,614	1,093,434
Gross Profit	1,412,376	1,175,831
Expenses		
Compensation	380,561	483,309
Occupancy costs	107,388	103,316
Travel	32,155	56,964
Professional fees	211,913	192,512
Communication	11,617	9,526
Office and general	170,066	74,875
Total operating expenses	913,700	920,503
Earnings before other income	498,676	255,328
Other income		
Foreign exchange gain	78,065	54,057
Earnings before income taxes	576,741	309,385
Provision for income taxes	130,349	61,556
Net earnings	446,392	247,829
Other comprehensive income (loss)		
Foreign exchange adjustment	181,860	(17,963)
Comprehensive income	\$ 628,252	\$ 229,866
Basic earnings per share	\$ 0.01	\$ 0.01
Diluted earnings per share	\$ 0.01	\$ 0.01
Weighted average number of shares outstanding - basic	34,296,641	34,296,641
Weighted average number of shares outstanding - diluted	34,296,641	34,296,641

The accompanying notes are an integral part of these consolidated financial statements

NOVUS ROBOTICS INC.

Consolidated Statements of Cash Flows

(Unaudited)

For The Year Ended December 31,	2023	2022
Cash flow from operating activities		
Net earnings	\$ 446,392	\$ 247,829
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation of fixed and right of use assets	134,382	63,883
	580,774	311,712
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	(1,766,772)	(138,545)
Decrease (increase) in inventory	310,036	(483,663)
Decrease (increase) in prepaid expenses	(24,566)	50,648
Decrease (increase) in security deposits	(234)	666
Increase (decrease) in accounts payable and accrued expense	374,452	(80,126)
Increase (decrease) in customer deposits	1,324,289	555,291
Increase (decrease) in warranty payable	(2,634)	4,717
Increase (decrease) in taxes recoverable/payable	(84,514)	(3,575)
Increase (decrease) in operating lease liability	(110,034)	(18,506)
Net cash provided by operating activities	600,797	198,619
Cash Flow from investing activity		
Purchase of fixed assets	(7,480)	15,885
Net cash used in investing activity	(7,480)	15,885
Cash Flow from financing activity		
Capital lease liability, net of repayment	-	565
Net cash used in financing activity	-	565
Effect of foreign exchange rate on changes in cash	\$ 173,720	(92,432)
Change in cash	767,037	122,637
Cash, beginning of year	933,854	811,217
Cash, end of year	\$ 1,700,891	\$ 933,854
Supplemental Disclosure of cash flow information		
Cash paid for during the year:		
Interest	\$ 7	\$ 553
Taxes paid	\$ 130,349	\$ 61,556

The accompanying notes are an integral part of these consolidated financial statements

NOVUS ROBOTICS INC.

Consolidated Statements of Stockholders' Equity

For the Year Ended December 31, 2023

(Unaudited)

	Preferred Stock Series A		Preferred Stock Series B		Common Stock		Retained	Accumulated Other	
	Shares	Amount	Shares	Amount	Shares	Amount	Earnings	Comprehensive	Total
								Income (Loss)	
Balance, December 31, 2021	-	\$ -	1,000,000	1,000	34,296,641	34,296	1,445,547	(781,389)	689,454
Effect of foreign exchange rates	-	\$ -	-	-	-	-	-	72,610	72,610
Net earnings	-	\$ -	-	-	-	-	15,242	-	15,242
Balance, December 31, 2022	-	\$ -	1,000,000	1,000	34,296,641	34,296	1,693,376	(799,352)	929,320
Effect of foreign exchange rates	-	\$ -	-	-	-	-	-	181,860	181,860
Net earnings	-	\$ -	-	-	-	-	446,392	-	446,392
Balance, December 31, 2023	-	\$ -	1,000,000	1,000	34,296,641	34,296	2,139,768	(617,492)	1,557,572

The accompanying notes are an integral part of these consolidated financial statements

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1. Basis of Presentation and Continuance

Novus Robotics Inc. (“Novus” or “the Company”), formerly known as Ecoland International Inc. (“Ecoland”), a Nevada corporation, was incorporated on June 24, 2005, under the name Guano Distributors, Inc. for the purpose of selling Dry-Bar Cave bat guano. On June 28, 2006, the articles of incorporation were amended to change its name to Ecoland. On March 13, 2012, the articles of incorporation were amended to change the Company’s name to Novus. The Company carries on business in one segment being the engineering, design, and the manufacturing of automated tube processing solutions for the automotive industry.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These consolidated financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States and are expressed in US dollars. The functional currency of Novus is the Canadian Dollar.

The consolidated financial information furnished herein reflects all adjustments, which, in the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results in accordance with General Accepted Accounting Principles in the United States (“U.S. GAAP”), have been included and properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below. The consolidated financial information should be read in conjunction with the Company’s latest annual report on Form 10-K.

Principles of Consolidation

The Consolidated Financial Statements include the accounts and operations of Novus and its wholly owned subsidiaries D&R Technologies Inc. and D&R Tooling Inc. All inter-company accounts and transactions have been eliminated on consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Financial statement items subject to significant judgment include expense accruals, as well as income taxes and loss contingencies. Actual results could differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets’ carrying values and impairment charges

Assets, including property and equipment and inventory, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount exceeds their recoverable amounts. In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Warranty provision

In assessing the warranty provision, management makes estimates related to expectations of future repair cost needed to service new seat frame sales under its two-year warranty terms to December 31, 2021. As of January 1, 2022, the warranty has been changed to a one-year term for subsequent new seat frame sales. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Long-lived Assets

In accordance with the Financial Accounting Standards Board ("FASB") ASC No. 360, "Property, Plant and Equipment" the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

Regulatory Matters

The Company is subject to a variety of federal, provincial, and state regulations governing land use, health, safety and environmental matters. The Company's management believes it has been in substantial compliance with all such regulations.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with maturities of three months or less at the time of issuance to be cash equivalents. On December 31, 2023, the Company had no cash equivalents. The Company maintains its cash in bank deposit accounts which may exceed federally insured limits. As of December 31, 2023, the Company's accounts are insured for \$100,000 CDN by Canadian Deposit Insurance Corporation for Canadian bank deposits and are insured for \$250,000 by FDIC for US bank deposits.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Allowance for Doubtful Accounts

The Company extends credit to customers in the normal course of business. The allowance for doubtful accounts represents the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on specific customer information, historical write-off experience and current industry and economic data. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. Management believes that there are no concentrations of credit risk for which an allowance has not been established. Although management believes that the allowance is adequate, it is possible that the estimated amount of cash collections with respect to accounts receivable could change. As of December 31, 2023, the Company has not deemed any accounts uncollectible.

Inventory

Inventory is stated at the lower of cost or market using the first-in, first-out ("FIFO") method. Cost of work in progress and finished goods includes raw materials, direct labor, and indirect manufacturing costs. The Company's inventory balance at December 31, 2023 and December 31, 2022 was comprised of work-in-progress. This policy requires D&R to make estimates regarding the market value of our inventory, including an assessment of excess or obsolete inventory. The Company determines excess and obsolete inventory based on an estimate of the future demand and estimated selling prices for its products.

Fixed Assets

Fixed assets are stated at cost. Depreciation is recorded on a straight line basis reflective of the useful lives of the assets. Expenditures for maintenance and repairs are charged to operations when incurred, while additions and betterments are capitalized. When assets are retired or disposed, the asset's original cost and related accumulated depreciation are eliminated from accounts and any gain or loss is reflected in income.

	Estimated Useful Life
Office equipment	5 years
Computer equipment	5 years
Delivery trucks	5 years
Shop and Machinery equipment	5 to 10 years

Foreign Currency Translation

Gains and losses arising upon settlement of foreign currency denominated transactions or balances are included in the determination of income. The Company's functional currency is the Canadian dollar. Transactions in foreign currency are translated into Canadian dollars then translated into U.S. dollars for reporting in accordance with the ASC 830-30 as follows:

- For assets and liabilities, the exchange rate at the balance sheet date shall be used.
- For revenues, expenses, gains, and losses, the exchange rate at the dates on which those elements are recognized shall be used.

Translation adjustments are included in the accumulated other comprehensive income (loss), a separate component of shareholders' equity.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

The carrying values of the Company's financial instruments, which comprise cash, accounts receivable, accounts payable, payroll liabilities, loan payable, taxes payable and due to officers/shareholders, approximate their fair values due to the immediate or short-term maturity of these instruments. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Fair Value Measurements

The authoritative guidance for fair values establishes a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted ASC 740, "Accounting for Income Taxes," as of its inception. Pursuant to ASC 740, the Company is required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will be able to utilize the net operating losses carried forward in future years. The Company had no loss carry forwards at the December 31, 2023, period end.

Recorded in other (income) and expenses are monies recovered relating to non-refundable, federal government Scientific Research & Experimental Development ("SR&ED") tax credits. Due to the uncertain nature of these expenditures, the Company does not record any amount until such time as the deduction is approved by Canadian provincial and federal governments. No SRED credits had been applied for in the current fiscal year or remained uncollected at December 31, 2023.

Advertising Costs

Advertising costs are expensed as incurred. No advertising costs have been incurred by the Company to date.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, "Revenue from Contracts with Customers" ("ASC 606"). In accordance with ASC 606, Novus applies the following methodology to recognize revenue:

- i. Identify the contract with a customer.
- ii. Identify the performance obligations in the contract.
- iii. Determine the transaction price.
- iv. Allocate the transaction price to the performance obligations in the contract.
- v. Recognize revenue when (or as) the entity satisfies a performance obligation.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition - continued

Accordingly, the Company recognizes specific components of revenue as described below:

1. **Seat Frames and tooling** – Performance obligation to deliver system. Recognition of revenue at a point in time, given recognition over time criteria not met pursuant to 606-10-25-24. Final transfer of control passed to customer upon installation, training, and final acceptance. Progress invoicing to the customer is recorded as deferred revenue. When the projects are installed and accepted by the customer the final invoice is issued and all deferred revenue is recognized along with the related work in process costs for the project. Systems generally take 20-28 weeks to design, manufacture, assemble, and then ship to our various customers. As of December 31, 2023, and December 31, 2022, customer deposits were \$2,708,418 and \$1,384,129, respectively.
2. **Spare parts** – Performance obligation to deliver “x” parts. recognized over time, as products are made/shipped. Typically, there is not a large volume of parts (recently), thus contract price allocated to performance obligations (ratable parts) as shipped.
3. **Service** – “Right to invoice” practical expedient pursuant to 606-10-55-18, billed at hourly rates plus parts.

D&R provides standard warranties for its product from the date of shipment. Estimated warranty obligations are recorded at the time of sale. Estimated warranty obligations are recorded at the time of sale and amortized over the two-year warranty period. As of January 1, 2022, the warranty term has been changed to a one-year warranty for subsequent new seat frame sales. As of December 31, 2023, and December 31, 2022, warranty liability was \$20,887 and \$23,521, respectively.

Earnings per Common Share

Net income per share is provided in accordance with ASC 260-10, “Earnings per Share”. We present basic income per share (“EPS”) and diluted EPS the face of the statement of operations. Basic EPS is computed by dividing reported net income (loss) applicable to common shareholders by the weighted average number of common shares outstanding during the period. Except where the result would be anti-diluted to income from continuing operations, diluted earnings per share would be computed assuming the conversion of the convertible long-term debt and the elimination of the related interest expense, and the exercise of stock warrants. Income per common share has been computed using the weighted average number of common shares outstanding during the year. No dilutive instruments were outstanding as of December 31, 2023, and December 31, 2022.

Comprehensive Income

The Company has adopted ASC 220, "Comprehensive Income," which establishes standards for reporting and the display of comprehensive income, its components and accumulated balances. Comprehensive income (loss) is defined to include all changes in equity except those resulting from investments by owners or distributions to owners. Among other disclosures, ASC 220 requires that all items that are required to be recognized under the current accounting standards as a component of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income (loss) is displayed in the balance sheet as a component of shareholders' equity.

Government assistance

The Company makes periodic applications for financial assistance under government incentive programs. Government assistance received for current expenses is included in the determination of net earnings (loss) in the year received.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Leases

The Company applies Accounting Standards Updated (“ASU”) No. 2016-02, Leases (Topic 842) (“ASU 2016-02” or “ASC 842”) to account for its leases. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and current and non-current lease liabilities, as applicable.

Operating lease liabilities and their corresponding right-of-use assets are initially recorded based on the present value of lease payments over the expected remaining lease term. Certain adjustments to the right-of-use asset may be required for items such as incentives received. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rate to discount lease payments, which reflects the fixed rate at which the Company could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. The Company adjusts the right-of-use assets for straight-line rent expense, or any incentives received and remeasure the lease liability at the net present value using the same incremental borrowing rate that was in effect as of the lease commencement date. The Company typically only includes an initial lease term in its assessment of a lease arrangement. When Novus has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

Assumptions made by the Company at the commencement date are re-evaluated upon occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right of use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right of use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

Recent Accounting Pronouncements

The Company evaluated the following recent accounting updates and are evaluating the potential impact upon adoption:

- ASU 2023-02 related to investments – equity method and joint ventures

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(Unaudited)

3. FIXED ASSETS

Fixed assets are comprised of the following:

	December 31, 2023	December 31, 2022
Office equipment	\$ 8,797	\$ 8,590
Computer equipment	304,357	289,907
Delivery trucks	20,791	20,303
Shop and machinery equipment	470,667	459,616
Right-of-use asset	375,956	367,129
Accumulated depreciation	(881,542)	(726,946)
Total fixed assets	\$ 299,026	\$ 418,600

Depreciation expense for the year ended December 31, 2023, was \$11,564 (2022- \$10,812). Right-of-use asset depreciation expense relating to the office lease for the year ended December 31, 2023, was \$122,818 (2022 - \$53,071), included in occupancy costs.

4. LEASE LIABILITIES

The Company leases premises totaling 18,000 square feet with monthly lease payments of \$10,627 in year one, \$11,386 in year two, and \$12,145 in year three plus HST and property tax to the lease expiration date on July 31, 2025. The Company has adopted ASC 842 – Lease Accounting which requires previously categorized operating leases to be recorded in the balance sheet at the inception of the lease effective August 1, 2022. Novus has reflected these remaining lease payments as a liability on the balance sheet accordingly. Right-of-use assets related to leased properties that do not meet the definition of an investment property are presented as property and equipment (see note 3). The following is a reconciliation of the changes in the lease liabilities:

	December 31, 2023	December 31, 2022
Beginning lease liabilities	\$ 322,940	\$ 373,374
Accrued interest on lease liabilities	15,138	8,445
Lease payments during the year	(132,937)	(58,878)
Effect of foreign exchange rates	7,764	-
Ending lease liabilities	212,905	322,941
Current	130,833	115,033
Non-current	82,072	207,908
Total lease liabilities	\$ 212,905	\$ 322,941

5. COMMON AND PREFERRED STOCK

Each share of Series A Preferred Stock is convertible on a one-for-one basis into common stock, has all of the voting rights that the holders of the common shares and has the ability to elect three directors.

The Series B Preferred Stock ('Series B') has voting rights whose holders must vote together with the common stock. Each Series B share has the same number of votes equal to 5,000 common shares and in the event of a stock split, share dividend or otherwise for the common shares will retain this voting proportion.

6. INCOME TAXES

The Company's primary area of operations is Canada where the statutory Federal corporate income tax rate is 26.5% (2022 – 26.5%). The following table is a reconciliation between the effective tax rate from continuing operations and the Canadian statutory tax rate.

	2023	2022
Income tax expense at federal statutory rate	\$ 131,161	\$ 72,260
Permanent differences and other	(812)	(10,704)
Change in valuation allowance	-	-
Other adjustments	-	-
Income tax expense	\$ 130,349	\$ 61,556

The nature and tax effect of the temporary differences giving rise to deferred income tax assets are summarized as follows:

	2023	2022
Deferred tax liability - fixed assets	\$ 2,834	\$ 3,646

Deferred income tax assets and liabilities reflect the Company's net effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Company applies the provisions of the ASC 740 "Income Taxes". ASC 740-10 prescribes a recognition threshold and a measurement attributed for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No interest and penalties were incurred for the year ended December 31, 2023 or 2022.

The parent entity (Novus) has not filed its US returns since December 31, 2011 and all open tax years are still subject to IRS examination. The Canadian subsidiaries are generally open to Canada Revenue Agency ("CRA") examination for a time frame equal to three years from the date of assessment. Currently, tax years ending January 31, 2019 to January 31, 2023 are subject to Canadian government review.

7. RELATED PARTY TRANSACTION

Novus paid to a company owned by the President consulting fees for the year ended December 31, 2023, in the amount of \$191,919 (2022 - \$176,362). The consulting fees were agreed upon after discussion between Novus and Mr. Paolucci.

8. OTHER COMMITMENTS AND CONTINGENCIES

D&R Technology failed to comply with Section 5 of the Securities Act of 1933 regarding registration of its common shares issued to shareholders of D Mecatronics in connection with its spin-off of D&R Technology in 2011. In management's opinion, any legal liability with this failure to comply has been deemed remote.

All events were evaluated from period end through date of filing, noting nothing is required for disclosure.