novra
TECHNOLOGIES INC.

MANAGEMENT’S DISCUSSION & ANALYSIS

Three Months Ended March 31, 2017

(Expressed in Canadian dollars)

The following Management's Discussion and Analysis ("MD&A") of Novra Technologies Inc. ("Novra") should be read in conjunction with the unaudited interim Condensed Consolidated Financial Statements for the three months ended March 31, 2017, and related notes included therein. These unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and therefore these should be read in conjunction with Novra's annual 2016 Audited Financial Statements.

All information in this MD&A is presented in Canadian dollars, unless otherwise indicated. Tabular dollars are in thousands, except per share amounts. Amounts in tables may not reconcile due to rounding differences.

Throughout this MD&A, "we", "us", "our", "Novra", and "Company" refer to Novra Technologies Inc. and its subsidiaries.

This MD&A is dated as of May 30, 2017, and is current to this date. This MD&A and the unaudited interim Condensed Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors.

Financial statements, MD&A and other information relating to Novra are available on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities laws, concerning but not limited to: our outlook, the proposed acquisitions of Wegener Corporation and Westport Research & Associates, anticipated developments in our operations in future periods, the adequacy of Novra's financial resources and other events and conditions that may occur in the future. Forward-looking statements are generally identifiable by words such as "expects", "anticipates", "believes", "intends", "estimates", "predicts", "potential", "targeted", "plans" "possible", and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. As such, forward-looking statements are not historical facts but reflect our current assumptions and expectations regarding future events. These are subject to a number of risk and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions. Some of these risks and uncertainties are described herein under the "Risks and Uncertainties" section of this MD&A.

For the above reasons, readers are cautioned not to place undue reliance on forward-looking statements.

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BUSINESS OVERVIEW

Novra Technologies Inc. (headquartered in Winnipeg, Canada) is a public company on the TSX Venture Exchange ("TSX-V"). Novra trades under the stock symbol "NVI" and is a Class 1 reporting issuer. We have been in the satellite data distribution business since 2000. In 2016, we significantly expanded our product portfolio and global footprint with the acquisition of International Datacasting Corporation ("IDC"), a long-time leader in the same sector (based in Ottawa, Canada). The companies joined together to form the Novra group of companies ("Novra Group").

Novra Group is an international technology provider of products, systems, and services for the distribution of multimedia broadband content. Our applications focus includes: broadcast video and radio, digital cinema, digital signage, and high-speed data applications. We offer a comprehensive product portfolio including hardware, software, and services. In addition to our core video, radio, and data products, areas of expertise and added value include: encryption and cybersecurity, next-generation hybrid networks (satellite/terrestrial/cloud), and efficient bandwidth utilization.

See our corporate website at www.novragroup.com for further details.

OVERALL PERFORMANCE

Q1 2017 vs. Q1 2016:

- Total revenue of $2.4 million, an increase of 666%
- Gross profit at $1.1 million was 46.7% of total revenue, compared to $90 thousand or 28.5%
- Operating expenses were $953 thousand, compared to $232 thousand
- Adjusted EBITDA of $274 thousand, compared to Adjusted EBITDA of $(141) thousand (this is a non-IFRS financial measure - refer to "Discussion of Operations" section below for further details)
- Operating cash flows were $2.4 million, compared to $53 thousand
- Working capital was $1.0 million, a 16% decrease since December 31, 2016

The significant variation in the above financial highlights is primarily due to the acquisition of IDC during the second quarter of 2016.

RECENT DEVELOPMENTS

- In March 2017, we announced a cybersecurity partnership agreement with DataPath Inc. Through this partnership, we now offer professional cybersecurity consulting to our global customers to enhance their cyber security risk management including threat detection, incident response, and regulatory compliance, as well as network vulnerability scanning plus meditation, and 24/7 live monitoring from DataPath's cyber security operations center.

- In April 2017, at the National Association of Broadcasters (NAB) 2017 Show, we announced the launch of our new MISTIQ audio platform – a hybrid satellite/terrestrial/cloud distribution for professional audio networks. Further, we announced our next generation for our well-known IPE 4000 IP Encapsultor, as well as our upcoming S400 DVB-S2 receiver to be available later in 2017.

DISCUSSION OF OPERATIONS

The following table sets selected information from our Condensed Consolidated Financial Statements, including a reconciliation of IFRS to non-IFRS measures, for the periods indicated:

(in thousands)	Three Months Ended March 31,		
	2017	2016	% Chg
Revenue			
Products	**$ 2,172**	$ 303	617%
Services	**250**	13	NM
Total revenue	**2,422**	316	666%
Gross profit	**1,130**	90	NM
Gross margin	***46.7%***	*28.5%*	
Operating expenses	**953**	232	311%
Operating income (loss)	**177**	(142)	NM
Other income (expenses)	**65**	(165)	NM
Net income (loss) as reported under IFRS	**242**	(307)	NM
Adjustments:			
Finance income	**(1)**	(1)	0%
Finance costs	**48**	35	37%
Depreciation and amortization	**96**	1	NM
EBITDA - non-IFRS measure	**385**	(272)	NM
Loss (gain) on foreign exchange	**(5)**	64	NM
Loss on disposal of equipment	**-**	12	-100%
Loss (gain) on Wegener options	**(106)**	55	NM
Adjusted EBITDA - non-IFRS measure	**$ 274**	$ (141)	NM

NM - Not meaningful

Revenue and Gross Margin

Total revenue increased by 666% or $2.1 million mainly due to the merger with IDC during the second quarter of 2016. Products revenue benefited primarily from the large radio broadcast network project awarded in August 2016 as well as the large encryption system order from a U.S. defense contractor awarded in November 2016. We expect to complete performance on both large contracts by June 30, 2017. The increase in services revenue is driven by IDC's customer support contracts.

Our revenue is generally concentrated on a few customers from quarter to quarter. Our top 10 customers accounted for 85% of total revenue for Q1 2017, with the three largest accounting for 33%, 18% and 11%, respectively, or $1.5 million in aggregate. For Q1 2016, our top 10 customers accounted for 88% of total revenue, with the largest accounting for 45% or $142 thousand in aggregate. No other customers accounted for more than 10% of total revenue.

While our revenue may be concentrated on a few customers quarterly, with approximately 2,000 customers in over 100 countries, including over 200,000 installations since inception, we have a well-established customer base to provide diversification in our revenue base. The following table summarizes the geographic distribution of our revenues for the quarter:

	March 31, 2017		**% of Total**	March 31, 2016		% of Total
Americas ex-Canada	**$**	**929**	**38%**	$	223	71%
Canada		**868**	**36%**		41	13%
EMEA		**421**	**17%**		6	2%
APAC		**204**	**8%**		46	15%
	$	**2,422**	**100%**	$	316	100%

The change in geographic distribution was driven mainly by the acquisition of IDC with its diverse global customer base.

Gross margin was 46.7% for the current quarter, an 18.2 percentage points improvement. The improvement in gross margin was mainly due to no low-margin sales to Wegener in Q1 2017; whereas we had significant low-margin sales of inventory supplies to Wegener in Q1 2016.

Operating Expenses ("OPEX")

(in thousands)	**Three Months Ended March 31,**				
	2017		2016		% Chg
General and administrative	**$**	**164**	$	63	160%
Sales and marketing		**331**		35	846%
Research and development, net		**458**		134	242%
Total operating expenses	**$**	**953**	$	232	311%

Total OPEX increased by 311% during Q1 2017 over the comparable quarter in 2016 primarily due to the increase in personnel, depreciation and occupancy costs relating to the merger with IDC, which closed in the second quarter of 2016.

General and administrative ("G&A") expenses consist primarily of compensation paid to the corporate, IT, and finance staff as well as professional fees, and public company related costs.

Our Sales and Marketing ("S&M") costs include compensation, including sales commissions, paid to our sales team, as well as tradeshow, promotion and travel and entertainment costs. Q1 2017 included a significant accrual for earned sales commission as a result of achieving the minimum sales quota during the quarter for revenues generated from June 15, 2016 to March 31, 2016.

Research and Development (R&D) costs will continue to be a significant component of our total operating expenses as we continue to develop innovative products and solutions to remain competitive in our industry. R&D costs include primarily compensation paid to engineering personnel and prototype costs. R&D costs are expensed as incurred; we do not capitalize development costs. These R&D costs may also be partially subsidized by Federal and Provincial investment tax credits if qualified as scientific research and experimental development ("SR&ED"). We did not accrue any investment tax credits during Q1 2017 and 2016.

Foreign Exchange Gain (Loss)

For Q1 2017, we had foreign exchange gain of $5 thousand, compared to a loss of $64 thousand in Q1 2016, primarily due to strengthening of the USD. As previously disclosed in our 2016 MD&A, while we do not have a formal currency hedging program, we do actively manage our foreign currency risk and may also enter speculative currency positions based on management's best judgement. At March 31, 2017, we had an outstanding forward foreign exchange contact to sell 89 thousand Euro for CAD, maturing on April 28, 2017, to partially hedge our Euro exposure. Its fair value at March 31, 2017 was insignificant.

At March 31, 2017, the foreign currency denominated assets and liabilities, subject to remeasurement, are as follows:

(in thousands)	USD	Euro
Assets	$ 1,778	€ 204
Liabilities	(720)	(33)
Net assets before forward contract	$ 1,058	€ 171
Forward contract	-	(89)
Net assets - unhedged	$ 1,058	€ 82
Impact on Novra's earnings if 5% change in foreign exchange rates	**$ 53**	**$ 4**

Finance Costs

Finance costs increased by 37% for Q1 2017 over the comparable prior period mainly due to an increase in borrowings during 2016 to fund Novra's working capital and purchase of IDC. As we have fully repaid the RBC Credit Facilities during Q1 2017, we expect the finance cost to be lower next quarter relative to the current quarter. Refer to "Liquidity" section below for further details on the current RBC Credit Facilities.

Depreciation and Amortization

The significant increase in depreciation and amortization costs in Q1 2017 over the comparable prior period was mainly due to the acquisition of IDC. We acquired $143 thousand of equipment and $940 thousand of intangible assets. These assets are being depreciated over their respective useful lives.

Tax Expense

While we earned a taxable income for Q1 2017, we have no corporate income tax expense for the quarter due to the availability of non-capital loss carry forwards.

Loss (Gain) on Wegener Options

For Q1 2017, we had $106 thousand unrealized gain on the 15 million Wegener stock options, compared to $55 thousand unrealized loss in Q1 2016. This variance is driven by the fair value remeasurement at each reporting period, which is significantly influenced by the underlying stock price of Wegener.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures. EBITDA is defined as earnings before income tax expense, net financing costs, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for foreign exchange gain or loss, acquisition-related costs, gain or loss on Wegener options, share-based compensation, restructuring charges, material write-down of inventories, and any other material impairment charges.

Management believes that EBITDA and Adjusted EBITDA provide important financial measures of Novra's operating performance because they allow management, investors, and other stakeholders to evaluate and compare Novra's core operating results from period to period by removing the impact of its capital structure (interest expense), asset base (depreciation and amortization), and tax consequences. Because EBITDA and Adjusted EBITDA do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-IFRS measures differently, and therefore our EBITDA and Adjusted EBITDA may not be comparable to similar titled measures of other companies. Accordingly, *readers are cautioned to not place undue reliance on these financial measures and encouraged to read all IFRS accounting disclosures presented in the audited Consolidated Financial Statements.*

Adjusted EBITDA for Q1 2017 was $274 thousand, compared to $(141) thousand in Q1 2016. This significant improvement was primarily driven by higher revenues at higher margins, partially offset by an increase in OPEX.

Outlook

Our outlook has not changed materially since the outlook provided in our 2016 MD&A, as filed on May 1, 2017 on SEDAR (www.sedar.com).

SELECTED QUARTERLY FINANCIAL INFORMATION

(dollars in thousands, except per share data)

The following table sets out selected financial information for our current and eight most recently completed quarters.

	Mar 31 2017	Dec 31 2016	Sep 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015	Sep 30 2015	Jun 30 2015	Mar 31 2015
Revenue	**$ 2,422**	$ 3,056	$ 1,170	$ 501	$ 316	$ 679	$ 663	$ 258	$ 1,112
Gross profit	**1,130**	1,350	463	268	90	73	263	54	550
Operating expenses	**953**	979	1,056	476	232	146	208	188	249
Foreign exchange gain (loss)	**5**	24	8	4	(64)	23	71	(20)	176
Adjusted EBITDA income (loss)	**274**	464	(465)	(87)	(141)	(71)	62	(132)	309
Net income (loss) as reported under IFRS	**242**	344	(656)	(177)	(307)	(23)	(78)	(158)	620
Earnings (loss) per share - basic and diluted	**$ 0.008**	$ 0.012	$ (0.023)	$ (0.008)	$ (0.014)	$ (0.001)	$ (0.004)	$ (0.007)	$ 0.028
Weighted average shares outstanding	**29,079**	29,077	29,077	23,564	22,388	22,388	22,388	22,388	22,388

We occasionally receive large orders from customers and partners which can provide revenue visibility for future quarters. Except for the last two quarters, the majority of Novra's quarterly revenues are generated from orders received in the quarter rather than from order backlog going into the quarter. As a result, Novra's revenue, profitability and cash flows are difficult to predict and may fluctuate significantly from quarter to quarter.

We expect continued significant volatility in revenue from quarter to quarter due to particular timing of orders from existing customers, continued economic instability in certain geographic regions and significant unpredictability in the length of sales cycles with new and existing customers in the sales pipeline. The result of limited order visibility is that revenue and, accordingly, profitability and cash flows, will be difficult to predict and will fluctuate.

LIQUIDITY

Quick Ratio

Our principal liquidity requirements are for working capital, capital expenditures and for pending acquisitions as previously announced. Management measures liquidity based on Novra's unrestricted cash and accounts receivable. The following table shows our total liquid assets at the following reporting periods.

	March 31, 2017	December 31, 2016
Cash	**$ 1,519**	$ 1,265
Accounts receivable	**1,337**	2,804
Total liquid assets	**$ 2,856**	$ 4,069
Quick ratio [(1)]	**2.37:1**	1.07:1

(1) Total liquid assets over total current liabilities, excluding amounts due to related parties and deferred revenue

The quick ratio as defined above is a non-IFRS financial measure. We believe this an important financial metric to investors and other stakeholders to assess Novra's ability to meet its third party short-term obligations with its most liquid assets. The related parties have expressed no intent to call on their debt in the near term until such time that Novra is in a stronger capital position. We also excluded deferred revenue in the quick ratio calculation as it does not represent a contractual financial obligation i.e. it is a liability that will reverse once revenue recognition has been met.

Our cash position increased to $1.5 million at March 31, 2017 from $1.3 million at December 31, 2016, and our quick ratio at March 31, 2017 (as defined above), significantly improved to 2.37:1 or $2.37 of liquid assets available to cover each $1.00 of third party current liabilities. Our liquid assets improved during the current quarter mainly due to strong collections, partially offset by full repayment of borrowings under the RBC Credit Facilities and partial repayment under the IMT unsecured promissory note as well as certain payables.

The following is a summary of cash flows by activities for Q1 2017 vs. Q1 2016.

Operating activities

We had positive cash flows from operating activities of $2.4 million for Q1 2017, compared to $53 thousand for Q1 2016. The significant improvement in cash flows from operating activities in the current quarter were mainly driven by strong collections from the Q4 2016 shipments as well as from certain Q1 2017 shipments. At March 31, 2017, our accounts receivable decreased by $1.5 million to $1.4 million from $2.8 million at December 31, 2016.

Investing activities

We had no cash flows driven by investing activities during Q1 2017 and 2016.

Financing activities

We had negative $2.2 million net cash from financing activities in the current quarter, compared to positive cash of $471 thousand in Q1 2016. This variance is driven mainly by using excess cash to fully repay the borrowings under the RBC Credit Facilities and partial repayment on the IMT unsecured promissory note.

As of the date of this MD&A, we continue to have access to the following RBC Credit Facilities:

	Currency	Borrowing Limit	Availability Based On	Outstanding Amounts	Remaining Borrowing Limit	Interest Rate	Maturity
Revolving Demand Facility (for general use)	CAD	$ 350	75% of Good Accounts Receivable in Canada and 50% of encumbered inventories up to $150	$ -	$ 350	Royal Bank Prime + 0.50%	None; Due on demand
Revolving Demand Facility (for pre-shipment financing)	CAD	$ 495	100% of eligible pre-shipment costs	$ -	$ 495	Royal Bank Prime + 0.75%	None; Due on demand

<u>Working Capital Ratio</u>

Novra's working capital ratio was as follows:

	March 31, 2017	December 31, 2016
Working Capital:		
Current assets	**$ 5,616**	$ 7,096
Current liabilities	**4,599**	5,891
Working capital	**$ 1,017**	$ 1,205
Working capital, excluding related party and deferred revenue balances	**$ 4,411**	$ 3,301
Working capital ratio(1)	**3.75:1**	1.87:1

(1) Total current assets over total current liabilities, excluding amounts due to related parties and deferred revenue

Working capital decreased to $1.0 million at March 31, 2017, from $1.2 million at December 31, 2016 mainly due to reclassifying $291 thousand and $212 thousand of IMT's convertible note and unsecured promissory notes, respectively, from noncurrent liabilities to current liabilities at March 31, 2017.

"Working capital, excluding related party and deferred revenue balances" and "Working capital ratio" as defined above are both non-IFRS financial measures. Management believes these are useful, relevant financial measures to investors and other stakeholders in order to assess the available working capital to fund Novra's day-to-day operations.

Excluding related party and deferred revenue balances, Novra's working capital increased to $4.4 million at March 31, 2017, from $3.3 million at December 31, 2016. Our working capital ratio (as defined above) further improved to 3.75:1 or $3.75 per $1.00 of current third party liabilities at March 31, 2017.

Contractual obligations and commitments

At March 31, 2017, Novra's contractual obligations and commitments were as follows:

Payment due:	Total	Within 1 year	1 to 3 years	3 to 5 years
Bank borrowings	$ -	$ -	$ -	$ -
Operating leases	**567**	285	282	-
Trade payables and other payables	**498**	498	-	-
Loan payable to Crocus (1)	**381**	105	276	-
Purchase commitments	**275**	105	151	19
Repayable government contribution	**64**	-	64	-
Total third party contractual obligations	**1,785**	993	773	19
Promissory notes from related party	**1,099**	744	228	127
Advances from related parties	**347**	347	-	-
Convertible note from related party	**292**	292	-	-
Total contractual obligations	**$ 3,523**	**$ 2,376**	**$ 1,001**	**$ 146**

(1) Crocus owns 3,666,660 common shares of Novra or 12.6% of total issued and outstanding common shares at March 31, 2017.

Based on the March 31, 2017 liquid assets and working capital (as defined above), we have sufficient liquid resources to fund all third party contractual obligations coming due within one year.

CAPITAL RESOURCES

Our key objectives and policies for managing capital are to maintain a strong capital base in order to:

- maintain investor, creditor and market confidence;
- advance Novra's corporate strategies to generate attractive risk-adjusted return over the long-term for our shareholders;
- sustain Novra's operations and growth through all cycles; and
- ensure compliance with the covenants of any applicable credit facility and other financing facilities.

At March 31, 2017, our total outstanding voting common shares were 29,087,515, an increase of 10,080 from December 31, 2016 as a result of exercise of warrants. Subsequent to March 31, 2017 and up to May 26, 2017, an additional 794,160 warrants have been exercised at $0.12 each.

Our capital resources were as follows:

	March 31, 2017	December 31, 2016
Bank borrowings (drawn)	**$ -**	$ 2,130
Promissory notes from related party	**1,099**	1,172
Convertible note from related party	**292**	285
Loan payable - Crocus	**381**	377
Repayable government contribution	**64**	64
Shareholders' equity	**1,049**	806
Total capital resources	**$ 2,885**	$ 4,834

The significant change in capital resources during 2017 was due to the following:

- Full repayment of bank borrowings during the quarter to manage efficiently our capital cost. As previously noted, we continue to have access to the RBC Credit Facilities.

- With the remaining excess cash, we partially repaid the IMT unsecured promissory note, including accrued interest.

- Shareholders' equity increased by $243 thousand mainly due to net earnings for the current quarter.

Based on Novra's current liquidity and capital resources, management believes Novra has sufficient capital resources to fund Novra's operations for the foreseeable future, including the contractual obligations and commitments as noted above.

OFF BALANCE SHEET ARRANGEMENTS

At March 31, 2017, we had no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

In addition to key management personnel compensation, we have material unsecured promissory notes and a convertible note with IMT as disclosed in the "Liquidity" and "Capital Resources" sections of this MD&A. Refer to Note 5 of the unaudited interim Condensed Consolidated Financial Statements for a complete disclosure of all related party transactions, including amounts due at March 31, 2017.

PROPOSED TRANSACTIONS

On September 16, 2013, we entered a strategic agreement with Wegener Corporation ("Wegener"), formerly a listed U.S. based communications technology company, in which we agreed to acquire Wegener subject to due diligence and restructuring. We are currently in active discussions to consummate a transaction during Q3 2017.

In February 2014, we also announced that we would acquire Westport Research and Associates ("Westport"), a U.S. private company. Since 2014, Westport has made some changes to its operational and ownership structure, positioning itself well for us to successfully negotiate an acceptable term sheet; once we have completed a transaction with Wegener.

ACCOUNTING MATTERS

Critical Accounting Estimates

The unaudited interim Condensed Consolidated Financial Statements include certain amounts that are inherently uncertain and judgmental in nature. As a result, management is required to make assumptions and best estimates in order to determine the reported values. We consider an accounting estimate to be critical if: (1) it requires that significant assumptions be made in order to deal with uncertainties; and (2) changes in the estimate could have a material impact on our results of operations, financial condition or liquidity.

We believe that the critical accounting policies and estimates disclosed in Novra's Audited Financial Statements and MD&A for the year ended December 31, 2016 continue to describe the significant estimates and judgments included in the preparation of the unaudited interim Condensed Consolidated Financial Statements for the current quarter. These are as follows:

- Revenue recognition
- Inventory obsolescence
- Fair value of Wegener options
- Impairment of non-financial assets
- Product warranty

Refer to Note 3 of the 2016 Consolidated Financial Statements for further details. We believe that the amounts included in these financial statements reflect management's best judgment. However, factors including, without limitation, those noted under "Risks and Uncertainties" below could cause actual events or results to differ materially from our underlying assumptions and estimates. Accordingly, this could lead to a material adverse impact on our results of operations, financial condition and/or liquidity.

Future Accounting Pronouncements

The IASB has recently issued the following accounting standards which are not yet effective:

- IFRS 15 – Revenue from Contracts with Customers;
- IFRS 9 – Financial Instruments;
- IFRS 16 – Leases; and
- IFRS 2 – Share Based payment.

We have not yet assessed the impact of adopting these new accounting standards on Novra's Condensed Consolidated Financial Statements. Refer to Note 3 of the Condensed Consolidated Financial Statements for further details on the above new accounting standards.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

There were no new financial instruments during the current quarter except for the forward foreign exchange contract as previously noted. Refer to Note 5 of the 2016 Consolidated Financial Statements for disclosure relating to Novra's financial instruments and financial risk management objectives and policies.

RISKS AND UNCERTAINTIES

Refer to our 2016 MD&A for a list of risks and uncertainties facing Novra. We are currently not aware of any new material risks and uncertainties.