



CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018
(Expressed in Canadian Dollars)

[Notice: These interim condensed consolidated financial statements have not been audited or reviewed by Novra's independent auditor.]

Table of Contents

Condensed Consolidated Statements of Financial Position	3
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) ..	4
Condensed Consolidated Statements of Changes in Shareholders' Equity.....	5
Condensed Consolidated Statements of Cash Flows	6

Notes to Consolidated Financial Statements:

Note 1 – General Information.....	7
Note 2 – Significant Accounting Policies.....	7
Note 3 – Accounting Pronouncement adopted in 2019	8
Note 4 – Related Party Transactions	11
Note 5 – Borrowings.....	12
Note 6 – Shareholders' Equity	13
Note 7 – Earnings (Loss) Per Share	14
Note 8 – Operating Expenditures.....	15
Note 9 – Finance Income and Finance Costs.....	16
Note 10 – Revenues	16
Note 11 – Segmented Information	18
Note 12– Supplemental Cash Flow & Other Disclosures	18
Note 13– Lease Liabilities	19
Note 14– Purchase Commitments	19

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Canadian dollars)

	NOTES	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Current Assets			
Cash		\$ 2,964,902	\$ 4,138,014
Restricted non-redeemable GIC's		200,000	200,000
Trade and other receivables		1,412,126	1,214,910
Inventories		2,013,064	2,170,203
Prepayments and other		413,104	386,976
Total Current Assets		7,003,196	8,110,103
Non-Current Assets			
Equipment		107,486	122,900
Right-of-use assets		2,809,000	-
Intangible assets	3	2,358,919	2,641,246
Total Non-Current Assets		5,275,405	2,764,146
TOTAL ASSETS		\$ 12,278,601	\$ 10,874,249
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables		\$ 254,657	\$ 563,406
Accrued liabilities		950,487	842,010
Borrowings	5	166,609	152,461
Lease liabilities	13	865,000	-
Customer deposits		1,300,247	1,339,049
Deferred revenue - current portion		1,218,754	1,264,403
Warranty provision		66,960	70,282
Advances from related parties	4(c)	781,812	709,400
Promissory notes from related party - current portion	4(d)	753,738	750,063
Total Current Liabilities		6,358,264	5,691,074
Non-Current Liabilities			
Borrowings	5	2,497,511	2,556,611
Lease liabilities	13	1,967,000	-
Deferred revenue		698,896	879,211
Promissory notes from related party	4(d)	203,526	227,324
Total Non-Current Liabilities		5,366,933	3,663,146
TOTAL LIABILITIES		11,725,197	9,354,220
Equity			
Share capital	6	7,366,989	7,366,989
Contributed surplus		485,613	482,536
Accumulated other comprehensive loss		(236,796)	(110,865)
Accumulated deficit		(6,743,325)	(6,041,434)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF NOVRA		872,481	1,697,226
Non-Controlling Interests		(319,077)	(177,197)
TOTAL EQUITY		553,404	1,520,029
TOTAL LIABILITIES AND EQUITY		\$ 12,278,601	\$ 10,874,249

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(Canadian dollars, except share data)

	NOTES	Three Months Ended March 31,	
		2019	2018
REVENUE	10,11	\$ 2,500,234	\$ 2,071,860
COST OF REVENUE		1,591,341	1,192,189
GROSS PROFIT		908,893	879,671
OPERATING EXPENSES			
General and administrative	8	362,663	480,673
Sales and marketing		339,812	312,892
Research and development, net		901,040	905,501
Total operating expenses		1,603,515	1,699,066
OPERATING INCOME (LOSS)		(694,622)	(819,395)
Other Income (Expenses)			
Foreign exchange gain (loss)		(85,817)	108,826
Loss on disposal of equipment		-	-
Finance income		172	637
Finance costs	9	(63,504)	(53,312)
INCOME (LOSS) BEFORE INCOME TAXES		(843,771)	(763,244)
Income tax recovery (expense)		-	-
NET INCOME (LOSS)		\$ (843,771)	\$ (763,244)
OTHER COMPREHENSIVE LOSS, NET OF TAXES			
Foreign Currency Translation Adjustments on Wegener Consolidation		(125,932)	(44,281)
Total other comprehensive loss, net of taxes		(125,932)	(44,281)
COMPREHENSIVE INCOME (LOSS)		\$ (969,703)	\$ (807,525)
EARNINGS (LOSS) PER SHARE:			
Basic	7	\$ (0.03)	\$ (0.02)
Diluted		\$ (0.03)	\$ (0.02)
Weighted average number of shares outstanding - basic		33,360,279	33,336,134
Weighted average number of shares outstanding - diluted		33,360,279	33,336,134
NET INCOME (LOSS) ATTRIBUTABLE TO :			
Shareholders of Novra		\$ (701,891)	\$ (389,270)
Attributable to non-controlling interest		\$ (141,880)	\$ (281,781)
		(843,771)	(763,244)
COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:			
Shareholders of Novra		\$ (827,823)	\$ (412,119)
Attributable to non-controlling interest		\$ (141,880)	\$ (281,781)
		(969,703)	(807,525)

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Canadian dollars, except share data)

NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
At January 1, 2019							-
Total	35,372,312	\$ 7,626,989	\$ 482,536	\$ (110,865)	\$ (6,041,434)	\$ (177,197)	1,780,029
Less: common shares held by subsidiary	(2,000,000)	\$ (260,000)					(260,000)
	33,372,312	7,366,989	482,536	(110,865)	(6,041,434)	(177,197)	1,520,029
Net income (loss)	-	-	-	-	(701,891)	(141,880)	(843,771)
Change in foreign currency translation	-	-	-	(125,932)	-	-	(125,932)
Share based compensation 6 (b)	-	-	3,077	-	-	-	3,077
Options Exercised 6 (b)	-	-	-	-	-	-	-
At March 31, 2019	33,372,312	\$ 7,366,989	\$ 485,613	\$ (236,797)	\$ (6,743,325)	\$ (319,077)	\$ 553,404

NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
At January 1, 2018							-
Total	35,308,312	\$ 7,614,573	\$ 461,937	-	\$ (5,666,097)	-	2,410,413
Less: common shares held by subsidiary	(2,000,000)	\$ (260,000)					(260,000)
	33,308,312	7,354,573	461,937	-	(5,666,097)	-	2,150,413
Net income (loss)	-	-	-	-	(389,270)	(373,974)	(763,244)
Change in foreign currency translation	-	-	-	(22,849)	-	(21,432)	(44,281)
Share based compensation 6 (b)	-	-	7,838	-	-	-	7,838
Options Exercised 6 (b)	40,000	7,760	(2,960)	-	-	-	4,800
At March 31, 2018	33,348,312	\$ 7,362,333	\$ 466,815	\$ (22,849)	\$ (6,055,367)	\$ (395,406)	\$ 1,355,526

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Canadian dollars)

	NOTES	Three Months Ended March 31,	
		2019	2018
OPERATING ACTIVITIES			
Net income (loss)		\$ (843,771)	\$ (763,244)
<i>Add items not affecting cash:</i>			
Depreciation		135,000	18,967
Amortization of intangible assets		257,831	223,054
Inventory impairment charge (recovery)		-	14,732
Share based compensation	6(b)	3,077	7,838
Interest expense	9	63,504	53,312
Changes in non-cash working capital items	12	(462,153)	709,973
Interest paid		(6,933)	(23,784)
Net cash provided by (applied to) operating activities		(853,445)	240,848
FINANCING ACTIVITIES			
Repayments on borrowings	5(a)	-	(30,000)
Proceeds from borrowings	5(a)	-	30,000
Payments on lease liabilities		(159,000)	
Proceeds from WEDC repayable contribution	5(d)	-	57,834
Repayments on IMT promissory notes	4(d)	(19,000)	-
Exercise of stock options	6(b)	-	4,800
Proceeds from revolving line of credit with the Chymiak Trust	5(b)	-	51,576
Unrealized foreign exchange gain/(loss) on financing activities		(6,217)	9,874
Net cash provided by (applied to) financing activities		(184,217)	124,084
Effect of exchange rates on cash and cash equivalents		(135,450)	(71,260)
Net increase in cash		(1,173,112)	293,672
Cash, beginning of period		4,138,014	1,804,786
CASH, end of period		\$ 2,964,902	\$ 2,098,458

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

1. General Information

Novra Technologies Inc. ("Novra") is incorporated under the Canada Business Corporations Act and its corporate office and principal place of business is 900-330 St. Mary Avenue, Winnipeg, Manitoba, Canada R3C 3Z5. Novra is a publicly traded company on the TSX Venture Exchange ("TSX-V") under the symbol NVI.

Novra has been in the satellite data distribution business since 2000. During 2016, Novra significantly expanded its product portfolio and global footprint with the acquisition of International Datacasting Corporation and its wholly-owned U.S. subsidiary (collectively referred as "IDC"), a long-time leader in the same sector. On December 29, 2017, Novra acquired a 51.6% controlling interest of Wegener Corporation ("Wegener") to further expand its footprint in digital media management and distribution technologies for applications including digital signage, radio and television.

Through its subsidiaries, Novra offers a comprehensive product portfolio including hardware, software, and services. In addition to its 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.

In these Consolidated Financial Statements, "Novra", "Company", "we", "us", or "our" refers to Novra Technologies Inc. and its subsidiaries.

The Board of Directors authorized the Condensed Consolidated Financial Statements for issue on May 30, 2019. These unaudited interim financial statements should be read in conjunction with Novra's annual audited Consolidated Financial Statements for the year ended December 31, 2018.

2. Significant Accounting Policies

The significant accounting policies used in the preparation of these Consolidated Financial Statements are summarized below. These policies have been consistently applied to all years presented, unless otherwise noted.

Basis of Presentation

We have prepared these unaudited interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, they do not include all of the information and footnotes required under IFRS for complete financial statements. In the opinion of management, these unaudited interim Condensed Consolidated Financial Statements reflect all adjustments considered necessary for a fair presentation of Novra's financial position and results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of the results for a full year. For areas involving a higher degree of management judgment or complexity, refer to Note 3 of the audited Consolidated Financial Statements for the year ended December 31, 2018.

The Condensed Consolidated Statement of Financial Position at March 31, 2019 and the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), of Changes in Equity and of Cash flows for the periods ended March 31, 2019 and 2018 have not been audited or reviewed by Novra's auditors. The Condensed Consolidated Statement of Financial Position at December 31, 2018 is derived from Novra's audited Consolidated Financial statements.

The tabular disclosures herein are presented in thousands, except for share data.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

Functional and Presentation Currency

These consolidated statements are presented in Canadian dollars, which is the Company's functional currency.

3. Accounting Pronouncements adopted in 2019

Effective January 1, 2019, the Company applied IFRS 16 using the modified retrospective approach and therefore the comparable information has not been restated and continues to be reported under IAS 17.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to us. Under IFRS 16, we recognize right-of-use assets and lease liabilities for all leases.

i) Significant Accounting Policies

On transition to IFRS 16, the Company elected to apply the practical expedient to assess which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases, at the date of initial application. Contracts that were not identified as leases under IAS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed after January 1, 2019.

The Company also used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases Under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied recognition exemptions to leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option.
- Applied the low value lease exemption not to recognize right-of-use assets at the date of initial application.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- The Company has elected not to separate lease and non-lease components for leases of its properties.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability and are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Novra's incremental borrowing rate. Generally, the incremental borrowing rate is used as the discount rate.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

ii) Impact on Financial Statements

On initial transition the Company recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its rights to make lease payments. Right-of-use assets and lease liabilities of \$2,944 million were recorded on January 1, 2019. The weighted average discount applied at January 1, 2019 was 5.88%. The following table(s) summarizes the impact of adopting IFRS 16 on our Condensed Consolidated Financial Statement of Financial Position as at March 31, 2019.

Commitments at December 31, 2018	\$ 4,187
Less: Measurement adjustment	<u>(137)</u>
Undiscounted lease obligation at January 1, 2019	<u>4,050</u>
Balance, lease liability discounted, January 1, 2019	\$ 2,944
Balance, right-of-use asset January 1, 2019	<u>2,944</u>

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

	Balance after adoption of IFRS 16	Impact of IFRS 16	Balances without adoption of IFRS 16
(Not reported in thousands of dollars)			
ASSETS			
Current Assets			
Cash	\$ 2,964,902	\$ -	\$ 2,964,902
Restricted non-redeemable GIC's	200,000	-	200,000
Trade and other receivables	1,412,126	-	1,412,126
Inventories	2,013,064	-	2,013,064
Prepayments and other	413,104	-	413,104
Total Current Assets	7,003,196	-	7,003,196
Non-Current Assets			
Equipment	107,486	-	\$ 107,486
Right-of-use assets, net	2,944,000	(2,944,000)	-
Intangible assets	2,358,919	-	\$ 2,358,919
Total Non-Current Assets	5,410,405	(2,944,000)	2,466,405
TOTAL ASSETS	\$ 12,413,601	\$ (2,944,000)	\$ 9,469,601
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	254,657	\$ -	\$ 254,657
Accrued liabilities	950,487	-	950,487
Borrowings	166,609	-	166,609
Lease liabilities	865,000	(865,000)	-
Customer deposits	1,300,247	-	1,300,247
Deferred revenue - current portion	1,218,754	-	1,218,754
Warranty provision	66,960	-	66,960
Advances from related parties	781,812	-	781,812
Promissory notes from related party - current portion	753,738	-	753,738
Total Current Liabilities	6,358,264	(865,000)	5,493,264
Non-Current Liabilities			
Borrowings	2,497,511	-	\$ 2,497,511
Lease liabilities	2,079,000	(2,079,000)	-
Deferred revenue	698,896	-	698,896
Promissory notes from related party	203,526	-	203,526
Total Non-Current Liabilities	5,478,933	(2,079,000)	3,399,933
TOTAL LIABILITIES	11,837,197	(2,944,000)	8,893,197
Shareholders' Equity			
Share capital	7,366,989	-	\$ 7,366,989
Contributed surplus	485,613	-	\$ 485,613
Accumulated other comprehensive loss	(236,796)	-	\$ (236,796)
Accumulated deficit	(6,720,325)	-	\$ (6,720,325)
Total Equity Attributable to Shareholders of the Company	895,481	-	895,481
Non-Controlling Interests	(319,077)	-	\$ (319,077)
TOTAL SHAREHOLDERS' EQUITY	576,404	-	576,404
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 12,413,601	\$ (2,944,000)	\$ 9,469,601

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

4. Related Party Transactions

The following is a summary of Novra's related party transactions:

a) Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of Novra. The key management personnel of Novra is the executive management team and the Board of Directors, who collectively control approximately 18% (President & CEO has direct and indirect ownership of 16%) of the total outstanding and issued common shares of Novra at March 31, 2019.

The following table discloses the compensation for the key management personnel for the first quarter.

	Three Months Ended March 31,	
	2019	2018
Salaries and employee benefits	\$ 86	\$ 125
Share-based compensation	3	4
Directors' fees	3	2
Total	\$ 92	\$ 131

b) Transactions with other related parties

	Three Months Ended March 31,	
	2019	2018
Purchase of goods and services		
InfoMagnetics Technologies Inc. ("IMT") ⁽¹⁾	\$ -	\$ -
The Exchange Global Server Centre Inc. ⁽²⁾	2	2
Interest on unsecured promissory notes		
IMT	12	15
Total	\$ 14	\$ 17

⁽¹⁾ Novra's President & CEO has a controlling interest in IMT.

⁽²⁾ The Exchange Global Server Centre Inc. is 50% owned by IMT.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

c) The breakdown of advances from related parties by party was as follows:

	March 31, 2019	December 31, 2018
Key management and directors (see part (a))	590	542
IMT	191	167
The Exchange Global Server Centre Inc.	-	-
Total	\$ 781	\$ 709

At March 31, 2019, \$543 thousand (2018: \$498 thousand) was due to Novra's President & CEO in regards to unpaid salaries and expense reimbursements for current and prior years in which he voluntarily chose to not collect payment in the interest of preserving liquidity in the company. The payable amount bears no interest and has no repayment term.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

d) The movement of unsecured promissory notes due to IMT was as follows:

	4% Fixed \$250k	Base Rate + 2.5% Floating \$563k	4% Fixed \$381k	2019	2018
At January 1	\$ 265	\$ 308	\$ 404	\$ 977	\$ 1,017
Loan repayments	-	(19)	-	(19)	-
Foreign exchange movement	-	(6)	-	(6)	10
Interest charged	4	4	4	12	15
Interest paid	-	(7)	-	(7)	(23)
At March 31	\$ 269	\$ 280	\$ 408	\$ 957	\$ 1,019
Maturity Dates:	Due on demand Nov 1, 2022 Due on demand				

The following table shows the presentation of the above total IMT loans on Novra's Consolidated Statements of Financial Position at March 31, 2019 and 2018:

	2019	2018
Current portion	\$ 753	\$ 749
Non-current portion	204	270
Total	\$ 957	\$ 1,019

5. Borrowings

The following is a breakdown of our total borrowings with third parties at:

	March 31, 2019	December 31, 2018
Bank borrowings	\$ -	\$ -
Revolving line of credit with the Chymiak Trust	2,241	2,288
Crocus loan	166	164
WEDC repayable contribution	257	257
Total borrowings	2,664	2,709
Less: current portion	(167)	(153)
Total borrowings - non-current	\$ 2,497	\$ 2,556

a) Bank borrowings

The following is a breakdown of the RBC Credit Facilities:

Revolving Demand Facility:

A revolving demand facilities up to \$350 thousand, which is margined based on 75% of unencumbered accounts receivable that are less than 90 days outstanding, excluding inter-company receivables, plus 50% of unencumbered inventories up to a maximum of \$150 thousand.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

Pre-Shipment Financing:

Revolving Demand Facility: Up to \$495 thousand to finance eligible pre-shipments costs in relation to multiple export contracts as insured by EDC.

There was no movement for the above credit facilities during the first quarter.

b) Revolving line of credit with the Chymiak Trust

There was no change to the revolving line of credit with the Chymiak Trust during the current quarter.

c) Crocus loan

There was no change to the Crocus loan during the current quarter, except for the accrued interest expense.

d) WEDC repayable contribution

During the current quarter, we did not receive any additional funds from WEDC (2018 - \$72 thousand). Repayment is scheduled for 60 consecutive monthly installments commencing April 1, 2019. The contributions are subject to interest at the average bank rate plus 3% if any payments are late.

6. Shareholders' Equity

a) Common Stock

The following table provides a summary of authorized as well as issued and outstanding capital for Novra at:

	March 31, 2019	December 31, 2018
Authorized:		
Unlimited Class "A" Common voting shares		
Unlimited Class "B" Common non-voting shares		
Unlimited Class "C" Preferred shares, redeemable and retractable at \$1,000		
Issued:		
33,372,312 (December 31, 2018: 33,372,312)		
Class "A" common voting shares	\$ 7,367	\$ 7,367

There was no movement during the first quarter.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

b) Stock Options

The following table provides a summary of stock option activity for the first quarter of 2019:

	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,152,000	\$ 0.12
Granted	-	\$ 0.12
Exercised	-	\$ 0.12
Forfeited	-	\$ 0.12
Expired		\$ 0.12
Outstanding, end of period	1,152,000	\$ 0.12

At March 31, 2019, the remaining stock option pool for future grants was 876,000.

The following table summarizes information about the stock options outstanding at March 31, 2019:

# of Options Outstanding	Grant Date	Expiry Date	Fair Value at Grant Date	# of Options Exercisable	Exercise Price
1,152,000	11-May-17	10-May-24	\$ 0.07	656,000	\$ 0.12
-	-		\$ -	-	\$ -
1,152,000				656,000	

7. Earnings (Loss) Per Share ("EPS")

a) Basic EPS

Basic EPS is calculated by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year.

	Three Months Ended March 31,	
	2019	2018
Net income (loss)	\$ (844)	\$ (763)
Weighted average number of common shares	33,360	33,336
Basic EPS	\$ (0.02)	\$ (0.02)

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

b) Diluted EPS

Diluted EPS is calculated by adjusting the weighted average number of common shares to assume conversion of all dilutive common shares.

	Three Months Ended March 31,	
	2019	2018
Net income (loss)	\$ (844)	\$ (763)
Weighted average number of common shares:		
Weighted average number of common shares	33,360	33,336
<i>Adjustment for:</i>		
- Stock options	-	-
Weighted average number of common shares for diluted EPS	33,360	33,336
Diluted EPS	\$ (0.02)	\$ (0.02)

For the three months ended March 31, 2019, stock options were antidilutive.

8. Operating Expenditures

We present our Consolidated Statements of Operations and Comprehensive Income (Loss) on a functional basis in which expenditures are aggregated to the function to which they relate. We have identified the major functions as general and administrative, sales and marketing, and research and development activities.

Three Months Ended March 31, 2019	General and administrative	Sales and marketing	Research and development	Total
Personnel expenditures	\$ 240	\$ 161	\$ 417	\$ 818
Other operating expenditures	33	163	225	421
Depreciation and amortization	90	17	258	365
	\$ 363	\$ 341	\$ 900	\$ 1,604

Three Months Ended March 31, 2018	General and administrative	Sales and marketing	Research and development	Total
Personnel expenditures	\$ 322	\$ 196	\$ 534	\$ 1,052
Other operating expenditures	158	116	141	415
Depreciation and amortization	1	1	230	232
	\$ 481	\$ 313	\$ 905	\$ 1,699

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

9. Finance Costs

The following table provides a breakdown of total finance costs during the first quarter.

	Three Months Ended March 31,	
	2019	2018
Interest expense:		
- Unsecured promissory notes (see Note 4(d))	\$ 12	\$ 15
- Crocus loan (see Note 5)	2	3
- Bank borrowings (see Note 5)	-	4
- Lease liabilities (see Note 3)	49	
Other fees	-	31
	\$ 63	\$ 53

10. Revenues

The following table provides a breakdown of our revenues as well as the timing of revenue recognition:

	Three Months Ended March 31,	
	2019	2018
Major Products/Service Lines		
Hardware	\$ 1,918	\$ 1,505
Software	15	6
Support and Extended Warranty	559	497
Other	8	64
	\$ 2,500	\$ 2,072
Timing of Revenue Recognition		
Products transferred at a point in time	\$ 1,941	\$ 1,575
Products and services transferred over time	559	497
	\$ 2,500	\$ 2,072

Contract balances

The timing of revenue recognition may differ from the timing of invoicing to customers. We record unbilled revenue where professional services are performed or products are delivered prior to Novra's ability to invoice in accordance with the contract terms, or deferred revenue when revenue is recognized prior to invoicing.

The following table provides information about our accounts receivable at March 31, 2019, which includes trade and unbilled revenue from contracts with customers.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

	March 31, 2019	December 31, 2018
Trade accounts receivable	\$ 802	\$ 592
Unbilled revenue	537	548
Total receivables from contracts with customers	1,339	1,140
Other	73	75
Total trade and other receivables	\$ 1,412	\$ 1,215

As at March 31, 2019, one customer individually accounted for 22% of total receivables from contracts with customers. As at December 31, 2018, three customers accounted for 23% of total trade receivables.

The following table details the changes in unbilled revenue during the period.

	Unbilled revenue
Opening balance- December 31, 2018	\$ 548
Impact of foreign exchange	(11)
Increase in unbilled from revenue recognized	-
Increase in unbilled from IFRS 15	-
Decrease in unbilled from transfer to trade receivables and other adjustments	-
Ending balance - March 31, 2019	\$ 537

	Deferred revenue
Opening balance- December 31, 2018	\$ 2,144
Increases in deferred revenue from payments received, excluding revenue recognized and other adjustments	263
Decreases in deferred revenue from revenue recognized that was included in the opening deferred revenue balance and other adjustments	(489)
Ending balance - March 31, 2019	\$ 1,918

Assets recognized from costs to obtain a contract with a customer

We recognize an asset for the incremental costs of obtaining a contract with a customer if the expected benefit of those costs is longer than one year. We have determined that no commissions paid to sales employees meet the requirement to be capitalized for March 31, 2019 and December 31, 2018.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

11. Segmented Information

Novra and its group of companies operate as one operating segment. While IDC and Wegener will continue to operate independently, our Chief Operating Decision Maker (Novra's President and CEO) evaluates the company's operating performance and allocates resources based on information provided at a consolidated level.

Based on the location of our customers, Novra's consolidated revenues by geographic market are as follows:

	Three Months Ended March 31,	
	2019	2018
Americas ex-Canada ⁽¹⁾	\$ 1,453	\$ 1,414
Canada	164	251
EMEA ⁽²⁾	787	174
APAC ⁽³⁾	96	233
	\$ 2,500	\$ 2,072

(1) The geographic region of the Americas includes North America, Central America and South America.

(2) EMEA consists of Europe, the Middle East and Africa.

(3) APAC consists of East Asia, South Asia, Southeast Asia and Oceania.

Novra's equipment by geographic location at the reporting dates were:

	March 31, 2019	December 31, 2018
Canada	\$ 66	\$ 80
United States	41	43
	\$ 107	\$ 123

12. Supplemental Cash Flow and Other Disclosures

The components of the net change in non-cash working capital are as follows:

	Three Months Ended Mar 31,	
	2019	2018
Trade and other receivables	\$ (197)	\$ (331)
Inventories	157	72
Prepayments and other	(26)	15
Amounts payable including advances	(200)	149
Customer deposits	(39)	(50)
Deferred revenue	(226)	863
Warranty provision	(3)	(8)
Advances to Related Party	72	-
Total	\$ (462)	\$ 710

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months ended March 31, 2019 and 2018

(Tabular amounts are in 000's, except share data)

13. Lease Liabilities

The Company leases office space for the head office and subsidiaries. We had no significant operating leases for equipment. The following is a summary of the changes in the lease liability during the three months ended March 31, 2019:

	Three Months Ended March 31,
Lease liabilities, January 1, 2019	\$ 2,944
Interest on lease liabilities	47
Lease payments	<u>(159)</u>
	2,832
Less: current portion	<u>(865)</u>
Lease liabilities, March 31, 2019	<u>\$ 1,967</u>

14. Purchase Commitments

In the normal course of business, we may enter purchase commitments, including inventory and third-party software license embedded in our products, to achieve economy of scale. At March 31, 2019, we had \$143 thousand of purchase commitments of which \$68 thousand is due within one year.