



## **CONSOLIDATED FINANCIAL STATEMENTS**

**Nine Months ended September 30, 2020 and 2019**  
**(Expressed in Canadian Dollars)**

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

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

	NOTES	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	3	\$ 3,226,120	\$ 3,176,327
Restricted non-redeemable GIC's		-	-
Trade and other receivables		475,093	808,034
Inventories		1,637,951	1,834,036
Prepayments and other		587,832	131,885
<b>Total Current Assets</b>		<b>5,926,996</b>	<b>5,950,282</b>
<b>Non-Current Assets</b>			
Equipment		41,422	64,456
Right-of-use assets	4	2,074,759	2,466,270
Intangible assets		1,373,711	1,783,417
<b>Total Non-Current Assets</b>		<b>3,489,892</b>	<b>4,314,143</b>
<b>TOTAL ASSETS</b>		<b>\$ 9,416,888</b>	<b>\$ 10,264,425</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables		\$ 566,948	\$ 482,703
Accrued liabilities		774,648	843,147
Borrowings	6	103,487	101,774
Lease liabilities	13	512,154	559,806
Customer deposits		946,292	303,858
Deferred revenue - current portion		793,629	1,088,491
Warranty provision		59,313	59,845
Advances from related parties	5(c)	997,613	785,783
Promissory notes from related party - current portion	5(d)	798,604	775,182
<b>Total Current Liabilities</b>		<b>5,552,688</b>	<b>5,000,589</b>
<b>Non-Current Liabilities</b>			
Borrowings	6	2,981,734	2,341,349
Lease liabilities	13	1,786,583	2,025,612
Deferred revenue		745,310	842,577
Promissory notes from related party	5(d)	123,047	144,544
<b>Total Non-Current Liabilities</b>		<b>5,636,674</b>	<b>5,354,082</b>
<b>TOTAL LIABILITIES</b>		<b>11,189,362</b>	<b>10,354,671</b>
<b>Equity</b>			
Share capital	7	7,369,869	7,366,989
Contributed surplus		499,143	494,844
Accumulated other comprehensive loss		(43,549)	(31,181)
Accumulated deficit		(8,838,676)	(7,760,409)
<b>TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF NOVRA</b>		<b>(1,013,213)</b>	<b>70,243</b>
Non-Controlling Interests		(759,261)	(160,489)
<b>TOTAL EQUITY</b>		<b>(1,772,474)</b>	<b>(90,246)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 9,416,888</b>	<b>\$ 10,264,425</b>

*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	Quarter ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
<b>REVENUE</b>	11	\$ 1,092,396	\$ 3,015,928	\$ 3,305,193	\$ 7,938,904
<b>COST OF REVENUE</b>		574,905	1,166,501	1,538,005	3,861,763
<b>GROSS PROFIT</b>		517,491	1,849,427	1,767,188	4,077,141
<b>OPERATING EXPENSES</b>					
General and administrative		321,619	244,911	921,280	979,910
Sales and marketing		196,076	331,212	698,874	1,042,504
Research and development		711,537	798,373	2,325,912	2,595,013
Total operating expenses		1,229,232	1,374,496	3,946,066	4,617,427
<b>OPERATING INCOME (LOSS)</b>		(711,741)	474,931	(2,178,878)	(540,286)
<b>Other Income (Expenses)</b>					
Foreign exchange gain (loss)		(36,181)	68,164	209,375	(125,804)
Finance income	10 (a)	79,137	9,111	438,365	9,455
Finance costs	10 (b)	(46,507)	(59,671)	(145,901)	(185,405)
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>		(715,292)	492,535	(1,677,039)	(842,040)
Income tax recovery (expense)		-	-	-	-
<b>NET INCOME (LOSS)</b>		\$ (715,292)	\$ 492,535	\$ (1,677,039)	\$ (842,040)
<b>OTHER COMPREHENSIVE LOSS, NET OF TAXES</b>					
Foreign Currency Translation Adjustments on Wegener Consolidation		59,339	(24,745)	(12,368)	44,386
Total other comprehensive loss, net of taxes		59,339	(24,745)	(12,368)	44,386
<b>COMPREHENSIVE INCOME (LOSS)</b>		\$ (655,953)	\$ 467,790	\$ (1,689,407)	\$ (797,654)
<b>EARNINGS (LOSS) PER SHARE:</b>					
Basic	8	\$ (0.02)	\$ 0.01	\$ (0.05)	\$ (0.03)
Diluted		\$ (0.02)	\$ 0.01	\$ (0.05)	\$ (0.03)
Weighted average number of shares outstanding - basic		33,396,293	33,372,307	33,396,293	33,372,307
Weighted average number of shares outstanding - diluted		33,396,293	33,372,307	33,396,293	33,372,307
<b>NET INCOME (LOSS) ATTRIBUTABLE TO :</b>					
Shareholders of Novra		\$ (549,666)		\$ (1,078,267)	
Attributable to non-controlling interest		(165,626)		(598,772)	
		(715,292)		(1,677,039)	
<b>COMPREHENSIVE INCOME( LOSS) ATTRIBUTABLE TO:</b>					
Shareholders of Novra		\$ (490,327)		\$ (1,090,635)	
Attributable to non-controlling interest		(165,626)		(598,772)	
		(655,953)		(1,689,407)	

*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
<b>At January 1, 2020</b>							-
Total	35,372,307	\$ 7,626,989	\$ 494,844	\$ (31,181)	\$ (7,760,409)	\$ (160,489)	169,754
Less: common shares held by subsidiary	(2,000,000)	\$ (260,000)					(260,000)
	33,372,307	7,366,989	494,844	(31,181)	(7,760,409)	(160,489)	(90,246)
Net income (loss)	-	-	-	-	(1,078,267)	(598,772)	(1,677,039)
Change in foreign currency translation	-	-	-	(12,368)	-	-	(12,368)
Share based compensation 7 (b)	-	-	4,299	-	-	-	4,299
Options exercised 7 (b)	24,000	2,880	-	-	-	-	2,880
Cancellation of common shares 7 (b)	(14)	-	-	-	-	-	-
<b>At September 30, 2020</b>	33,396,293	\$ 7,369,869	\$ 499,143	\$ (43,549)	\$ (8,838,676)	\$ (759,261)	\$ (1,772,474)

NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
<b>At January 1, 2019</b>							-
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)	-	-	-	-	(932,171)	90,130	(842,041)
Change in foreign currency translation	-	-	-	44,386	-	-	44,386
Share based compensation 7 (b)	-	-	9,231	-	-	-	9,231
Cancellation of common shares 7 (b)	(5)	-	-	-	-	-	-
<b>At September 30, 2019</b>	33,372,307	\$ 7,366,989	\$ 491,767	\$ (66,479)	\$ (6,973,605)	\$ (87,067)	\$ 731,604

*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	Quarter Ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
<b>OPERATING ACTIVITIES</b>					
Net income (loss)		\$ (715,292)	\$ 492,535	\$ (1,677,039)	\$ (842,041)
<i>Add items not affecting cash:</i>					
Depreciation and amortization		305,677	309,378	931,298	1,093,423
Share based compensation	7(b)	1,433	3,077	4,299	9,231
Interest expense	10	46,507	59,671	145,901	185,406
Changes in non-cash working capital items	12	858,917	(1,081,221)	550,428	(2,458,079)
Interest paid		(3,850)	(19,891)	(13,145)	(26,824)
<b>Net cash provided by (applied to) operating activities</b>		<b>493,392</b>	<b>(236,451)</b>	<b>(58,258)</b>	<b>(2,038,884)</b>
<b>FINANCING ACTIVITIES</b>					
Repayments on borrowings	5(a)	-	(12,870)	-	(25,740)
Payments on lease liabilities		(153,544)	(161,149)	(411,219)	(481,376)
Payments on WEDC repayable contribution	6(d)	-	-	(12,870)	-
Proceeds from promissory notes	6(e)	240,085	-	601,439	-
Repayments on IMT promissory notes	5(d)	-	(37,946.00)	(27,640)	(56,946)
Repayments on long-term debt	6(c)	-	(112,587)	-	(112,587)
Exercise of stock options	7(b)	-	-	2,880	-
Unrealized foreign exchange gain/(loss) on financing activities		(20,616)	(3,160)	(8,149)	8,963
<b>Net cash provided by (applied to) financing activities</b>		<b>65,926</b>	<b>(327,712)</b>	<b>144,441</b>	<b>(667,686)</b>
Effect of exchange rates on cash and cash equivalents		28,434	(23,788)	(36,390)	(10,534)
<b>Net increase in cash</b>		<b>587,752</b>	<b>(587,952)</b>	<b>49,793</b>	<b>(2,717,104)</b>
Cash, beginning of period		2,638,367	2,008,862	3,176,327	4,138,014
<b>CASH, end of period</b>		<b>\$ 3,226,120</b>	<b>\$ 1,420,910</b>	<b>\$ 3,226,120</b>	<b>\$ 1,420,910</b>

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

# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

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### 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 November 30, 2020. These unaudited interim financial statements should be read in conjunction with Novra's annual audited Consolidated Financial Statements for the year ended December 31, 2019.

### 2. Basis of Preparation and 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 normally required in annual financial statements prepared under IFRS. 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, 2019.

The Condensed Consolidated Statement of Financial Position at September 30, 2020 and the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), of Changes in Equity and of Cash flows for the periods ended September 30, 2020 and 2019 have not been audited or reviewed by Novra's auditors. The Condensed Consolidated Statement of Financial Position at December 31, 2019 is derived from Novra's audited Consolidated Financial statements.

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

#### ***Functional and Presentation Currency***

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

# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

### 3. Current Assets

Details of selected asset balances are as follows:

#### a) Cash and cash equivalents

The Company's cash and cash equivalents are comprised of bank balances at The Royal Bank of Canada.

#### b) Accounts receivable

The Company's accounts receivable is comprised of the following:

	September 30,	
	2020	2019
Trade accounts receivable	\$ 462	\$ 3,184
Less: allowance for doubtful accounts	66	20
Net trade accounts receivable	396	3,164
Canadian Emergency Wage Subsidy	79	-
Total trade and other receivables	\$ 475	\$ 3,164

During the nine months ended September 30, 2020, the Company wrote off \$39 in uncollectable receivables.

### 4. Right-of-use Assets

The following table presents right-of-use assets for the Company:

	2020
Balance, January 1, 2020	\$ 2,466
Depreciation	(406)
Effects on movement in exchange rates	15
Balance, September 30, 2020	\$ 2,075

### 5. 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 September 30, 2020.

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



# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Salaries and employee benefits	\$ 85	\$ 87	\$ 256	\$ 261
Share-based compensation	1	3	4	9
Directors' fees	3	3	9	9
<b>Total</b>	<b>\$ 89</b>	<b>\$ 93</b>	<b>\$ 269</b>	<b>\$ 279</b>

b) Transactions with other related parties

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Purchase of goods and services</b>				
The Exchange Global Server Centre Inc. <sup>(1)</sup>	\$ 3	\$ 3	\$ 7	\$ 10
<b>Interest on unsecured promissory notes</b>				
IMT	11	14	35	43
	<b>\$ 14</b>	<b>\$ 17</b>	<b>\$ 42</b>	<b>\$ 53</b>

<sup>(1)</sup> 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:

	September 30, 2020	December 31, 2019
Key management and directors (see part (a))	672	526
IMT	325	259
The Exchange Global Server Centre Inc.	1	-
	<b>\$ 998</b>	<b>\$ 785</b>

At September 30, 2020, \$631 thousand (2019: \$634 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.

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

	Base Rate +			2020	2019
	4% Fixed \$250k	2.5% Floating \$563k	4% Fixed \$381k		
At January 1	\$ 280	\$ 219	\$ 421	\$ 920	\$ 977
Loan repayments	-	(28)	-	(28)	(57)
Foreign exchange movement	-	8	-	8	(9)
Interest charged	9	13	13	35	43
Interest paid	-	(13)	-	(13)	(19)
At September 30	\$ 289	\$ 199	\$ 434	\$ 922	\$ 935
Maturity Dates:	Due on demand	Nov 1, 2022	Due on demand		

# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

The following table shows the presentation of the above total IMT loans on Novra's Consolidated Statements of Financial Position at September 30:

	2020	2019
Current portion	\$ 799	\$ 727
Non-current portion	123	208
Total	\$ 922	\$ 935

### 6. Borrowings

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

	September 30, 2020	December 31, 2019
Bank borrowings	\$ -	\$ -
Revolving line of credit with the Chymiak Trust	2,227	2,175
Crocus loan	51	50
WEDC repayable contribution	205	218
Disaster assistance funding	602	
Total borrowings	3,085	2,443
Less: current portion	(103)	(102)
Total borrowings - non-current	\$ 2,982	\$ 2,341

#### a) Bank borrowings

The Royal Bank of Canada Credit Facility ("RBC Credit Facilities") includes a revolving demand facility up to \$845,000 and corporate Visa credit cards available for use up to a maximum limit of \$60,000. There was no movement in the credit facilities during the current year.

#### b) Revolving line of credit with the Chymiak Trust

There was no movement in the revolving line of credit with the Chymiak Trust during the current year. The increase results from foreign exchange translation.

#### c) Crocus loan

There was no change to the Crocus loan during the current year, except for accrued interest expense. In the third quarter of 2019 we made an annual instalment of \$120 thousand (principal and interest) to Crocus.

#### d) WEDC repayable contribution

During the current year, we did not receive any additional funds from WEDC. Repayment is scheduled for 60 consecutive monthly installments which commenced on April 1, 2019. The contributions are subject to interest at the average bank rate plus 3% if any payments are late. WEDC suspended repayment of principal and interest charges between April 1, 2020 and October 1, 2020 in response to COVID-19.

#### e) Disaster assistance funding

Novra received funding from the Government of Canada through the Canada Emergency Business Account (CEBA) in the amount of \$40,000. The loan is interest free, administered through RBC and repayment on or before December 31, 2022 will result in forgiveness of 25% (up to \$10,000).

# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

Wegener applied for and received funding from Truist Bank through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of \$361,353 (USD\$270,900) in Q2 2020. Management expects all or a substantial portion of the loan to be forgiven. However, the interpretation of legislated forgiveness rules continue to evolve and we are not able to confidently predict the amount of forgiveness that will be granted. The entire proceeds of the loan have been recorded in long term borrowings until the forgiveness amount is confirmed.

In August 2020, Wegener received additional financing in the amount of \$200,085 (USD\$150,000) through the U.S. Small Business Administration, Office of Disaster Assistance. Funds were advanced with the following terms: interest of 3.75%, installment payments of US\$731/month begin after 12 months and the balance of principal and interest payable 30 years from the funding date.

### 7. Shareholders' Equity

#### a) Common Stock

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

	September 30, 2020	December 31, 2019
<b>Authorized:</b>		
Unlimited Class "A" Common voting shares		
Unlimited Class "B" Common non-voting shares		
Unlimited Class "C" Preferred shares, redeemable and retractable at \$1,000		
<b>Issued:</b>		
33,396,293 (December 31, 2019: 33,372,307)		
Class "A" common voting shares	\$ 7,370	\$ 7,367

During the first nine months of 2020, 24,000 options were exercised at \$0.12 each and 14 Class "A" shares were cancelled.

#### b) Stock Options

The following table provides a summary of stock option activity for the first nine months of 2020:

	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,132,000	\$ 0.12
Granted	-	\$ 0.12
Exercised	(24,000)	\$ 0.12
Forfeited	-	\$ 0.12
Expired		\$ 0.12
Outstanding, end of period	1,108,000	\$ 0.12

At September 30, 2020, the remaining stock option pool for future grants was 1,788,000.

# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

The following table summarizes information about the stock options outstanding at September 30, 2020:

# of Options Outstanding	Grant Date	Expiry Date	Fair Value at Grant Date	# of Options Exercisable	Exercise Price
1,108,000	11-May-17	10-May-24	\$ 0.07	864,000	\$ 0.12
-	-	-	\$ -	-	\$ -
<b>1,108,000</b>				<b>864,000</b>	

### 8. 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (715)	\$ 493	\$ (1,677)	\$ (842)
Weighted average number of common shares	33,396	33,372	33,396	33,372
<b>Basic EPS</b>	<b>\$ (0.02)</b>	<b>\$ 0.01</b>	<b>\$ (0.05)</b>	<b>\$ (0.03)</b>

#### 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	\$ (715)	\$ 493	\$ (1,677)	\$ (842)
<b>Weighted average number of common shares:</b>				
Weighted average number of common shares	33,396	33,372	33,396	33,372
Adjustment for:				
- Stock options	-	-	-	-
<b>Weighted average number of common shares for diluted EPS</b>	<b>33,396</b>	<b>33,372</b>	<b>33,396</b>	<b>33,372</b>
<b>Diluted EPS</b>	<b>\$ (0.02)</b>	<b>\$ 0.01</b>	<b>\$ (0.05)</b>	<b>\$ (0.03)</b>

For the nine months ended September 30, 2020, stock options were antidilutive.

# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

### 9. Depreciation and Amortization

The following table presents the total depreciation and amortization expense by function.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Cost of revenue	\$ 51	\$ 46	\$ 151	\$ 157
Selling and marketing	11	22	32	67
Research and development	197	194	600	728
General and administrative	48	48	148	143
	<b>\$ 306</b>	<b>\$ 310</b>	<b>\$ 931</b>	<b>\$ 1,095</b>

### 10. Finance Income and Finance Costs

#### (a) Finance Income

The Company qualified for the Canadian Emergency Wage Subsidy (CEWS) for the months of July to September 2020 and recorded \$438,365 to finance income. \$359,229 was received by September 30 and the balance of \$79,136 is accrued as a receivable from the Canadian Government. The CEWS is a federal government program created to provide financial support to businesses affected by COVID-19.

#### (b) Finance Costs

The following table provides a breakdown of total finance costs during the quarter ended September 30, 2020.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Interest expense:				
- Unsecured promissory notes (see Note 5(d))	\$ 11	\$ 17	\$ 34	\$ 43
- Crocus loan (see Note 6)	1	2	2	6
- Lease Commitments (see Note 13)	34	41	110	137
	<b>\$ 46</b>	<b>\$ 60</b>	<b>\$ 146</b>	<b>\$ 186</b>

### 11. Revenues

The following tables provides a breakdown of our revenues by category and geographic market at September 30:

Major Products/Service Lines	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Hardware	\$ 547	\$ 2,304	\$ 1,591	\$ 5,965
Software	-	-	-	14
Services, Support and Extended Warranty	545	703	1,710	1,934
Other	1	10	5	25
	<b>\$ 1,092</b>	<b>\$ 3,017</b>	<b>\$ 3,305</b>	<b>\$ 7,938</b>

# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

Geographic Market	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Americas ex-Canada <sup>(1)</sup>	\$ 773	\$ 2,478	\$ 2,178	\$ 5,680
Canada	148	121	331	554
EMEA <sup>(2)</sup>	88	88	376	1,133
APAC <sup>(3)</sup>	83	330	420	572
	\$ 1,092	\$ 3,017	\$ 3,305	\$ 7,939

(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.

The timing of revenue recognition may differ from the timing of invoicing to customers. The following table provides a breakdown of revenue timing:

Timing of Revenue Recognition	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Products transferred at a point in time	\$ 547	\$ 2,306	\$ 1,595	\$ 5,973
Products and services transferred over time	545	711	1,710	1,966
	\$ 1,092	\$ 3,017	\$ 3,305	\$ 7,939

The following table presents changes in the deferred revenue balances for the period ended September 30, 2020.

	Deferred revenue
Balance, December 31, 2019	\$ 1,931
Amounts invoiced and revenue deferred	\$ 827
Recognition of deferred revenue included in the balance at the beginning of the period	\$ (1,219)
Ending balance - September 30, 2020	\$ 1,539

## 12. Supplemental Cash Flow and Other Disclosures

The components of the net change in non-cash working capital at September 30 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Trade and other receivables	\$ 700	\$ (854)	\$ 333	\$ (1,950)
Inventories	109	(256)	196	(4)
Other assets	(310)	45	(456)	69
Amounts payable including advances	(38)	344	16	13
Customer deposits	711	(604)	642	(821)
Deferred revenue	(381)	175	(392)	23
Provisions	(1)	(1)	(1)	(6)
Advances Related Party	70	69	212	218
Total	\$ 859	\$ (1,082)	\$ 550	\$ (2,458)

# NOVRA TECHNOLOGIES INC.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2020 and 2019

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

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### 13. Commitments and Contingent Liabilities

#### a) Leases

The Company leases office and production space for the head office and subsidiaries. We had no significant operating leases for equipment. Changes in the right-of-use asset are summarized in Note 4 of these Interim Consolidated Financial Statements. The following table is a summary of the changes in the lease liability during the period:

	<b>2020</b>
Balance, January 1, 2020	\$ 2,585
Interest	109
Effects on movement in exchange rates	15
Lease payments	(411)
Balance, September 30, 2020	2,299
Less: current portion	(512)
<b>Lease liabilities non-current, September 30, 2020</b>	<b>\$ 1,787</b>

The following table presents the contractual undiscounted cash flows for lease obligations as at September 30, 2020:

Less than one year	\$ (634)
One to five years	(1,142)
More than five years	(1,082)
<b>Total undiscounted lease obligation</b>	<b>\$ (2,858)</b>

#### b) 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 September 30, 2020, we had \$75 thousand of purchase commitments which are due within one year.