



MANAGEMENT'S DISCUSSION & ANALYSIS

Periods ended March 31, 2024 and 2023
(Expressed in Canadian dollars)

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

The following Management's Discussion and Analysis ("MD&A") of Novra Technologies Inc. ("Novra") should be read in conjunction with the Consolidated Financial Statements for the periods ended March 31, 2024 and 2023, and related notes included therein (the "Consolidated Financial Statements"). These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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, 2024 and is current to this date. The MD&A and the Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on May 30, 2024.

Financial statements, MD&A and other information relating to Novra are available on SEDAR+ at www.sedarplus.ca.

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 expected cost savings from integrating Wegener operations with the Novra Group, proposed acquisition of remaining 48.4% of Wegener, 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 "expect", "anticipates", "believes", "intends", "estimates", "predicts", "potential", "promising", "targeted", "plans", "possible", "position for", "prepare for" 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 risks 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.

Table of Contents

BUSINESS OVERVIEW	3
OVERALL PERFORMANCE	6
Results and Outlook	7
Highlights of 2023 and early 2024	8
DISCUSSION OF OPERATIONS	9
Revenue and Gross Margin	9
Operating Expenses	10
Foreign Exchange Gain (Loss)	10
Depreciation and Amortization	11
Tax Expense	11
EBITDA and Adjusted EBITDA	12
SELECTED QUARTERLY FINANCIAL INFORMATION	12
LIQUIDITY	13
CAPITAL RESOURCES	14
OFF BALANCE SHEET ARRANGEMENTS	15
TRANSACTIONS WITH RELATED PARTIES	15
ACCOUNTING MATTERS	15
Critical Accounting Estimates	15
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS	16
RISKS AND UNCERTAINTIES	16

BUSINESS OVERVIEW

Novra Technologies Inc. (headquartered in Winnipeg, Canada) is a public company on the TSX Venture Exchange ("TSX-V"), which trades under the stock symbol NVI. Novra is also listed in the United States on the OTCQB Venture Exchange, under the symbol NVRVF. Novra owns International Datacasting Corporation ("IDC") based in Ottawa, Canada, as well as controlling interest in Wegener Corporation ("Wegener"), based in Atlanta GA. Both are long-time leaders in multimedia broadband distribution infrastructure. Together they make up the Novra group of companies ("Novra Group"). For more background see the website at www.novragroup.com.

Novra is a global business with customers on every continent. We provide technology for distribution of broadband data via satellite and IP networks with a specialization in broadcast media. The Novra Group companies offer a comprehensive portfolio of products, systems, and services. Products include hardware and software tailored for advanced applications in key vertical markets: video, radio, and data distribution, digital cinema and digital signage. Areas of expertise and added value include: encryption, next-generation hybrid networks (satellite/terrestrial/cloud), and efficient bandwidth utilization.

About our business

The media distribution landscape is going through major upheaval driven by a combination of market and technology factors. Important changes include:

- **Content is changing.** With the explosion of streaming media—video and audio—long form content, limited series, live versus on-demand, the demand for media is growing and evolving.
- **Revenue models are changing.** Advertising can be much more precisely targeted. New subscription models are emerging. Licensing and underwriting practices are changing. Content is being accessed in more granular models (e.g., through specific apps vs bouquets of live channels).
- **Expense model preferences are changing.** Businesses are embracing the trend away from one-time infrastructure CAPEX and toward OPEX, paying over time for products and services as they use them. They are often looking to minimize the up-front expense of large infrastructure investments and instead move toward pay-as-you-go operating expenses.
- **Distribution platforms and architectures are changing.** The legacy model of distribution of channel-based media as a broadcast via satellite- "point to multipoint"- is evolving into a bandwidth intensive hybrid satellite/internet model.

These changes are happening fast and networks are looking for infrastructure that can support these changes - solutions that are adaptable and upgradeable and that can be provided as products and/or services. In many cases this means a move away from purpose-built hardware to software- and service-centric solutions that are scalable, flexible, and cost-effective. We are focused on providing the technology and expertise to advance this paradigm shift.

Embracing and enabling change: designing for today and tomorrow

While addressing the current needs of our customers and key markets, our business strategy is always driving to meet emerging needs through innovation. We're:

- **Targeting the applications and geographical markets where satellite technology still thrives** including government applications (communications, weather, defense) in North America and around the world, international markets where geographical population distribution is wide

and availability of terrestrial broadband is low (such as Latin America and Australia), as well as longtime customers with legacy networks that continue to evolve and grow.

- **Diversifying into hybrid and IP distribution where we have competitive advantages and see opportunity.** Our products support both satellite and IP distribution and are designed for maximum interoperability.
- **Broadening the available solution architectures.** Our software-based products are available on purpose-built appliances, can be run on off-the-shelf hardware or can be provided as cloud-based services. This provides our clients with the option to use the combination of architectures that best meets their needs.
- **Addressing our customers' need for migration strategies**—We have the expertise and solutions to be a valuable partner to networks as they plan their approach to evolving business needs, new technologies and changing market conditions. We partner with our customers to help them decide whether, when, and how to migrate their systems.

Smart products:

We are taking innovative initiatives to improve functionality, reduce costs, and open new markets for our products:

- We have been pioneers in cloud delivery for broadcasters. Our **MISTiQ** managed cloud solution for broadcasters is now in its third generation. It's a mature, proven platform that allows broadcasters (radio and/or video) to use the internet for backup/redundancy, to expand their reach beyond the satellite footprint, even to migrate completely to internet delivery.

The internet is an inhospitable environment for broadcasting which requires low-latency and reliable timing. MISTiQ uses aggressive strategies for mitigating the challenges of this environment and provides extremely low-latency and high availability. MISTiQ 3 has been upgraded to a containerized microservices architecture for increased scalability and features with expanded monitoring tools—to give customers more visibility and control over their data.

- We also are integrating and consolidating various product lines and models into our **MAP** series. MAP stands for Modular Architecture Platform—the design philosophy is to make a resilient, reliable hardware platform and customize/adapt it to particular vertical markets. For example, MAP Pro Audio has professional balance audio outputs, MAP Pro Cinema has expanded on-board storage for very large files, and MAP Pro Video has specialized video outputs. By using common elements, we reduce both the time to market and inventory requirements.
- We are expanding the list of our products that can be virtualized, offered as software on off-the-shelf servers or in the cloud. This offers our customer new flexibility and versatility to simplify their network design and potentially reduce costs. Virtualization is becoming more common in headends, now we are beginning to expand the practice to our receiver offerings.
- We continue to lead the market in IP Encapsulation and encryption solutions, as well as lifecycle support for mission-critical networks.

Our business focus:

We are leaders in an important market niche—**mission-critical professional networks that require rapid, ultra-reliable content delivery**, whether for a live on-air broadcast, urgent secure defence data, the latest Hollywood blockbuster, or encrypted block chain data. Our core product lines are applicable

across a range of vertical markets. This provides a diversified business base. Our target vertical markets are:

- **Video distribution:** products and systems for providing end-to-end solutions for traditional and non-traditional video networks. This is a key focus area for our innovation activities, including ongoing projects in augmented reality, remote collaboration, and emerging technologies. Our video products target the following key market niches:
 - Broadcast video networks of all sizes
 - Digital program insertion (for targeted advertising, regionalization, and blackout management)
 - Delivery of live and file-based video content distribution
 - Digital signage
 - IPTV
 - Professional-quality streaming video
- **Broadcast Radio:** We are a leading global provider of turnkey infrastructure solutions for broadcast radio networks small, medium, and large. We have a reputation for reliable, cost-effective delivery of high-quality audio via satellite, terrestrial, or hybrid networks. The radio product line includes uplink and receive-site equipment as well as network management, encryption, and targeted regionalization/ad insertion options. We have long-established and respected product lines as well as innovative new products recently released for this market and disruptive leading-edge new products in development.
- **Data distribution:** Our broadband multimedia distribution technology is ideally suited for fast, ultra-reliable, secure delivery of data via satellite or private IP network. In addition to providing hardware infrastructure (transmit and receive), we offer an advanced content distribution network (CDN) software solution, Datacast XD, with sophisticated file broadcasting capabilities and Cyphercast, a specialized software solution to encrypt high-value data and streams where security is paramount.
- **Digital Cinema:** We provide leading digital cinema networks with their core distribution infrastructure (uplink equipment, content management, and network management) and high-end appliances for cinemas as well as decoders for live events and alternative content (entertainment and sports) in 2D and 3D. Additionally, we offer a digital cinema distribution software solution for integration onto commercially available servers and third-party equipment. This product line enables our solutions to provide secure file delivery speeds that are unparalleled in the market.
- **Satellite and terrestrial broadband receivers:** We offer a line of cost-effective, reliable DVB and ATSC compliant receivers for the expanding broadband communications network market. These receivers provide standalone communication gateways to local networks or have been integrated into a wide range of purpose-built appliances.

In addition to addressing these broad market requirements, we are focused on being valued partners to our customers, addressing their particular challenges and opportunities. We are continuing to invest in understanding our customers' businesses and providing the products, services and expertise to support their success. At the same time, we are drawing on the specific domain knowledge and operational expertise of selected customer-partners in driving the direction of our future offerings, including virtualized products and SAAS services.

Our competitive advantage is our people and their 30 years of knowledge and experience in developing innovative products along with the deep relationships that we have established with our international network of reseller partners and, of course, our clients. These close customer relationships give us

important market insights that, combined with our extensive engineering experience, form the foundation for our continuing development of advanced products and flexible solutions.

OVERALL PERFORMANCE

As described in our previously announced guidance, with the release of our 2023 year-end financials, we were expecting a slow first half of 2024. Novra's revenue regularly fluctuates from quarter to quarter and we expect our 2024 revenue and bookings to improve over coming quarters, with Q1 being the weakest.

Our Q1 revenue was lower than usual and this led to a net income loss of \$849 thousand and Adjusted EBIDA loss of \$555 thousand for the quarter. Unstable markets, global geo-political tensions, and financial pressures due to elevated interest rates and reduced availability of capital have moved a few orders that we were expecting in Q1 to late Q2 or early Q3. Our operating costs continued to trend lower year-over-year despite inflationary pressures and we will continue to take any necessary steps to adjust expenditures to address revenue uncertainty.

Although many of the transportation and component lead-time challenges of the recent past have eased somewhat, risks associated with global trade disputes, trade sanctions and potential trade tariffs are escalating. We have taken targeted steps to mitigate these risks. Our current healthy inventory level of over \$1.37 million, is allowing us to ship many new and incoming orders from stock.

We continue to see pent up demand in our markets. Infrastructure replacements will be necessary due to technology obsolescence, aging equipment, and new business requirements, including the need to harden their networks against escalating cybersecurity threats. However, this is countered by economic uncertainty, which is causing businesses to delay investments in their infrastructures. In the past few months we are seeing our defence opportunities starting to grow as military organizations are investing in high-reliability technology upgrades and network expansion for their secure communications networks.

In adapting to these evolving market dynamics, management has, and will continue to, take targeted actions – both in the form of strategic investments and in cost controls. The changes we are seeing are bringing both opportunities and challenges. We continue to invest in innovation initiatives to help our customers succeed in their changing markets, and in building customer relationships to understand and address current customer needs and position Novra for future growth.

Novra's cash position at the end of the period continued to be strong, with over \$1.95 million in bank deposits and a bank credit facility of \$1.2 million providing a large pool of liquid funds.

The financial highlights shown below are derived from our Consolidated Financial Statements and include consolidation of Novra's subsidiaries; International Datacasting Corporation and Wegener Corporation (51.6% controlling interest).

Q1 2024 vs. Q1 2023:

- Revenue was \$700 thousand in Q1 2024, compared to \$1.1 million in Q1 2023, a decrease of \$387 thousand. The decrease is primarily the result of fewer product order shipments during the quarter. Service revenue remained strong.
- In Q1 2024, gross profit was \$207 thousand, representing 29.5% of total revenue, compared to \$696 thousand, which was 64.0%. The unusually low gross profit percentage in Q1 2024 was primarily due to certain fixed costs continuing despite reduced revenue levels and the disposal/write downs of specific aged inventory. In comparison, the unusually high gross profit percentage in Q1 2023 was impacted by a favourable product service mix in that period.
- Operating expenses were \$1.0 million in Q1 2024, compared to \$1.1 million in Q1 2023, a decrease of 2.3% despite significant inflationary pressures.

- Net Income Loss was \$849 thousand, compared to \$324 thousand in Q1 2023. This higher net loss was driven by lower revenue.
- Adjusted EBITDA* was a loss of \$555 thousand, compared to Adjusted EBITDA* loss of \$70 thousand in Q1 2023. This was primarily a result of a larger net income loss.

*Adjusted EBITDA is a non-IFRS financial measure. Adjusted EBITDA provides an important financial measure of Novra's operating performance, allowing comparison of core operating results from period to period. Refer to the "EBITDA and Adjusted EBITDA" section and the table under the "DISCUSSION OF OPERATIONS" section for details regarding calculation of this non-IFRS measure.

Our ongoing drive to realize synergies and efficiencies across the group continued to result in reductions in on-going consolidated operating expenses compared to previous years. We will continue to actively control and adjust operating expenses in response to company performance and current volatile market conditions.

Results and Outlook

Economic uncertainty and armed conflicts continue to generate global geopolitical turmoil, which negatively affects supply chains and lead-times and causes price increases for our components. In addition, higher interest rates and the threat of a potential recession are causing companies to delay large purchase commitments. All of these continue to put downward pressure on revenue and gross profit. Novra's adaptive strategy to deal with these challenges focuses on strategic inventory purchases, including advance purchasing of certain key components, and nurturing additional procurement channels, to ensure we are positioned well to respond to customer needs when they make the decision to purchase. Our inventories and builds in progress remain at healthy levels.

Our clients continue to navigate and adapt through these challenging circumstances to ensure operational reliability of their networks. We play a major part in helping them to achieve their goals by providing expert support services and powerful new products, which enhance their networks and enable more reliable service to their customers. Their continued confidence in choosing our products and services is demonstrated in the many repeat orders and service renewals we receive. We continue to pride ourselves on being a partner to our customers, there to support through all business cycles.

Our targeted marketing efforts and our client-centric R&D activities that have resulted in new products and service offerings, which generated enthusiastic responses from government and broadcast customers at the recent Satellite 2024 and NABShow 2024 tradeshows and in one-on-one sales visits and partner discussions. We also continue to invest in development of new technologies for use in future products. We are consistently flexible in our product development, with an eye on technological trends and new communications standards, to ensure our products remain relevant throughout their life cycle and provide a valued investment to our clients.

An important component of our R&D strategy is an emphasis on software and services. One example has been the on-going development and enhancement of the MISTiQ platform for cloud-based distribution of content. We are also virtualizing certain products – breaking their dependence on specific hardware, so they are available as software run on purpose-built appliances, on off-the-shelf hardware, or provided as cloud-based services. This approach is increasingly popular with customers who want the option to source their own hardware or move to a service-based solution. Transitioning to more recurring revenue from software licenses and services also supports our strategic goal to generate a more consistent and predictable recurring revenue base. The work we've done and our substantial R&D investment over the past several years is paying off as we book more and more service business, including the recent selection by two major Canadian broadcasters of MISTiQ for their cloud-based content distribution, and these service contracts continue to renew.

Highlights of 2024 so far

We continue to see many ongoing customers taking small steps to refresh and/or expand their networks, although at a cautious pace influenced by their challenging market conditions. Many are looking for new features in our products, which informs our technology enhancements going forward. This includes shifting to IP and hybrid satellite networks and to software- and service-based solutions.

Some of our significant recent developments include:

- ❖ In general, we are continuing to see our markets recovering at a slower rate than initially anticipated. We are expanding marketing and sales activities to close pending opportunities and generate new ones. This has included visiting several existing customers as well as attending key conferences and trade shows, including NABShow 2024, the Satellite 2024 show, and the 2024 Public Radio Engineering Conference so far this year.
- ❖ We continue to receive orders related to our high-reliability products used in US government projects. The strong interest in this area continues and we are completing development of a next generation of satellite receivers with integrated advanced encryption functionality to continue to support this market long into the future.
- ❖ As part of the uptick in our government business, we are expanding the number of partners we work with to support various government and defence-related initiatives in the US and with our allies around the world.
- ❖ Orders for support contract renewals and equipment to maintain and grow existing networks—across all vertical markets and sectors including government and commercial clients—are strong as we support our customers in maintaining long-term sustainable networks as they operate existing infrastructure longer.
- ❖ We've had brisk repeat orders from existing government and commercial customers, as part of support, expansion and maintenance of their networks.
- ❖ We received an order from a new customer for a new video network in Morocco as well as follow on orders from video broadcasters in Europe, Asia, and Latin America.
- ❖ We won a competitive tender to upgrade a longtime radio network customer in Europe to replace aging network infrastructure with new MAP Pro Audio receivers.
- ❖ We received another follow-on order from a digital signage/enterprise video network in the health care sector that is adding new channels based on our next-generation Signcaster Pro.
- ❖ Our weather data distribution business continues to be quite active, as government-operated weather data programs launch next-generation satellites with new requirements. Our specialization in this application puts us in an advantageous position to meet their new requirements.

We continue to integrate and improve our product lines—adding new features and new capabilities—to address increasing opportunities to grow market share in key vertical markets. We also continue to push forward on our corporate vision to bring together great companies with complementary technologies to capitalize on both existing and new market opportunities. Our new products have integrated features and a consistent “look and feel”, communicating to the market (including long-time customers) that we are a strong, unified company. Our engineering team is integrated across companies and is focused on efforts to provide world-class leading-edge products and services to our clients.

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

Novra is a strong, scalable, global company oriented to the growing multimedia broadband content distribution business. We are focused on meeting the needs of our clients, who are looking for flexible, cost-effective solutions. Our product development is centred on listening and responding to identified client requirements as well as anticipating next-generation innovations. More and more, our hardware is becoming a platform for increasingly powerful and sophisticated software—bringing agility, forward compatibility, and longevity to the lifespan of our products.

DISCUSSION OF OPERATIONS

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

<i>(In thousands)</i>	Three Months Ended March 31,		
	2024	2023	% Chg
Revenue by type:			
Products	\$ 172	\$ 483	-64%
Services	528	604	-13%
Total revenue	700	1,087	-36%
Gross profit	207	696	-70%
<i>Gross margin</i>	29.5%	64.0%	
Operating expenses	1,027	1,051	-2%
Operating income (loss)	(821)	(356)	130%
Other income (expenses)	(29)	32	NM
Net income (loss) as reported under IFRS	\$ (849)	\$ (324)	162%
Adjustments:			
Finance costs	46	53	-13%
Depreciation and amortization	231	116	99%
EBITDA - non-IFRS measure	(572)	(155)	269%
Loss (gain) on foreign exchange	17	85	-80%
Share-based compensation	0	0	0
Adjusted EBITDA - non-IFRS measure	\$ (555)	\$ (70)	692%

NM – Not meaningful

*EBITDA and Adjusted EBITDA are non-IFRS financial measures. EBITDA and Adjusted EBITDA provide important financial measures of Novra's operating performance, allowing comparison of core operating results from period to period. Refer to the "EBITDA and Adjusted EBITDA" section for details regarding calculation of this non-IFRS measure.

Revenue and Gross Margin

Revenue and gross margin for the first three months of 2024 were lower compared to 2023. Revenue was \$700 thousand, 36% lower than 2023's \$1.1 million. Because 2023's Q1 gross margin percentage was unusually high and 2024's is low as a result of fixed costs being spread over lower revenue, 2024's gross margin of 29.5% is 34.5% lower than that in the same period in 2023 (64.0%).

For the three months ended March 31, 2024, our top 10 customers accounted for 49.9% of total revenue with the largest accounting for 19% and 10%, or \$202 thousand in aggregate. For the same period last year, Novra's top 10 customers accounted for 52.7% of revenue with the largest accounting for 17.6% and 13.8% respectively, or \$341 thousand in aggregate. No other customer accounted for more than 10%

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

of total revenue. The Company continually monitors its revenue concentration risk and seeks to diversify its customer base.

While our revenue may be concentrated with 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 period.

<i>(In thousands)</i>	Three Months ended March 31,	
	2024	2023
Americas ex-Canada	\$ 577	\$ 1,018
Canada	67	30
EMEA	26	1
APAC	29	38
	\$ 700	\$ 1,087

Operating Expenses

<i>(In thousands)</i>	Three Months Ended March 31,		
	2024	2023	% Chg
General and administrative ("G&A")	336	287	17%
Sales and marketing ("S&M")	233	223	4%
Research and development ("R&D")	458	541	-15%
Total operating expenses	1,027	1,051	-2%

Total OPEX during Q1 of 2024 decreased 2% from the comparable period in 2023. For financial reporting purposes, we allocate facility-related costs to OPEX (G&S, S&M, R&D) and cost of revenue.

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, along with certain general facilities-related costs. These expense lines increased for the quarter, when compared to the same period in 2023. The increase was primarily due to one-time audit related expenses recorded in the current quarter.

Our Sales and Marketing ("S&M") costs consist of compensation paid to our sales team, as well as tradeshow, promotion, and travel & entertainment costs. Marketing expenses increased by 4% compared to 2023. This increase was driven by additional in travel and tradeshow expenses as we reached out to meet with current and potential customers.

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. Research and development costs in Q1 of 2024 were lower than in 2023 because efforts this year were focused on developing and enhancing our suite of standard products and therefore more of these costs were capitalized to the related intangible assets. Novra will continue to invest strategically in product development to position the company for future success.

Foreign Exchange Gain (Loss)

Although we generate a significant portion of our revenue outside of Canada, denominated in USD and Euro currencies, we have determined Novra's functional currency to be Canadian dollars. Additionally, many sales in Canada are also denominated in USD currency. Further, the procurement for most of our

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

raw materials is denominated in USD currency. However, our domestic operating costs are denominated in CAD currency. Accordingly, Novra's financial position and operating results are significantly exposed to foreign currency movements. We actively manage our foreign currency risk and may also enter speculative currency positions based on management's best judgement.

Additional earnings volatility arises from the translation of monetary assets and liabilities denominated in foreign currencies at the rate of exchange on each date of the Consolidated Financial Position; the impact of which is reported as a foreign exchange gain or loss.

For the first three months of 2024, Novra had a foreign exchange gain of \$17 thousand, compared to a gain of \$85 thousand in 2023.

At March 31, 2024, the foreign currency denominated assets and liabilities, subject to remeasurement, are as follows:

<i>(In thousands)</i>	USD	Euro
Assets	1,389	9
Liabilities	(350)	-
Net assets before hedging	1,039	9
Currency derivative contracts	-	-
Net assets - unhedged	1,039	9
Impact on Novra's earnings if 5% change in foreign exchange rates	52	-

If on March 31, 2024 the Canadian dollar had weakened or strengthened by 5% against the U.S. dollar and Euro, with all other variables held constant, Novra's consolidated net income would have been impacted by \$52 thousand. Please note that this calculation excludes Wegener's assets and liabilities, which are denominated in USD.

Other Income and Finance Costs

In the first three months of 2024, the Company recorded \$nil to finance income, which was unchanged from 2023.

Finance costs were \$47 thousand for Q1 of 2024, a decrease from last year (2023: \$53 thousand). There were no bank borrowings on our RBC credit facilities in 2024 or 2023.

Depreciation and Amortization

Depreciation and amortization costs increased to \$231 thousand for the three months ended March 31, 2024 (2023: \$116 thousand). This includes intangible asset amortization of \$93 thousand (2023: \$37 thousand) and \$54 thousand in amortization of right-of-use assets (2023: \$77 thousand), as well as capital asset amortization.

Tax Expense

Due to the net operating loss in the reporting period, there was no current tax provision to recognize..

Despite the significant non-capital loss carry forwards and available investment tax credits (see Note 14 of the audited Consolidated Financial Statements for the years ending December 31, 2023 and 2022) to shelter future taxable income from income taxes, we have not recognized deferred tax assets at either March 31, 2024 or 2023 because management concluded it was not probable to realize this benefit in the foreseeable future. In making this determination, management considered the uncertainties in projecting

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

future taxable income, the uncertainties related to the technology industry and competitive environment in which we operate, and the lack of available income tax planning strategies.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures. EBITDA is defined as earnings before income tax expense, financing costs (interest), depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for foreign exchange gain or loss, any acquisition-related costs, share-based compensation, any restructuring charges, any 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 Consolidated Financial Statements.*

Adjusted EBITDA was a loss of \$555 thousand for the three months ended March 31, 2024 compared to a loss of \$70 thousand for the same period in 2023.

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 prior quarters.

<i>(In thousands of dollars, except with respect to earnings (loss) per share</i>	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Revenue	\$ 700	\$ 2,927	\$ 1,241	\$ 2,192	\$ 1,087	\$ 2,195	\$ 2,141	\$ 2,338	\$ 929
Gross profit	207	1,587	913	887	696	1,618	999	1,170	348
Operating expenses	1,027	891	802	1,005	1,051	1,234	1,008	1,228	1,082
Foreign exchange gain (loss)	17	(158)	34	(14)	85	18	29	8	43
Net income (loss) attributable to Novra	(728)	(78)	354	(52)	(333)	200	(234)	(230)	(643)
Adjusted EBITDA Income (loss)	(555)	832	253	85	(70)	653	362	274	(405)
Earnings (loss) per share - diluted	\$ (0.022)	\$ (0.002)	\$ 0.011	\$ (0.002)	\$ (0.010)	\$ 0.006	\$ (0.007)	\$ (0.007)	\$ (0.019)
Weighted average shares outstanding	33,420	33,420	33,420	33,420	33,420	33,420	33,420	33,420	33,420

We occasionally receive large orders from customers and partners that can provide revenue visibility for future quarters. However, a large portion of Novra's quarterly revenues are generated from orders received during 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.

At March 31, 2024 both Novra's deferred revenue and order backlog were significantly lower compared to a year earlier because deferred revenue has been recognised, and significant orders have, in excess of what was booked over the year. We continue to expect significant volatility in revenue from quarter to quarter due to particular timing of orders from existing customers, continued economic and supply chain instability 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. We also expect on-going global geopolitical disruptions, higher interest rates and economic challenges to continue to impact markets and economies and therefore our customers and our business (refer to the Risks and Uncertainties section below).

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

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, certain cashable guaranteed investment certificates (GICs), if any, and accounts receivable. The following table shows our total liquid assets at the following reporting dates.

<i>(In thousands)</i>	March 31, 2024	December 31, 2023
Cash	\$ 1,953	\$ 2,448
Accounts receivable	296	756
Total liquid assets	\$ 2,248	\$ 3,204
Quick ratio ⁽¹⁾	1.01:1	1.51:1

(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 is 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).

At March 31, 2024, Novra's quick ratio was 1.01:1 or \$1.01 of liquid assets available to cover each \$1.00 of third-party current liabilities, a decrease from 1.51:1 at December 31, 2023. This reduction resulted from a decrease in liquid assets.

The following is a summary of cash flows by activities for Q1 of 2024 versus 2023. Overall, cash decreased by \$496 thousand during the three months ended March 31, 2024, to \$2.0 million.

Operating activities

We had negative cash flows of \$109 thousand from operating activities during the three months ended March 31, 2024, compared to negative cash flows from operating activities of \$607 thousand for the same period in 2023.

Investing activities

Cash flows from investing activities resulted in \$171 thousand decrease in cash (2023: \$124 thousand decrease). The primary uses of this cash were costs of development assets.

Financing activities

We had negative \$141 thousand net cash flow from financing activities during the three months ended March 31, 2024, compared to negative net cash from financing activities of \$77 thousand in the comparable prior period. In the current quarter we made repayments on our WEDC and disaster assistance loans and made lease payments of \$86 thousand toward our lease liabilities (2023: \$64 thousand).

As of the date of this MD&A we continue to have access to the \$1.2 million RBC Credit Facilities. There are no amounts outstanding.

Working Capital Ratio

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

Novra's working capital ratio was as follows:

<i>(In thousands)</i>	March 31, 2024	December 31, 2023
Working Capital:		
Current assets	\$ 3,776	\$ 4,638
Current liabilities	4,825	4,741
Working Capital:	\$ (1,049)	\$ (103)
Working capital, excluding related party and deferred revenue balances	\$ 1,548	\$ 2,518
Working capital ratio⁽¹⁾	1.69:1	2.19:1

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

"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.

Working capital decreased by \$946 thousand compared to December 31, 2023. This was largely as the result of a reduction in cash on hand. Novra's working capital excluding related party and deferred revenue balances, which we believe is an important financial metric to assess Novra's ability to meet its third-party short-term obligations, was \$1.5 million, compared to \$2.5 million at the previous year end. Our working capital ratio (as defined above) was 1.69:1 or \$1.69 of current assets per \$1.00 of current liabilities, excluding amounts due to related parties and deferred revenue at March 31, 2024, which is a decrease from December 31, 2023.

Contractual obligations and commitments

At December 31, 2023, Novra's contractual obligations and commitments were as follows:

<i>(In thousands)</i>		Within	1 to	5 to	
Payment due:	Total	1 year	5 years	10 years	10+ years
Borrowings (Note 6)	\$ 2,444	\$ 205	\$ 100	\$ 1,973	\$ 166
Operating leases (Note 11)	1,666	284	1,227	155	-
Trade payables and other payables	1,595	1,595	-	-	-
Total third party contractual obligations	5,705	2,084	1,327	2,128	166
Promissory notes from related party (Note 5)	1,290	-	1,290	-	-
Advances from related parties (Note 5)	1,722	1,722	-	-	-
Total contractual obligations	\$ 8,717	\$ 3,806	\$ 2,617	\$ 2,128	\$ 166

Refer to the notes to the Consolidated Financial Statements for further details.

Based on the March 31, 2024 liquid assets (as defined above) and working capital, 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

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

- ensure compliance with the covenants of any applicable credit facility and other financing facilities.

At March 31, 2024 the Company had cash and cash equivalents of \$2.0 million and access to undrawn revolving facilities of \$1.2 million (the RBC Credit Facilities as described in Note 6 of the Consolidated Financial Statements), subject to the terms and conditions of the credit facilities. At the date of this MD&A we continue to have access to these facilities and no amounts are outstanding.

At March 31, 2024, Novra's total outstanding voting common shares were unchanged from December 31, 2023 at 33,420,293, excluding the 2,000,000 common shares held by our subsidiary. Our debt and equity positions were as follows:

<i>(In thousands)</i>	March 31, 2024	December 31, 2023
Borrowings (drawn)	\$ 2,444	\$ 2,439
Promissory notes from related party	1,290	1,272
Shareholders' equity	(3,584)	(2,826)
Total capital resources	\$ 150	\$ 885

The change in capital resources was primarily due to losses in the current period.

Management believes the Company's current cash, access to the undrawn portion of debt facilities and its access to additional financing in the form of debt or equity will be sufficient to meet its working capital and capital expenditure requirements for the foreseeable future, including its contractual obligations and the commitments noted above.

OFF BALANCE SHEET ARRANGEMENTS

At March 31, 2024, we had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

In addition to key management personnel compensation, we have a material unsecured promissory note with IMT (IMT is a shareholder and our CEO has a controlling interest in IMT) as disclosed in the "Liquidity" and "Capital Resources" sections of this MD&A. Refer to Note 5 of the Consolidated Financial Statements for a complete disclosure of all related party transactions, including amounts due on demand.

ACCOUNTING MATTERS

Critical Accounting Estimates

The 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 material items requiring such subjective and complex estimates are as follows:

- Revenue recognition
- Inventory obsolescence
- Business combinations
- Impairment of non-financial assets

Novra Technologies Inc.

Management's Discussion & Analysis

Three Months Ended March 31, 2024

Refer to Note 3 of the audited Consolidated Financial Statements for the years ended December 31, 2023 and 2022 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.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

There were no significant changes to the types of financial instruments held during the quarter ended March 31, 2024. For further details refer to Note 8 of the audited Consolidated Financial Statements for the years ended December 31, 2023 and 2022, with additional information on Borrowings in Note 11.

RISKS AND UNCERTAINTIES

Refer to our December 31, 2023 MD&A for a list of risks and uncertainties facing Novra. We are currently not aware of any new material risks and uncertainties.