



## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**Periods ended September 30, 2024 and 2023**  
**(Expressed in Canadian dollars)**

## Novra Technologies Inc.

Management's Discussion & Analysis

Nine Months Ended September 30, 2024

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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 September 30, 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 November 29, 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 November 29, 2024.

Financial statements, MD&A and other information relating to Novra are available on SEDAR+ at [www.sedarplus.ca](http://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.

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### 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](http://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.** Some 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. At the same time, others are moving back toward a preference for one-time CAPEX investments in an effort to minimize total cost of ownership over the long term.
- **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 minimize costs. For some time we have virtualized our head-end control systems, greatly decreasing the complexity of head ends and making them more cost-effective. Now we are introducing virtualization in our MISTiQ and audio productlines including Audiocaster Pro. The virtualized Audiocaster Pro (which we first demonstrated at the 2024 NAB Show) will enable broadcasters to incorporate full network broadcast reception technology (Audiocaster Pro) into their modern virtualized infrastructure such as consoles. Additionally by virtualizing our MISTiQ Gateway, for example, we can integrate our MISTiQ broadcast technology in third-party devices such as Encoders - again reducing cost and complexity.

- 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:

- *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.
- *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.
- *Satellite and terrestrial broadband receivers:* We offer a line of highly reliable and cost-effective 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.
- *Video distribution:* Our products and systems provide end-to-end solutions for traditional and non-traditional video networks. This is a key focus area for our innovation activities, including projects in augmented reality, remote collaboration, and emerging technologies. Our video products target the following key market niches:
  - Delivery of live and file-based video content distribution
  - Digital signage
  - IPTV
  - Professional-quality streaming video
  - Broadcast video networks of all sizes
  - Digital program insertion (for targeted advertising, regionalization, and blackout management)
- *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 and ultra-low latency internet distribution for live events.

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 we expected and shared in previous releases, the first nine months of 2024 have been challenging. Bookings and revenue have been substantially impacted by global uncertainties resulting from geopolitical instability, elevated interest rates, and the US elections. This has caused promising sales opportunities to be significantly delayed, many slipping into 2025. However, bookings have seen a strong rebound in early Q4, with substantial new orders spanning several of Novra's key markets received, and we're cautiously optimistic about carrying this momentum into 2025.

As a result of the conditions described above, our revenue for the first nine months of 2024 was lower than usual and this led to a net income loss of \$1.6 million and Adjusted EBIDA loss of \$925 thousand. Our operating costs continued to trend lower year-over-year despite inflationary pressures and we will continue to take all 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 \$1.3 million, is allowing us to ship many recent 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 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 several months we are seeing our defence opportunities grow as defence organizations are investing in high-reliability technology upgrades and network expansion for their secure communications networks. We are also seeing other customers begin to move forward with infrastructure upgrades that are specifically targeted to maximize their network security.

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. Concrete examples of this include our recent delivery of next-generation data receivers for government qualification and initiation of new partnerships to expand our offerings for broadcast monitoring and control.

Novra's cash position at September 30, with approximately \$1.1 million in bank deposits, and a bank credit facility of \$1.2 million continue to provide a substantial pool of liquid funds of \$2.3 million.

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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).

### Q3 2024 vs. Q3 2023:

- Revenue was \$703 thousand in Q3 2024, compared to \$1.2 million in Q3 2023, a decrease of \$537 thousand. The decrease is primarily the result of reduced bookings and backlog.
- In Q3 2024, gross profit was \$410 thousand, representing 58.4% of total revenue, compared to \$913 thousand, which was 73.6% of total revenue. Gross profit in Q3 2023 was far outside the normal range for Novra and the year to year variation is the result of the specific product service mix.
- Operating expenses were \$722 thousand in Q3 2024, compared to \$802 thousand in Q3 2023, a decrease of 9.9% despite inflationary pressures.
- Net Loss was \$361 thousand, compared to a gain of \$102 thousand in Q3 2023. This net loss in 2024 was driven by lower revenue. Of note, Net Loss continued to improve from Q1 and Q2 2024 to Q3 2024.
- Adjusted EBITDA\* was a loss of \$191 thousand, compared to Adjusted EBITDA\* gain of \$253 thousand in Q3 2023. This was primarily a result of a net income loss in Q3 2024 compared to positive net income in Q3 2023.

### First nine months of 2024 vs. 2023:

- Revenue was \$2.5 million in 2024, compared to \$4.5 million in 2023, a decrease of \$2.0 million. This is primarily the result of less order backlog being brought in to 2024.
- In 2024, gross profit was \$1.2 million, representing 50.0% of total revenue, compared to \$2.5 million in 2023, which was 55.2% of total revenue. While the gross profit percentage remained similar, in 2024 it was impacted by certain fixed costs being spread over lower revenue.
- Operating expenses were \$2.7 million in 2024, compared to \$2.9 million in 2023, a reduction of 5.4%. This was impacted by increased focus of R&D efforts on developing and enhancing our suite of standard products, which are capitalized.
- Net loss was \$1.6 million, compared to loss of \$372 thousand in 2023. This increased loss was primarily the result of lower revenue, which was impacted by delayed orders.
- Adjusted EBITDA\* was a loss of \$925 thousand, compared to an Adjusted EBITDA\* gain of \$13 thousand in 2023.

\*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, still-elevated interest rates and the threat of a potential recession are causing companies to delay large capital purchase commitments. All of these continue to put downward pressure on revenue



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and gross profit. Novra's adaptive strategy to deal with these challenges includes strategic inventory purchases 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 have resulted in new products and service offerings, which generated enthusiastic responses from government and broadcast customers at recent tradeshow 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

In the first nine months of 2024 we saw many ongoing customers taking small steps to refresh and/or expand their networks at a cautious pace influenced by their challenging market conditions. In early Q4, we are seeing some positive indications that certain customers are beginning to move ahead with larger projects. Our on-going technology enhancements going forward are informed by our customers' requirements and targeted at providing the new features that can immediately benefit their businesses. This includes shifting to IP and hybrid satellite networks and to software- and service-based solutions.

Some of our significant recent developments include:

- ❖ **Major European Radio Network Order:** We received a large order to provide next-generation distribution infrastructure to reliably control and deliver audio content to hundreds of radio stations for a major European broadcast radio network. Deliveries will begin in early December and continue into 2025. While details cannot be shared at the current time due to confidentiality considerations, more information is expected to be released as the system is commissioned.
- ❖ **IP Infrastructure:** A new order from a US based weather data service for a number of our IPE-4000A IP Encapsulators reflects our continued longevity in key internet protocol infrastructure technology. We are also now taking orders for our next-generation IP Encapsulator that will begin shipping in early 2025.

- ❖ **Current and Next-Generation High-Reliability Products:** We continue to receive orders related to our high-reliability products used in US government projects. The strong interest in this area is on-going and we recently released an updated MAP PRO Data that adheres to the Department of Defense Security Technical Implementation Guide (STIG). This brings cybersecurity to the next level in our products—increasingly important in both the commercial and government markets of our industry. Government customers are currently evaluating our next generation of satellite receivers, with integrated advanced encryption functionality, to qualify these for use in this market long into the future.
- ❖ **New Management & Control Platform:** In Q3 we formally launched development of an integrated next-generation control and management platform. This system leverages modern IoT protocols and will initially be targeted at meeting the needs of the broadcast radio industry.
- ❖ **Expanding Marketing and Sales Activities:** 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, which has positively impacted bookings as we move into the fourth quarter. These activities have included visiting several existing customers as well as attending key conferences and trade shows, including NABShow 2024, the Satellite 2024 show, the 2024 Public Radio Engineering Conference, and IBC 2024 in Amsterdam.
- ❖ **Sharing Our Expertise:** VP of Marketing and Sales, Diana Cantu, represented the company on a panel at the prestigious World Broadcasting Union's International Media Connectivity Group (WBU-IMCG) Forum in Boston, USA, hosted by Verizon and NABA. The panel brought together a group of international experts on the topic: "The Role of Satellites in a Changing Media Landscape".
- ❖ **SMPTE Technical Conference Participation:** Recently we actively engaged with industry leaders at the SMPTE Technical Conference, themed "When Media and AI Meet." Our participation included a booth where we showcased our latest innovations and facilitated lively discussions with customers and industry experts. The conference provided an invaluable platform to exchange ideas on how new technologies are shaping the future of media distribution.
- ❖ **MISTiQ's Growing Momentum:** Our cloud service for broadcast, MISTiQ, continues to see traction in the market. We are pleased that our largest customer has renewed their contract, demonstrating continued confidence in our services. Remarkably, we have maintained a 100% renewal rate, with all customers so far choosing to continue and expand their networks with us.
- ❖ **Legacy Product Inventory Management:** In line with our commitment to supporting long-time customer networks, we have maintained strategic inventory of specific legacy products. This initiative continues to support our long-standing customers in maintaining their operations without disruption while we at the same time progress innovative solutions for the future.
- ❖ **New Government Market Partners:** 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.
- ❖ **Long Term Sustainable Networks:** 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 continue to operate existing infrastructure longer.

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- ❖ **New and Expanding Video 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.
- ❖ **Audio Network Upgrade:** We won a competitive tender to upgrade a long-time radio network customer in Europe to replace aging network infrastructure with new MAP Pro Audio receivers.
- ❖ **Expansion in Digital Signage/Enterprise Video:** 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 and an order to expand the digital signage network of an international bank. These orders further solidify our strong relationships with key long-term partners in this market.
- ❖ **Weather Data Distribution Focus:** 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 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.

### Convertible Loan Agreement

On September 10, 2024, Novra entered into a binding non-brokered Convertible Loan Agreement with a US-based private investment group. For details of this agreement see Note 12 of the Consolidated Financial Statements.

As the Company has not yet received funds under this agreement, the reader should refrain from placing undue reliance on the anticipated closing of this potential transaction, either as described or at all.

### Stock Halt

On September 12, 2024 trading of the Company's shares on the TSX Venture exchange was halted by the exchange. The TSX-V informed the company that they had halted trading in the stock until such time that disclosure regarding the Convertible Loan Agreement meets Exchange requirements for disclosure of such a transaction. The company continues to work with all parties involved toward meeting those requirements and expects to make a press release in the next 10 days to provide additional and current information on this loan.

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### 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 September 30,			Period ended September 30,		
	2024	2023	% Chg	2024	2023	% Chg
<b>Revenue by type:</b>						
Products	\$ 237	\$ 821	71%	\$ 959	\$ 2,140	55%
Services	466	419	11%	1,529	2,379	-36%
<b>Total revenue</b>	<b>703</b>	<b>1,240</b>	<b>-43%</b>	<b>2,488</b>	<b>4,519</b>	<b>-45%</b>
<b>Gross profit</b>	<b>410</b>	<b>913</b>	<b>-55%</b>	<b>1,244</b>	<b>2,495</b>	<b>-50%</b>
<i>Gross margin</i>	<b>58.4%</b>	<i>73.6%</i>		<b>50.0%</b>	<i>55.2%</i>	
Operating expenses	722	802	-10%	2,703	2,858	-5%
<b>Operating income (loss)</b>	<b>(311)</b>	<b>111</b>	<b>NM</b>	<b>(1,459)</b>	<b>(363)</b>	<b>302%</b>
Other income (expenses)	(50)	(9)	456%	(114)	(10)	1040%
<b>Net income (loss) as reported under IFRS</b>	<b>\$ (361)</b>	<b>\$ 102</b>	<b>NM</b>	<b>\$ (1,573)</b>	<b>\$ (373)</b>	<b>322%</b>
Adjustments:						
Finance costs	42	50	-16%	133	155	-14%
Depreciation and amortization	120	135	-11%	534	336	59%
<b>EBITDA - non-IFRS measure</b>	<b>(199)</b>	<b>207</b>	<b>NM</b>	<b>(906)</b>	<b>110</b>	<b>NM</b>
Loss (gain) on foreign exchange	8	(34)	NM	(19)	(105)	-82%
Share-based compensation	0	0	NM	0	0	NM
<b>Adjusted EBITDA - non-IFRS measure</b>	<b>\$ (191)</b>	<b>\$ 253</b>	<b>NM</b>	<b>\$ (925)</b>	<b>\$ 13</b>	<b>NM</b>

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 for Q3 was \$703 thousand (2023 - \$1.2 million). Gross margin was 58.4%, 15.2% lower than in Q3 of 2023. The decrease in gross margin was the result of the specific product/service mix and the unusually high gross margin reported in Q3 of 2023. For the nine month period revenue was also lower than 2023 (\$2.5 million compared to \$4.5 million), while gross margin was similar (50% compared to 55.2%). However, there were significant positive trends in Q3 and Q2 when compared to Q1 of this year, with both revenue and gross profit increasing quarter over quarter.

For the nine months ended September 30, 2024, our top 10 customers accounted for 70.4% of total revenue with the largest accounting for 22%, 14%, and 11%, respectively, or \$1.16 million in aggregate. For the same period last year, Novra's top 10 customers accounted for 60.2% of revenue with the largest accounting for 19% and 11%, respectively, or \$1.3 million in aggregate. No other customers accounted for more than 10% 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.

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<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Americas ex-Canada	\$ 515	\$ 1,060	\$ 1,851	\$ 3,701
Canada	83	63	241	167
EMEA	40	19	266	268
APAC	65	120	130	383
	\$ 703	\$ 1,262	\$ 2,488	\$ 4,519

### Operating Expenses

<i>(In thousands)</i>	Three Months Ended September 30,			Period Ended September 30,		
	2024	2023	% Chg	2024	2023	% Chg
General and administrative ("G&A")	200	379	-47%	912	1,065	-14%
Sales and marketing ("S&M")	172	189	-9%	667	659	1%
Research and development ("R&D")	351	234	50%	1,125	1,134	-1%
Total operating expenses	722	802	-10%	2,703	2,858	-5%

Total OPEX was lower both in the quarter (10% lower) and in the first nine months (5% lower) than the comparable periods 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 decreased for the quarter, but increased for the nine-month period, when compared to the same periods in 2023. The nine-month increase was primarily due to one-time audit related expenses recorded in the first quarter of 2024.

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 decreased by 9% for the quarter and increased by 1% for the nine-month period compared to the same periods in 2023. The nine-month 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 were higher in the quarter because expenses in the 2023 comparable period were unusually low as a result of specific adjustments, regarding timing of expenses, that took place in that quarter. Over the 9-month period R&D expenses continue to run slightly lower than 2023. 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 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.

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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 nine months of 2024, Novra had a foreign exchange gain of \$19 thousand, compared to a gain of \$105 thousand in the same period in 2023.

At September 30, 2024, the foreign currency denominated assets and liabilities, subject to remeasurement, are as follows:

<i>(In thousands)</i>	USD	Euro
Assets	1,180	9
Liabilities	(784)	(1)
<b>Net assets before hedging</b>	<b>396</b>	<b>8</b>
<b>Currency derivative contracts</b>	<b>-</b>	<b>-</b>
<b>Net assets - unhedged</b>	<b>396</b>	<b>8</b>
<b>Impact on Novra's earnings if 5% change in foreign exchange rates</b>	<b>20</b>	<b>-</b>

If on September 30, 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 \$20 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 nine months of 2024, the Company recorded \$173 to finance income, compared to \$41 thousand, which was primarily interest earned on GICs, in the comparable period in 2023.

Finance costs were \$133 thousand for the first nine months of 2024, a decrease from the same period last year (2023: \$155 thousand). This was primarily the result of lower interest expense related to on-going leases for office and production spaces. There were no bank borrowings on our RBC credit facilities in 2024 or 2023.

### Depreciation and Amortization

Depreciation and amortization costs increased to \$534 thousand for the nine months ended September 30, 2024 (2023: \$336 thousand). This includes intangible asset amortization of \$251 thousand (2023: \$185 thousand), \$162 thousand in amortization of right-of-use assets (2023: \$146 thousand), amortization related to test equipment of \$83 thousand (2023: \$Nil), and \$36 thousand in amortization related to Wegener's purchase price adjustment (2023: \$6 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 September 30, 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



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projecting 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 \$925 thousand for the nine months ended September 30, 2024 compared to a gain of \$13 thousand for the same period in 2023. However, both Q2 and Q3 adjusted EBITDA losses were a marked improvement compared to Q1 of this year.

### 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>	Sep 30, 2024	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Dec 31, 2022	Sep 30, 2022
Revenue	\$ 703	\$ 1,086	\$ 700	\$ 2,927	\$ 1,241	\$ 2,192	\$ 1,087	\$ 2,195	\$ 2,141
Gross profit	410	627	207	1,587	913	887	696	1,618	999
Operating expenses	722	954	1,027	891	802	1,005	1,051	1,234	1,008
Foreign exchange gain (loss)	(8)	10	17	(158)	34	(14)	85	18	29
Net income (loss) attributable to Novra	(263)	(257)	(728)	(78)	354	(333)	(333)	200	(234)
Adjusted EBITDA income (loss)	(191)	(144)	(589)	832	253	85	(70)	653	362
Earnings (loss) per share - diluted	\$ (0.008)	\$ (0.008)	\$ (0.022)	\$ (0.002)	\$ 0.011	\$ (0.002)	\$ (0.010)	\$ 0.006	\$ (0.007)
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 September 30, 2024 Novra's order backlog was significantly lower than historical averages. While, as previously announced, bookings have accelerated in early Q4 and we are cautiously optimistic that this will continue into 2025, 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, still-

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elevated 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).

### 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>	<b>September 30, 2024</b>	December 31, 2023
<b>Cash</b>	<b>\$ 1,102</b>	\$ 2,448
<b>Accounts receivable</b>	<b>683</b>	756
<b>Total liquid assets</b>	<b>\$ 1,785</b>	\$ 3,204
<b>Quick ratio <sup>(1)</sup></b>	<b>0.80:1</b>	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 September 30, 2024, Novra's quick ratio was 0.80:1 or \$0.80 of its most 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 primarily from a decrease in cash and an increase in customer deposits.

The following is a summary of cash flows by activities for the first nine months of 2024 versus 2023. Overall, cash decreased by \$1.3 million during the nine months ended September 30, 2024, to \$1.1 million.

#### *Operating activities*

We had negative cash flows of \$462 thousand from operating activities during the nine months ended September 30, 2024, compared to negative cash flows from operating activities of \$87 thousand for the same period in 2023.

#### *Investing activities*

Cash flows from investing activities resulted in \$482 thousand decrease in cash (2023: \$471 thousand decrease). The primary uses of this cash were costs of development assets.

#### *Financing activities*

We had negative \$356 thousand net cash flow from financing activities during the nine months ended September 30, 2024, compared to negative net cash from financing activities of \$306 thousand in the comparable prior period. In the current period we made repayments on our WEDC and disaster assistance loans and made lease payments of \$265 thousand toward our lease liabilities (2023: \$188 thousand).



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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's working capital ratio was as follows:

<i>(In thousands)</i>	September 30, 2024	December 31, 2023
<b>Working Capital:</b>		
Current assets	\$ 3,128	\$ 4,638
Current liabilities	5,039	4,741
<b>Working Capital:</b>	<b>\$ (1,911)</b>	<b>\$ (103)</b>
<b>Working capital, excluding related party and deferred revenue balances</b>	<b>\$ 900</b>	<b>\$ 2,518</b>
<b>Working capital ratio<sup>(1)</sup></b>	<b>1.40:1</b>	<b>2.19:1</b>

(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 \$1.8 million compared to December 31, 2023. This was largely as the result of a reduction in cash on hand and trade receivables, coupled with increases in customer deposits and deferred revenue. 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 \$900 thousand, compared to \$2.5 million at the previous year end. Our working capital ratio (as defined above) remained strong at 1.40:1 or \$1.40 of current assets per \$1.00 of current liabilities, excluding amounts due to related parties and deferred revenue at September 30, 2024, despite a decrease from December 31, 2023.

### Contractual obligations and commitments

At September 30, 2024, Novra's contractual obligations and commitments were as follows:

<i>(In thousands)</i>	Total	Within 1 year	1 to 5 years	5 to 10 years	10+ years
<b>Payment due:</b>					
Borrowings (Note 6)	\$ 2,402	\$ 178	\$ 99	\$ 1,967	\$ 158
Operating leases (Note 11)	1,527	299	1,205	22	-
Trade payables and other payables	1,593	1,593	-	-	-
Total third party contractual obligations	5,522	2,070	1,304	1,989	158
Promissory notes from related party (Note 5)	1,327	-	1,327	-	-
Advances from related parties (Note 5)	1,679	1,679	-	-	-
Total contractual obligations	\$ 8,528	\$ 3,749	\$ 2,631	\$ 1,989	\$ 158

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

Based on the September 30, 2024 liquid assets (as defined above) and working capital, we have sufficient liquid resources and available credit 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:

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

At September 30, 2024 the Company had cash and cash equivalents of \$1.1 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 September 30, 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>	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Borrowings (drawn)	\$ 2,402	\$ 2,439
Promissory notes from related party	1,327	1,272
Shareholders' equity	(4,106)	(2,826)
<b>Total capital resources</b>	<b>\$ (377)</b>	<b>\$ 885</b>

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 September 30, 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:

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

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 nine months ended September 30, 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, except as noted below:

- Our convertible loan agreement with a US-based investment fund lender may not close with the current terms or at all. The TSX Venture exchange has not yet approved the transaction and no funds have been received to date. If required, there can be no guarantee that Novra shareholders will approve the transaction.
- In response to this pending convertible loan transaction, trading of Novra's shares is currently halted on the TSX Venture exchange. The Company can offer no assurance of when this halt will be lifted by the exchange. This may negatively impact Novra's current shareholders as well as Novra's ability to raise additional capital.