NOVRA TECHNOLOGIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022
(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Novra Technologies Inc.

Opinion

We have audited the consolidated financial statements of the Company, which comprise the consolidated statements of financial position as at December 31, 2023 and December 31, 2022, and the consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows for the years December 31, 2023 and 2022, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to the key audit matters to be communicated in our auditor's report.

Valuation of inventory

The provision for obsolescence of inventory requires the application of significant judgement by the Company, particularly in the identification of slow moving and obsolete inventory and the quantification of the provision to apply to the inventory applied. The discussion on the assessment of the estimate and the underlying assumptions is included in Note 3 of the consolidated financial statements

To address this key audit matter, we analyzed inventory trends including turnover rates, completed substantive procedures on net realizable value, reviewed the reasonableness of assumptions used in the Company's inventory valuation process and completed an examination for any unexpected transactions or changes in inventory levels.

(continued.....)

Valuation of Intangible Assets

The valuation of intangible assets requires the application of significant judgment by the Company, particularly in the identification of intangibles, valuation, and impairment testing. The discussion on the assessment, estimate and the underlying assumptions that form the valuation of intangible assets is included in Note 2 and 3 of the consolidated financial statements.

To address this key audit matter, we reviewed the Company's asset development policy, analyzed the changes in the carrying amounts of intangible assets and ensured that the calculation methodology was consistently applied. We evaluated the Company's impairment assessment including a review of the reasonableness of assumptions applied, considered possible changes in the business environment and market conditions that could impact the fair value of the intangible assets and performed procedures to identify potential impairment including a multi-year margin analysis and examination of subsequent sales and forecasts.

Other Information

Management is responsible for other information. The other information comprises of the information contained in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained the information included in the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continued.....)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
The engagement partner on the audit resulting in this independent auditor's report is Michael P. Angers.

Baker Tilly HMA LLP

Chartered Professional Accountants

Winnipeg, Manitoba
April 27, 2024

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

	NOTES		December 31, 2023		December 31, 2022
ASSETS					
Current Assets					
Cash		**$**	**2,448,436**	$	1,965,537
Restricted non-redeemable GIC's			**-**		1,354,400
Trade and other receivables	5(c)		**755,982**		698,435
Sub-lease receivable - current portion	2		**59,013**		61,896
Inventories	7		**1,338,035**		2,031,288
Prepayments and other	2		**36,608**		90,845
Total Current Assets			**4,638,074**		6,202,401
Non-Current Assets					
Sub-lease receivable	2		**47,627**		111,907
Equipment	9		**9,062**		21,915
Right-of-use assets	2, 20		**1,317,292**		1,453,962
Intangible assets	10		**1,299,830**		1,022,912
Total Non-Current Assets			**2,673,811**		2,610,696
TOTAL ASSETS		**$**	**7,311,885**	$	8,813,097
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade and other payables		**$**	**1,618,232**	$	1,710,834
Borrowings	11		**170,195**		217,610
Lease liabilities	2, 18(a)		**268,847**		240,472
Customer deposits			**62,898**		1,142,541
Deferred revenue - current portion	15		**947,539**		795,936
Advances from related parties	16(c)		**1,673,037**		1,589,701
Total Current Liabilities			**4,740,748**		5,697,094
Non-Current Liabilities					
Borrowings	11		**2,268,989**		2,397,621
Lease liabilities	2, 18(a)		**1,448,864**		1,660,221
Deferred revenue	15		**198,083**		699,047
Promissory notes from related party	16(d)		**1,272,197**		1,200,000
Total Non-Current Liabilities			**5,188,133**		5,956,889
TOTAL LIABILITIES		**$**	**9,928,881**	$	11,653,983
Equity					
Share capital	13(a)	**$**	**7,372,749**	$	7,372,749
Contributed surplus			**500,576**		500,576
Accumulated other comprehensive gain (loss)			**13,900**		(73,753)
Accumulated deficit			**(10,713,049)**		(10,613,436)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF NOVRA			**(2,825,824)**		(2,813,864)
Non-Controlling Interests			**208,828**		(27,022)
TOTAL EQUITY			**(2,616,996)**		(2,840,886)
TOTAL LIABILITIES AND EQUITY		**$**	**7,311,885**	$	8,813,097

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

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

		Year Ended December 31,	
	NOTES	**2023**	2022
REVENUE	15	**$ 7,445,587**	$ 7,603,077
COST OF REVENUE	7	**3,363,378**	3,468,002
GROSS PROFIT		**4,082,209**	4,135,075
OPERATING EXPENSES			
General and administrative		**1,459,808**	1,346,993
Sales and marketing		**831,842**	946,572
Research and development		**1,457,102**	2,260,045
Total operating expenses		**3,748,752**	4,553,610
OPERATING INCOME (LOSS)		**333,457**	(418,535)
Other Income (Expenses)			
Foreign exchange gain (loss)		**(52,508)**	97,957
Finance income	19(a)	**55,796**	12,766
Finance costs	19(b)	**(200,508)**	(166,157)
INCOME (LOSS) BEFORE INCOME TAXES		**136,237**	(473,969)
Income tax recovery (expense)	14	**-**	-
NET INCOME (LOSS)		**$ 136,237**	$ (473,969)
OTHER COMPREHENSIVE INCOME, NET OF TAXES			
Foreign Currency Translation Adjustments on Wegener Consolidation		**87,653**	(180,028)
Total other comprehensive income (loss), net of taxes		**87,653**	(180,028)
COMPREHENSIVE INCOME (LOSS)		**$ 223,890**	$ (653,997)
EARNINGS (LOSS) PER SHARE:			
Basic		**$ (0.0030)**	$ (0.0271)
Diluted		**$ (0.0030)**	$ (0.0271)
Weighted average number of shares outstanding - basic		**33,420,293**	33,420,293
Weighted average number of shares outstanding - diluted		**33,420,293**	33,420,293
NET INCOME (LOSS) ATTRIBUTABLE TO :			
Shareholders of Novra		**$ (99,613)**	$ (907,170)
Non-controlling interest		**$ 235,850**	$ 433,201
		136,237	(473,969)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of Novra		**$ (11,960)**	$ (1,087,198)
Non-controlling interest		**$ 235,850**	$ 433,201
		223,890	(653,997)

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

NOVRA TECHNOLOGIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Canadian dollars, except share data)

	NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-Controlling Interest	Total Shareholders' Equity
At January 1, 2023								
Total		35,420,293	$ 7,632,749	$ 500,576	$ (73,753)	$ (10,613,436)	$ (27,022)	$ (2,580,886)
Less: common shares held by subsidiary		(2,000,000)	$ (260,000)					(260,000)
		33,420,293	7,372,749	500,576	(73,753)	(10,613,436)	(27,022)	(2,840,886)
Net income (loss)		-	-	-	-	(99,613)	235,850	136,237
Change in foreign currency translation		-	-	-	87,653	-	-	87,653
Share based compensation	13(b)	-	-	-	-	-	-	-
Options Exercised	13(b)	-	-	-	-	-	-	-
Cancellation of common shares	13(b)	-	-	-	-	-	-	-
At December 31, 2023		33,420,293	$ 7,372,749	$ 500,576	$ 13,900	$ (10,713,049)	$ 208,828	$ (2,616,996)

	NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non-Controlling Interest	Total Shareholders' Equity
At January 1, 2022								
Total		35,420,293	$ 7,632,749	$ 500,576	$ 106,275	$ (9,706,266)	$ (460,223)	$ (1,926,889)
Less: common shares held by subsidiary		(2,000,000)	$ (260,000)	$ -	$ -	$ -	$ -	(260,000)
		33,420,293	7,372,749	500,576	106,275	(9,706,266)	(460,223)	(2,186,889)
Net income (loss)		-	-	-	-	(907,170)	433,201	(473,969)
Change in foreign currency translation		-	-	-	(180,028)	-	-	(180,028)
Share based compensation		-	-	-	-	-	-	-
Options exercised		-	-	-	-	-	-	-
Cancellation of common shares		-	-	-	-	-	-	-
At December 31, 2022		33,420,293	$ 7,372,749	$ 500,576	$ (73,753)	$ (10,613,436)	$ (27,022)	$ (2,840,886)

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

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

	NOTES	Year Ended December 31, 2023	2022
OPERATING ACTIVITIES			
Net income (loss)		**$ 136,237**	$ (473,969)
Add items not affecting cash:			
Depreciation and amortization	17	**455,431**	1,289,602
Share based compensation	13(b)	**-**	-
Interest expense	19(b)	**200,508**	166,157
Changes in non-cash working capital items			
Trade and other receivables		**108,154**	476,215
Provision for trade and other receivables		**(165,701)**	(50,474)
Sub-lease receivable		**67,163**	-
Inventories		**693,253**	(354,731)
Other assets		**54,237**	652,105
Additions to right-of-use asset	20	**(73,023)**	-
Trade and other payables and accrued liabilities		**(92,602)**	154,065
Customer deposits		**(1,079,643)**	(949,287)
Deferred revenue	15	**(349,361)**	179,247
Advances from Related Party	16(c)	**83,336**	253,290
Changes in promissory notes	16(d)	**72,197**	-
Interest paid		**-**	(4,757)
Net cash provided by (applied to) operating activities		**110,186**	1,337,463
INVESTING ACTIVITIES			
Purchase of restricted non-redeemable GIC's		**-**	(1,354,400)
Redemption of restricted non-redeemable GIC's		**1,354,400**	
Purchase of capital assets	9	**(5,617)**	-
Intangible assets	10	**(615,009)**	(521,515)
Net cash provided by (applied to) investing activities		**733,774**	(1,875,915)
FINANCING ACTIVITIES			
Payments on lease liabilities	18(a)	**(353,301)**	(593,574)
Payments on WEDC repayable contribution	11(c)	**(51,480)**	(51,480)
Payments on Chymiak loan	11(b)	**(80,046)**	-
Payments on disaster assistance funding	11(d)	**(12,826)**	-
Payments on IMT promissory notes	16(d)	**-**	(57,132)
Net cash provided by (applied to) financing activities		**(497,653)**	(702,186)
Effect of exchange rates on cash and cash equivalents		**136,592**	240,875
Net increase/(decrease) in cash		**482,899**	(999,763)
Cash, beginning of year		**1,965,537**	2,965,300
CASH, end of year		**$ 2,448,436**	$ 1,965,537

The accompanying notes are an intergral part of these Consolidated Financial Statements

1. General Information

Novra Technologies Inc. ("Novra" or the "Company") is incorporated under the Canada Business Corporations Act and its corporate office and principal place of business is 210-100 Innovation Drive, Winnipeg, Manitoba, Canada R3T 6G2. Novra is a publicly traded company on the TSX Venture Exchange ("TSX-V") under the symbol NVI.

Novra has a diverse group composition resulting from strategic acquisitions. Notably, in 2016, Novra expanded its operations significantly through the acquisition of International Datacasting Corporation ("IDC") and its wholly-owned U.S. subsidiary, consolidating their expertise in satellite data distribution. Furthermore, on December 29, 2017, Novra acquired a 51.6% controlling interest in Wegener Corporation ("Wegener"), enhancing its capabilities in digital media management and distribution technologies, including applications in digital signage, radio, and television (refer to Note 4 for further details).

The consolidated financial statements reflect Novra's comprehensive product portfolio, which encompasses hardware, software, and services, augmented by the combined strengths of its subsidiaries. Notably, Novra's areas of specialization extend beyond core video, radio, and data products to include encryption, next-generation hybrid networks (combining satellite, terrestrial, and cloud technologies), and efficient bandwidth utilization.

In accordance with IFRS 12, Novra provides disclosure aimed at enabling users of its consolidated financial statements to understand both the composition of the group and the interests held by non-controlling entities within the group. Throughout these Consolidated Financial Statements, terms such as "Novra," "Company," "we," "us," or "our" refer collectively to Novra Technologies Inc. and its subsidiaries.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on April 27th, 2024.

2. Material Accounting Policies

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

Basis of Presentation

The Consolidated Financial Statements of Novra are expressed in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS, as issued by the International Accounting Standards Board ("IASB"). We have prepared the Consolidated Financial Statements under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

Use of Estimates

In preparing these Consolidated Financial Statements, management has made judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. For areas involving a higher degree of management judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, refer to Note 3.

Consolidation

These Consolidated Financial Statements consolidate the accounts of Novra Technologies Inc. and its subsidiaries. Subsidiaries are all entities over which we have control. We control an entity when we are exposed, or have rights, to variable returns from our involvement with the entity and have the ability to affect those returns through our power over the entity. We have power over an entity when we have existing rights that give us the current ability to direct the activities that most significantly affect the entity's returns (relevant activities). Power may be determined on the basis of voting rights or, in the case of structured entities, other contractual arrangements. We consolidate all subsidiaries from the date we obtain control and cease consolidation when an entity is no longer controlled by us. All transactions and balances from subsidiaries have been eliminated upon consolidation.

Business Combinations

We apply the acquisition method in accounting for business combinations. We measure goodwill as the difference between the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, and the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair value of the assets transferred (including cash), liabilities incurred by the Company on behalf of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration.

Transaction costs that Novra incurs in connection with a business combination, such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed in the period as incurred.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). This CODM is responsible for allocating resources and assessing performance of the operating segments. Novra's CODM is the Chief Executive Officer ("CEO").

Foreign Currency Translation

a) Functional and presentation currency

The Company operates with multiple functional currencies. The Company's consolidated financial statements are presented in Canadian dollars as this presentation is most meaningful to financial statement users. For those subsidiaries with different functional currencies, exchange rate differences arising from the translation of monetary items that form part of the net investment in the foreign operation are recorded in unrealized foreign exchange gains (losses) on translation of foreign operations in other comprehensive income.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Income and expense items are translated at the average exchange rates for the period, unless foreign exchange rates fluctuated significantly during the period, in which case, the exchange rates at the dates of the transactions are used. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as foreign exchange gains (losses) in the Consolidated Statements of Operations and Comprehensive Income (Loss).

Financial Instruments

a) Financial assets

We classify Novra's financial assets in the following categories depending on Novra's business model for managing the financial assets and their contractual cash flow characteristics.

i) At fair value through profit or loss

Assets in this category are derivatives as well as quoted equity instruments which we have not irrevocably elected, at initial recognition or transition, to classify at FVOCI. These assets are initially measured at fair value with changes therein being recognized in net income or loss.

ii) At fair value through other comprehensive income

Assets in this category are those which are not held-for-trading and for which we have irrevocably elected, at initial recognition or transition, to classify at FVOCI. These assets are initially measured at fair value with changes therein being recognized in other comprehensive income.

iii) Amortized cost

Assets in this category are those for which our business model is to collect their contractual cash flows and the contractual cash flows represent solely payments of principal and interest. These assets are initially measured at cost and subsequently measured at amortized cost using the effective interest method.

b) Impairment of financial assets

We utilize an expected credit loss impairment model which is based on changes in credit quality at each reporting date since initial recognition. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in payment and when observable data indicates that there is a measurable decrease in the estimated future cash flows. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

c) Financial liabilities

Financial liabilities are recognized on the trade date in which we become a party to the contractual provisions of the instrument at fair value plus any directly attributable costs. We classify financial liabilities subsequently at amortized cost or fair value through profit or loss.

d) Fair value measurement

Fair value is defined as the price to sell an asset or transfer a liability (i.e. the "exit price") in an orderly transaction between market participants. Management uses a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is broken down into the following three levels:

Level 1: Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value based on quoted prices in active markets for similar assets or liabilities, quoted prices for identical assets or liabilities in inactive markets, or for which significant inputs are observable (e.g. interest rates, yield curves, etc.) or can be corroborated by observable market data.

Level 3: Fair value based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect significant management judgments about assumptions that market participants might use.

The following table summarizes our classification and measurement of financial assets and liabilities:

	Classification	Measurement
Financial Assets:		
Cash	Amortized cost	Amortized cost
Trade and other receivables	Amortized cost	Amortized cost
Restricted non-redeemable GIC's	Amortized cost	Amortized cost
Sub-lease receivable	Amortized cost	Amortized cost
Financial liabilities:		
Trade and other payables	Amortized cost	Amortized cost
Customer deposits	Amortized cost	Amortized cost
Lease liabilities	Amortized cost	Amortized cost
Borrowings/loan payable	Amortized cost	Amortized cost
Advances from related parties	Amortized cost	Amortized cost
Promissory notes from related parties	Amortized cost	Amortized cost

Cash

Cash includes petty cash and unrestricted cash balances held at two high credit-quality financial institutions, located in Canada and the US.

Trade and Other Receivables

Trade receivables are stated at the amounts billed to customers under normal trade, less an allowance for doubtful accounts. At each reporting date, management adjusts the allowance for doubtful accounts based upon a review of: the aging of outstanding customer balances, historical default rates, customer credit worthiness and changes in customer payment to evaluate collectability of Novra's trade and other receivable balances.

Other receivables include harmonized goods and sales tax recoverable.

Inventories

Novra's inventories consist of parts and supplies, work in progress ("WIP"), and finished goods. Inventories are measured at the lower of cost and net realizable value, with cost being determined using the weighted average cost method. The cost of WIP and finished goods include the cost of raw materials, direct labor, and manufacturing overhead. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

At each reporting period, management estimates the provision for obsolete and slow-moving inventory which may be reversed in subsequent periods, should the value subsequently be recovered.

Prepayments

Prepayments include short-term prepaid expenses and prepayments related to materials, insurance premiums, third party software licenses, and other deposits required in the normal course of business which are less than one year.

Equipment

Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Management has established the following estimated useful lives:

- Computers, peripherals and software: 3 years
- Demo and testing equipment: 3 – 5 years
- Furniture and fixtures: 5 – 10 years

The estimated useful lives, residual values, and depreciation methods are reviewed annually, with the effect of any changes in estimate accounted for prospectively.

We capitalize the cost associated with substantive betterments or improvements to equipment that significantly add to the productive capacity or extend the useful life of an asset. All other repair and maintenance costs are recognized as expenses.

Intangible Assets

Intangible assets with finite lives are measured at cost less accumulated amortization and any accumulated impairment losses. We amortized intangible assets on a straight-line basis over their estimated useful lives and are subject to impairment test as described in the Impairment of Non-Financial Assets policy.

In connection with the acquisition of IDC, management has established an estimated useful life of three years for the acquired technology assets from IDC (All intangible assets of IDC were fully amortized as of June 2019). In connection with the acquisition of Wegener, management has established useful lives of five years for the acquired technology and customer relationships assets from Wegener. All intangible assets of Wegener were fully amortized as of December 2022.

Useful lives, residual values and amortization methods for intangible assets with finite useful lives are reviewed at least annually. Indefinite life intangible assets are measured at cost less any accumulated impairment losses. These intangible assets are tested for impairment on an annual basis or more frequently if there are indicators that intangible assets may be impaired as described below. All acquired technology and customer relationships as described in Note 10 relate to these intangible assets. All of these assets have been fully amortized as of December 31, 2022.

Impairment of Non-Financial Assets

At each balance sheet date, management reviews the carrying amounts of Novra's non-financial assets, other than inventories and deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit ("CGU").

The recoverable amount of a CGU or CGU grouping is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows from the CGU or CGU grouping, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU or CGU grouping. The fair value less costs to sell is based on the best information available to reflect the amount that could be obtained from the disposal of the CGU or CGU grouping in an arm's length transaction between knowledgeable and willing parties, net of estimates of the costs of disposal.

We recognize an impairment charge to operating income if the carrying amount of a CGU or CGU grouping exceeds its recoverable amount. For asset impairments, the impairment charge reduces the carrying amounts of the non-financial assets in the CGU on a pro-rata basis. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables include accrued liabilities, corporate credit cards, harmonized and goods and services tax payable, and warranty provision. We classify trade and other payables as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in earnings over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. If so, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Deferred Revenue

Deferred revenue includes amounts related to installation, training, contract services, extended product warranty, post-contract customer support associated with the sale of Novra's products, and other professional and operations services. If the revenue recognition associated with these services is expected to take place within 12 months from the balance sheet date, we present the deferred revenue as current; otherwise the deferred revenue is presented as non-current.

Provisions

Novra provides a one-year manufacturer's warranty for its products at no additional cost to the customer. Estimates of future warranty costs are accrued at the time of product shipment and included in cost of revenue in the Consolidated Statements of Operations and Comprehensive Income (Loss). Management periodically reviews the provision for product warranty and records adjustments based on the terms of warranties provided to customers, historical and anticipated warranty claims experience, and estimates of the timing and cost of warranty claims. Factors that could impact the provision for product warranty include the success of our productivity and quality initiatives, as well as parts and labour costs. A higher degree of scrutiny is exercised in establishing product warranty provision related to sales of new products.

Revenue Recognition

Novra revenue consists of sales of satellite communications equipment and network products, product repair services, installation, training, extended warranty and post contract customer support.

Revenue is measured at fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns, and sales / value added taxes. We recognize revenue when there is persuasive evidence that an agreement with the customer exists, delivery has occurred or services have been provided, the sales price is fixed or determinable, collectability is reasonably assured, and risk of loss and title have transferred to the customer.

Revenue recognition for the following types of stand-alone sales is as follows:

a) Sales of Products

Hardware products are typically sold on a stand-alone basis. Embedded in our hardware products is internally developed software of varying applications that function together with the hardware to deliver the product's essential functionality. The embedded software is not sold separately when sold as part of a hardware product, and we do not provide post-contract customer support specific to embedded software. The functionality that the software provides is marketed as part of the overall product and accordingly we do not record separately the revenue associated with the embedded software.

Revenue from hardware products is recognized when risk of loss and title has transferred which is generally upon shipment. For virtually all international shipments, customer contracts are fulfilled under shipping terms known as "Ex-Works", in accordance with international commercial terms. In these instances, revenue is recognized upon delivery, which is the date that the goods are made available to the customer as requested by the customer and no further obligations of Novra's remain. Where final acceptance of the hardware is required by the customer, revenue is deferred until acceptance criterion has been met. For instance, most delivery of headend solution to customers require customer acceptance and consequently the revenue is delayed until then.

For standalone software products, we recognize revenue upon releasing the perpetual software license to the customer.

Shipping and handling costs charged to customers are recorded as revenue.

b) Sales of Services

We recognize revenue associated with product repairs, professional installation, training services, and other professional and operations services in the accounting period in which the services have been performed.

c) Sales of Extended Product Warranty

Revenue on extended product warranty for Novra's products is initially deferred and recognized in income on a straight-line basis over the contract period. Extended product warranty revenue is recognized only after Novra's one-year manufacturer's warranty expires.

d) Sales of Post-Contract Customer Support

Revenue on post-contract customer support is initially deferred and recognized in income on a straight-line basis over the contract period. Post-contract customer support includes support levels that provides customers with access to telephone support for trouble-shooting, diagnosis and extends to on-site repair of products. Novra also provides software upgrades on a when and if available basis and software support for a fixed annual fee.

Occasionally, we enter multiple-element sales arrangements in which the sales transaction may bundle the hardware, multi-year extended product warranty, new feature development and the associated post-contract customer support. When arrangements contain multiple elements, the deliverables are separated into more than one unit of accounting when the following are met:

- the delivered item(s) has value to the customer on a stand-alone basis; and
- if a general right of return exists relative to the delivered item(s), the delivery or performance of an undelivered item is probable and substantially in Novra's control.

We then allocate revenue to all deliverables based on their relative selling prices. In such circumstances, we use the following hierarchy to determine the selling price to be used for allocating revenue to deliverables:

i) Vendor specific objective evidence ("VSOE") of selling price;
ii) If no VSOE exists, third party evidence of selling price ("TPE") is used; or
iii) If neither VSOE nor TPE exists, then management's best estimate of the selling price ("BESP").

VSOE generally exists only when we sell the deliverable separately and is the price we actually charged for that deliverable. The objective of the BESP is to determine the price at which we would transact a sale if the product or service were sold on a stand-alone basis. We determine BESP for a product or service by considering multiple factors including, but not limited to geographies, market conditions, competitive landscape, internal costs, gross margin, and pricing practices. If a delivered item does not meet the criteria in the applicable accounting guidance to be considered a separate unit of accounting, revenue is deferred until the undelivered units are fulfilled. Accordingly, the determination of BESP can impact the timing of revenue recognition for an arrangement.

Research and Development Costs

Novra incurs research and development costs associated with the design of new technology. Expenditures during the research phase are expensed as incurred. Internally developed assets, are capitalized during the development phase if certain criteria, including technical feasibility and intent and ability for future sales in excess of the capitalized amount are met; otherwise, they are expensed as incurred. Such capitalized costs are amortized over 5 years. No amortization is recorded in the year of initial cost.

Development costs consist entirely of wages based on hours worked on specific projects using employee costs as the baseline of these amounts.

Leases

The Company records leases in accordance with IFRS 16. As a result, a right-of-use asset and lease liability are recorded at the lease commencement date. The right-of-use asset is initially measured at cost, and consequently at cost less any accumulated depreciation and impairment losses and adjusted for certain measurement of the lease liability.

Sub Lease Receivable

IDC has entered into a sub lease. The sub lease receivable has been calculated as the amount receivable from the sublessee. This amount has been separated from the right of use asset to represent the portion of the asset that IDC no longer has the right to use. The term of the sub lease is thirty-seven months from December 1, 2022 to October 30, 2025. The sub lease receivable at December 31, 2023 was $107 thousand (2022: $174 thousand).

Income Taxes

Income taxes comprise current and deferred income taxes. Income taxes are recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss), except to the extent that they relate to a business combination or items recognized in other comprehensive income (loss) or directly to equity.

1) Current income taxes

   The taxes currently payable are based on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Parent and its subsidiaries operate and generate taxable income. Additionally, it includes any adjustment to tax payable in respect of previous years. Taxable profit differs from IFRS profit because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

2) Deferred income taxes

   Deferred income taxes are recognized using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax effects of temporary differences between financial reporting and taxable income (loss) and for tax credit and loss carry forwards. This is measured on a non-discounted basis using tax rates and laws that were enacted or substantively enacted at the dates of the Consolidated Statements of Financial Position and are expected to apply when the deferred income tax asset or liability is settled. We establish a valuation allowance when it is more likely than not that future taxable profits will not be sufficient to allow all or part of the deferred tax assets to be utilized.

   Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, management reassess unrecognized deferred tax assets. We recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future tax profit will allow the deferred tax asset to be recovered.

   Deferred income tax assets and liabilities are presented as non-current.

Employee Benefits

a) Pension obligations

   Novra offers a Group Registered Savings Plan (Group RSP) to its employees in Canada. This is a contribution pension plan under which Novra may make fixed contributions to Group RSP, subject to a minimum contribution by the employee and the contribution matching policy in effect at the time. Wegener sponsors a 401k for its US employees but does not contribute to it. Novra has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods. Pension contribution costs are recognized at the time employees make contributions to the Group RSP.

b) Termination benefits

We recognize termination benefits when Novra has demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-based Compensation

Novra has a stock option plan for directors, executives, employees, and consultants. Grants are subject to a service condition by the option holder.

All option grants are initially measured at fair value using the Black-Scholes option pricing model. The fair value of the options is amortized over the vesting period and is included in operating expenses with a corresponding increase in contributed surplus, net of an estimated forfeiture credit. Management reassess the estimated forfeiture credit at each reporting period. Where the terms and conditions of the initial option grant are modified before they vest, the options are remeasured at fair value at the modification date and any increase in fair value is charged to earnings.

When options are exercised, common shares are issued from treasury and the proceeds are credited to common shares in the Consolidated Statements of Financial Position.

Common Shares

Common shares, options and warrants issued by Novra are classified as equity. Incremental costs directly attributable to the issue of these financial instruments are shown in equity as a deduction, net of tax, from the proceeds.

Earnings Per Share

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

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

Accounting Standards and Amendments Issued but not yet Adopted

Accounting Pronouncements

a) Future changes in accounting policies IAS 1 – Presentation of financial statements

IAS 1 Presentation of Financial Statements was revised to incorporate amendments issued by the IASB requiring entities to disclose, in specific circumstances, information in the notes that enable financial statement users to understand the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting date.

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debts as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

b) IAS 7 Statement of Cashflows

These amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and to provide users of the financial statements with information to enable them to:

- Assess how supplier finance arrangements affect the entity's liability and cashflows; and
- Understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

Required disclosures in relation to supplier finance arrangements include terms and conditions, carrying amounts and related financial statement line items, ranges of payment due dates, information on non cash changes, and liquidity risk. The effective date for these amendments is January 1, 2024. The company is currently assessing the impact of these amendments.

3. Critical Accounting Estimates and Judgments

The preparation of our Consolidated Financial Statements and related disclosures requires us to make estimates and assumptions about future events that can have a material impact on the amounts reported in our Consolidated Financial Statements and accompanying notes. Consequently, actual results could differ from those estimated. Our significant accounting policies are described in Note 2. The following critical accounting policies are those that we believe require a high level of subjectivity and judgment and have a material impact on Novra's financial condition and operating performance.

1) Revenue Recognition

Our sales arrangements occasionally involve multiple elements, including hardware, installation and professional services, extended product warranty, and post-contract customer support. We allocate revenue to all of these deliverables using the relative selling price hierarchy (see Note 2). Where VSOE of selling price does not exist for an element, we are required to then look to third-party evidence of selling price. However, third-party evidence is generally not available as our product offerings differ from those of our competitors and competitor pricing is often not available. As a result, we generally use the BESP to estimate the selling price for an element which is subject to significant management judgement.

2) Inventory Obsolescence

We exercise significant judgment to estimate a provision for obsolete and slow-moving inventory (see Note 7). The inventory valuation process includes a review of future demand for Novra's products based on current sales pipeline; the stage of the product life cycle of Novra's product; customer acceptance; ability to repurpose slow-moving finished goods into other products showing greater market interest; and an assessment of the selling price in relation to the product cost. If our demand forecast for specific products is greater than actual demand and we fail to reduce manufacturing output accordingly, Novra could be required to write off inventory, which could negatively impact Novra's gross profit.

3) Business Combination

The acquisition of the 51.6% majority interest in Wegener was accounted for by the acquisition method (see Note 4). Under this method, assets acquired and liabilities assumed as part of the business combination are recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill.

The determination of fair value of identifiable assets and liabilities assumed required significant management judgement and estimate due to limited comparable observable market data, particularly for the following:

- Inventories – finished goods
- Equipment
- Deferred revenue

Additionally, the identification and fair value measurement of Wegener's intangible assets required significant management judgment.

4) Impairment of Non-Financial Assets

At December 31, 2023, Novra's intangible assets were $1.3 million (2022: $1.02 million). Management has assessed the intangible assets and has determined that they have continuing value and do not require any impairment at the reporting date.

4. Business Acquisitions

51.6% Acquisition of Wegener Corporation ("Wegener")

On December 29, 2017, we completed the purchase of 51.6% controlling interest of Wegener Corporation (herein referred as the "Wegener Acquisition"). Subject to Wegener shareholders' and regulatory approval, we may purchase the remaining 48.4% minority interest in the future.

Management believes this acquisition further diversifies Novra's revenue base with complimentary products and increases its market share in the United States, Mexico and Latin America regions as it grows to be a major world-class broadcast technology provider.

Intangible assets relate to acquired customer list and technology assets and were amortized on a straight-line basis over their estimated useful lives of five years (see Note 10). There was no assumed goodwill on this acquisition.

5. Financial Risk Management

Financial Risk Management Objectives and Policies

In the normal course of business, we are exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk and credit risk of non-performance by counter parties. These financial risks are subject to normal credit standards, financial controls, risk management as well as monitoring procedures. From time to time, we may use derivative financial instruments to hedge certain risk exposures.

<u>Financial risk factors</u>

a) Market risk

Market risk is the risk that changes in market prices will affect Novra's earnings or the value of its holdings of financial instruments.

i) Foreign exchange risk

Foreign exchange risk is the risk to Novra's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of those rates.

We operate internationally and therefore we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

We do not currently have a formal hedging program to mitigate Novra's exposure to foreign currency risk; however, management may speculate on the foreign currency trend and enter into derivative financial instruments. Unrealized gains or losses on outstanding foreign currency derivative contracts (e.g. futures, forwards, swaps) are reflected in the Consolidated Statements of Operations and Comprehensive Income (Loss) based on currency rates as at the date of the Consolidated Statements of Financial Position. At December 31, 2023 we did not have any foreign currency derivative contracts.

At December 31, 2023, if the Canadian dollar had weakened/strengthened by 5% against the U.S. dollar and Euro with all other variables held constant, the resulting change to Novra's consolidated net income would have been $79 thousand. This excludes Wegener's assets and liabilities which are denominated in USD.

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

ii) Cash flow interest rate risk

Interest rate risk is the risk that the value of a financial instrument, and consequently net income (loss), might be adversely affected by a change in the interest rates.

Borrowings issued at variable interest rates expose Novra to cash flow interest rate risk. The revolving line of credit with the Chymiak Trust (See Note 11(b)) is subject to variable interest rates. In 2023 and 2022, we have not entered interest rate swaps to mitigate this cash flow interest rate risk.

An increase of 2% in the floating interest rate with all other variables held constant, would result in an insignificant increase to interest expense for the year.

b) Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they come due. Management monitors both actual and forecasted cash flows to ensure Novra has sufficient liquidity to meet operational needs while maintaining sufficient headroom on its undrawn RBC Credit Facilities (see Note 11(a)) so that Novra does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The following table analyzes Novra's financial liabilities, including commitments, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Payment due:	Total	Within 1 year	1 to 5 years	5 to 10 years	10+ years
Borrowings (Note 11)	**$ 2,439**	$ 170	$ 21	$ 2,085	163
Operating leases (Note 18)	**1,718**	270	1,229	219	-
Purchase commitments (Note 18)	**-**	-	-	-	-
Trade payables and other payables	**1,618**	1,618	-	-	-
Total third party contractual obligations	**5,775**	2,058	1,250	2,304	163
Promissory notes from related party (Note 16)	**1,272**	-	1,272	-	-
Advances from related parties (Note 16)	**1,673**	1,673	-	-	-
Total contractual obligations	**$ 8,720**	**$ 3,731**	**$ 2,522**	**$ 2,304**	**$ 163**

At December 31, 2023, Novra's financial assets of $3.3 million (2022: $4.3 million) were adequate to meet all third-party contractual obligations due within the next 12 months. Additionally, we continue to have access to the full RBC Credit Facilities to fund our working capital as needed. Accordingly, management believes Novra has adequate liquidity and working capital to meet its financial liabilities for the next 12 months.

c) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations.

Novra's credit risk is primarily attributable to its cash holdings and accounts receivable. We do not use credit derivatives or similar financial instruments to mitigate Novra's credit risk. However, as part of our overall credit risk management, we may buy credit insurance from Export Development Canada (EDC) and seek customer deposits to mitigate credit risk in foreign markets. Novra's maximum credit risk exposure at December 31st was as follows:

	2023	2022
Cash	**$ 2,448**	$ 1,965
Restricted non-redeemable GIC	**-**	1,354
Trade receivables	**756**	698
	$ 3,204	$ 4,017

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

Trade and other receivables

The trade and other receivables include the following at December 31st:

		2023		2022
Trade accounts receivable	$	970	$	721
Less: allowance for doubtful accounts		(216)		(50)
Net trade accounts receivable		754		671
VAT/HST and other receivables		2		27
Total trade and other receivables	$	756	$	698

The following table shows the aging of trade receivables that were not impaired at December 31st:

			2023		2022
Current		$	313	$	221
Past due	Less than 30 days		383		193
	31-60 days		36		10
	61-90 days		24		42
	Greater than 90 days		-		233
		$	756	$	698

At December 31, 2023, three customers accounted for 46% of the total trade receivables (2022: two customers accounted for 30%).

The movements in allowance for doubtful accounts were as follows:

		2023		2022
Start of the year	$	50	$	4
Provision for impairment		166		46
End of year	$	216		50

d) Revenue concentration risk

For the year ended 2023, the Company's top 10 customers accounted for 64.2% of total revenue, with the largest customer accounting for 23% or $1.7 million. For the same period last year, the Company's top 10 customers accounted for 56.2% of total revenue, with the largest customer accounting for 45%, or $3.4 million. No other customer accounted for more than 10% of total revenue. The Company continually monitors its revenue concentration risk and seeks to diversify its customer base.

6. Capital Management

Our key objectives when managing capital are to maintain a strong capital base in order to:

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

Management monitors Novra's capital and capital structure on an ongoing basis to ensure it is sufficient to achieve Novra's short-term and long-term objectives.

Our capital resources consisted of the following:

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

	December 31, 2023	December 31, 2022
Borrowings (drawn)	$ 2,439	$ 2,615
Promissory notes from related party	1,272	1,200
Shareholders' equity	(2,826)	(2,814)
Total capital resources	$ 885	$ 1,001

7. Inventories

The breakdown of inventories was as follows at December 31st:

	2023	2022
Finished goods	$ 91	$ 435
Raw materials	1,875	2,173
Work-in-progress	221	189
Provision	(849)	(766)
	$ 1,338	$ 2,031

The cost of inventories charged to cost of revenue in 2023 was $1.9 million (2022: $2.3 million).

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

8. Financial Instruments

The following tables present the carrying values and fair values of recognized financial instruments using the valuation methods and assumptions described below.

	Carrying Amount				Fair Value			
At December 31, 2023	**Cash and receivables**	**Other financial assets/liabilities at amortized cost**	**Assets / Liabilities at fair value through earnings**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:								
Derivative financial instruments	$ -	$ -	$ -	**$ -**	$ -	$ -	$ -	**$ -**
Financial assets not measured at fair value:								
Current financial assets:								
Cash	$ 2,448	$ -	$ -	**$ 2,448**	$ 2,448	$ -	$ -	**$ 2,448**
Restricted non-redeemable GIC	-	-	-	**-**	-	-	-	**-**
Trade and other receivables	756	-	-	**756**	756	-	-	**756**
Notes receivable	-	-	-	**-**	-	-	-	**-**
Sub-lease receivable	59			**59**	-	59	-	**59**
Prepayments and other:	37	-	-	**37**	37	-	-	**37**
Total current financial assets	3,300	-	-	**3,300**	3,241	59	-	**3,300**
Non-current financial assets	48	-	-	**48**	-	48	-	**48**
Total financial assets	**$ 3,348**	**$ -**	**$ -**	**$ 3,348**	**$ 3,241**	**$ 107**	**$ -**	**$ 3,348**
Financial liabilities not measured at fair value:								
Current financial liabilities:								
Trade and other payables	$ -	$ 1,618	$ -	**$ 1,618**	$ 1,618	$ -	$ -	**$ 1,618**
Borrowings	-	170	-	**170**	170	-	-	**170**
Lease liabilities	-	269		**269**	-	269	-	**269**
Customer deposits	-	63	-	**63**	63	-	-	**63**
Advances from related parties	-	1,673	-	**1,673**	1,673	-	-	**1,673**
Promissory notes from related party	-	-	-	**-**	-	-	-	**-**
Total current financial liabilities	-	3,793	-	**3,793**	3,524	269	-	**3,793**
Non-current financial liabilities:								
Borrowings	-	2,269	-	**2,269**	2,269	-	-	**2,269**
Lease liabilities	-	1,449	-	**1,449**	-	1,449	-	**1,449**
Promissory notes from related party	-	1,272	-	**1,272**	1,272	-	-	**1,272**
Total non-current financial liabilities	-	4,990	-	**4,990**	3,541	1,449	-	**4,990**
Total financial liabilities	**$ -**	**$ 8,783**	**$ -**	**$ 8,783**	**$ 7,065**	**$ 1,718**	**$ -**	**$ 8,783**

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

	Carrying Amount				Fair Value			
At December 31, 2022	**Cash and receivables**	**Other financial assets/liabilities at amortized cost**	**Assets / Liabilities at fair value through earnings**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value:								
Derivative financial instruments	$ -	$ -	$ -	**$ -**	$ -	$ -	$ -	**$ -**
Financial assets not measured at fair value:								
Current financial assets:								
Cash	$ 1,966	$ -	$ -	**$ 1,966**	$ 1,966	$ -	$ -	**$ 1,966**
Restricted non-redeemable GIC	1,354	-	-	**1,354**	1,354	-	-	**1,354**
Trade and other receivables	698	-	-	**698**	698	-	-	**698**
Sub-lease receivable	62	-	-	**62**	-	62	-	**62**
Prepayments and other:	91	-	-	**91**	91	-	-	**91**
Current tax receivable	-	-	-	**-**	-	-	-	**-**
Total current financial assets	4,171	-	-	**4,171**	4,109	-	-	**4,171**
Non-current financial assets	112	-	-	**112**	-	112		**112**
Total financial assets	**$ 4,283**	**$ -**	**$ -**	**$ 4,283**	**$ 4,109**	**$ 174**	**$ -**	**$ 4,283**
Financial liabilities not measured at fair value:								
Current financial liabilities:								
Trade and other payables	$ -	$ 1,711	$ -	**$ 1,711**	$ 1,711	$ -	$ -	**$ 1,711**
Borrowings	-	218	-	**218**	218	-	-	**218**
Lease liabilities	-	240		**240**	-	240	-	**240**
Customer deposits	-	1,143	-	**1,143**	1,143	-	-	**1,143**
Advances from related parties	-	1,590	-	**1,590**	1,590	-	-	**1,590**
Promissory notes from related party	-	-	-	**-**	-	-	-	**-**
Total current financial liabilities	-	4,902	-	**4,902**	4,662	240	-	**4,902**
Non-current financial liabilities:								
Borrowings	-	2,398	-	**2,398**	2,398	-	-	**2,398**
Lease liabilities	-	1,660	-	**1,660**	-	1,660	-	**1,660**
Promissory notes from related party	-	1,200	-	**1,200**	1,200	-	-	**1,200**
Total non-current financial liabilities	-	5,258	-	**5,258**	3,598	1,660	-	**5,258**
Total financial liabilities	**$ -**	**$ 10,160**	**$ -**	**$ 10,160**	**$ 8,260**	**$ 1,900**	**$ -**	**$ 10,160**

Financial instruments measured at fair value

Novra did not have any financial assets to remeasure at fair value.

Financial instruments not measured at fair value

The carrying amounts of trade and other receivables, trade and other payables, borrowings, and advances from related parties approximate fair values because of the short-term nature of these financial instruments.

The following are valuation techniques we used to estimate the fair value of financial instruments with maturities longer than 12 months:

- *Borrowings:* See Note 11 for a further breakdown of the total borrowings. We use the discounted cash flow model to estimate their respective fair values.
    - *Revolving line of credit with the Chymiak Trust:* As the variable interest rate was negotiated at arm's length (prime + 2%) and the line of credit is secured by a first line on Wegener's assets, we believe the financing cost reflects market rate and therefore the estimated fair value of this line of credit fairly approximates its carrying value.
    - *WEDC repayable contribution*: As this is an interest-free repayable loan, we applied a 7.5% discount rate to estimate the fair value of the WEDC repayable contribution.
- *Lease Liabilities:* See Note 2 for the treatment of lease liabilities. We believe the estimated fair value of the lease liabilities approximates carrying value.
- *Promissory Notes from Related Parties:* See Note 16 for a further breakdown of amounts owing to related parties. We believe the estimated fair value of the promissory notes approximates carrying value.

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

9. Equipment

The following is a breakdown of the total carrying value of equipment at December 31, 2023.

	Machinery and testing equipment	Computer equipment	Furniture and fixtures	Leasehold Improvements	Total
Cost					
January 1, 2023	$ 388	$ 58	$ 30	$ -	**$ 476**
Additions	-	1	-	5	**6**
Disposals	-	-	-	-	**-**
December 31, 2023	$ 388	$ 59	$ 30	$ 5	**$ 482**
Accumulated Amortization					
January 1, 2023	$ 378	$ 46	$ 30	$ -	**454**
Amortization	10	8	-	1	**19**
Disposals	-	-	-	-	**-**
December 31, 2023	$ 388	$ 54	$ 30	$ 1	**$ 473**
Net carrying values	**$ -**	**$ 5**	**$ -**	**$ 4**	**$ 9**

The following is a breakdown of the total carrying value of equipment at December 31, 2022.

	Machinery and testing equipment	Computer equipment	Furniture and fixtures	Total
Cost				
January 1, 2022	$ 388	$ 56	$ 30	**$ 474**
Additions	-	2	-	**2**
Disposals	-	-	-	**-**
December 31, 2022	$ 388	$ 58	$ 30	**$ 476**
Accumulated Amortization				
January 1, 2022	$ 373	$ 42	$ 30	**445**
Amortization	5	4	-	**9**
Disposals	-	-	-	**-**
December 31, 2022	$ 378	$ 46	$ 30	**$ 454**
Net carrying values	**$ 10**	**$ 12**	**$ -**	**$ 22**

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

10. Intangible Assets

The following is a breakdown of the carrying value of the total intangible assets at December 31, 2023.

	Acquired Technology	Customer Relationships	Development	Total
Cost				
January 1, 2023	$ 1,811	$ 2,000	$ 1,152	**$ 4,963**
Additions	-	-	615	**615**
December 31, 2023	$ 1,811	$ 2,000	$ 1,767	**$ 5,578**
Accumulated Amortization				
Amortization period	*5 years*	*5 years*	*5 years*	
January 1, 2023	$ 1,811	$ 2,000	$ 129	**$ 3,940**
Amortization for the year	-	-	230	**230**
December 31, 2023	$ 1,811	$ 2,000	$ 359	**$ 4,170**
Effect of movement in exchange rates	$ -	$ -	$ (108)	**$ (108)**
Net carrying values	**$ -**	**$ -**	**$ 1,300**	**$ 1,300**

The following is a breakdown of the carrying value of the total intangible assets at December 31, 2022.

	Acquired Technology	Customer Relationships	Development	Total
Cost				
January 1, 2022	$ 1,811	$ 2,000	$ 628	**$ 4,439**
Additions	-	-	524	**524**
December 31, 2022	$ 1,811	$ 2,000	$ 1,152	**$ 4,963**
Accumulated Amortization				
Amortization period	*5 years*	*5 years*	*5 years*	
January 1, 2022	$ 1,664	$ 1,664	$ -	**$ 3,328**
Amortization for the year	181	415	129	**725**
December 31, 2022	$ 1,845	$ 2,079	$ 129	**$ 4,053**
Effect of movement in exchange rates	$ 34	$ 79	$ -	**$ 113**
Net carrying values	**$ -**	**$ -**	**$ 1,023**	**$ 1,023**

Amortization is recorded as part of our R&D expenses in the Consolidated Statements of Operations and Comprehensive Income (Loss) for 2023 and 2022.

Wegener's intangible purchase price adjustment was fully amortized as of December 31, 2022.

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

11. Borrowings

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

	December 31, 2023	December 31, 2022
Revolving line of credit with the Chymiak Trust	**2,139**	2,272
WEDC repayable contribution	**51**	102
Government disaster assistance funding	**249**	241
Total borrowings	**2,439**	2,615
Less: current portion	**(170)**	(218)
Total borrowings - non-current	**$ 2,269**	$ 2,397

a) Bank borrowings

On March 13, 2014, we entered credit facilities with the Royal Bank of Canada ("RBC Credit Facilities"), which were further amended in October 2019. The RBC Credit Facilities are repayable on demand and are secured by a General Security Agreement with RBC, providing a first ranking security in all personal property of Novra.

The RBC Credit Facilities include a revolving demand facility up to $1.2 million and corporate Visa credit cards available for use up to a maximum limit of $60 thousand in Canadian currency and US currency. There was no movement in the revolving demand facility in the current year and at December 31, 2023, our Visa credit card liability was $nil (2022 - $nil).

b) Revolving line of credit with the Chymiak Trust

As part of the Wegener acquisition, we have included Wegener's liabilities in our Consolidated Statement of Financial Position at December 31, 2023, including its revolving line of credit. As amended and effective October 8, 2009, Wegener's subsidiary, Wegener Communications Inc. ("WCI"), has entered a revolving line of credit ("loan facility") with The David E. Chymiak Trust dated December 15, 1999 (the "Chymiak Trust"). Mr. David Chymiak controls the Chymiak Trust and owns approximately 8.5% of the remaining 48.4% minority interest of Wegener at December 31, 2023.

Immediately prior to entering into a term sheet with Wegener to acquire a 51.6% acquisition on November 27, 2017 (see Note 4), $1,712 thousand USD remained outstanding under the loan facility and $2,867 thousand USD in accrued and unpaid interest. The loan facility is secured by a first lien on substantially all of WCI's assets and is guaranteed by Wegener Corporation (parent company). Under the terms of the loan facility's debt covenants, we are precluded from paying dividends from Wegener.

As an inducement for Novra to proceed with the 51.6% acquisition of Wegener, the Chymiak Trust agreed to restructure the terms of its debt owed from Wegener. As a result, we entered a separate, simultaneous term sheet on November 27, 2017 with the Chymiak Trust, resulting in the following terms:

i) Effective December 29, 2017, the closing date of the 51.6% acquisition of Wegener, the Chymiak Trust agreed to amend the loan facility as follows:
   - The maximum credit limit will be $1,600,000 USD and shall remain available up to December 29, 2019 and may not demand repayment at any time prior to December 29, 2019. On December 29, 2020 the loan was further extended to July 31, 2023.
   - The interest rate shall be revised to the current U.S. Prime Rate + 2%.

ii) Effective from the closing date of the tender offer for the 48.4% minority interest of Wegener, the Chymiak Trust will further amend the loan facility as follows:
   - Wegener to fully repay the loan and interest over up to 8 years.
   - A portion of the debt will be forgiven by the Chymiak Trust as of the closing date, and therefore this amount is excluded in our Consolidated Statements of Financial Position at December 31, 2023.
   - The interest will remain at U.S. Prime Rate + 2% and accrued quarterly.

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

- The Chymiak Trust shall continue to hold its current security interest in Wegener's assets until the operating loan, including any accrued and unpaid interest, is fully repaid.
- A new agreement has been signed. Under the terms of this new agreement, $60 thousand USD is to be repaid in 2024, with two further payments of $60 thousand to be paid between August 2024 and July 2025.

c) WEDC repayable contribution

On June 5, 2015, Novra entered a contribution agreement with Western Economic Diversification Canada ("WEDC"). Under this agreement, Novra received a repayable contribution of $257 thousand towards the commercialization of two new innovative technology-based products. During the current year, we did not receive any additional funds from WEDC. Repayment is scheduled for 60 consecutive monthly installments which commenced April 1, 2019. Repayment obligations were paused from April to December 2020 due to the COVID-19 pandemic. Repayments recommenced on January 1, 2021. The balance is subject to interest at the average bank rate plus 3% if any payments are late.

At December 31, 2023, the remaining principal balance was $51 thousand (2022: $102 thousand).

d) Government assistance funding

Novra received funding from the Government of Canada through the Canada Emergency Business Account (CEBA) in the amount of $40 thousand. The loan is interest free, administered through RBC and repayment on or before December 31, 2022 will result in forgiveness of 25% (up to $10 thousand). In January 2022, the repayment date was extended to December 31, 2023. In September 2023, the repayment deadline was extended to January 18, 2024. This loan was repaid on January 8, 2024 and $10 thousand subsequently forgiven.

In August 2020, Wegener received additional financing in the amount of $191 thousand (USD$150 thousand) through the U.S. Small Business Administration (SBA), Office of Disaster Assistance. Funds were advanced with the following terms: interest of 3.75%, installment payments of US$731/month begin after 12 months and the balance of principal and interest payable 30 years from the funding date. In 2021, SBA deferred repayments to begin 24 months from the funding date. In March 2022, SBA deferred repayments to begin 30 months from the funding date. Interest continues to accrue on the balance of the loan outstanding. Wegener began making repayments in November 2022. Included in borrowings is an accrued interest payable of $11 thousand (2022: $14 thousand).

12. Warranty Provision

We provide a one-year manufacturer's warranty for Novra's products at no additional cost to the customer. The warranty provision is included in trade and other payables. The following table shows the movement in the warranty provision for 2023 and 2022.

	2023	2022
At January 1st	**$ 84**	$ 81
Payments during the year	**(30)**	(1)
Additions during the year	**24**	4
At December 31st	**$ 78**	$ 84

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

13. Shareholders' Equity

a) Common Stock

The following table provides a summary of authorized as well as issued and outstanding capital for Novra at December 31st:

		2023	2022
Authorized:			
Unlimited	Class "A" Common voting shares		
Unlimited	Class "B" Common non-voting shares		
Unlimited	Class "C" Preferred shares, redeemable and retractable at $1,000		
Issued:			
33,420,293 (December 31, 2022: 33,420,293)			
Class "A" common voting shares		**$ 7,373**	$ 7,373

In 2023, we did not cancel any shares (2022: 0 shares cancelled). In 2023, we did not issue new shares (2022: 2 shares issued).

b) Stock Options

On April 28, 2017, the Board of Directors approved the 2017 Stock Option Plan ("2017 Plan") to retain and attract executives, directors and key employees. This replaces and terminates the former option plan, which had no outstanding options. The 2017 Plan provides for the grant of stock options of up to an aggregate of 2,900,000 with a five-year vesting period and seven-year term. Subject to the applicable discount provided by the TSX-V rules, the exercise price will be at least equal to the fair market value of Novra's common shares at the grant date as defined as the greater of:

- The volume weighted average trading price for Novra's common share for the five market trading days immediately prior to the grant date; and
- The closing trading price of Novra's common share on the day immediately prior to the grant date.

Additionally, the Board of Directors has the discretion to amend general vesting provisions and the term of any award under the 2017 Plan, subject to the restrictions defined in the 2017 Plan.

During the second quarter of 2017, the Board of Directors approved the grant of 1,800,000 stock options to independent directors, employees, and a sales consultant under the terms of the 2017 Plan, exercisable at $0.12 each and subject to the following vesting provision:

- 20% on June 30, 2017;
- 20% on December 31, 2017;
- 20% on December 31, 2018;
- 20% on December 31, 2019; and
- 20% on December 31, 2020.

All options granted during 2017 will expire seven years from the grant date.

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

Summary of Stock Option Information:

The following table provides a summary of stock option activity for 2023:

	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of year	**1,172,000**	**$**	**0.12**
Granted	**-**		**-**
Exercised	**-**		**-**
Forfeited	**-**		**-**
Expired	**-**		**-**
Outstanding, end of year	**1,172,000**	**$**	**0.12**

At December 31, 2023, the remaining stock option pool for future grants was 1,728,000 (2022: 1,728,000).

The following table summarizes information about the stock options outstanding at December 31, 2023:

# of Options Outstanding	Grant Date	Expiry Date		Fair Value at Grant Date	# of Options Exercisable		Exercise Price
1,172,000	**11-May-17**	**10-May-24**	**$**	**0.07**	**1,172,000**	**$**	**0.12**

We used the following assumptions in the Black-Scholes option pricing model to estimate the fair value of options at the following grant dates:

	11-May-17	28-Jun-17
Expected life, in years	3.5 years	3.5 years
Volatility	80%	85%
Risk free interest rate	0.60%	0.94%
Anticipated forfeiture	0 to 10%	0%
Dividend yield	0%	0%
Closing stock price at grant date	0.13	0.11

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

14. Income Taxes

a) Reconciliation of effective income tax rate

Novra's effective income tax rate differs from the statutory rate that would be obtained by applying the combined Canadian basic federal and provincial income tax rate to income (loss) before income taxes. These differences result from the following items:

		2023		2022
Income (loss) before income taxes	**$**	**224**	$	(654)
Statutory income tax rate		**27.0%**		27.0%
Tax provision based on combined Canadian federal and provincial rates		**60**		(177)
Increase (decrease) resulting from:				
Origination and reversal of temporary differences		**(122)**		(25)
Non-deductible amounts and other permanent differences		**(47)**		-
Current year losses (Utlization of tax credits)		**109**		202
Income tax recovery (expense)	**$**	**-**	$	-
Effective income tax rate		**0.0%**		0.0%

b) Investment Tax Credits

At December 31, 2023, Novra's federal and provincial investment tax credits ("ITCs") available to reduce future Canadian federal and provincial taxes payable were $4.4 million and $0.5 million respectively.

The ITCs will expire as follows:

		Federal ITCs		**Provincial ITCs**
2024		276		-
2025		308		-
2026		322		-
2027		314		-
2028 and after		3,242		455
Total	**$**	**4,462**	**$**	**455**

In addition to the ITCs, Novra has accumulated a Scientific Research and Experimental Development ("SR&ED") expenditures pool that is available for an indefinite carry forward period with discretionary deductions of $26.2 million.

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

c) Loss Carry Forwards

At December 31, 2022, Novra has incurred losses of $12.5 million for tax purposes which can be carried forward over 20 years to reduce future taxable income.

These losses will expire as follows:

	Loss Carry Forward
2023	-
2024	-
2025	-
2026	-
2027 and after	12,901
Total	12,901

We have not recognized the tax benefits associated with the unused tax losses, tax credits, and deductible temporary differences in the Consolidated Financial Statements as their ultimate realization are contingent on the generation of future taxable profits. Management concluded that this did not meet the minimum recognition threshold of probable, based on the significant risks and uncertainties in projecting Novra's future taxable income and the lack of available income tax planning strategies.

15. Revenue

The following tables provide a breakdown of our revenues by category and geographic market at December 31:

Major Products/Service Lines	**2023**	2022
Hardware and Software	**$ 4,269**	$ 5,853
Services, Support and Extended Warranty	**3,106**	1,638
Other	**71**	112
	$ 7,446	$ 7,603

Geographic Market	**2023**	2022
Americas (excluding Canada) (1)	**$ 6,237**	$ 6,352
Canada	**209**	490
EMEA (2)	**508**	321
APAC (3)	**492**	440
	$ 7,446	$ 7,603

(1) The geographic region of the Americas includes North America, Central America and South America.
(2) EMEA consists of Europe, the Middle East and Africa.
(3) APAC consists of East Asia, South Asia, Southeast Asia and Oceania.

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

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

Timing of Revenue Recognition	2023	2022
Products transferred at a point in time	$ 4,340	$ 5,965
Products and services transferred over time	3,106	1,638
	$ 7,446	$ 7,603

The following table presents changes in the deferred revenue balances for the year ended December 31, 2023:

	Deferred revenue
Beginning balance, December 31, 2022	$ 1,495
Amounts invoiced and revenue deferred	1,836
Recognition of deferred revenue	(2,206)
Foreign exchange movement	21
Ending balance, December 31, 2023	$ 1,146

16. Related Party Transactions

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

a) Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of Novra. The key management personnel of Novra is the executive management team and the Board of Directors, who collectively control approximately 17% (CEO has direct and indirect ownership of 16%) of the total outstanding and issued common shares of Novra at December 31, 2023.

The following table discloses the compensation for the key management personnel for the year ended December 31st.

	Twelve Months Ended December 31	
	2023	2022
Salaries and employee benefits	$ 341	$ 341
Share-based compensation	-	-
Directors' fees	12	12
Total	$ 353	$ 353

b) Transactions with other related parties

	2023	2022
Interest on unsecured promissory notes		
InfoMagnetics Technologies Inc.("IMT") (1)	$ 72	$ 39
	$ 72	$ 39

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

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

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

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

	December 31, 2023	December 31, 2022
Key management and directors (see part (a))	1,171	1,095
IMT	502	495
	$ 1,673	$ 1,590

At December 31, 2023, $1.12 million (2022: $1.04 million) was due to Novra's CEO in regards to unpaid salaries and expense reimbursements for current and prior years in which he voluntarily chose to not collect payment in the interest of preserving liquidity in the company. This amount is net of the receivable balance of $7 thousand (2022: $6 thousand). The receivable is made up of miscellaneous expense reimbursements. The payable amount bears no interest and has no repayment term. In the current year, the CEO decided to forgive $100 thousand of the amount owing.

At December 31, 2023, $502 thousand (2022: $495 thousand) was due to IMT relating to amounts invoiced but not paid for current and prior years. This amount is net of the receivable balance of $14 thousand (2022: $14 thousand). The receivable is made up of miscellaneous expense reimbursements. The payable amount bears no interest and has no repayment term.

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

	2023	2022
At January 1	$ 1,200	$ 863
Loans received	-	1,200
Loan repayments	-	(1,095)
Reversal of stale dated cheques not cashed	-	209
Foreign exchange movement	-	22
Interest charged	72	41
Interest paid	-	(40)
At December 31	$ 1,272	$ 1,200

The following table shows the presentation of the above total IMT loans on Novra's Consolidated Statements of Financial Position at 2023 and 2022:

	2023	2022
Current portion	$ -	$ -
Non-current portion	1,272	1,200
Total	$ 1,272	$ 1,200

The following is a summary of loan transactions with IMT during 2023 and 2022.

- On November 5, 2014, Novra entered a $250 thousand unsecured promissory note bearing 4% annual interest and maturing on August 31, 2015. The maturity date of this note was extended in previous years and in December 2018 both parties agreed to change the extension terms to 'due on demand'. As of December 31, 2023, the remaining balance of the promissory note plus accrued interest was $nil (2022: $nil).

- On January 25, 2016, Novra entered a $400 thousand USD unsecured promissory note bearing interest at the monthly USD floating base rate plus 2.5% per annum and maturing on November 1, 2022. The purpose of this note was to provide further liquidity to fund its working capital requirements. The USD floating base rate was 4.8% per annum at January 25, 2016, 5.80% at December 31, 2017, 6.75% at December 31, 2018, 6.50% at December 31, 2019, 4.55% at December 31, 2020, and 4.7% at December 31, 2021. The remaining balance of the promissory note plus accrued interest was $nil CDN (2022: $nil CDN).

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

- On June 30, 2017, we entered a new unsecured promissory note of $381 thousand with IMT to replace the remaining unpaid $381 thousand unsecured promissory note dated June 9, 2016. On December 31, 2018, we renewed the unsecured promissory note dated June 30, 2017, which bears interest at 4% per annum and is due on demand. At December 31, 2023, the remaining balance of the unsecured promissory note plus accrued interest was $nil (2022: $nil).

- On December 31, 2022, Novra entered a $1.2 million unsecured promissory note bearing 6% annual interest and maturing on January 2, 2025. As of December 31, 2023 the remaining balance of the promissory note plus accrued interest was $1.27 million (2022: $1.2 million). This note was used to pay off all previous note balances.

17. Depreciation and Amortization

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

	Year ended December 31	
	2023	**2022**
Cost of revenue	$ 50	$ 151
Selling and marketing	23	43
Research and development	318	897
General and administrative	64	199
	$ 455	**$ 1,290**

18. Commitments and Contingent Liabilities

a) Leases

The Company leases office and production space for the head office and subsidiaries. We had no significant operating leases for equipment. Changes in the right-of-use assets are summarized in Note 20 of these Consolidated Financial Statements. The following table is a summary of the changes in the lease liabilities during the year ended December 31, 2023:

	2023	**2022**
Balance, January 1, 2023	$ 1,901	$ 1,978
Interest	106	99
Effects on movement in exchange rates	(9)	(34)
Additions	73	452
Lease payments	(353)	(594)
Balance December 31, 2023	1,718	1,901
Less: current portion	(269)	(240)
Lease liabilities non-current, December 31, 2023	$ 1,449	$ 1,661

The following table presents the contractual undiscounted payments for lease obligations as at December 31, 2023:

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

	2023	2022
Less than one year	$ (363)	$ (240)
One to five years	(1,358)	(1,435)
More than five years	(292)	(225)
Total undiscounted lease obligations	$ (2,013)	$ (1,901)

b) Purchase Commitments

In the normal course of business, we may enter purchase commitments, including inventory and third-party software license embedded in our products, to achieve economy of scale. At December 31, 2023, and December 31, 2022, we had no purchase commitments due within one year.

19. Finance Income and Finance Costs

a) Finance income

The Company recognized finance income of $67 thousand (2022: $nil) related to two USD Term GIC investments purchased on December 21, 2022 for a term of one year for $500 thousand USD each, earning interest at 5%. The GICs matured on December 21, 2023 and were not renewed.

b) Finance costs

The following table provides a breakdown of total finance costs.

	2023	2022
Interest expense:		
- Unsecured promissory notes (see Note 16(d))	**$ 72**	$ 40
- Lease commitments (see Note 18(a))	**106**	99
- Other interest and finance costs	**23**	27
	$ 201	$ 166

20. Right-of-use Assets

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

	2023	2022
Balance, January 1	$ 1,454	$ 1,721
Additions	73	396
Depreciation	(196)	(548)
Effects on movement in exchange rates	(14)	(115)
Balance, December 31	$ 1,317	$ 1,454

21. Employee Benefits

Employee benefits include health, life and disability. Other employee benefits include IT devices enablement.