novra
TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

Six months ended June 30, 2021 and 2020
(Expressed in Canadian dollars)

The following Management's Discussion and Analysis ("MD&A") of Novra Technologies Inc.("Novra") should be read in conjunction with the Consolidated Financial Statements for the periods ended June 30, 2021 and 2020, and related notes included therein (the "Consolidated Financial Statements"). These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All information in this MD&A is presented in Canadian dollars, unless otherwise indicated. Tabular dollars are in thousands, except per share amounts. Amounts in tables may not reconcile due to rounding differences.

Throughout this MD&A, "we", "us", "our", "Novra", and "Company" refer to Novra Technologies Inc. and its subsidiaries.

This MD&A is dated as of August 30, 2021 and is current to this date. The MD&A and the Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on August 30, 2021.

Financial statements, MD&A and other information relating to Novra are available on SEDAR at www.sedar.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements" within the meaning of applicable Canadian securities laws, concerning but not limited to: our outlook, the expected cost savings from integrating Wegener operations with the Novra Group, proposed acquisition of remaining 48.4% of Wegener, anticipated developments in our operations in future periods, the adequacy of Novra's financial resources and other events and conditions that may occur in the future. Forward-looking statements are generally identifiable by words such as "expect", "anticipates", "believes", "intends", "estimates", "predicts", "potential", "targeted", "plans" "possible", "position for", "prepare for" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. As such, forward-looking statements are not historical facts but reflect our current assumptions and expectations regarding future events. These are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations and assumptions. Some of these risks and uncertainties are described herein under the "Risks and Uncertainties" section of this MD&A.

For the above reasons, readers are cautioned not to place undue reliance on forward-looking statements.

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BUSINESS OVERVIEW

Novra Technologies Inc. (headquartered in Winnipeg, Canada) is a public company on the TSX Venture Exchange ("TSX-V"), which trades under the stock symbol "NVI" and is a Class 1 reporting issuer. We have been in the satellite data distribution business since 2000. In 2016, we significantly expanded our product portfolio and global footprint with the acquisition of International Datacasting Corporation ("IDC"), a long-time leader in the same sector (based in Ottawa, Canada). At the end of 2017, Novra acquired a 51.6% controlling interest of Wegener Corporation ("Wegener") to further expand its footprint in digital media management and distribution technologies for applications including digital signage, radio and television. The companies joined together to form the Novra group of companies ("Novra Group") – see our group website at www.novragroup.com.

Today, the Novra Group is a global business with customers on every continent. We are a technology provider that offers a comprehensive product portfolio including hardware, software, and services. In addition, our areas of expertise and added value include: encryption, next-generation hybrid networks (satellite/terrestrial/cloud), and efficient bandwidth utilization.

In these times of accelerating change and global uncertainty, our business agility and drive for innovation are more important than ever. Our competitive advantage is our people and their 30 years of knowledge and experience in developing innovative products along with the deep relationships that we have established with our clients. These close customer relationships and our extensive engineering experience provide the perspective and foundation for our continuing development of advanced products and flexible solutions.

Particularly at this time, given current global supply chain challenges that are impacting all types of businesses small and large around the world, the depth of experience and dedication of our procurement and production teams is another competitive advantage. They continue to work with our networks of vendors and partners, in this unprecedented atmosphere of greatly extended lead-times and quickly escalating costs, to procure the necessary components and assemblies to facilitate timely product deliveries to our customers.

Our core product lines are:

- *Video distribution:* products and systems for providing end-to-end solutions for traditional and non-traditional video networks. This is a key focus area for our innovation activities, including on-going projects in augmented reality, remote collaboration, and emerging technologies. Our video products target the following key market niches:
  - Broadcast video networks of all sizes
  - Digital program insertion (for targeted advertising, regionalization, and blackout management)
  - Live and file-based video content distribution
  - Digital signage
  - IPTV
  - Professional-quality streaming video

- *Broadcast Radio:* We are a leading provider of end-to-end infrastructure solutions to broadcast radio networks small, medium, and large. We have a reputation for reliable, cost-effective delivery of high-quality audio via satellite, terrestrial, or hybrid networks. The radio product line includes uplink and receive-site equipment as well as network management, encryption, and targeted regionalization/ad insertion options. We have both long-established and respected product lines and innovative new products recently released for this market.

- *Data distribution:* Our broadband multimedia distribution technology is ideally suited for networks requiring fast, ultra-reliable, secure delivery of data via satellite and via Internet or private IP network. In addition to providing the hardware infrastructure (transmit and receive), we offer an advanced content distribution network (CDN) software solution (Datacast XD) for ultra-reliable and secure file broadcasting.

- *Digital Cinema:* We provide leading digital cinema networks with their core distribution infrastructure (uplink equipment, content management, and network management) and high-end appliances for cinemas as well as decoders for live events and alternative content (entertainment and sports) in 2D and 3D. Additionally, we offer a digital cinema distribution software solution for integration onto commercially available servers and third-party equipment. Recent advances in this product line have enabled our solutions to provide secure file delivery speeds that are unparalleled in the market.

- *Satellite and terrestrial broadband receivers:* We offer a line of cost-effective, reliable DVB and ATSC compliant receivers for the expanding broadband communications network market. These provide standalone communication gateways to local networks or have been integrated into a wide range of purpose-built appliances.

OVERALL PERFORMANCE

Novra's financial results for the first six months of 2021 were strong, with a net income of $795 thousand. This was the result of a combination of significantly higher revenue and lowered operating costs. The significant backlog of orders that carried over into 2021 along with the strong new bookings in the first few months of the year drove the revenue increase. The acceleration in bookings that began in the latter half of 2020 continued into early 2021. Current bookings backlog is now $4.6 million.

In response to the evolving market dynamics, management has taken targeted actions, including implementing additional cost saving measures, through 2020 and into 2021. At the same time, we have continued to invest in focused innovation initiatives and building customer relationships to address current customer needs and position Novra for future growth.

Global supply chain difficulties continue to extend delivery lead-times and increase costs. On June 30, 2021 we had orders totalling over $4 million that we couldn't ship because of electronic components delays. Inventory levels at June 30, 2021 were lower than at both December 31, 2020 and at June 30, 2020. We are working with our suppliers to aggressively manage these challenges. We are planning for extended inventory procurement timelines, and we've expanded our supply channels to mitigate long lead times.

The Q2 financial highlights below are derived from our Consolidated Financial Statements and include consolidation of Novra's subsidiaries; International Datacasting Corporation and Wegener Corporation (51.6% controlling interest).

Q2 2021 vs. Q2 2020:

- Revenue was $1.1 million, compared to $1.2 million in Q2 2020, a decrease of $108 thousand.
- Gross profit at $406 thousand was 37.6% of total revenue, compared to $761 thousand or 64.2%.
- Operating expenses were $1.2 million, compared to $1.3 million in 2020, a reduction of 6%.
- Net loss was $324 thousand, compared to a loss of $447 thousand in Q2 2020.
- Reducing net income in Q2 2021 is approximately $149 thousand of amortization expenses for intangible assets associated with the prior purchase of 51% of Wegener ($172 thousand in 2020).
- Adjusted EBITDA* was $91 thousand, compared to Adjusted EBITDA* of $102 thousand.

First 6 months of 2021 vs. 2020:

- Total revenue was $4.8 million, compared to $2.2 million, an increase of $2.6 million.
- Gross profit at $2.6 million was 53.5% of total revenue, compared to $1.2 million or 56.5%.
- Operating expenses were $2.4 million, compared to $2.7 million, a reduction of 12%.
- Cash balance at June 30, 2021, was $4.1 million versus $3.9 million at December 31, 2020.
- Our consolidated net income was $795 thousand, compared to a loss of $962 thousand in 2020.
- Reducing net income in 2021 is approximately $296 thousand (2020 $340 thousand) of amortization expenses for intangible assets associated with the purchase of 51.6% of Wegener.
- Adjusted EBITDA* gain of $1.4 million, compared to Adjusted EBITDA* loss of $481 thousand.

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

Our ongoing drive to realize synergies and efficiencies across the group resulted in consolidated operating expenses continuing to trend down 2021 Q2 compared to 2020 Q2. The additional permanent and temporary cost saving measures that have been implemented resulted in considerable reductions in these expenses. We will continue to actively control and adjust operating expenses in response to company performance and current volatile market conditions.

RECENT DEVELOPMENTS AND OUTLOOK

2021 Results and Road Ahead:

Eighteen months ago, we were at the beginning of the COVID-19 pandemic and the road ahead was obscured by global uncertainty. Today, although COVID-19 continues to have major impacts on both our clients and suppliers, our orders are much stronger than 2020 and, more broadly, there is some hope that things are looking brighter as the world begins to adapt to operate with COVID-19.

Our clients continue to navigate through challenging circumstances. However, bookings activity began to recover late in 2020 and continues to improve into 2021. This demonstrates the importance our customers, even in times of global uncertainty, place on investment in the critical infrastructure components that Novra provides. While some customers continue to delay or scale back purchases, others are moving ahead - both to keep their networks operating reliably and to enhance their capabilities with our newly developed products. We continue to pride ourselves on being a partner to our customers, there to support them in trying times as well as in times of exciting growth.

Through 2020 and into 2021, supply chain challenges have continued to intensify around the world, with distributor inventories dropping and lead-times on certain electronic components stretching to many months. Through strategic inventory purchases, including advance purchasing of certain key components, and nurturing additional procurement channels, Novra has been able to continue to fulfil orders for all our products.

Some larger or customized orders in our current backlog are seeing increased lead-times and costs increases as we source some long lead components from alternate sources to reduce lead-times and allow us to recognize revenue in 2021. Overall, we are very carefully monitoring our supply chains and their impacts on our ability to deliver orders in future quarters, while taking measured actions to mitigate these effects where possible.

We are preparing for continued stronger future performance with our on-going sales efforts and R&D activities. These have resulted in a number of new products, which have now been selected for new project rollouts, and we are starting to receive more of those orders. This is particularly good news for Novra as it positively reflects on our corporate goals and our substantial R&D investment over the past several years.

Highlights of 2021 so far:

We continue to push forward on our corporate vision to bring together great companies with complementary technologies to capitalize on both existing and new market opportunities. We have successfully consolidated, integrated, and refocused our engineering efforts to provide world-class leading-edge products and services to our clients.

Through this process Novra has evolved significantly into a strong, scalable, global company oriented to the growing multimedia broadband content distribution business. In parallel we have progressed from being an engineering-centric to a client-centric company. Our clients are looking for flexible, cost-effective solutions. Our product development is centred on reacting to identified client requirements and anticipating next-generation innovations. More and more, our hardware is a becoming a platform for increasingly powerful and sophisticated software—bringing agility, forward compatibility, and longevity to the lifespan of our products.

So far in 2021, there have already been a significant list of highlights:

- Novra is now listed in the US on the OTCQB Venture Exchange under the symbol NVRVF. This will enable US investors to more easily purchase Novra shares.
- $3.2 million follow-on order from a major radio network for our high-end Audiocaster Pro satellite receivers. This order comes on the heels of a successful initial rollout last year with the same customer and represents an endorsement of the ongoing work our team has done to develop this sophisticated product and support this important network.
- Initial order for more than $700K from a US-based paging service provider. This was a specialized project to modify and customize an existing data receiver to retrofit a legacy paging network. Our engineers worked closely with the client's team in extended testing in order to meet their stringent reliability requirements. The initial deployment will be followed up with additional rollouts over time.
- Orders for a new digital cinema network launching this year. Based on our next-generation MAP Pro Cinema platform, more details on this project will be made public soon.
- Order for a new digital signage network for a large financial services customer in Latin America. Working with a long-time service provider partner we won a major competitive tender.
- Order for implementation of a disaster recovery system for a US military television and radio network. This will provide redundant back-up for a network we provided previously.
- New order to provide encryption for a major Latam TV network for the 2021 Summer Games. IDC partnered with video security company Verimatrix to integrate a system compliant with the stringent requirements for protecting this valuable content.

- New follow-on orders from a long-time North American digital signage customer now expanding its network.
- Sizeable follow-on order from a long-time IPTV customer in Japan, delivering digital television service into multi-user dwellings
- Steady orders for smaller new networks including a new radio network in North Africa, and follow-on orders from other customers including a major US government program as well as a prominent Canadian radio broadcaster

For our company like so many others, 2020 and 2021 have and continue to be challenging on many fronts. However, we've advanced our R&D initiatives and continued to provide great support to our clients to make sure they had no disruption in their support level while they went through their own challenges. Although COVID continues to disrupt the traditional sales cycle as trade shows and business travel remain problematic, we have used alternative means to continue to focus on filling our sales pipeline, advancing projects where possible, and launching new products to meet our customers' evolving needs and address new market sectors. As our strong results in the first half of 2021 demonstrate, that approach is paying off.

We offer more than products - we provide complete solutions. Many of our key customers consider Novra their technology partner, one they can depend on to help them solve both engineering and business challenges. We take this role very seriously and everyone at the Novra Group of companies is part of this commitment.

As the world recovers from COVID-19 and we all get back to "normal", it is management's intention to complete the acquisition of the remaining 49% of Wegener Communications over the next 12 months. This was a priority for 2020 but COVID-19 pushed this goal out by 18 months.

DISCUSSION OF OPERATIONS

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

(In Thousands)	Three Months Ended June 30,			Period ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
Revenue by type:						
Products	**$ 766**	$ 508	51%	**$ 4,046**	$ 1,044	288%
Services	**312**	679	-54%	**760**	1,169	-35%
Total revenue	**1,078**	1,187	-9%	**4,806**	2,213	117%
Gross profit	**405**	762	-47%	**2569**	1,250	106%
Gross margin	***37.6%***	*64.2%*		***53.5%***	*56.5%*	
Operating expenses	**1,198**	1,271	-6%	**2,388**	2,717	-12%
Operating income (loss)	**(793)**	(509)	56%	**181**	(1,467)	NM
Other income (expenses)	**469**	63	644%	**614**	506	21%
Net income (loss) as reported under IFRS	**$ (324)**	$ (446)	-27%	**$ 795**	$ (961)	NM
Adjustments:						
Finance costs	**41**	48	-15%	**95**	99	-4%
Depreciation and amortization	**284**	312	-9%	**569**	626	-9%
EBITDA - non-IFRS measure	**1**	(86)	NM	**1,459**	(236)	NM
Loss (gain) on foreign exchange	**90**	187	-52%	**(30)**	(246)	-88%
Share-based compensation	**0**	1	-100%	**0**	1	-100%
Adjusted EBITDA - non-IFRS measure	**$ 91**	$ 102	-11%	**$ 1,429**	$ (481)	NM

NM – Not meaningful

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

Revenue and Gross Margin

Total revenue for the 6-month reporting period increased to $4.8 million (2020 - $2.2 million). Gross margin was 53.5% for the reporting period, 3.0% lower than for the comparable period in 2020. The decrease in gross margin was driven by a change in product/service mix and certain pandemic-driven cost increases.

For the first six months of 2021, our top 10 customers accounted 84.2% of total revenue with the first and second largest accounting for 45% and 10% respectively or $2.6M in aggregate. For the same period last year Novra's top 10 customers accounted for 47.9% of total revenue with the two largest accounting for 10% and 7% respectfully or $366 thousand in aggregate. No other customer accounted for more than 10% of total revenue.

While our revenue may be concentrated with a few customers quarterly, with approximately 2,000 customers in over 100 countries, including over 200,000 installations since inception, we have a well-established customer base to provide diversification in our revenue base. The following table summarizes the geographic distribution of our revenues for the period.

	Three Months Ended June 30,		Six Months Ended June 30,	
Geographic Market	**2021**	2020	**2021**	2020
Americas ex-Canada	**$ 627**	$ 819	**$ 3,644**	$ 1,405
Canada	**9**	88	**315**	183
EMEA	**168**	198	**175**	288
APAC	**274**	81	**671**	337
	$ 1,078	$ 1,186	**$ 4,805**	$ 2,213

Operating Expenses

(In thousands)	Three Months Ended June 30,			Period Ended June 30,		
	2021	2020	% Chg	**2021**	2020	% Chg
General and administrative ("G&A")	**380**	285	33%	**723**	600	21%
Sales and marketing ("S&M")	**251**	222	13%	**449**	503	-11%
Research and development ("R&D")	**568**	763	-26%	**1217**	1614	-25%
Total operating expenses	**1199**	1,270	-6%	**2389**	2,717	-12%

Total OPEX for the first six months of 2021 has decreased by 12% from 2020. For financial reporting purposes, we allocate facility costs to OPEX (G&S, S&M, R&D) and cost of revenue.

General and administrative ("G&A") expenses consist primarily of compensation paid to the corporate, IT, and finance staff as well as professional fees and public company related costs. Our G&A costs increased by 21% to $723 thousand (2020 - $600 thousand), an increase of $123 thousand. This increase is primarily attributable to costs associated with initiating listing on the OTCQB, costs for the deferred 2020 AGM, which was held in Q1 2021 and making a change to accrue annual audit costs each quarter rather than expensing them all in the final quarter of the year.

Our Sales and Marketing ("S&M") costs consist of compensation, including sales commissions, paid to our sales team, as well as tradeshow, promotion and travel and entertainment costs. We decreased our marketing expense by 11% to $449 thousand (2020 - $503 thousand). Travel and event restrictions related to COVID-19 have affected these expenses in both 2020 and 2021.

Research and Development ("R&D") costs will continue to be a significant component of our total operating expenses as we continue to develop innovative products and solutions to remain competitive in our industry. R&D costs include compensation paid to engineering personnel and prototype costs. Notably, expenses related to amortization of intangible assets from acquisition of (controlling interest in) Wegener are also included in R&D costs. This amortization of $296 thousand in the first six months of 2021 ($340 thousand in 2020) distorts our R&D expenditures as a percentage of revenue and it has an impact on our net operating results.

R&D product development costs are expensed as incurred; we have not capitalized development costs. Because of this, no capital asset related to our investments in developing products and technologies is currently included in our statement of financial position. Capitalizing some development costs could result in increased assets and reduced operating expenses, improving net income. With significant development being invested in new products and technologies that have extended useful lives, Novra may move to capitalize development costs in the future, in order to appropriately present our technology assets and R&D expenses. Novra continues to invest strategically in this area to position the company for future success.

Foreign Exchange Gain (Loss)

Although we generate a significant portion of our revenue outside of Canada, denominated in USD and Euro currencies, we have determined Novra's functional currency to be Canadian dollars. Additionally, most sales in Canada are also denominated in USD currency. Further, the procurement for most of our raw materials is denominated in USD currency; however, our domestic operating costs are denominated in CAD currency. Accordingly, Novra's financial position and operating results are significantly exposed to foreign currency movements. We actively manage our foreign currency risk and may also enter speculative currency positions based on management's best judgement.

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

For the first six months of 2021 we recorded a foreign exchange gain of $30 thousand, compared to a gain of $246 thousand in 2020.

At June 30, 2021, the foreign currency denominated assets and liabilities, subject to remeasurement, are as follows:

(in thousands)	**USD**	**Euro**
Assets	3,782	35
Liabilities	(3,510)	(17)
Net assets before hedging	272	18
Currency derivative contracts	-	-
Net assets - unhedged	272	18
Impact on Novra's earnings if 5% change in foreign exchange rates	14	1

At June 30, 2021, 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 (loss) would have been $15 thousand. The above excludes Wegener's assets and liabilities which are denominated in USD.

Other Income and Finance Costs

The Company qualified for the Canada Emergency Wage Subsidy (CEWS) and recorded $297 thousand in Other Income) in the first six months of 2021 (2020 - $359 thousand). The CEWS is a federal government program created to provide financial support to businesses affected by COVID-19.

Also in the current period, the Company recognised $325 thousand in finance income related to forgiveness of a loan originally received by Wegener in 2020 through the US Coronavirus Aid Relief and Economic Security Act.

Finance costs were $95 thousand for the current period, a slight decrease over the same period last year (2020 – $99 thousand). There were no bank borrowings on our RBC credit facilities in the first six months of 2021.

Depreciation and Amortization

Depreciation and amortization costs decreased to $569 thousand for the first six months of 2021 (2020 - $626 thousand), which includes intangible asset amortization of $295 thousand (2020 - $340 thousand).

Tax Expense

The company had net income for the current period; however income tax expenses were not recorded due to the availability of tax losses from previous years being used to offset taxable income of the current period.

Despite the significant non-capital loss carry forwards and available investment tax credits (see Note 15 of the Consolidated Financial Statements for 2020 and 2019) to shelter future taxable income from income taxes, we have not recognized deferred tax asset at June 30, 2021 and 2020 because management concluded it was not probable to realize this benefit in the foreseeable future. In making this determination, management considered the uncertainties in projecting future taxable income, the uncertainties related to the technology industry and competition in which we operate, and the lack of available income tax planning strategies.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures. EBITDA is defined as earnings before income tax expense, financing costs(interest), depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for foreign exchange gain or loss, any acquisition-related costs, share-based compensation, any restructuring charges, any material write-down of inventories, and any other material impairment charges.

Management believes that EBITDA and Adjusted EBITDA provide important financial measures of Novra's operating performance because they allow management, investors, and other stakeholders to evaluate and compare Novra's core operating results from period to period by removing the impact of its capital structure (interest expense), asset base (depreciation and amortization), and tax consequences. Because EBITDA and Adjusted EBITDA do not have any standardized meanings prescribed by IFRS, other companies may calculate these non-IFRS measures differently, and therefore our EBITDA and Adjusted EBITDA may not be comparable to similar titled measures of other companies. Accordingly, *readers are cautioned to not place undue reliance on these financial measures and encouraged to read all IFRS accounting disclosures presented in the Consolidated Financial Statements.*

EBITDA was a gain of $1.5 million for the six months ended June 30, 2021 compared to a loss of $236 thousand for 2020. Adjusted EBITDA for 2021 was a gain of $1.4 million, while adjusted EBITDA for 2020 was a loss of $481 thousand. The increase in EBITDA and Adjusted EBITDA was driven by an increase in revenue and gross profit.

SELECTED QUARTERLY FINANCIAL INFORMATION

(dollars in thousands, except per share data)

The following table sets out selected financial information for our current and eight most recently completed quarters.

(In thousands of dollars, except with respect to earnings (loss per share)	**Jun 30, 2021**	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	**Jun 30, 2020**	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	**Jun 30, 2019**
Revenue	**$ 1,078**	$ 3,728	$ 1,675	$ 1,092	**$ 1,186**	$ 1,026	$ 1,817	$ 3,018	**$ 2,423**
Gross profit	**405**	2164	631	517	**761**	488	747	1849	**1319**
Operating expenses	**1198**	1190	1201	1229	**1271**	1446	1439	1374	**1639**
Foreign exchange gain (loss)	**(90)**	120	260	(36)	**(187)**	(433)	(133)	68	**(108)**
Net income (loss) attributable to Novra	**(283)**	759	(749)	(550)	**(266)**	(262)	(787)	215	**(445)**
Adjusted EBITDA Income (loss)	**91**	1,338	(116)	(325)	**103**	(580)	(358)	796	**73**
Earnings (loss) per share - diluted	**$ (0.008)**	$ 0.023	$ (0.022)	$ (0.016)	**$ (0.008)**	$ (0.008)	$ (0.024)	$ 0.006	**$ (0.013)**
Weighted average shares outstanding	**33,396**	33,396	33,396	33,396	**33,396**	33,393	33,372	33,372	**33,372**

We occasionally receive large orders from customers and partners that can provide revenue visibility for future quarters. However, a large portion of Novra's quarterly revenues are generated from orders received in the quarter rather than from order backlog going into the quarter. As a result, Novra's revenue, profitability and cash flows are difficult to predict and may fluctuate significantly from quarter to quarter. Novra had considerable deferred revenue at period end and currently has a backlog of orders received, but not yet shipped. These total approximately $5.5 million and provide some visibility into future revenue for 2021 and beyond.

We continue to expect significant volatility in revenue from quarter to quarter due to particular timing of orders from existing customers, continued economic and supply chain instability and significant unpredictability in the length of sales cycles with new and existing customers in the sales pipeline. The result of limited order visibility is that revenue and, accordingly, profitability and cash flows, will be difficult to predict and will fluctuate. We also expect COVID-19 to continue to impact markets and economies and therefore our business (see Risks and Uncertainties).

LIQUIDITY

Quick Ratio

Our principal liquidity requirements are for working capital, capital expenditures and for pending acquisitions as previously announced. Management measures liquidity based on Novra's unrestricted cash and accounts receivable. The following table shows our total liquid assets at the following reporting dates.

	June 30, 2021	December 31, 2020
Cash	**$ 4,073**	$ 3,859
Accounts receivable	**1,288**	883
Total liquid assets	**$ 5,361**	$ 4,742
Quick ratio (1)	**1.16:1**	0.99:1
(1) Total liquid assets over total current liabilities, excluding amounts due to related parties and deferred revenue		

The quick ratio as defined above is a non-IFRS financial measure. We believe this an important financial metric to investors and other stakeholders to assess Novra's ability to meet its third-party short-term obligations with its most liquid assets. The related parties have expressed no intent to call on their debt in the near term until such time that Novra is in a stronger capital position. We also excluded deferred revenue in the quick ratio calculation as it does not represent a contractual financial obligation i.e. it is a liability that will reverse once revenue recognition has been met.

At June 30, 2021, Novra's quick ratio was 1.16:1 or $1.16 of liquid assets available to cover each $1.00 of third-party current liabilities, an increase from 0.99:1 at December 31, 2020. Note that a significant portion (June 30, 2021 - $2.2 million, December 31, 2020 - $2.5 million) of current liabilities included in the calculation of the quick ratio are customer deposits. This is a liability that reverses once customers have been invoiced for the related orders.

The following is a summary of cash flows by activities for the first six months of 2021 vs. the same period in 2020. Overall, cash increased by $214 thousand in the first six months of 2021.

Operating activities

We had positive cash flows of $703 thousand from operating activities in 2021, compared to positive cash flows from operating activities of $754 thousand for the same period in 2020. This was mostly due to the net change in non-cash working capital.

Investing activities

We had no cash flows driven by investing activities during the current period in 2021 or 2020.

Financing activities

We have negative $395 thousand net cash flow from financing activities in 2021, compared to positive net cash from financing activities of $92 thousand in the comparable prior period. In the current period we made repayments on our WEDC loan and made lease payments toward our lease liabilities.

Wegener received funding from Truist Bank through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of $341 thousand. Management expects all or a substantial portion of the loan to be forgiven in 2021. However, the interpretation of legislated forgiveness rules continues to evolve and we are not able to confidently predict the amount of forgiveness that will be granted. The entire proceeds of this new loan have been recorded in long term borrowings until the forgiveness amount is confirmed.

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

Working Capital Ratio

Novra's working capital ratio was as follows:

	June 30, 2021	December 31, 2020
Working Capital:		
Current assets	**$ 7,734**	$ 7,108
Current liabilities	**7,267**	7,687
Working Capital:	**$ 467**	$ (579)
Working capital, excluding related party and deferred revenue balances	**$ 3,128**	$ 2,320
Working capital ratio[1]	**1.68:1**	1.48:1
(1) Total current assets over total current liabilities, excluding amounts due to related parties and deferred revenue		

"Working capital, excluding related party and deferred revenue balances" and "Working capital ratio" as defined above are both non-IFRS financial measures. Management believes these are useful, relevant financial measures to investors and other stakeholders in order to assess the available working capital to fund Novra's day-to-day operations.

Working capital increased to $467 thousand at June 30, 2021 from negative $579 thousand at December 31, 2020. Excluding related party and deferred revenue balances, Novra's working capital increased to $3.1 million at June 30, 2021 from $2.3 million at December 31, 2020. Our working capital ratio (as defined above) remained healthy at 1.68:1 or $1.68 of current assets per $1.00 of current liabilities, excluding amounts due to related parties and deferred revenue at June 30, 2021.

Contractual obligations and commitments

At June 30, 2021, Novra's contractual obligations and commitments were as follows:

(In thousands of dollars, except with respect to earnings (loss per share)	**Jun 30, 2021**	Mar 31, 2021	Dec 31, 2020	Sep 30, 2020	**Jun 30, 2020**	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	**Jun 30, 2019**
Revenue	**$ 1,078**	$ 3,728	$ 1,675	$ 1,092	**$ 1,186**	$ 1,026	$ 1,817	$ 3,018	**$ 2,423**
Gross profit	**405**	2164	631	517	**761**	488	747	1849	**1319**
Operating expenses	**1198**	1190	1201	1229	**1271**	1446	1439	1374	**1639**
Foreign exchange gain (loss)	**(90)**	120	260	(36)	**(187)**	(433)	(133)	68	**(108)**
Net income (loss) attributable to Novra	**(283)**	759	(749)	(550)	**(266)**	(262)	(787)	215	**(445)**
Adjusted EBITDA Income (loss)	**91**	1,338	(116)	(325)	**103**	(580)	(358)	796	**73**
Earnings (loss) per share - diluted	**$ (0.008)**	$ 0.023	$ (0.022)	$ (0.016)	**$ (0.008)**	$ (0.008)	$ (0.024)	$ 0.006	**$ (0.013)**
Weighted average shares outstanding	**33,396**	33,396	33,396	33,396	**33,396**	33,393	33,372	33,372	**33,372**

See Consolidated Financial Statements notes for further details.

Based on the June 30, 2021 liquid assets (as defined above) and working capital, we have sufficient liquid resources to fund all third-party contractual obligations coming due within one year.

CAPITAL RESOURCES

Our key objectives and policies for managing capital are to maintain a strong capital base in order to:

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

As at June 30, 2021, the Company had cash and cash equivalents of $4.1 million and access to an undrawn revolving facility (the RBC Credit Facilities as described in Note 6 of the Consolidated Financial Statements), subject to the terms and conditions of the credit facilities. At the date of this MD&A we continue to have access to these facilities and no amounts are outstanding.

At June 30, 2021, Novra's total outstanding voting common shares were 33,396,293 excluding the 2,000,000 common shares held by our subsidiary, Wegener (December 31, 2020 - 33,396,293). Our debt and equity positions were as follows:

	June 30, 2021	December 31, 2020
Borrowings (drawn)	**$ 2,818**	$ 2,956
Promissory notes from related party	**945**	906
Shareholders' equity	**$ (1,050)**	$ (1,622)
Total capital resources	**$ 2,713**	$ 2,240

The change in capital resources was primarily due to net gains for the period.

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

OFF BALANCE SHEET ARRANGEMENTS

At June 30, 2021, we had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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

ACCOUNTING MATTERS

Critical Accounting Estimates

The Consolidated Financial Statements include certain amounts that are inherently uncertain and judgmental in nature. As a result, management is required to make assumptions and best estimates in order to determine the reported values. We consider an accounting estimate to be critical if: (1) it requires that significant assumptions be made in order to deal with uncertainties; and (2) changes in the estimate could have a material impact on our results of operations, financial condition or liquidity.

We believe that the material items requiring such subjective and complex estimates are as follows:

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

Refer to Note 3 of the audited Consolidated Financial Statements for the years ended December 31, 2020 and 2019 for further details.

We believe that the amounts included in these financial statements reflect management's best judgment. However, factors including, without limitation, those noted under "Risks and Uncertainties" below could cause actual events or results to differ materially from our underlying assumptions and estimates. Accordingly, this could lead to a material adverse impact on our results of operations, financial condition and/or liquidity.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As previously indicated, we received an additional loan during the period for $341 thousand through government disaster assistance program debt financing related to COVID-19. For additional information, see Note 6 of the Consolidated Financial Statements for the six months ended June 30, 2021 and 2020. Refer to Note 5 of the audited Consolidated Financial Statements for the years ending December 31, 2020 and 2019 for disclosure relating to Novra's financial instruments and financial risk management objectives and policies.

RISKS AND UNCERTAINTIES

Refer to our December 31, 2020 MD&A for a list of risks and uncertainties facing Novra. We are currently not aware of any new material risks and uncertainties, except those noted below:

- Escalating lead-time and availability issues across the globe for electronic and other components that that are used in Novra's products could significantly delay our ability to build products and/or increase costs.

COVID-19 Advisory: The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, a rise in customer delinquency, delayed or inadequate performance by supply chains, and increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.