novra TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

Year Ended December 31, 2016

(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 audited Consolidated Financial Statements for the years ended December 31, 2016 and 2015, and related notes included therein (the "Consolidated Financial Statements"). The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All information in this MD&A is presented in Canadian dollars, unless otherwise indicated. Tabular dollars are in thousands, except per share amounts. Amounts in tables may not reconcile due to rounding differences.

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

This MD&A is dated as of May 1, 2017, and is current to this date. The MD&A and the Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on May 1, 2017.

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 proposed acquisitions of Wegener Corporation and Westport Research & Associates, 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 "expects", "anticipates", "believes", "intends", "estimates", "predicts", "potential", "targeted", "plans" "possible", 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 risk 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") and 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) - see "Recent Developments" section of this MD&A for further details on the acquisition. The companies joined together to form the Novra group of companies ("Novra Group") – see our new website at www.novragroup.com.

IDC brings to the group more than 30 years of experience providing innovative infrastructure solutions to significant customers around the world. Today, the Novra Group is an international technology provider of products, systems, and services for the distribution of multimedia broadband content. Our applications focus includes: broadcast video and radio, digital cinema, digital signage, and high-speed data applications.

We offer a comprehensive product portfolio including hardware, software, and services. In addition to our core video, radio, and data products, areas of expertise and added value include: encryption and cybersecurity, next-generation hybrid networks (satellite/terrestrial/cloud), and efficient bandwidth utilization.

Our core product lines are:

- *Video distribution:* products and systems for providing end-to-end solutions for traditional and non-traditional video networks. 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

- *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.

- *Data distribution:* our broadband multimedia distribution technology is ideally suited for networks requiring fast, ultra reliable, secure delivery of data via satellite. 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.

- *Satellite and terrestrial broadband receivers:* we offer a line of extremely cost-effective, reliable DVB and ATSC compliant receivers for the expanding broadband communications network market.

Additionally, we continue to be a low margin supplier to Wegener Communications as part the September 16, 2013 Term Sheet to acquire its parent, Wegener Corporation (collectively referred as "Wegener") – refer to the "Proposed Transactions" section of this MD&A for an update.

OVERALL PERFORMANCE

Q4 2016 vs. Q4 2015:

- Total revenue of $3.1 million, an increase of 350%
- Gross profit at $1.4 million was 44.2% of total revenue, compared to $73 thousand or 10.8%
- Operating expenses were $979 thousand, compared to $146 thousand
- Adjusted EBITDA of $464 thousand, compared to Adjusted EBITDA of $(71) thousand (this is a non-IFRS financial measure - refer to "Discussion of Operations" section below for further details)
- Operating cash flows were $(312) thousand, compared to $287 thousand
- Working capital was $1.2 million, an increase of 59%

Year 2016 vs. 2015:

- Total revenue of $5.0 million, an increase of 86%
- Gross profit at $2.2 million was 43.0% of total revenue, compared to $933 thousand or 34.4%
- Operating expenses were $2.8 million, compared to $762 thousand
- Adjusted EBITDA was $(256) thousand, compared to Adjusted EBITDA of $154 thousand
- Operating cash flows were $(1.7) million, compared to $291 thousand
- Shareholders' equity was $806 thousand at December 31st, an increase of 98%
- Sales order backlog was $2.2 million at December 31, 2016

The above financial highlights include IDC's operating results from June 15, 2016 to December 31, 2016, the post-acquisition period.

RECENT DEVELOPMENTS

- In April 2016, we entered a merger agreement ("Merger") with IDC which closed on June 15, 2016. This Merger resulted in the acquisition of 100% of the issued and outstanding common shares of IDC for a total purchase consideration of $1.9 million (see Note 4 of the Consolidated Financial Statements for further financial details). We believe this merger will enable us to further diversify our revenue base with complimentary products, gain market share in the multimedia broadband content distribution business, and position us well for the pending infrastructure renewal within the industry with new and cost effective solutions.

- In July 2016, we strengthened Novra's management team with the creation of a newly defined role of Chief Operating Officer (COO) as well as the hire of a new Chief Financial Officer (CFO) and VP, Corporate Marketing and Sales.

- In July 2016, we entered a new three-year office space lease for IDC in Ottawa, Canada.

- In August 2016, we won a large contract with a major North American radio broadcast network to deploy its next generation audio system. The contract has a maximum value of $4 million and expires on July 24, 2017. To date, we have received orders for approximately $3.6 million under this contract and we have shipped approximately 75% of this total by December 31, 2016. However, some of the revenue associated with the shipments made in 2016 was deferred at

December 31, 2016, because installation at customer site and customer acceptance remained outstanding.

- In November 2016, we won a $1.3 million order from a Fortune 500 U.S. defense contractor to upgrade and retrofit the encryption/scrambling/conditional access system protecting a prominent global military satellite broadcast network. We began shipment during Q1 2017.

- During 2016, we have successfully closed on several financing transactions to supplement Novra's capital in order to fund the required working capital anticipated for the near-term, including a new $1.45 million USD non-revolving term facility with Royal Bank of Canada ("RBC") and additional debt financing of over $1 million from InfoMagnetics Technologies, Inc. ("IMT"). See "Liquidity" and "Capital Resources" sections of this MD&A for further details.

- During 2016, our research and development ("R&D") activities were focused primarily in the following areas:

  - Refreshing our IP-Encapsulator ("IPE") with a new motherboard and operating system.
  - Upgrading our head-end encryption solution for our Data Distribution product line for a large order awarded in November 2016.
  - Adding new features to our Digital Cinema product line for a large European customer.
  - Developing the next generation of our DVB receivers (S400).
  - Developing an internet cloud solution for our Broadcast Radio product line.

SELECTED ANNUAL INFORMATON

The following table provides a summary of financial data derived from our audited Consolidated Financial Statements for the past three years:

		2016		2015		2014
Revenue	$	5,043	$	2,713	$	1,887
Net income (loss)	$	(796)	$	361	$	(898)
Basic earnings per share ("EPS")	$	(0.03)	$	0.02	$	(0.04)
Diluted EPS	$	(0.03)	$	0.02	$	(0.04)
Total assets	$	8,069	$	2,380	$	2,159
Total non-current liabilities	$	1,371	$	377	$	477

Factors causing significant fluctuations for the above years were as follows:

2016 vs. 2015:

- The merger with IDC contributed to the significant growth in our revenue and total assets.
- Despite earnings generated by IDC during the post-acquisition period, we incurred a net loss for 2016. This loss was driven by non-recurring acquisition costs and weaker sales for our DVB satellite receivers.
- The increase in non-current liabilities was driven mainly by additional funding provided by a related party to finance the acquisition of IDC, coupled with a new government funding for specified R&D projects as well as long-term deferred revenue.

2015 vs. 2014:

- The significant growth in revenue was driven by large DVD receiver orders from two customers and higher sales of low-margin supplies to Wegener.
- The 2014 net loss includes $1.1 million unrealized loss on the Wegener options due to fair value remeasurement in accordance with IFRS. Excluding this unrealized loss, we would have generated a net profit of $227 thousand in 2014. Net income in 2015 was higher due to higher revenue at lower overall margin.

DISCUSSION OF OPERATIONS

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

(in thousands)	Fourth Quarter			Calendar Year		
	2016	2015	% Chg	**2016**	2015	% Chg
Revenue						
Products	**$ 2,742**	$ 672	308%	**$ 4,352**	$ 2,700	61%
Services	**314**	7	NM	**691**	13	NM
Total revenue	**3,056**	679	350%	**5,043**	2,713	86%
Gross profit	**1,350**	73	NM	**2,169**	933	132%
Gross margin	***44.2%***	*10.8%*		***43.0%***	*34.4%*	
Operating expenses	**979**	146	571%	**2,765**	762	263%
Operating income (loss)	**371**	(72)	NM	**(596)**	171	NM
Other income (expenses)	**(27)**	49	-155%	**(200)**	190	-205%
Net income (loss) as reported under IFRS	**344**	(23)	NM	**(796)**	361	NM
Adjustments:						
Finance income	**(7)**	(4)	75%	**(7)**	(7)	0%
Finance costs	**87**	27	222%	**144**	56	157%
Depreciation and amortization	**93**	2	NM	**197**	6	NM
Tax expense (recovery)	**-**	-		**-**	-	
EBITDA - non-IFRS measure	**517**	2	NM	**(462)**	416	NM
Loss (gain) on foreign exchange	**(24)**	(23)	4%	**28**	(251)	-111%
Loss on disposal of equipment	**-**	-		**12**	-	
Acquistion-related costs	**-**	-		**143**	-	
Loss (gain) on Wegener option	**(29)**	(50)	-42%	**23**	(11)	-309%
Adjusted EBITDA - non-IFRS measure	**$ 464**	$ (71)	NM	**$ (256)**	$ 154	NM

NM - Not meaningful

Revenue and Gross Margin

Q4 2016 vs. Q4 2015:

Total revenue increased by 350% or $2.4 million mainly due to the merger with IDC (see "Recent Developments" section). IDC contributed $2.6 million of the $3.1 million total revenue, $2.3 million in Products and $0.3 million in Services. Products revenue benefited from the partial shipment on the large radio broadcast network project awarded in August 2016. Gross margin was 44.2% for the current quarter, a 33.4 percentage points improvement. The low Q4 2015 gross margin was mainly due to the low-margin sales of inventory supplies to Wegener.

Our revenue is generally concentrated on a few customers from quarter to quarter. Our top 10 customers accounted for 82% of total revenue for Q4 2016, with the two largest accounting for 39% and 17%, respectively, or $1.7 million in aggregate. For Q4 2015, our top 10 customers accounted for 99% of total revenue, with the first and second largest accounting for 62% and 27%, respectively, or $603 thousand in aggregate. No other customers accounted for more than 10% of total revenue.

While our revenue may be concentrated on 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 quarter:

		2016	**% of Total**		2015	% of Total
Canada	**$**	**1,440**	**47%**	$	9	1%
Americas ex-Canada		**1,277**	**42%**		421	62%
APAC		**201**	**7%**		209	31%
EMEA		**138**	**5%**		41	6%
	$	**3,056**	**100%**	$	680	100%

The change in geographic distribution was driven mainly by the growth in Canada primarily due to the large radio broadcast network project previously noted in the "Recent Developments" section of this MD&A.

Year 2016 vs. 2015:

Total revenue increased by 86% or $2.3 million. IDC contributed $3.6 million of the $5.0 million total revenue, $3.0 million in Products and $0.6 million in Services. This revenue growth was partially offset by weaker sales in our DVB receiver product line. Gross margin improved by 8.6 percentage points to 43.0% mainly due to higher service revenue at high margins and product mix.

Our top 10 customers accounted for 72% of total revenue for 2016 with the three largest accounting for 27%, 11%, and 10%, respectively, or $2.4 million in aggregate. For 2015, revenue from our top 10 customers accounted for 85% of total revenue, with the three largest accounting for 38%, 33%, and 14% or $2.3 million in aggregate. No other customers accounted for more than 10% of total revenue.

The following table summarizes the geographic distribution of our revenues for the year:

		2016	**% of Total**		2015	% of Total
Americas ex-Canada	**$**	**2,383**	**47%**	$	1,982	73%
Canada		**1,773**	**35%**		69	3%
APAC		**518**	**10%**		506	19%
EMEA		**368**	**7%**		156	6%
	$	**5,042**	**100%**	$	2,713	100%

The change in geographic distribution is due to the same reason as noted for Q4.

Operating Expenses

(in thousands)	Fourth Quarter					Calendar Year				
	2016		2015		% Chg	**2016**		2015		% Chg
General and administrative	**$**	**208**	$	50	316%	**$**	**917**	$	200	359%
Sales and marketing		**226**		3	NM		**592**		113	424%
Research and development, net		**545**		93	486%		**1,256**		448	180%
Total operating expenses	**$**	**979**	$	146	571%	**$**	**2,765**	$	761	263%

For Q4 and full year 2016, total operating expenses ("OPEX") increased by 571% and 263%, respectively, compared to the same prior periods. The increase was driven mainly by an increase in headcount from the merger with IDC, coupled with professional fees incurred in relation to this merger. With the addition of IDC, we have tripled our headcount to over 30 and now maintain a second office based in Ottawa, Canada. Based on current headcount and new three-year leasing agreement for the Ottawa location, we expect total monthly normalized OPEX will be approximately $350 thousand to $375 thousand going forward.

General and administrative ("G&A") expenses consist primarily of compensation paid to the corporate, IT, and finance staff as well as professional fees, occupancy costs, and public company related costs. The significant increase in G&A during Q4 2016 was driven mainly by an increase of three headcounts, coupled with a higher allocation of senior management payroll to G&A. The increase for 2016 over 2015 was driven primarily by the same factors as Q4 as well as $143 thousand of acquisition-related costs.

Our Sales and Marketing ("S&M") costs include compensation, including sales commissions, paid to our sales team, as well as tradeshow, promotion and travel and entertainment costs. The significant increase in Q4 and full year 2016 over the same periods in 2015 was driven mainly by an increase of five headcounts, coupled with attendance to tradeshows.

Research and Development (R&D) costs will continue to be a significant component of our total operating expenses as we continue to develop innovative products and solutions to remain competitive in our industry. R&D costs include primarily compensation paid to engineering personnel and prototype costs. R&D costs are expensed as incurred; we do not capitalize development costs. These R&D costs are also partially subsidized by Federal and Provincial investment tax credits for qualified scientific research and experimental development ("SR&ED"). For Q4 and full year 2016, the significant increase in R&D costs was primarily due to an increase in headcount of eight engineers from June 16, 2016.

Foreign Exchange Gain (Loss)

Foreign exchange gain (loss) results from the translation of foreign currency transactions in the functional currency of the respective entity of Novra and its subsidiaries. We have determined that the functional currency for all entities is the Canadian (CAD) dollar. As noted above under Revenue and Gross Margin, we generate a significant portion of our revenue outside of Canada, denominated in USD and Euro currencies. Additionally, most sales in Canada were also denominated in USD currency. Further, the procurement for most of our raw materials are denominated in USD currency; however, our 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.

For Q4 2016, we incurred a foreign exchange gain of $24 thousand, compared to a gain of $23 thousand in Q4 2015. For the full year 2016, we incurred a foreign exchange loss of $28 thousand, compared to a gain of $251 thousand in 2015.

At December 31, 2016, the foreign currency denominated assets and liabilities, subject to remeasurement, are as follows:

(in thousands)	USD		Euro	
Assets	$	3,582	€	62
Liabilities		(1,783)		(49)
Net assets	**$**	**1,799**	**€**	**13**
Impact on Novra's earnings if 5% change in foreign exchange rates	**$**	**90**	**$**	**1**

Finance Costs

Finance costs increased by $60 thousand and $88 thousand for Q4 2016 and calendar year 2016, respectively, over the comparable prior periods. The increase was driven by an increase in debt financing during 2016 to fund Novra's working capital and purchase of IDC. As we have fully repaid the RBC Credit Facilities during Q1 2017, we expect the finance cost to be lower next quarter. Refer to "Liquidity" section below for further details on outstanding loans.

Depreciation and Amortization

The significant increase in depreciation and amortization costs in Q4 2016 and calendar year 2016 over the comparable prior periods was due to the acquisition of IDC. We acquired $143 thousand of equipment and $940 thousand of intangible assets. These assets are being depreciated over their respective useful lives (refer to Note 2 of the Consolidated Financial Statements for further details).

Tax Expense

While we earned a taxable income for Q4 2016, we incurred a net operating loss for the full year 2016 and as a result there was no corporate income tax expense. For 2015, we used non-capital loss carry forwards to eliminate the corporate income tax liability associated with the taxable income.

Despite the significant non-capital loss carry forwards and available investment tax credits (see Note 20 of the Consolidated Financial Statements) to shelter future taxable income from income taxes, we have not recognized deferred tax asset at December 31, 2016 and 2015 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, net financing costs, depreciation and amortization. Adjusted EBITDA is defined as EBITDA adjusted for foreign exchange gain or loss, acquisition-related costs, gain or loss on Wegener options, share-based compensation, restructuring charges, 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 audited Consolidated Financial Statements.*

Adjusted EBITDA for Q4 and calendar year 2016 was $464 thousand and $(256) thousand, respectively, compared to an Adjusted EBITDA of $(71) thousand and $154 thousand for the same periods in 2015, respectively. The increase in Q4 was primarily driven by higher revenues at higher margins, partially offset by an increase in OPEX. The weaker operating performance for the year 2016 compared to 2015 was driven mainly by lower sales of our DVB receivers for the period prior to the acquisition of IDC.

Outlook

With the acquisition of IDC in 2016, Novra has significantly evolved into a strong, scalable global company in the growing multimedia broadband content distribution business. We completed the last quarter of 2016 on a strong footing, with a profitable Q4 and over $2 million in sales order backlog going into 2017. We expect to deliver this remaining backlog during the first half of 2017 and achieve profitability during this period.

Our key focus in the near term will be completing the proposed acquisition of Wegener (see Proposed Transactions section of the MD&A) and entering into other potential strategic alliances with partners offering complementary technologies. This will enhance Novra's ability to deliver end to end solutions using best-in-class technologies to our clients. For example, on March 8, 2017, we have forged an alliance with DataPath Inc. to provide enhanced cyber security to our customers that buy our systems and networks.

We continue to innovate and enhance our product solutions to respond to major market trends and position ourselves for ongoing growth and profitability. The evolving media and content distribution market is driven by demand for reliable, cost-effective broadcast of audio, video, and data/files areas where we excel. In the second quarter of 2017, we expect to roll out a new internet cloud solution, under the brand MISTiQ, within our Broadcast Radio product line. This novel technology enables professional distribution of audio and associated data over terrestrial connections and the cloud, as well as traditional satellite networks. This hybrid delivery is ideal for reducing costs, supporting redundancy and disaster recovery, and perfect for networks seeking to migrate (immediately or gradually) from traditional satellite distribution to the cloud. We are currently engaged in a promising proof-of-concept pilot with a major national U.S. prospective customer.

We have also recently introduced our new S400 DVB-S2 satellite receiver, as a follow-on to our successful S300 product family. This new generation of satellite receivers will incorporate powerful new functionality and additional interface ports to enable even more flexible, efficient and cost effective solutions. It is also specifically designed to facilitate customization for specialized applications. We expect the S400 DVB-S2 satellite receiver to be available for shipment in 2017.

In the area of video and data, we have successfully integrated the client software for our highly reliable Datacast XD content distribution/file broadcast solution into consumer set top boxes for a major opportunity in Mexico. As the market for connected devices and video on demands grows we see a significant increase in opportunities for licensing this software in similar applications.

Opportunities for our current products with existing and new clients also continue. These include technology refreshes for existing users of our satellite receiver products (some of which have been running 24/7 for more than 10 years in harsh environments), replacing end-of-life IPE's originally provided by other suppliers who have since left the market, expansion of existing radio networks that are using our receivers, plus sales of head-end and receiver equipment to new networks and those replacing outdated equipment. In Q2 2017, we are starting the roll-out of additional NovraLink networks including networks in clinics and medical practitioner offices in the USA. Additionally, we have been notified recently that after extensive testing, our A75 ATSC receivers have been selected for a pilot project for an Early Earthquake Emergency warning system in the state of California.

While we are optimistic that these market opportunities and latest additions to our product and solutions portfolio will contribute meaningfully to Novra's growth over the long term, it is too early to comment on specific contributions to our 2017 revenue.

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.

	Dec 31 2016	Sep 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015	Sep 30 2015	Jun 30 2015	Mar 31 2015	Dec 31 2014
Revenue	**$ 3,056**	$ 1,170	$ 501	$ 316	$ 679	$ 663	$ 258	$ 1,112	$ 488
Gross profit	**1,350**	463	268	93	73	263	54	550	217
Operating expenses	**979**	1,056	476	265	146	208	188	249	266
Foreign exchange gain (loss)	**24**	8	4	(64)	23	71	(20)	176	179
Adjusted EBITDA income (loss)	**464**	(465)	(87)	(167)	(71)	62	(132)	309	(110)
Net income (loss) as reported under IFRS	**344**	(656)	(177)	(307)	(23)	(78)	(158)	620	(273)
Earnings (loss) per share - basic and diluted	**$ 0.012**	$ (0.023)	$ (0.008)	$ (0.014)	$ (0.001)	$ (0.004)	$ (0.007)	$ 0.028	$ (0.012)
Weighted average shares outstanding	**29,077**	29,077	23,564	22,388	22,388	22,388	22,388	22,388	22,388

We occasionally receive large orders from customers and partners which can provide revenue visibility for future quarters. However, the majority 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.

We expect continued significant volatility in revenue from quarter to quarter due to particular timing of orders from existing customers, continued economic instability in certain geographic regions 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.

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 December 31, 2016 and 2015.

	2016	2015
Cash	**$ 1,265**	$ 577
Accounts receivable	**2,804**	845
Total liquid assets	**$ 4,069**	$ 1,422
Quick ratio (1)	**1.07:1**	1.53:1

(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 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 December 31, 2016, Novra's quick ratio was 1.07:1 or $1.07 of liquid assets available to cover each $1.00 of third party current liabilities, a reduction from 1:53:1 at December 31, 2015. The decrease was driven by the 2016 operating losses.

The following is a summary of cash flows by activities for 2016 vs. 2015.

Operating activities

We had negative cash flows from operating activities of $1.7 million for 2016, compared to positive cash flows of $291 thousand for 2015. The weaker cash flows from operating activities in 2016 were mainly driven by operating losses, coupled with the company's rebuilding phase following the merger with IDC. At December 31, 2016, our accounts receivable increased by $2.0 million to $2.8 million from $0.8 million at December 31, 2015, due to shipments made during the fourth quarter. We have since collected virtually all of the outstanding receivables.

Investing activities

We completed the merger with IDC which resulted in transferring $669 thousand cash to IDC shareholders as part of the purchase consideration. This was partially offset by $618 thousand cash on hand from IDC that we assumed at closing and therefore net cash outflow from closing this merger was $51 thousand. During the fourth quarter of 2016, we also purchased equipment for our customer support lab to support a large customer over the next few years.

Financing activities

We generated $2.5 million from financing activities, compared to negative cash of $295 thousand in the same period in 2015. The increase in cash was driven by the amended credit facilities (see below), resulting in a net increase of $1.6 million in borrowings at December 31, 2016 over the prior year. Additionally, we raised $1.0 million of additional financing with IMT to fund our working capital (see below "Capital Resources" section for further details). In 2016, we received $64 thousand under a repayable government contribution agreement with Western Economic Diversification that was approved in 2015 and will provide a loan for up to $448 thousand to fund specific R&D projects. We have so far received a total of $64 thousand. Cash provided by financing activities was partially offset by $120 thousand instalment payment on the loan payable to Crocus Investment Fund.

As noted above, in 2016 we executed an amended credit facilities agreement with RBC to add a $1.45 million USD non-revolving term facility. The use of this new facility is restricted to finance 90% of eligible pre-shipment costs in connection with the large radio network contract we won in August 2016. The following table provides a summary of the RBC Credit Facilities at December 31, 2016:

	Currency	Borrowing Limit	Availability Based On	Outstanding Amounts	Remaining Borrowing Limit	Interest Rate	Maturity
Revolving Demand Facility (for general use)	CAD	$ 350	75% of Good Accounts Receivable in Canada and 50% of encumbered inventories up to $150	$ 300	$ 50	Royal Bank Prime + 0.50%	None; Due on demand
Revolving Demand Facility (for pre-shipment financing)	CAD	$ 495	100% of eligible pre-shipment costs	$ 368	$ 127	Royal Bank Prime + 0.75%	None; Due on demand
Non-Revolving Demand Facility (for pre-shipment financing of a large contract)	USD	$ 1,450	90% of eligible pre-shipment costs for a specified contract	$ 1,009	$ 441	Royal Bank US Base Rate + 1.05%	April 30, 2017; Due on demand

Due to strong cash collections during the first quarter of 2017, we have fully repaid all of the above outstanding amounts. We have also terminated the non-revolving demand facility of $1.45 million USD as we have completed the shipment of all orders associated with the specified large contract during Q1 2017.

Working Capital Ratio

Novra's working capital ratio was as follows:

	2016	2015
Working Capital:		
Current assets	**$ 7,096**	$ 2,155
Current liabilities	**5,891**	1,596
Working capital	**$ 1,205**	$ 559
Working capital, excluding related party and deferred revenue balances	**$ 3,301**	$ 1,424
Working capital ratio(1)	**1.87:1**	2.31:1

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

Working capital improved to $1.2 million at December 31, 2016, from $0.6 million at December 31, 2016.

"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.

Excluding related party and deferred revenue balances, Novra's working capital increased to $3.3 million at December 31, 2016, from $1.4 million at December 31, 2015. Our working capital ratio (as defined above) remained healthy at 1.87:1 or $1.87 per $1.00 of current liabilities at December 31, 2016.

Contractual obligations and commitments

At December 31, 2016, Novra's contractual obligations and commitments were as follows:

Payment due:	**Total**	**Within 1 year**	**1 to 3 years**	**3 to 5 years**
Bank borrowings	**$ 2,130**	$ 2,130	$ -	$ -
Operating leases	**650**	304	346	-
Trade payables and other payables	**634**	634	-	-
Loan payable to Crocus	**377**	104	273	-
Purchase commitments	**498**	477	13	8
Repayable government contribution	**64**	-	64	-
Total third party contractual obligations	**4,353**	3,649	696	8
Promissory notes from related party	**1,172**	531	494	147
Advances from related parties	**371**	371	-	-
Convertible note from related party	**285**	-	285	-
Total contractual obligations	**$ 6,181**	**$ 4,551**	**$ 1,475**	**$ 155**

Based on the December 31, 2016 liquid assets (as defined above) and working capital, we have sufficient liquid resources to fund all third party contractual obligations coming due in 2017.

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.

At December 31, 2016 and 2015, Novra's total outstanding voting common shares were 29,077,435 and 22,387,993, respectively. Our capital resources at December 31st were as follows:

	2016	2015
Bank borrowings (drawn)	**$ 2,130**	$ 555
Promissory notes from related party	**1,172**	253
Convertible note from related party	**285**	-
Loan payable - Crocus	**377**	477
Repayable government contribution	**64**	-
Shareholders' equity	**806**	408
Total capital resources	**$ 4,834**	$ 1,693

The significant change in capital resources during 2016 was due to the following:

- Bank borrowings increased as a result of an amended credit facilities with RBC as previously noted.

- Promissory notes and convertible note with IMT (related party) increased to fund our working capital and the acquisition of IDC. IMT is a related party to Novra because our President & CEO has a controlling interest in this company. IMT intends to convert the convertible note to equity only after June 15, 2017 which would result in the issuance of 2,500,000 common shares or 8.6% of total outstanding voting common shares as of the date of this MD&A. Assuming no further warrant exercises or other share issuance, Novra's President & CEO would have a beneficial ownership interest of approximately 17% of Novra's outstanding voting common shares immediately post-conversion.

- Shareholders' equity increased due to issuing 6,689,342 common shares and 13,336,145 warrants as part of the consideration for the acquisition of 100% of IDC's issued and outstanding common shares (see Note 4 of the Consolidated Financial Statements). This increase was offset partially by the net loss incurred in 2016. The warrants represent approximately 46% of Novra's total outstanding voting common shares as of the date of this MD&A. These warrants will expire on June 15, 2017. At April 21, 2017, 227,501 warrants have been exercised.

Based on Novra's current liquidity and the recent enhancement to its capital structure, management believes Novra has sufficient capital resources to fund Novra's operations for the foreseeable future, including the contractual obligations and commitments as noted above.

OFF BALANCE SHEET ARRANGEMENTS

At December 31, 2016, and 2015 we had no off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

In addition to key management personnel compensation, we have material unsecured promissory notes and a convertible note with IMT as disclosed in the "Liquidity" and "Capital Resources" sections of this MD&A. Refer to Note 23 of the Consolidated Financial Statements for a complete disclosure of all related party transactions, including amounts due at December 31, 2016.

PROPOSED TRANSACTIONS

On September 16, 2013, we entered a strategic agreement with Wegener Corporation ("Wegener"), formerly a listed U.S. based communications technology company, in which we agreed to acquire Wegener subject to due diligence and restructuring. We are currently in active discussions to consummate a transaction by July 31, 2017.

In February 2014, we also announced that we would acquire Westport Research and Associates ("Westport"), a U.S. private company. Since 2014, Westport has made some changes to its operational and ownership structure, positioning itself well for us to successfully negotiate an acceptable term sheet in the second half of 2017; once we have completed a transaction with Wegener.

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
- Fair value of Wegener options
- Fair value under a business combination
- Impairment of non-financial assets
- Product warranty

Refer to Note 3 of the Consolidated Financial Statements 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.

Future Accounting Pronouncements

The IASB has recently issued the following accounting standards but are not yet effective:

- IFRS 15 – Revenue from Contracts with Customers;

- IFRS 9 – Financial Instruments; and
- IFRS 16 – Leases.

We have not yet assessed the impact of adopting these new accounting standards on Novra's Consolidated Financial Statements. Refer to Note 2 of the Consolidated Financial Statements for further details on the above new accounting standards.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Refer to Note 5 of the Consolidated Financial Statements for disclosure relating to Novra's financial instruments and financial risk management objectives and policies.

RISKS AND UNCERTAINTIES

The risks and uncertainties below are not the only ones facing Novra. Additional risk and uncertainties not presently known to us or that we currently consider immaterial may also impair Novra's business operations and cause the price of Novra's common shares to decline. If any of the following risks occur, Novra's business may be harmed and its financial condition and results of operations may suffer significantly. In that event, the trading price of Novra's common shares could decline, and an investor may lose all or part of his, her or its investment. Accordingly, potential investors are strongly recommended to consult an independent financial advisor before deciding to invest in Novra.

- We rely on a small number of customers for a large percentage of our revenue. Accordingly, our quarterly revenue and operating results can be difficult to predict and can fluctuate materially, which may negatively impact Novra's results of operations.
- We may not timely identify emerging technology and market trends, enhance our existing technologies or develop new technologies to effectively compete in the multimedia broadband content distribution business.
- We face significant competition from several competitors and if we do not compete effectively with these competitors, our revenue may not grow and could decline.
- The amended RBC credit facilities agreement is subject to annual review. There is no assurance RBC will renew the existing credit facilities in 2017.
- Historically, we relied significantly on a related party (IMT) for new capital. Despite its intent to convert its convertible note to equity, there is no assurance that IMT will not change its intent and/or that it will participate in future capital funding activities.
- While we are currently having active discussions with Wegener to consummate a transaction by July 31, 2017, there is no assurance that we will succeed in closing a transaction. There is also no assurance we will succeed in closing a transaction with Westport.
- We may engage in future acquisitions that could disrupt our business, cause dilution to our shareholders and/or negatively impact Novra's financial condition and operating results.
- Failure to manage Novra's growth successfully, including integration of acquired companies, may adversely impact Novra's operating results.
- The industry in which we operate is subject to rapid technological changes, and our continued success will depend upon our ability to react to such changes and having the financial resources to continue developing innovative products. Additionally, rapid technological changes may lead to material inventory obsolescence if we failed to manage effectively our inventory holdings.
- We have limited intellectual property protection for our product solutions.
- Discontinued third party components and defects in components or design of Novra's product solutions could result in significant costs to Novra and could impair our ability to sell existing product solutions.
- We rely on limited contract manufacturers for our product solutions.

- Our ability to recruit and retain key personnel is crucial to our ability to develop, market, sell and support our products and services.
- A substantial portion of Novra's revenues and expenses is denominated in U.S. dollar and Euro currencies and therefore we are exposed to significant currency risk. Failing to actively manage currency risk may negatively impact Novra's operating results.
- We are exposed to significant customer credit risk, particularly as the majority of our business is with foreign customers, which could lead to significant impairment charges.
- We may have unintentionally infringed on the intellectual property rights of others without appropriate licensing arrangement in place, which could lead to litigation and significant costs to Novra.
- We rely on resellers and distributors to complement our small sales team to drive future sales growth.
- Economic and geopolitical uncertainty may negatively affect our ability to grow sales.