



MANAGEMENT'S DISCUSSION & ANALYSIS

Three and Nine Months Ended September 30, 2017
(Expressed in Canadian dollars)

Novra Technologies Inc.

Management's Discussion & Analysis

Three and nine months ended September 30, 2017

The following Management's Discussion and Analysis ("MD&A") of Novra Technologies Inc. ("Novra") should be read in conjunction with the unaudited interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2017, and related notes included therein. These unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and therefore these should be read in conjunction with Novra's annual 2016 Audited Financial Statements.

All information in this MD&A is presented in Canadian dollars, unless otherwise indicated. Tabular dollars are in thousands, except per share amounts. Amounts in tables may not reconcile due to rounding differences.

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

This MD&A is dated as of November 29, 2017, and is current to this date. This MD&A and the unaudited interim Condensed Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors.

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 ("Wegener") 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 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"). Novra 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"), to become an international technology provider of products, systems, and services for the distribution of broadband multimedia content via satellite and terrestrial networks. The companies joined together to form the Novra group of companies ("Novra Group").

Novra Group's applications focus includes: broadcast video and radio, digital cinema, digital signage, and highly reliable data communications. 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.

See our corporate website at www.novragroup.com for further details.

OVERALL FINANCIAL PERFORMANCE

Q3 2017 vs. Q3 2016:

- Total revenue of \$2.0 million, an increase of 75%
- Gross profit at \$946 thousand was 46.2% of total revenue, compared to \$463 thousand or 39.6%
- Operating expenses were \$815 thousand, a decrease of 22%
- Adjusted EBITDA of \$244 thousand, compared to Adjusted EBITDA of \$(460) thousand (this is a non-IFRS financial measure - refer to "Discussion of Operations" section below for further details)
- Operating cash flows were \$106 thousand, compared to \$(1.2) million
- Working capital was \$2.8 million, a 133% increase since December 31, 2016

YTD 2017 vs. YTD 2016:

- Total revenue of \$7.7 million, an increase of 289%
- Gross profit at \$3.9 million was 50.3% of total revenue, compared to \$819 thousand or 41.2%
- Operating expenses were \$2.8 million, an increase of 62%
- Adjusted EBITDA of \$1.4 million, compared to Adjusted EBITDA of \$(691) thousand (this is a non-IFRS financial measure - refer to "Discussion of Operations" section below for further details)
- Operating cash flows were \$2.6 million, compared to \$(1.4) million

The significant variation in the above YTD financial highlights is primarily driven by the acquisition of IDC which closed on June 15, 2016. The Q3 2016 reflects the first full quarter with IDC's operating results. The YTD 2017 operating performance was strong primarily due to delivering on large contracts previously announced in 2016 and significant orders from U.S. defence contractors in 2017.

RECENT DEVELOPMENTS

- In March 2017, we announced a cybersecurity partnership agreement with DataPath Inc. Through this partnership, we now offer professional cybersecurity consulting to our global customers to enhance their cyber security risk management including threat detection, incident response, and regulatory compliance, as well as network vulnerability scanning plus meditation, and 24/7 live

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monitoring from DataPath's cyber security operations center. Starting in late Q2 2017, we have enhanced our professional customer support – gold plan to include Datapath's cybersecurity checkup/threat analysis.

- In April 2017, at the National Association of Broadcasters (NAB) 2017 Show, we announced the launch of our new MISTIQ audio platform – a hybrid satellite/terrestrial/cloud distribution for professional audio networks. Further, we announced our next generation for our well-known IPE 4000 IP Encapsulator, as well as our upcoming S400 DVB-S2 receiver to be available later in the first half of 2018.
- In November 2017, our Board approved a legally binding term sheet to acquire Wegener under a two-step acquisition approach for 100% of Wegener (see Proposed Transactions section of this MD&A).

DISCUSSION OF OPERATIONS

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

<i>(in thousands)</i>	Third Quarter			YTD Ended September 30,		
	2017	2016	% Chg	2017	2016	% Chg
Revenue by type:						
Products	\$ 1,654	\$ 874	89%	\$ 6,785	\$ 1,609	322%
Services	394	296	33%	946	377	151%
Total revenue	2,048	1,170	75%	7,731	1,986	289%
Gross profit	946	463	104%	3,886	819	374%
<i>Gross margin</i>	46.2%	39.6%		50.3%	41.2%	
Operating expenses ⁽¹⁾	815	1,049	-22%	2,842	1,757	62%
Operating income (loss) ⁽¹⁾	131	(587)	NM	1,044	(938)	NM
Other income (expenses) ⁽¹⁾	(88)	(69)	28%	(120)	(202)	-41%
Net income (loss) as reported under IFRS	\$ 43	\$ (656)	NM	\$ 924	\$ (1,140)	NM
<i>Adjustments:</i>						
Finance income ⁽¹⁾	(1)	(2)	-50%	(4)	(4)	0%
Finance costs ⁽¹⁾	18	30	-40%	92	90	2%
Depreciation and amortization	95	100	-5%	286	104	175%
Tax expense (recovery)	-	-	NM	1	-	NM
EBITDA - non-IFRS measure	155	(528)	NM	1,299	(950)	NM
Loss (gain) on foreign exchange	20	(8)		47	52	
Loss on disposal of equipment	-	-		-	12	
Share-based compensation	18	-		48	-	
Acquisition-related costs	-	26		-	143	
Loss (gain) on Wegener options	51	50		(16)	52	
Adjusted EBITDA - non-IFRS measure	\$ 244	\$ (460)	NM	\$ 1,378	\$ (691)	NM

YTD – Year to date

NM – not meaningful

(1) The 2016 comparative figures were restated to conform with the 2017 presentation; there was no change to the reported net loss as reported under IFRS.

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Revenue and Gross Margin

Q3 2017 vs. Q3 2016

Total revenue increased by 75% to \$2.0 million. Excluding the low margin inventories sold to Wegener in both periods our total revenue increased by 59%. The current Q3 revenue growth was driven from both Products and Services. Products revenue benefited primarily from stronger sales within our Data product line, primarily IP encapsulators and additional perpetual software client licenses sold indirectly to the U.S. military. Services revenue increased by 33% mainly due to new support agreements with the U.S. military for products sold earlier this year as well as selling enhanced professional support plans for certain existing customers.

Our revenue is generally concentrated on a few customers from quarter to quarter (refer to our commentary under the Selected Quarterly Financial Information section of this MD&A). Our top 10 customers accounted for 75% of total revenue for Q3 2017, with the three largest accounting for 25%, 15% and 13%, respectively, or \$1.1 million in aggregate. For Q3 2016, our top 10 customers accounted for 68% of total revenue, with the two largest accounting for 18% and 13% or \$358 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:

	% of		% of	
	Q3 2017	Total	Q3 2016	Total
Americas ex-Canada	\$ 1,644	80%	\$ 592	51%
EMEA	205	10%	162	14%
APAC	110	5%	195	17%
Canada	89	4%	221	19%
	\$ 2,048	100%	\$ 1,170	100%

The growth in the Americas ex-Canada region compared to last year's Q3 was driven mainly by significant contracts awarded indirectly by the U.S. military as well as inventories sold to Wegener.

Gross margin was 46.2% for the current quarter, a 6.6 percentage points increase over the comparable quarter in 2016. Excluding the low-margin sales of inventory supplies to Wegener, our gross margin was 62% in Q3 2017 vs. 47% in Q3 2016. The improvement was driven by product mix, including higher software revenue. In light of the pending controlling interest transaction with Wegener, future gross margin will no longer be impacted by transactions with Wegener as these will be eliminated on consolidation. We expect our future quarterly gross margin to be more in line with the YTD gross margin as noted below.

YTD 2017 vs. YTD 2016

Total revenue increased by 289% to \$7.7 million. Excluding the low margin inventories sold to Wegener in both periods our total revenue increased by 344%. This growth was driven from both Products and Services, in part due to the merger with IDC in June 2016. Product revenue growth also benefited from deliveries on the large radio broadcast network project awarded in August 2016, the large encryption system order from a U.S. defense contractor awarded in November 2016, and the IDC LASER™ video broadcast network project in Mexico awarded in December 2016. The growth in Services revenue was

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also driven by new and renewed customer support contracts as well as professional installation and training services on the large contracts previously noted.

Our top 10 customers accounted for 77% of total revenue for YTD 2017, with the two largest accounting for 30% and 16%, respectively, or \$3.5 million in aggregate. For YTD 2016, our top 10 customers accounted for 67% of total revenue, with the largest accounting for 18% or \$360 thousand. No other customers accounted for more than 10% of total revenue.

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

	% of		% of	
	YTD 2017	Total	YTD 2016	Total
Americas ex-Canada	\$ 4,015	52%	\$ 1,106	56%
Canada	2,525	33%	333	17%
EMEA	745	10%	230	12%
APAC	446	6%	317	16%
	\$ 7,731	100%	\$ 1,986	100%

The change in geographic distribution was driven mainly by the delivery of the large contracts noted above.

Gross margin was 50.3% for YTD 2017, a 9.1 percentage points increase over the comparable period in 2016. Excluding the low-margin sales of inventory supplies to Wegener, our gross margin was 54% for YTD 2017 vs. 49% in YTD 2016. The 5 percentage points improvement in gross margin excluding Wegener is primarily driven by product mix as a result of the merger with IDC, coupled with lower revenue to cover overhead costs in YTD 2016.

Operating Expenses ("OPEX")

<i>(in thousands)</i>	Third Quarter			YTD Ended September 30,		
	2017	2016	% Chg	2017	2016	% Chg
General and administrative ("G&A")	\$ 151	\$ 296	-49%	\$ 481	\$ 591	-19%
Sales and marketing ("S&M")	228	262	-13%	1,010	366	176%
Research and development, net ("R&D")	436	491	-11%	1,351	800	69%
Total operating expenses	\$ 815	\$ 1,049	-22%	\$ 2,842	\$ 1,757	62%

YTD 2017 OPEX increased by 62% primarily due to an increase in headcount, amortization costs and facility costs from the IDC merger, as well as higher sales commission expense and tradeshow costs. This was offset partially by no acquisition-related costs incurred during the first nine months of 2017.

For financial reporting purposes, we allocate facility costs to OPEX (G&A, S&M, and R&D) and cost of revenues. For Q3 2017 and YTD 2017, total facility costs were \$118 thousand and \$369 thousand, respectively, compared to \$132 thousand and \$197 thousand over the comparable periods in 2016, respectively. For Q3 2017, \$94 thousand and \$24 thousand facility costs were allocated to OPEX and cost of revenues, respectively, compared to \$102 thousand and \$30 thousand, respectively, for the same prior period. For YTD 2017, \$290 thousand and \$79 thousand facility costs were allocated to OPEX and cost of revenues, respectively, compared to \$157 thousand and \$40 thousand, respectively, for the same prior period. The increase in YTD 2017 was driven by the merger with IDC, which closed on June 15, 2016.

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For the current quarter, OPEX decreased by 22% over Q3 2016 primarily due to following:

- General and administrative ("G&A") expenses decreased by 49% mainly due to one less corporate headcount, lower CEO compensation, bad debt recovery, and no acquisition-related costs.
- Our Sales and Marketing ("S&M") costs decreased by 13% primarily due to non-renewal of certain marketing-related memberships and lower sales commissions.
- Excluding amortization cost of technology assets acquired from IDC, R&D costs were \$358 thousand, an 11% decrease over Q3 2016. This decrease was driven by a small headcount reduction and a higher allocation of engineering costs to cost of sales for professional services.

Finance Costs

Finance costs were \$18 thousand for Q3 2017, a 40% reduction over last year's Q3 due to repayment of RBC Credit Facilities in Q1 2017 and partial conversion of IMT loans to equity in Q2 2017. While we incurred lower finance costs for the third quarter, our YTD 2017 finance costs were 2% higher than last year's comparable period due to higher outstanding borrowings in Q1 2017 vs Q1 2016 in order to fund the IDC acquisition and large contracts awarded in the second half of 2016.

Depreciation and Amortization

Q3 2017 depreciation and amortization cost of \$95 thousand was 5% less than Q3 2016 due to virtually no capital equipment purchases during 2017. The 175% increase for YTD 2017 over the same period in 2016 was mainly due to the merger with IDC. We acquired \$143 thousand of equipment and \$940 thousand of intangible assets from IDC. These assets are being depreciated over their respective useful lives.

Tax Expense

While we earned a taxable income for Q3 and YTD 2017, we have no Canadian corporate income tax expense due to the availability of non-capital loss carry forwards. The negligible YTD 2017 income tax expense reflects U.S. state taxes owed and paid for in regard to the prior year.

Foreign Exchange Gain (Loss)

For Q3 and YTD 2017, we incurred a foreign exchange loss of \$20 thousand and \$47 thousand, respectively, primarily due to weakening of the USD. At September 30, 2017, the foreign currency denominated assets and liabilities, subject to remeasurement, were as follows:

<i>(in thousands)</i>	USD	Euro
Assets	\$ 3,012	€ 54
Liabilities	(511)	(26)
Net assets -unhedged	\$ 2,501	€ 28
Impact on Novra's earnings if 5% change in foreign exchange rates	\$ 125	\$ 1

We had no hedging position for the above currency exposure at September 30, 2017. However, in light of the recent significant volatility in the USD, in October 2017 we have entered into zero cost currency option transactions to hedge \$1.5 million USD exposure.

Loss (Gain) on Wegener Options

At each reporting period, we remeasure the fair value of the 15 million Wegener stock options. The change in fair value is reported in our operating results. The fair value remeasurement is significantly influenced by the underlying stock price of Wegener and time decay on the options.

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, unrealized gain or loss on Wegener stock 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 the year ended December 31, 2016 and the unaudited interim Condensed Consolidated Financial Statements for the third quarter 2017.*

Adjusted EBITDA for Q3 and YTD 2017 were \$244 thousand and \$1.4 million, respectively, compared to \$(460) thousand and \$(691) thousand for the comparable prior periods in 2016. This significant improvement in operating performance was primarily driven by higher revenues at higher margins, partially offset by an increase in OPEX for YTD Adjusted EBITDA.

Outlook

We continue to pursue many diverse and promising sales opportunities, particularly in Mexico, USA and Asia. The tragic earthquake events in Mexico have resulted in further delays for certain customer orders we had anticipated in the second half of 2017. However, we remain confident this is only a timing issue and we continue to pursue these opportunities actively. As previously disclosed in our Q2 2017 MD&A filing, we have responded to a Request for Proposal from a current U.S. customer for a large radio network refresh to be deployed in 2018. In November, we have been informed we made its short-list and a pilot demo will be scheduled in Q1 2018 prior to announcing the winner. While there is no guarantee we will win this project, we believe we are well positioned to succeed. Despite positive feedback on many sales opportunities, due to the current low backlog we continue to have a low visibility on our revenues and profitability outlook over the next six months.

However, the pending controlling interest in Wegener will bring significant scale to our existing business and will give us a much larger footprint in the USA and Mexico. Wegener's product lines complement ours and we expect the combination of our product lines will position us well to gain more market share, particularly in the audio and digital signage spaces. This acquisition also strategically positions us well to manufacture and sell products in USA (at Wegener's location), if deemed necessary, to qualify for "Built in America" in light of the ongoing NAFTA negotiations. For further information on the Wegener transaction, see Proposed Transactions section of the MD&A.

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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.

	Sep 30 2017	Jun 30 2017	Mar 31 2017	Dec 31 2016	Sep 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015	Sep 30 2015
Revenue	\$ 2,048	\$ 3,261	\$ 2,422	\$ 3,056	\$ 1,170	\$ 501	\$ 816	\$ 679	\$ 663
Gross profit	946	1,810	1,130	1,350	463	268	357	73	263
Operating expenses	815	1,074	953	979	1,056	476	708	146	208
Foreign exchange gain (loss)	(20)	(32)	5	24	8	4	(64)	23	71
Net income (loss) as reported under IFRS	43	639	242	344	(656)	(177)	(307)	(23)	(78)
Adjusted EBITDA income (loss)	244	860	274	464	(465)	(89)	(118)	(71)	62
Earnings (loss) per share - diluted	\$ 0.001	\$ 0.021	\$ 0.008	\$ 0.012	\$ (0.023)	\$ (0.008)	\$ (0.014)	\$ (0.001)	\$ (0.004)
Weighted average shares outstanding	33,285	30,369	29,079	29,077	29,077	23,564	22,388	22,388	22,388

We occasionally receive large orders from customers and partners which can provide revenue visibility for future quarters. This was the case for the previous three quarters. However, for other quarters, our quarterly revenues are generated from orders received in the quarter rather than from order backlog going into the quarter. Further, new product introduction, component availability (inventory procurement lead-time), and customer project timelines can drive significant fluctuations in our quarterly results. This is the nature of our industry and the CAPEX cycle in which we operate.

LIQUIDITY

Quick Ratio

Our principal liquidity requirements are for working capital, capital expenditures and for the Proposed Transactions noted below. Management measures liquidity based on Novra's unrestricted cash and accounts receivable. The following table shows our total liquid assets at the indicated reporting periods.

	September 30, 2017	December 31, 2016
Cash	\$ 1,789	\$ 1,265
Accounts receivable	1,385	2,804
Total liquid assets	\$ 3,174	\$ 4,069
Quick ratio ⁽¹⁾	3.79:1	1.07:1

(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. We also excluded deferred revenue in the quick ratio calculation as it does not represent a contractual financial obligation i.e. there is no cash outflow as it is a liability that will reverse once revenue recognition has been met.

Our cash position increased to \$1.8 million at September 30, 2017 from \$1.3 million at December 31, 2016, and our quick ratio at September 30, 2017 (as defined above), significantly improved to 3.79:1 or \$3.79 of liquid assets available to cover each \$1.00 of third party current liabilities. The improvement in the first nine months of 2017 was mainly due to strong collections, partially offset by full repayment of borrowings under the RBC Credit Facilities and partial repayment under the IMT unsecured promissory note as well as certain payables.

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The following is a summary of cash flows by activities for the first nine months of 2017 vs. the same period in 2016.

Operating activities

We generated \$2.6 million cash flows from operating activities for YTD 2017, compared to \$(1.4) million for YTD 2016. The significant improvement was mainly driven by strong cash conversion of our receivables and inventories during 2017; whereas in 2016 our operating cash flows were negatively impacted by the company's rebuilding phase following the merger with IDC in which inventories level was inadequate to meet sales orders received during Q3 2016.

Investing activities

We made negligible purchase of equipment in 2017. In 2016, we acquired IDC for a net cash outflow of \$51 thousand – for further details refer to Note 4 of the audited Consolidated Financial Statements for Novra's year ended December 31, 2016.

Financing activities

We applied \$2.0 million net cash to financing activities in the first nine months of 2017, driven mainly by full repayment of borrowings under the RBC Credit Facilities and partial repayment on the IMT unsecured promissory note. These repayments were partially offset by proceeds of \$204 thousand from issuance of common shares due to exercised warrants and \$120 thousand of additional repayable funding from the Western Economic Diversification Canada. For the first nine months of 2016, we generated \$961 thousand net cash from financing activities, mostly in the form of unsecured promissory notes with IMT to fund Novra's working capital and acquisition of IDC.

As of the date of this MD&A, we continue to have access to the following RBC Credit Facilities:

	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 unencumbered inventories up to \$150	\$ -	\$ 350	Royal Bank Prime + 0.50%	None; Due on demand
Revolving Demand Facility (for pre-shipment financing)	CAD	\$ 495	100% of eligible pre-shipment costs	\$ -	\$ 495	Royal Bank Prime + 0.75%	None; Due on demand

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Working Capital Ratio

Novra's working capital ratio was as follows:

	September 30, 2017	December 31, 2016
Working Capital:		
Current assets	\$ 4,907	\$ 7,096
Current liabilities	2,094	5,891
Working capital	\$ 2,813	\$ 1,205
Working capital, excluding related party and deferred revenue balances	\$ 4,070	\$ 3,301
Working capital ratio⁽¹⁾	5.86:1	1.87:1

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

Our working capital increased by \$1.6 million since December 31, 2016 mainly due to completing delivery on the large contracts previously noted, resulting in the release of significant related deferred revenue previously reported at December 31, 2016, coupled with collections on the related receivables. With the excess cash, we took the opportunity to repay all borrowings under the RBC Credit Facilities and partially repay the IMT promissory notes.

"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 by \$769 thousand since December 31, 2016. Our working capital ratio (as defined above) further improved to 5.86:1 or \$5.86 per \$1.00 of current third-party liabilities at September 30, 2017.

We expect our working capital will decline in the fourth quarter because of current soft market condition. Additionally, excluding any potential capital raise (see below), we expect to use some of our working capital to fund Wegener's operations post-closing of the controlling interest acquisition.

Contractual obligations and commitments

At September 30, 2017, 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	\$ -	\$ -	\$ -	\$ -
Operating leases	402	175	227	-
Loan payable to Crocus ⁽¹⁾	270	105	165	-
Purchase commitments	206	81	122	3
Repayable government contribution	185	-	185	-
Trade payables and other payables	206	206	-	-
Total third party contractual obligations	1,269	567	699	3
Promissory notes from related party	1,027	345	599	83
Advances from related parties	390	390	-	-
Total contractual obligations	\$ 2,686	\$ 1,302	\$ 1,298	\$ 86

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- (1) Crocus owns 3,666,660 common shares of Novra or 11% of total issued and outstanding common shares at September 30, 2017.

Based on September 30, 2017 liquid assets and working capital (as defined above), we believe that 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.

At September 30, 2017, our total outstanding voting common shares were 33,308,312, an increase of 15% since December 31, 2016 mainly due to the exercise of warrants and conversion of Convertible Note. The exercise price and conversion price were both set at \$0.12 per common share. Due to the conversion of the Convertible Note to equity, our President & CEO directly and indirectly owns approximately 16% of Novra's total outstanding common shares as of the date of this MD&A.

Our capital resources were as follows:

	September 30, 2017	December 31, 2016
Bank borrowings (drawn)	\$ -	\$ 2,130
Promissory notes from related party	1,027	1,172
Convertible note from related party	-	285
Loan payable - Crocus	270	377
Repayable government contribution	185	64
Shareholders' equity	2,277	806
Total capital resources	\$ 3,759	\$ 4,834

The significant change in capital resources during 2017 was due to the following:

- Full repayment of bank borrowings to manage efficiently our cost of capital. As previously noted, we continue to have access to the borrowing capacity under the RBC Credit Facilities.
- With the remaining excess cash, we also partially repaid the IMT unsecured promissory note, including accrued interest.
- The Convertible Note with IMT was converted to common shares.
- Shareholders' equity increased by \$1.5 million mainly due to net earnings and common stock issuance for the first nine months of 2017.

Based on Novra's current liquidity and capital resources, 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. However, in light of the pending controlling interest acquisition of Wegener, we anticipate that we will need to raise additional capital in 2018 to fund its working capital and restructuring initiatives.

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OFF BALANCE SHEET ARRANGEMENTS

At September 30, 2017, 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 unaudited interim Condensed Consolidated Financial Statements for a complete disclosure of all related party transactions, including amounts due at September 30, 2017.

PROPOSED TRANSACTIONS

Wegener

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. In recent years, Wegener has made significant progress in restructuring its operations, leading to profitability on an EBITDA basis for its latest fiscal year (see below). As a result, we are now more confident to consummate a transaction with Wegener that would lead to accretive earnings for our shareholders.

On November 28, 2017, we announced that our Board approved the acquisition of Wegener in a two-step acquisition approach. The first step is Novra will acquire a 51% controlling interest in Wegener no later than December 29, 2017. At the closing date, Wegener will issue 14 million shares of Wegener common stock to Novra in exchange for 2 million Novra common shares. The determination of the share exchange was based on the foreign exchange rate and Novra's closing stock price on November 6, 2017, (closing price was \$0.16 per share), resulting in an estimated fair value of \$320,000 (or US\$250,000) for this initial 51% interest. The final fair value will be determined based on Novra's closing stock price on the share issuance date.

At its sole discretion, Novra may acquire the remaining 49% for US\$300,000 no later than December 31, 2019, via a tender offer directly to the Wegener shareholders. This purchase consideration will also be settled via Novra common shares based on the maximum discount from the last closing price of Novra stock immediately prior to the closing date of the 49% interest acquisition as permitted under the TSX-V rules. The maximum discount from the closing stock price is as follows:

Closing Stock Price	Discount
Up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

The two-step acquisition approach will enable us to drive further operating efficiencies and revenue growth by integrating Wegener's operations with the Novra Group for sustainable growth and profitability prior to fully committing to a full acquisition of Wegener. During the fiscal year ended September 1, 2017, Wegener had revenues of US\$3.4 million (with an average gross margin of 43%) and an operating income of US\$92 thousand (based on unaudited figures). Despite achieving a modest profit on an EBITDA basis in the latest year, Wegener has had a history of significant operating losses resulting in significant unpaid secured debt with one of its shareholder and unpaid liabilities with other creditors. In November 2017, we made significant progress in negotiating with Wegener's secured lender to restructure Wegener's debt. Our

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immediate focus post-closing will be to restore financial stability and liquidity at Wegener and integrate its operations with the Novra Group to realize synergies and better serve our global customers with our combined complementary expertise and product lines.

In light of Wegener's liquidity needs, its current quarterly cash burn rate of approximately USD\$650 thousand (prior to further restructuring) and volatile quarterly bookings, we may raise additional capital in the first half of 2018 to fund its working capital and our restructuring efforts. We also anticipate investing in a new ERP system for the Novra Group in 2018 for operating efficiencies as we grow our business via acquisitions.

Westport

In February 2014, we announced that we intended to 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. We recently resumed our discussions with Westport about a possible acquisition in 2018.

ACCOUNTING MATTERS

Critical Accounting Estimates

The unaudited interim Condensed 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 critical accounting policies and estimates disclosed in Novra's Audited Financial Statements and MD&A for the year ended December 31, 2016 continue to describe the significant estimates and judgments included in the preparation of the unaudited interim Condensed Consolidated Financial Statements for the current quarter. These are as follows:

- Revenue recognition
- Inventory obsolescence
- Fair value of Wegener options
- Impairment of non-financial assets
- Product warranty

Refer to Note 3 of the 2016 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 which are not yet effective:

New Accounting Standards	Effective Date
IFRS 15 – Revenue from Contracts with Customers	January 1, 2018
IFRS 9 – Financial Instruments	January 1, 2018
IFRS 16 - Leases	January 1, 2019

We have begun to assess the impact of the new revenue standard (IFRS 15) and financial instruments (IFRS 9) on Novra's Consolidated Financial Statements. Our preliminary analysis has not identified significant recognition or measurement differences in respect of financial instruments under IFRS 9. However, it is still too premature to comment on the potential financial impact to Novra for the new revenue standard, including potential changes to our business processes, systems and internal controls to implement new policies and disclosures required upon adoption of IFRS 15.

As the new lease accounting standard is effective only in 2019, we have not yet commenced assessing its impact to Novra.

Refer to Note 3 of the Condensed Consolidated Financial Statements for further details on the above new accounting standards.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

There were no new financial instruments. Refer to Note 5 of the 2016 Consolidated Financial Statements for disclosure relating to Novra's financial instruments and financial risk management objectives and policies.

RISKS AND UNCERTAINTIES

Refer to our 2016 MD&A for a list of risks and uncertainties facing Novra. We are currently not aware of any new material risks and uncertainties except for the following.

- Our pending purchase of 51% controlling interest in Wegener may not achieve the anticipated positive results. Further, there can be no assurance that we will eventually acquire the remaining 49% interest in Wegener as it is contingent on successfully restructuring its operations and liabilities as well as it is subject to approval by Wegener's shareholders.
- If the need arises to raise additional capital to fund our additional working capital requirement as a result of adding Wegener as part of the Novra Group, there can be no assurance that we will be successful in raising this new capital. Further, any equity capital raise may lead to dilution to existing shareholders.