



CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018
(Expressed in Canadian Dollars)

Notice: These interim condensed consolidated financial statements have not been audited or reviewed by Novra's independent auditor.

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

	NOTES	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS			
Current Assets			
Cash		\$ 1,420,910	\$ 4,138,014
Restricted non-redeemable GIC's		200,000	200,000
Trade and other receivables		3,164,639	1,214,910
Inventories		2,173,828	2,170,203
Prepayments and other		317,803	386,976
Total Current Assets		7,277,180	8,110,103
Non-Current Assets			
Equipment		77,314	122,900
Right-of-use assets		2,544,000	-
Intangible assets		1,969,968	2,641,246
Total Non-Current Assets		4,591,282	2,764,146
TOTAL ASSETS		\$ 11,868,462	\$ 10,874,249
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables		\$ 619,811	\$ 563,406
Accrued liabilities		798,593	842,010
Borrowings	5	101,215	152,461
Lease liabilities	3,11	646,000	-
Customer deposits		517,883	1,339,049
Deferred revenue - current portion		1,423,961	1,264,403
Warranty provision		63,969	70,282
Advances from related parties	4(c)	927,230	709,400
Promissory notes from related party - current portion	4(d)	768,668	750,063
Total Current Liabilities		5,867,330	5,691,074
Non-Current Liabilities			
Borrowings	5	2,400,304	2,556,611
Lease liabilities	3,11	1,960,624	-
Deferred revenue		742,416	879,211
Promissory notes from related party	4(d)	166,184	227,324
Total Non-Current Liabilities		5,269,528	3,663,146
TOTAL LIABILITIES		11,136,858	9,354,220
Equity			
Share capital	6	7,366,989	7,366,989
Contributed surplus		491,767	482,536
Accumulated other comprehensive loss		(66,479)	(110,865)
Accumulated deficit		(6,973,606)	(6,041,434)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF NOVRA		818,671	1,697,226
Non-Controlling Interests		(87,067)	(177,197)
TOTAL EQUITY		731,604	1,520,029
TOTAL LIABILITIES AND EQUITY		\$ 11,868,462	\$ 10,874,249

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

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

	NOTES	Quarter Ended September 30,		Nine Months Ended September 30,	
		2019	2018	2019	2018
REVENUE	8	\$ 3,015,928	\$ 3,558,233	\$ 7,938,904	\$ 7,224,051
COST OF REVENUE	9	1,166,501	1,470,921	3,861,763	3,498,630
GROSS PROFIT		1,849,427	2,087,312	4,077,141	3,725,421
OPERATING EXPENSES	9				
General and administrative		244,911	322,213	979,910	1,227,687
Sales and marketing		331,212	327,625	1,042,504	913,515
Research and development, net		798,373	877,650	2,595,013	2,667,249
Total operating expenses		1,374,496	1,527,488	4,617,427	4,808,451
OPERATING INCOME (LOSS)		474,931	559,824	(540,286)	(1,083,030)
Other Income (Expenses)					
Foreign exchange gain (loss)		68,164	(37,445)	(125,804)	161,143
Finance income		9,111	8,108	9,455	10,277
Finance costs		(59,671)	(64,161)	(185,406)	(176,405)
INCOME (LOSS) BEFORE INCOME TAXES		492,535	466,326	(842,041)	(1,088,015)
Income tax recovery (expense)		-	-	-	-
NET INCOME (LOSS)		\$ 492,535	\$ 466,326	\$ (842,041)	\$ (1,088,015)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAXES					
Foreign Currency Translation Adjustments on Wegener Consolidation		(24,745)	(66,748)	44,386	(84,046)
Total other comprehensive loss, net of taxes		(24,745)	(66,748)	44,386	(84,046)
COMPREHENSIVE INCOME (LOSS)		\$ 467,790	\$ 399,578	\$ (797,655)	\$ (1,172,061)
EARNINGS (LOSS) PER SHARE:					
Basic	7	\$ 0.01	\$ 0.01	\$ (0.03)	\$ (0.03)
Diluted		\$ 0.01	\$ 0.01	\$ (0.03)	\$ (0.03)
Weighted average number of shares outstanding - basic		33,372,307	33,348,312	33,372,307	33,344,297
Weighted average number of shares outstanding - diluted		33,372,307	33,348,312	33,372,307	33,344,297
NET INCOME (LOSS) ATTRIBUTABLE TO :					
Shareholders of Novra		\$ 215,153	\$ 466,634	\$ (932,171)	\$ (399,452)
Attributable to non-controlling interest		\$ 277,382	\$ (308)	\$ 90,130	\$ (688,563)
		492,535	466,326	(842,041)	(1,088,015)
COMPREHENSIVE INCOME(LOSS) ATTRIBUTABLE TO:					
Shareholders of Novra		\$ 190,408	\$ 432,192	\$ (887,785)	\$ (442,820)
Attributable to non-controlling interest		\$ 277,382	\$ (32,614)	\$ 90,130	\$ (729,241)
		467,790	399,578	(797,655)	(1,172,061)

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

NOVRA TECHNOLOGIES INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Canadian dollars, except share data)

	NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
At January 1, 2019								-
Total		35,372,312	\$ 7,626,989	\$ 482,536	\$ (110,865)	\$ (6,041,434)	\$ (177,197)	1,780,029
Less: common shares held by subsidiary		(2,000,000)	\$ (260,000)					(260,000)
		33,372,312	7,366,989	482,536	(110,865)	(6,041,434)	(177,197)	1,520,029
Net income (loss)		-	-	-	-	(932,171)	90,130	(842,041)
Change in foreign currency translation		-	-	-	44,386	\$ -	-	44,386
Share based compensation	6 (b)	-	-	9,231	-	-	-	9,231
Options Exercised	6 (b)	-	-	-	-	-	-	-
Cancellation of common shares	6 (a)	(5)						-
At September 30, 2019		33,372,307	\$ 7,366,989	\$ 491,767	\$ (66,479)	\$ (6,973,605)	\$ (87,067)	\$ 731,604

	NOTES	Number of Common Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
At January 1, 2018								-
Total		35,308,312	\$ 7,614,573	\$ 461,937	\$ -	\$ (5,666,097)	\$ -	2,410,413
Less: common shares held by subsidiary		(2,000,000)	\$ (260,000)					(260,000)
		33,308,312	7,354,573	461,937	-	(5,666,097)	-	2,150,413
Net income (loss)		-	-	-	-	(399,452)	(688,563)	(1,088,015)
Change in foreign currency translation		-	-	-	(43,366)	\$ -	(40,678)	(84,044)
Share based compensation	6 (b)	-	-	7,838	-	-	-	7,838
Options Exercised	6 (b)	40,000	7,760	(2,960)	-	-	-	4,800
At September 30, 2018		33,348,312	\$ 7,362,333	\$ 466,815	\$ (43,366)	\$ (6,065,549)	\$ (729,241)	\$ 990,992

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

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

		Quarter Ended September 30,		Nine Months Ended September 30,	
	NOTES	2019	2018	2019	2018
OPERATING ACTIVITIES					
Net income (loss)		492,535	466,326	\$ (842,041)	\$ (1,088,015)
Add items not affecting cash:		-			
Depreciation and amortization	9	309,378	263,736	1,093,423	729,312
Inventory impairment charge (recovery)		-	-	-	14,732
Share based compensation	6(b)	3,077	-	9,231	7,838
Interest expense		59,671	64,161	185,406	176,405
Changes in non-cash working capital items	10	(1,081,221)	(1,186,804)	(2,458,079)	(136,380)
Interest paid		(19,891)	(7,105)	(26,824)	(54,740)
Net cash provided by (applied to) operating activities		(236,451)	(399,686.0)	(2,038,884)	(350,848)
INVESTING ACTIVITIES					
Purchase of equipment		-	-	-	-
Net cash provided by (applied to) investing activities		-	-	-	-
FINANCING ACTIVITIES					
Repayments on borrowings	5(a)	(12,870)		(25,740)	(30,000)
Proceeds from borrowings	5(a)	-	-	-	30,000
Repayments on long-term debt		(112,587)	(110,701)	(112,587)	(110,701)
Payments on lease liabilities		(161,149)	-	(481,376)	
Proceeds from WEDC repayable contribution	5(d)	-	14,396	-	72,230
Repayments on IMT promissory notes	4(d)	(37,946)	(19,653)	(56,946)	(56,595)
Proceeds from revolving line of credit with the Chymiak Trust	5(b)	-	-	-	51,576
Unrealized foreign exchange gain/(loss) on financing activities		(3,160)	2,240	8,963	12,114
Net cash provided by (applied to) financing activities		(327,712)	(113,718)	(667,686)	(26,576)
Effect of exchange rates on cash and cash equivalents		(23,788)	(77,401)	(10,534)	(182,950)
Net increase in cash		(587,952)	(590,805)	(2,717,104)	(560,374)
Cash, beginning of period		2,008,862	1,835,217	4,138,014	1,804,786
CASH, end of period		1,420,910	\$ 1,244,412	\$ 1,420,910	\$ 1,244,412

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

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018

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

1. General Information

Novra Technologies Inc. ("Novra") is incorporated under the Canada Business Corporations Act and its corporate office and principal place of business is 900-330 St. Mary Avenue, Winnipeg, Manitoba, Canada R3C 3Z5. Novra is a publicly traded company on the TSX Venture Exchange ("TSX-V") under the symbol NVI.

Novra has been in the satellite data distribution business since 2000. During 2016, Novra significantly expanded its product portfolio and global footprint with the acquisition of International Datacasting Corporation and its wholly-owned U.S. subsidiary (collectively referred as "IDC"), a long-time leader in the same sector. On December 29, 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.

Through its subsidiaries, Novra offers a comprehensive product portfolio including hardware, software, and services. In addition to its 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.

In these Consolidated Financial Statements, "Novra", "Company", "we", "us", or "our" refers to Novra Technologies Inc. and its subsidiaries.

The Board of Directors authorized the Condensed Consolidated Financial Statements for issue on November 29, 2019. These unaudited interim financial statements should be read in conjunction with Novra's annual audited Consolidated Financial Statements for the year ended December 31, 2018.

2. Significant Accounting Policies

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

Basis of Presentation

We have prepared these unaudited interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, they do not include all of the information and footnotes required under IFRS for complete financial statements. In the opinion of management, these unaudited interim Condensed Consolidated Financial Statements reflect all adjustments considered necessary for a fair presentation of Novra's financial position and results of operations for the periods presented. The results of operations for any interim period are not necessarily indicative of the results for a full year. For areas involving a higher degree of management judgment or complexity, refer to Note 3 of the audited Consolidated Financial Statements for the year ended December 31, 2018.

The Condensed Consolidated Statement of Financial Position at September 30, 2019 and the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), of Changes in Equity and of Cash flows for the periods ended September 30, 2019 and 2018 have not been audited or reviewed by Novra's auditors. The Condensed Consolidated Statement of Financial Position at December 31, 2018 is derived from Novra's audited Consolidated Financial statements.

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

Functional and Presentation Currency

These consolidated statements are presented in Canadian dollars, which is the Company's functional currency.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018

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

3. Accounting Pronouncements adopted in 2019

Effective January 1, 2019, the Company applied IFRS 16 using the modified retrospective approach and therefore the comparable information has not been restated and continues to be reported under IAS 17.

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to us. Under IFRS 16, we recognize right-of-use assets and lease liabilities for all leases.

i) Significant Accounting Policies

On transition to IFRS 16, the Company elected to apply the practical expedient to assess which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases, at the date of initial application. Contracts that were not identified as leases under IAS 17 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed after January 1, 2019.

The Company also used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases Under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Applied recognition exemptions to leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option.
- Applied the low value lease exemption not to recognize right-of-use assets at the date of initial application.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- The Company has elected not to separate lease and non-lease components for leases of its properties.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability and are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Novra's incremental borrowing rate. Generally, the incremental borrowing rate is used as the discount rate.

ii) Impact on Financial Statements

On initial transition the Company recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its rights to make lease payments. Right-of-use assets and lease liabilities of \$2,951 million were recorded on January 1, 2019. The weighted average discount applied at January 1, 2019 was 5.88%.

A reconciliation of the right-of-use assets and lease liabilities for the nine months ended September 30, 2019 is presented in Note 11.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018

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

The following table(s) summarizes the impact of applying IFRS 16 to our Condensed Consolidated Financial Statement of Financial Position at September 30, 2019:

	Balance after adoption of IFRS 16	Impact of IFRS 16	Balances without adoption of IFRS 16
(Not reported in thousands of dollars)			
ASSETS			
Current Assets			
Cash	\$ 1,420,910	\$ -	\$ 1,420,910
Restricted non-redeemable GIC's	200,000	-	\$ 200,000
Trade and other receivables	3,164,639	-	\$ 3,164,639
Inventories	2,173,828	-	\$ 2,173,828
Prepayments and other	317,803	-	\$ 317,803
Total Current Assets	7,277,180	-	7,277,180
Non-Current Assets			
Equipment	77,314	-	\$ 77,314
Right-of-use assets, net	2,544,000	(2,544,000)	\$ -
Intangible assets	1,969,968	-	\$ 1,969,968
Total Non-Current Assets	4,591,282	(2,544,000)	2,047,282
TOTAL ASSETS	\$ 11,868,462	\$ (2,544,000)	\$ 9,324,462
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	619,811	\$ -	\$ 619,811
Accrued liabilities	798,593	-	\$ 798,593
Borrowings	101,215	-	\$ 101,215
Lease liabilities	646,000	(646,000)	\$ -
Customer deposits	517,883	-	\$ 517,883
Deferred revenue - current portion	1,423,961	-	\$ 1,423,961
Warranty provision	63,969	-	\$ 63,969
Advances from related parties	927,230	-	\$ 927,230
Promissory notes from related party - current portion	768,668	-	\$ 768,668
Total Current Liabilities	5,867,330	(646,000)	5,221,330
Non-Current Liabilities			
Borrowings	2,400,304	-	\$ 2,400,304
Lease liabilities	1,960,624	(1,960,624)	\$ -
Deferred revenue	742,416	-	\$ 742,416
Promissory notes from related party	166,184	-	\$ 166,184
Total Non-Current Liabilities	5,269,528	(1,960,624)	3,308,904
TOTAL LIABILITIES	11,136,858	(2,606,624)	8,530,234
Shareholders' Equity			
Share capital	7,366,989	-	\$ 7,366,989
Contributed surplus	491,767	-	\$ 491,767
Accumulated other comprehensive loss	(66,479)	-	\$ (66,479)
Accumulated deficit	(6,973,606)	62,624	\$ (6,910,982)
Total Equity Attributable to Shareholders of the Company	818,671	62,624	881,295
Non-Controlling Interests	(87,067)	-	\$ (87,067)
TOTAL SHAREHOLDERS' EQUITY	731,604	62,624	794,228
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 11,868,462	\$ (2,544,000)	\$ 9,324,462

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018

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

4. Related Party Transactions

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

a) Key management personnel compensation

Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling activities of Novra. The key management personnel of Novra is the executive management team and the Board of Directors, who collectively control approximately 17% (President & CEO has direct and indirect ownership of 16%) of the total outstanding and issued common shares of Novra at September 30, 2019.

The following table discloses the compensation for the key management personnel for the following period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Salaries and employee benefits	\$ 87	\$ 86	\$ 261	\$ 299
Share-based compensation	3	-	9	4
Directors' fees	3	2	9	6
Total	\$ 93	\$ 88	\$ 279	\$ 309

b) Transactions with other related parties

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Purchase of goods and services				
The Exchange Global Server Centre Inc. ⁽¹⁾	\$ 3	\$ 2	\$ 10	\$ 6
Interest on unsecured promissory notes				
IMT	14	15	43	45
	\$ 17	\$ 17	\$ 53	\$ 51

⁽¹⁾ The Exchange Global Server Centre Inc. is 50% owned by IMT.

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

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

	September 30, 2019	December 31, 2018
Key management and directors (see part (a))	687	542
IMT	239	167
The Exchange Global Server Centre Inc.	2	-
	\$ 928	\$ 709

At September 30, 2019, \$634 thousand (December 2018: \$498 thousand) was due to Novra's President & CEO in regards to unpaid salaries and expense reimbursements for current and prior years in which he voluntarily chose to not collect payment in the interest of preserving liquidity in the company. The payable amount bears no interest and has no repayment term.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018

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

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

	4% Fixed \$250k	Base Rate + 2.5% Floating \$563k	4% Fixed \$381k	2019	2018
At January 1	\$ 265	\$ 308	\$ 404	\$ 977	\$ 1,017
Loan repayments	-	(57)	-	(57)	(57)
Foreign exchange movement	-	(9)	-	(9)	8
Interest charged	12	19	12	43	45
Interest paid	-	(19)	-	(19)	(45)
At September 30	\$ 277	\$ 242	\$ 416	\$ 935	\$ 968
Maturity Dates:	Due on demand Nov 1, 2022 Due on demand				

The following table shows the presentation of the above total IMT loans on Novra's Consolidated Statements of Financial Position at September 30, 2019 and 2018:

	2019	2018
Current portion	\$ 769	\$ 721
Non-current portion	166	247
Total	\$ 935	\$ 968

5. Borrowings

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

	September 30, 2019	December 31, 2018
Bank borrowings	\$ -	\$ -
Revolving line of credit with the Chymiak Trust	2,220	2,288
Crocus loan	50	164
WEDC repayable contribution	231	257
Total borrowings	2,501	2,709
Less: current portion	(101)	(153)
Total borrowings - non-current	\$ 2,400	\$ 2,556

a) Bank borrowings

The following is a breakdown of the RBC Credit Facilities:

Revolving Demand Facility:

A revolving demand facilities up to \$350 thousand, which is margined based on 75% of unencumbered accounts receivable that are less than 90 days outstanding, excluding inter-company receivables, plus 50% of unencumbered inventories up to a maximum of \$150 thousand.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018

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

Pre-Shipment Financing:

Revolving Demand Facility: Up to \$495 thousand to finance eligible pre-shipments costs in relation to multiple export contracts as insured by EDC.

There was no movement for the above credit facilities in the current year.

b) Revolving line of credit with the Chymiak Trust

There was no change to the revolving line of credit with the Chymiak Trust during the current year.

c) Crocus loan

During the third quarter of 2019, we made the annual instalment of \$120 thousand (principal and interest) to Crocus. Total finance cost for the nine months ended at September 30, 2019 was \$6 thousand (2018 - \$9 thousand).

d) WEDC repayable contribution

During the current year, we did not receive any additional funds from WEDC (2018 - \$72 thousand). Repayment is scheduled for 60 consecutive monthly installments which commenced April 1, 2019. The contributions are subject to interest at the average bank rate plus 3% if any payments are late.

6. Shareholders' Equity

a) Common Stock

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

	September 30, 2019	December 31, 2018
Authorized:		
Unlimited Class "A" Common voting shares		
Unlimited Class "B" Common non-voting shares		
Unlimited Class "C" Preferred shares, redeemable and retractable at \$1,000		
Issued:		
33,372,307 (December 31, 2018: 33,372,312)		
Class "A" common voting shares	\$ 7,367	\$ 7,367

There was no movement during the first nine months of 2019 except for the cancellation of 5 Class "A" common shares in the last quarter.

NOVRA TECHNOLOGIES INC.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018

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

b) Stock Options

The following table provides a summary of stock option activity for the first nine months of 2019:

	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,152,000	\$ 0.12
Granted	-	\$ 0.12
Exercised	-	\$ 0.12
Forfeited	(20,000)	\$ 0.12
Expired		\$ 0.12
Outstanding, end of period	1,132,000	\$ 0.12

At September 30, 2019, the remaining stock option pool for future grants was 1,768,000.

The following table summarizes information about the stock options outstanding at September 30, 2019:

# of Options Outstanding	Grant Date	Expiry Date	Fair Value at Grant Date	# of Options Exercisable	Exercise Price
1,132,000	11-May-17	10-May-24	\$ 0.07	644,000	\$ 0.12
-	-		\$ -	-	\$ -
1,132,000				644,000	

7. Earnings (Loss) Per Share ("EPS")

a) Basic EPS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 493	\$ 466	\$ (842)	\$ (1,088)
Weighted average number of common shares	33,372	33,348	33,372	33,344
Basic EPS	\$ 0.01	\$ 0.01	\$ (0.02)	\$ (0.03)

NOVRA TECHNOLOGIES INC.

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Nine Months ended September 30, 2019 and 2018

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

b) Diluted EPS

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income (loss)	\$ 493	\$ 466	\$ (842)	\$ (1,088)
Weighted average number of common shares:				
Weighted average number of common shares	33,372	33,348	33,372	33,344
Adjustment for:				
- Stock options	-	-	-	-
Weighted average number of common shares for diluted EPS	33,372	33,348	33,372	33,344
Diluted EPS	\$ 0.01	\$ 0.01	\$ (0.02)	\$ (0.03)

For the nine months ended September 30, 2019, stock options were antidilutive.

8. Revenues

As at September 30, 2019, two customers accounted for 45% of total receivables from contracts with customers. As at December 31, 2018, three customers accounted for 23% of total trade receivables. The following tables provide a breakdown of our revenues by category and geographic market:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Major Products/Service Lines	2019	2018	2019	2018
Hardware	\$ 2,304	\$ 2,908	\$ 5,965	\$ 5,494
Software	-	-	14	-
Services, Support and Extended Warranty	703	641	1,934	1,676
Other	10	9	25	54
	\$ 3,017	\$ 3,558	\$ 7,939	\$ 7,224

	Three Months Ended September 30,		Nine Months Ended September 30,	
Geographic Market	2019	2018	2019	2018
Americas ex-Canada (1)	\$ 2,478	\$ 3,314	\$ 5,680	\$ 5,564
Canada	121	116	554	474
EMEA (2)	88	43	1,133	502
APAC (3)	330	85	572	684
	\$ 3,017	\$ 3,558	\$ 7,939	\$ 7,224

(1) The geographic region of the Americas includes North America, Central America and South America.

(2) EMEA consists of Europe, the Middle East and Africa.

(3) APAC consists of East Asia, South Asia, Southeast Asia and Oceania.

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Nine Months ended September 30, 2019 and 2018

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

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

Timing of Revenue Recognition	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Products transferred at a point in time	\$ 2,306	\$ 2,917	\$ 5,973	\$ 5,548
Products and services transferred over time	711	641	1,966	1,676
	\$ 3,017	\$ 3,558	\$ 7,939	\$ 7,224

The following table presents changes in the deferred revenue balances for the nine months ended September 30:

	Deferred revenue
Balance, December 31, 2018	\$ 2,144
Amounts invoiced and revenue deferred	\$ 1,826
Recognition of deferred revenue included in the balance at the beginning of the period	\$ (1,804)
Ending balance - September 30, 2019	\$ 2,166

9. Depreciation and Amortization

The following table presents total depreciation and amortization expense by function:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Cost of revenue	\$ 19	\$ 30	\$ 75	\$ 30
Selling and marketing	22	1	67	2
Research and development	178	232	681	695
General and administrative	91	1	272	2
	\$ 309	\$ 264	\$ 1,093	\$ 729

Intangible asset amortization related to the purchase of IDC and 51% of Wegener totalled \$600 thousand for the nine months ended September 30, 2019 (2018 - \$677 thousand). In addition, \$407 thousand of depreciation expense is allocated to operating expenses due to the adoption of IFRS 16 (2018 - nil).

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Nine Months ended September 30, 2019 and 2018

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10. Supplemental Cash Flow

The components of the net change in non-cash working capital are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Trade and other receivables	\$ (854)	\$ (1,163)	\$ (1,950)	\$ (1,905)
Inventories	(256)	(374)	(4)	(814)
Current tax assets	-	-	-	2
Other assets	45	132	69	(64)
Amounts payable including	344	346	13	435
Customer deposits	(604)	(335)	(821)	862
Deferred revenue	175	202	23	1,357
Provisions	(1)	5	(6)	(9)
Advances Related Party	69	-	218	-
Total	\$ (1,082)	\$ (1,187)	\$ (2,458)	\$ (136)

11. Leases

The Company leases office space for the head office and subsidiaries. We had no significant operating leases for equipment. The following table presents the right-of-use assets for the Company:

Nine Months Ended September 30,	
Commitments at December 31, 2018	\$ 4,187
Less: Measurement adjustment	(137)
Undiscounted lease obligation at January 1, 2019	4,050
Discounted lease obligation at January 1, 2019	\$ 2,951
Depreciation charge for the period	(407)
Balance, right-of-use asset September 30, 2019	2,544

The following is a summary of the changes in the lease liability during the nine months ended September 30, 2019:

Nine Months Ended September 30,	
Lease liabilities, January 1, 2019	\$ 2,951
Interest on lease liabilities	137
Lease payments	(481)
Total lease liabilities	2,607
Less: current portion	(646)
Lease liabilities non-current, September 30, 2019	\$ 1,961