

## **NovAtel Inc. Reports Profit for the Third Quarter 2001**

(Calgary, Alberta, Canada, October 16, 2001) — NovAtel Inc. (NASDAQ: NGPS), a global positioning systems manufacturer, today announced results for the third quarter ended September 29, 2001.

Revenues in the third quarter 2001 were CDN \$6.9 million (US \$4.4 million) compared to CDN \$6.3 million (US \$4.1 million) in the same period a year ago. The Company is reporting a net income for the third quarter 2001 of CDN \$79,000 (US \$51,000) or CDN \$0.01 (US \$0.01) per share compared with a net loss of CDN \$491,000 (US \$315,000) or CDN \$0.06 (US \$0.04) per share in the same period a year ago.

“I am pleased to announce the first profitable quarter for NovAtel since the fourth quarter of 1999,” said David Vaughn, President and CEO. “As previously stated, we are taking the steps necessary to improve both our top and bottom lines. The cost improvement initiatives undertaken earlier this year helped us keep our expenses in line, while allowing us to continue our focus on growing the top line in spite of these difficult times.”

“Our Special Applications group again performed well during the quarter, with an increase of 7% over last year,” commented Vaughn. “Revenue in our Aerospace and Defense group was exceptional in light of the worldwide difficulties experienced in September. Asking all of our international partners to remain focused on the EGNOS contract deliverables was extremely difficult, and these efforts resulted in a year-over-year growth of 36% in our Aerospace and Defense business.”

“The performance from both these groups helped offset the reduced performance from our Geomatics business,” concluded Vaughn. “We continue to work with our partners to improve our performance in this area.”

The Company will have a conference call this afternoon at 4:30 p.m. E.T. Participants may join NovAtel’s teleconference by dialing 1-888-209-3774, or 212-271-4763 internationally. A live webcast of the conference call can be accessed at [www.novatel.ca](http://www.novatel.ca) or [www.companyboardroom.com](http://www.companyboardroom.com). A replay of the conference call will be available until October 20, 2001 by dialing 1-800-558-5253 and entering reservation number 19855464, or until January 16, 2002 at the web addresses noted above.

NovAtel Inc. designs, markets and supports a broad range of products that determine precise geographic locations using the Global Positioning System (“GPS”). NovAtel’s GPS products are used principally for applications in high-end markets such as the surveying, geographic information systems, aviation, marine, mining and machine control, agriculture and precise timing markets. For further information please visit our website at <http://www.novatel.ca>.

*Certain statements in this news release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or developments in the Company’s industry, to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, operating results of subsidiaries and joint ventures, establishing and maintaining effective distribution channels, certification and market acceptance of the Company’s new products, impact and timing of large orders, pricing pressures in the market and other competitive factors, maintaining technological leadership, timing of revenue recognition in connection with certain contracts, the ability to maintain supply of products from subcontract manufacturers, the procurement of components to build products, and the impact of industry consolidations, together with the other risks and uncertainties described in public filings.*

**NOVATEL INC.**

**CONSOLIDATED BALANCE SHEETS**  
(in Canadian \$ thousands)

	<u>September 29, 2001</u>	<u>December 31, 2000</u>
<b>ASSETS</b>		
Current assets:		
Cash and short term investments.....	\$ 3,799	\$ 6,055
Accounts receivable.....	5,398	4,246
Related party receivables and advances.....	585	1,165
Related party notes receivable.....	1,602	1,426
Inventories .....	6,912	6,532
Prepaid expenses and deposits .....	<u>276</u>	<u>401</u>
Total current assets.....	18,572	19,825
Capital assets.....	3,063	3,592
Intangible assets .....	2,684	2,853
Deferred development costs .....	<u>2,528</u>	<u>2,560</u>
Total assets .....	<u>\$ 26,847</u>	<u>\$28,830</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 3,993	\$ 5,811
Related party payables .....	160	568
Notes payable.....	1,968	1,426
Deferred revenue .....	531	245
Provision for future warranty costs.....	309	268
Capital lease obligation – current portion .....	<u>304</u>	<u>228</u>
Total current liabilities .....	7,265	8,546
Deferred gain on sale/leaseback of capital assets .....	837	935
Capital lease obligation – long-term portion .....	<u>351</u>	<u>307</u>
Total liabilities .....	<u>8,453</u>	<u>9,788</u>
Non-controlling interest .....	<u>73</u>	<u>73</u>
Shareholders' equity:		
Capital stock .....	35,622	35,614
Deficit.....	<u>(17,301)</u>	<u>(16,645)</u>
Total shareholders' equity .....	<u>18,321</u>	<u>18,969</u>
Total liabilities and shareholders' equity .....	<u>\$ 26,847</u>	<u>\$28,830</u>

**NOVATEL INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in Canadian \$ thousands, except per share data)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>Sept. 29,</u> <u>2001</u>	<u>Sept. 30,</u> <u>2000</u>	<u>Sept. 29,</u> <u>2001</u>	<u>Sept. 30,</u> <u>2000</u>
Revenues .....	\$ 6,905	\$ 6,314	\$ 20,425	\$ 19,077
Cost of sales.....	<u>3,533</u>	<u>2,583</u>	<u>10,269</u>	<u>8,231</u>
Gross profit.....	<u>3,372</u>	<u>3,731</u>	<u>10,156</u>	<u>10,846</u>
Operating expenses:				
Research and development .....	1,477	2,122	5,224	6,175
Selling and marketing .....	856	1,350	2,620	3,600
General and administration.....	<u>1,040</u>	<u>844</u>	<u>3,002</u>	<u>2,780</u>
Total operating expenses.....	<u>3,373</u>	<u>4,316</u>	<u>10,846</u>	<u>12,555</u>
Operating loss.....	(1)	(585)	(690)	(1,709)
Interest income .....	24	98	122	241
Other income (expense).....	<u>68</u>	<u>(3)</u>	<u>(75)</u>	<u>(2)</u>
Income (loss) from continuing operations before income taxes .....	91	(490)	(643)	(1,470)
Provision for (recovery of) income taxes .....	<u>12</u>	<u>16</u>	<u>(13)</u>	<u>(8)</u>
Net income (loss) from continuing operations.....	79	(506)	(656)	(1,462)
Net income from discontinued operations.....	<u>—</u>	<u>15</u>	<u>—</u>	<u>28</u>
Net income (loss).....	<u>\$ 79</u>	<u>\$ (491)</u>	<u>\$ (656)</u>	<u>\$ (1,434)</u>
Net loss per share (basic):				
Continuing operations .....	\$ 0.01	\$ (0.07)	\$ (0.09)	\$ (0.19)
Discontinued operations.....	<u>0.00</u>	<u>0.01</u>	<u>0.00</u>	<u>0.00</u>
Net loss per share.....	<u>\$ 0.01</u>	<u>\$ (0.06)</u>	<u>\$ (0.09)</u>	<u>\$ (0.19)</u>
Weighted average shares outstanding (basic) .....	<u>7,693</u>	<u>7,676</u>	<u>7,692</u>	<u>7,675</u>
Net loss per share (fully diluted):				
Continuing operations .....	\$ 0.01	\$ (0.07)	\$ (0.09)	\$ (0.19)
Discontinued operations.....	<u>0.00</u>	<u>0.01</u>	<u>0.00</u>	<u>0.00</u>
Net loss per share.....	<u>\$ 0.01</u>	<u>\$ (0.06)</u>	<u>\$ (0.09)</u>	<u>\$ (0.19)</u>