



Nubeva Technologies Ltd.

Condensed Consolidated Financial Statements

For the Nine Months Ended January 31, 2022 and 2021

UNAUDITED

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Nubeva Technologies Ltd.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at January 31, 2022 and April 30, 2021

(Expressed in United States Dollars)

	Note	January 31, 2022	April 30, 2021
Assets			
Current assets:			
Cash and money market instruments	4	\$ 4,146,688	\$ 2,280,420
Accounts receivable	5	193,381	335,002
Tax credit receivable	6, 13	159,247	241,260
Prepaid expenses and deposits	7	63,083	129,967
Total current assets		4,562,399	2,986,649
Total Assets		\$ 4,562,399	\$ 2,986,649
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	8, 10	\$ 159,260	\$ 198,922
Current portion of term loans payable	11	28,496	182,915
Deferred revenue	9	-	38,501
Total current liabilities		187,756	420,338
Term loans payable	11	29,193	26,387
Total Liabilities		216,949	446,725
Shareholders' Equity			
Common share capital	12	17,790,003	14,936,186
Subscription receipts	12	1,179,338	1,891
Reserves	12	1,626,242	1,306,357
Deficit		(16,102,478)	(13,612,967)
Accumulated other comprehensive loss		(147,655)	(91,543)
Total Equity		4,345,450	2,539,924
Total Liabilities and Shareholders' Equity		\$ 4,562,399	\$ 2,986,649

Subsequent events – note 17

Approved by the directors:

“Randy Chou”

“Greig Bannister”

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Nubeva Technologies Ltd.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in United States Dollars)

	Note	Three Months Ended January 31,		Nine Months Ended January 31,	
		2022	2021	2022	2021
Revenue	14	\$ 55,677	\$ 766,709	\$ 115,791	\$ 1,734,024
Operating expenses:					
General and administrative	13	217,758	176,727	749,578	550,764
Research and development	13	389,100	276,617	1,098,545	905,104
Sales and marketing	13	224,389	267,989	711,863	769,338
Share-based compensation	10, 12	76,386	93,876	347,954	140,503
Total expenses		907,633	815,209	2,907,940	2,365,709
Other Items					
Interest and other income		139	173	679	2,748
Interest expense	11	(2,291)	(6,249)	(13,978)	(17,447)
Gain on digital currency		-	11,469	-	28,180
Gain on shares issued for services/debt	12	7,870	96,236	7,870	96,236
Foreign exchange loss		(3,918)	(4,146)	(4,768)	(22,506)
Government assistance	11, 13	83,294	12,339	281,422	318,043
Net income (loss)		(766,862)	61,322	(2,520,924)	(226,431)
Other comprehensive income (loss), items that will be recycled through profit and loss					
Foreign currency translation adjustment		(51,161)	14,235	(56,112)	30,025
Total comprehensive income (loss)		\$ (818,023)	\$ 75,557	\$ (2,577,036)	\$ (196,406)
Income (loss) per share - basic and diluted		\$ (0.01)	\$ 0.00	\$ (0.04)	\$ (0.00)
Weighted average number of common shares outstanding		64,974,557	56,666,833	62,792,726	56,431,644

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Nubeva Technologies Ltd.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Nine Months Ended January 31, 2022 and 2021

(Expressed in United States Dollars)

	Note	Share capital		Obligation to Issue Shares	Reserves		Deficit	Accumulated Other Comprehensive Loss	Total
		Common Shares	Amount		Share Based Payment Reserve	Warrants Reserve			
Balance April 30, 2020		56,153,155	\$ 13,730,668	\$ -	\$ 603,282	\$ 101,346	\$ (12,960,121)	\$ (130,385)	\$ 1,344,790
Options exercised		529,809	26,225	-	(5,243)	-	-	-	20,982
Share-based compensation		-	-	-	140,503	-	-	-	140,503
RSU issued		216,128	56,720	-	(56,720)	-	-	-	-
Forfeited options		-	-	-	(96,185)	-	96,185	-	-
Foreign currency translation		-	-	-	-	-	-	30,025	30,025
Net loss for the period		-	-	-	-	-	(226,431)	-	(226,431)
Balance January 31, 2021		56,899,092	\$ 13,813,613	\$ -	\$ 585,637	\$ 101,346	\$ (13,090,367)	\$ (100,360)	\$ 1,309,869
Balance April 30, 2021		60,986,929	\$ 14,936,186	\$ 1,891	\$ 758,383	\$ 547,974	\$ (13,612,967)	\$ (91,543)	\$ 2,539,924
Shares issued pursuant to private placements	12	2,455,000	1,159,891	-	-	395,999	-	-	1,555,890
Share issuance costs	12	-	(4,473)	-	-	(2,115)	-	-	(6,588)
Share-based compensation	12	-	-	-	347,954	-	-	-	347,954
Options exercised	12	1,033,217	157,655	(1,891)	(61,318)	-	-	-	94,446
Warrants exercised	12	2,000,641	1,463,852	-	-	(329,222)	-	-	1,134,630
Shares issued for services	12	102,443	76,892	-	-	-	-	-	76,892
Forfeited options	12	-	-	-	(31,413)	-	31,413	-	-
Subscription receipts	12	-	-	1,179,338	-	-	-	-	1,179,338
Foreign currency translation		-	-	-	-	-	-	(56,112)	(56,112)
Net loss for the period		-	-	-	-	-	(2,520,924)	-	(2,520,924)
Balance January 31, 2022		66,578,230	\$ 17,790,003	\$ 1,179,338	\$ 1,013,606	\$ 612,636	\$ (16,102,478)	\$ (147,655)	\$ 4,345,450

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Nubeva Technologies Ltd.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended January 31, 2022 and 2021

(Expressed in United States Dollars)

	2022	2021
Operating activities		
Net loss for the period	\$ (2,520,924)	\$ (226,431)
Items not involving cash:		
Share-based compensation	347,954	140,503
Interest accrued	12,869	17,447
Gain on digital currency	-	(28,180)
Foreign exchange	-	34,830
Government assistance	(76,524)	(269,267)
Shares issued for services	84,762	-
Gain on shares issued on service settlement	(7,870)	-
Changes in non-cash working capital items related to operations:		
Accounts receivable	142,365	(593,671)
Prepaid expenses	61,967	67,446
Tax credit receivable	61,586	97,090
Accounts payable and accrued liabilities	(53,864)	(143,174)
Deferred revenue	(38,501)	54,806
Cash used in operating activities	(1,986,180)	(848,601)
Financing activities:		
Proceeds from private placements	1,555,890	-
Share issuance costs	(6,588)	-
Term loans	(87,401)	42,600
Proceeds from sale of digital currency	-	56,565
Subscription receipts	1,179,338	-
Options exercised	94,446	20,982
Warrants exercised	1,134,630	-
Cash from financing activities	3,870,315	120,147
Effect of foreign exchange on cash	(17,867)	8,622
Net decrease in cash during the period	1,866,268	(719,832)
Cash and money market investments, beginning of the period	2,280,420	1,873,375
Cash and money market investments, end of the period	\$ 4,146,688	\$ 1,153,543

The accompanying notes are an integral part of these condensed consolidated interim financial statements

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

For the nine months ended January 31, 2022 and 2021

(Expressed in United States Dollars)

1. NATURE OF OPERATIONS

Nubeva Technologies Ltd. (“the Company” or “Nubeva”) was incorporated under the provisions of The Business Corporations Act (British Columbia) on February 3, 2017. The Company was a Capital Pool Company and had no business operations prior to February 28, 2018. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”). The Company’s registered and records office are located at Suite 410, 750 West Pender Street, Vancouver, BC, V6C 2T7.

Nubeva develops and licenses proprietary software for the decryption of network traffic.

These condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at January 31, 2022, the Company had working capital of \$4,374,643 (April 30, 2021 - \$2,566,311) and incurred a net loss for period ended January 31, 2021 of \$2,520,924 (2021 – \$226,431). Management estimates that its working capital position will provide the Company with sufficient financial resources to carry out planned operations through the next ten months. Realization values may be substantially different from carrying values as shown and these condensed consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon making sales or raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology. The Company has incurred losses since inception and expects to incur further losses in the development of its business. These factors indicate a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Since January 31, 2020, several measures have been implemented in the United States, Canada and Australia in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its United States office from remote work sites and is continuing software development and sales and marketing activities at this time. However, as the COVID-19 pandemic continues, the heightened economic uncertainty may have significant implications for the Company. Management has taken action to ensure the Company has adequate financing throughout fiscal 2022 and will continue to take action to mitigate the impact on its business in the event that future economic conditions reduce its ability to secure financing in fiscal 2023.

2. STATEMENT OF COMPLIANCE**Basis of Preparation**

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”). These condensed consolidated financial statements were approved by the Board of Directors on March 24, 2022.

Basis of Consolidation

The Company’s condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

Nubeva Pty Ltd. registered in New South Wales, Australia; and
Nubeva, Inc., registered in Delaware USA.

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

For the nine months ended January 31, 2022 and 2021

(Expressed in United States Dollars)

2. STATEMENT OF COMPLIANCE (CONT'D)

A subsidiary is an entity (including special purpose entities) controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The financial statements are condensed consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. All intercompany transactions and balances have been eliminated.

Basis of Measurement

These condensed consolidated financial statements have been prepared on a historical cost basis since inception, except for those assets and liabilities that are measured at fair value at the end of each reporting period. Additionally, these condensed consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed consolidated financial statements.

4. CASH AND MONEY MARKET INSTRUMENTS

	January 31, 2022	April 30, 2021
Cash	\$ 2,231,674	\$ 1,466,913
Money market funds	1,915,014	813,507
	\$ 4,146,688	\$ 2,280,420

See note 15.

5. ACCOUNTS RECEIVABLE

	January 31, 2022	April 30, 2021
Trade receivables and contract assets	\$ 180,250	\$ 322,547
GST receivable	13,131	12,455
	\$ 193,381	\$ 335,002

6. TAX CREDIT RECEIVABLE

The Company is eligible to receive tax credits from its eligible research and development expenditures. The Company records the anticipated tax credits as a reduction in the costs to which they apply, at such time that the amount of tax credits is estimable, and their receipt is reasonably assured.

Balance, April 30, 2021	241,260
Tax credits received	(263,563)
Tax credit accrual (note 13)	204,898
Foreign exchange	(23,348)
Balance, January 31, 2022	\$ 159,247

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

For the nine months ended January 31, 2022 and 2021

(Expressed in United States Dollars)

7. PREPAID EXPENSES AND DEPOSITS

	January 31, 2022		April 30, 2021	
Deposit and prepaid office rent	\$	14,440	\$	14,983
Other		48,643		114,984
	\$	63,083	\$	129,967

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2022		April 30, 2021	
Accounts payable (note 10)	\$	52,978	\$	82,033
Accrued liabilities (note 10)		70,875		116,889
	\$	159,260	\$	198,922

9. DEFERRED REVENUE

Deferred revenue represents amounts received prior to goods or services being delivered. As at January 31, 2022, there were no deferred revenue (April 30, 2021 - \$38,501).

10. RELATED PARTY TRANSACTIONS

The following amounts, included in accounts payable and accrued liabilities (note 8), are payable to related parties as at January 31, 2022 and April 30, 2021:

	January 31, 2022		April 30, 2021	
Expenses incurred on behalf of Company	\$	-	\$	13,930
Accrued payroll		-		19,263
Consulting		9,732		-
Board services		15,000		22,000
	\$	24,732	\$	55,193

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key Management Compensation

The Company incurred the following expenses with directors, officers and companies that are controlled by directors of the Company, during the periods ended January 31, 2022 and 2021:

	Nine months ended January 31, 2022		Nine months ended January 31, 2021	
Salary	\$	624,048	\$	648,600
Consulting		55,301		-
Board services		45,000		45,000
Share-based compensation		250,328		103,879
	\$	974,677	\$	797,479

Effective September 20, 2021, Juliet Jones, former CFO and Corporate Secretary, resigned from all positions of the Company, her compensation has been included up until the date of resignation.

During the period ended January 31, 2022, an officer and director of the Company participated in a non-brokered private placement and subscribed to 550,000 common shares (note 12(c)).

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

For the nine months ended January 31, 2022 and 2021

(Expressed in United States Dollars)

11. TERM LOANS PAYABLE

During the year ended April 30, 2021, the Company received a loan in the amount of \$42,700 under the Economic Injury Disaster Loan Program (“EIDL”) administered by the U.S. Small Business Administration (“SBA”). The program provides working capital to small businesses suffering substantial economic injury as a result of the Coronavirus. The loan bears interest at a rate of 3.75% per annum and is repayable in monthly payments of principal and interest over 30 years commencing one year after the date the loan was advanced. The loan has been discounted at a market rate of interest of 20% and the discount of \$32,484 has been recorded as government assistance in the condensed consolidated statement of comprehensive loss in fiscal year 2021.

During the period ended January 31, 2022, interest and accretion of \$1,620 have been recorded on the loans and are included in interest expense in the condensed consolidated statement of comprehensive loss.

On March 10, 2021, the Company received a second draw on the PPP loan in the amount of \$240,652. The loan bears interest at a rate of 1.0% per annum and matures in 24 months. The Company anticipates using the funds for the purposes set out in the CARES Act and has recorded the loan as a current liability with the expectation that the entire amount of the loan plus accrued interest will be forgiven within the next year. During the period ended January 31, 2022, the Company received loan forgiveness in the amount of \$240,652, and \$72,995 was recorded as government assistance in the consolidated statement of comprehensive loss for the current fiscal year.

During the year ended April 30, 2020, as part of the Canadian government funded COVID-19 financial assistance programs, the Company received a loan in the amount of \$28,756 (CAD \$40,000) from the Bank of Montreal (CEBA term loan). The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022, and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven. The loan has been discounted at a market rate of interest of 20% and the discount and amount to be forgiven totaling \$16,914 has been recorded as government assistance in the consolidated statement of comprehensive loss in fiscal year 2020.

On January 12, 2022, the Canadian government announced that the repayment deadline for CEBA loans to qualify for partial loan forgiveness is being extended from December 31, 2022 to December 31, 2023 to eligible borrowers in good standing to support short term economic recovery and offer greater repayment flexibility. The forgiveness amount would be up to a third of the value of the loans and outstanding loan would subsequently convert to a two-year term loans with interest of 5% per annum commencing January 1, 2024, with the loans fully due by December 31, 2025. In connection to the extension and additional loan forgiveness, the Company recognized an additional \$3,872 of government assistance which was included in the consolidated statement of comprehensive loss for the current period.

During the period ended January 31, 2022, interest and accretion of \$1,038 have been recorded on the loan and are included in interest expense in the consolidated statement of comprehensive loss.

On April 21, 2020, the Company received funding from the Silicon Valley Bank in the amount of \$307,885 under the Paycheck Protection Program (“PPP”), a program formed under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) guaranteed by the U.S. government. The loan bears interest at a rate of 1.0% per annum and matures in 24 months. Commencing June 21, 2021, the Company shall be responsible for 10 equal monthly payments of principal and interest of \$11,021 and one final payment of \$4,683 at the maturity date. Under the terms of the PPP, an amount up to the principal amount of funding is to be forgiven if the Company maintained a consistent number of full-time employees for a prescribed period of time and the funds were used for certain prescribed expenses. During the year ended April 30, 2021, the Company used the funds for the purposes set out in the CARES Act and has recorded government assistance of \$197,001 for the amount of the loan to be forgiven in the consolidated statement of comprehensive loss in fiscal year 2021. In May 2021, \$197,001 of the loan had been forgiven by the U.S government. The loan was discounted at a market rate of interest of 20% and the discount of \$23,084 has also been recorded as government assistance in the consolidated statement of comprehensive loss fiscal year 2021.

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

For the nine months ended January 31, 2022 and 2021

(Expressed in United States Dollars)

11. TERM LOANS PAYABLE (CONT'D)

During the period ended January 31, 2022, interest and accretion of \$11,320 have been recorded on the loan and are included in interest expense in the consolidated statement of comprehensive loss, and \$88,167 of payments have been recorded to reduce the loan.

Transactions for the period ended January 31, 2022 are as follows:

Balance, April 30, 2021	\$	209,302
Accretion and interest		13,978
Recognition of government assistance		(76,867)
Payments		(88,167)
Foreign exchange		(557)
Balance, January 31, 2022	\$	57,689

	January 31, 2022	April 30, 2021
Current portion	\$ 28,496	\$ 182,915
Long term portion	29,193	26,387
	\$ 57,689	\$ 209,302

12. SHARE CAPITAL AND RESERVES**(a) Authorized**

Unlimited common shares without par value; and

Unlimited Restricted Voting Common Shares without par value. Restricted Voting Common Shares may be entitled to receive dividends as and when declared by the board of directors, only if the same dividend is declared or paid on the common shares. Restricted Voting Common Shares may be converted into common shares on a one-for-one basis without payment of additional consideration, at the option of the holder with consent of the board of directors, and at any time at the option of the board of directors.

(b) Issued Share Capital

At January 31, 2022, there were 51,807,263 (April 30, 2021 – 46,215,962) common shares issued and fully paid and 14,770,967 (April 30, 2021 – 14,770,967) Restricted Voting Common Shares issued and fully paid.

(c) Shares Issued during the Year

During the period ended January 31, 2022, the following shares were issued:

- 655,000 common shares pursuant to the closing of a non-brokered private placement of 655,000 units at a price of CAD\$0.80 per unit for aggregate proceeds of \$413,444 (CAD \$524,00). Each unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of CAD\$1.25 per share for a period of three years from the date of issuance, subject to an acceleration clause. The fair value of the warrants issued was \$98,091, determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants: 3 years; volatility rate of 110%; risk-free interest rate of 0.67%; and a dividend rate of 0%;

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

For the nine months ended January 31, 2022 and 2021

(Expressed in United States Dollars)

12. SHARE CAPITAL AND RESERVES (CONT'D)**(c) Shares Issued during the Year (cont'd)**

- 550,000 common shares to an officer and director of the Company (note 10) pursuant to the closing of a non-brokered private placement of 550,000 common shares at a price of CAD \$0.84 per common shares for gross proceeds of \$361,927 (CAD\$462,000);
- 1,250,000 common shares pursuant to the closing of a non-brokered private placement of 1,250,000 units at a price of CAD\$0.80 per unit for gross proceeds of \$780,519 (CAD \$1,000,000). Each unit consisted of one common share and one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of CAD\$1.05 per share for a period of three years from the date of issuance, subject to an acceleration clause. The fair value of the warrants issued was \$297,908, determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants: 3 years; volatility rate of 110%; risk-free interest rate of 1.06%; and a dividend rate of 0%;
- 1,033,217 common shares pursuant to the exercise of options for proceeds of \$94,446;
- 2,000,641 common shares pursuant to the exercise of warrants for proceeds of \$1,134,630; and
- 102,443 common shares pursuant to the shares for services in the amount of \$76,892 and recorded a gain of \$7,870 in connection to the shares issued for services.

During the period ended January 31, 2022, the Company recorded \$4,473 of share issuance cost to issuance of common shares in connection to the non-brokered private placements and allocated \$2,115 of share issuance cost to warrants reserve.

(d) Subscription receipts

During the period ended January 31, 2022, the Company initiated a non-brokered private placement of subscription receipts of CAD \$1.75 per unit. Each unit is comprised of one common share and one common share purchase warrant ("PW"), each whole PW entitling the holder to acquire one common share at a price of CAD \$2.25 per common share for a period of up to three years. If at any time subsequent to the date which is four months and a day from the closing date, the closing price of the Common Shares as quoted on TSX Venture Exchange for any ten consecutive trading days is equal to or exceeds CAD \$3.25 per common share, the Company may accelerate the expiry date of the Warrants to the 30th day after the date on which the Company issues such news release (note 17). As at January 31, 2022, the Company received \$1,179,338 in subscription receipts in connection to this private placement.

(e) Share-Based Compensation

The Company's shareholders have reserved 12,600,000 common shares for issuance under all share compensation arrangements. On November 18, 2021, the Company's shareholders amended the allocation of common shares reserved for equity compensation as follows:

- (i) 12,100,000 common shares reserved for issuance under the Company's Fixed Share Option, and
- (ii) 500,000 common shares reserved for issuance under the Company's Restricted Share Unit Plan.

The following table summarizes the Company's outstanding equity compensation as at January 31, 2022 and April 30, 2021:

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

For the nine months ended January 31, 2022 and 2021

(Expressed in United States Dollars)

12. SHARE CAPITAL AND RESERVES (CONT'D)

(i) Options

	January 31, 2022			April 30, 2021		
	Units	Weighted average exercise price (CAD \$)	Weighted average remaining life (years)	Units	Weighted average exercise price (CAD \$)	Weighted average remaining life (years)
Stock options (i)	6,324,473	0.38	7.43	7,517,172	0.34	8.11

Options to purchase common shares may be granted to directors, consultants, officers and employees of the Company and its subsidiary for terms up to ten years at a price at least equal to the market price prevailing on the date of the grant.

The continuity of stock options for the period ended January 31, 2022 is as follows:

	Number of Options	Weighted Average Exercise Price (CAD\$)
Balance, April 30, 2021	7,517,172	0.34
Granted	150,000	1.15
Re-issued	96,774	0.05
Exercised	(1,033,217)	0.12
Forfeited/Cancelled	(406,256)	0.45
Balance, January 31, 2022	6,324,473	0.38

During the period ended January 31, 2022, the Company granted 150,000 (2021 – 3,175,000) stock options. The fair value of the options granted was estimated to be CAD\$138,213 (2021 - CAD\$1,097,904) using the Black-Scholes Option Pricing Model and the assumptions below. The expected volatility was determined using the average historical volatility of similar listed entities on the basis that the Company has limited historical information. The options granted vest over periods of 24 months with exercise prices of CAD \$1.21.

In addition to options granted, the Company reissued 96,774 stock options that were previously cancelled and estimated the fair value of the reissued options to be CAD\$1,086 and cancelled 406,256 options with an estimated fair value of CAD\$143,598.

Share-based compensation of \$347,954 (2021 - \$140,503) was recorded for options vested during the period ended January 31, 2022.

	Period ended January 31, 2022	Period ended January 31, 2021
Expected life of options	5 years	5 years
Annualized volatility	110%	110%
Risk-free interest rate	1.261%	0.780%
Dividend rate	-	-

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

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(Expressed in United States Dollars)

12. SHARE CAPITAL AND RESERVES (CONT'D)

(i) Options (Cont'd)

Details of options outstanding at January 31, 2022 are as follows:

Number of Options Outstanding	Expiry Date	Weighted Average Exercise Price (CAD\$)	Weighted Average Remaining Life (Years)
50,000	05-May-23	1.21	1.26
38,710	14-Apr-26	0.05	4.20
77,419	04-Jun-26	0.05	4.34
77,419	14-Jun-26	0.05	4.37
38,710	20-Jun-26	0.05	4.39
13,548	17-Sep-26	0.05	4.63
38,710	06-Oct-26	0.05	4.68
1,167,096	09-Jan-27	0.05	4.94
38,710	17-Jan-27	0.05	4.96
7,742	29-May-27	0.05	5.33
50,323	19-Jun-27	0.05	5.38
116,129	01-Nov-27	0.80	5.75
386,000	23-Mar-28	1.52	6.15
550,200	16-Apr-29	0.27	7.21
20,000	28-Sep-29	0.10	7.66
420,000	09-Mar-30	0.05	8.11
128,757	23-Apr-30	0.08	8.23
50,000	16-Sep-30	0.25	8.63
125,000	09-Dec-30	0.28	8.86
2,500,000	28-Dec-30	0.45	8.91
330,000	24-Feb-31	0.42	9.07
75,000	18-Nov-31	0.81	9.80
25,000	10-Jan-32	2.07	9.95
6,324,473		0.38	7.43

At January 31, 2022, there were 3,798,094 stock options exercisable (April 30, 2021 – 3,686,883).

(ii) Warrants

During the period ended January 31, 2022, the Company accelerated the following:

- The expiry of 1,016,610 warrants with an original expiry date of March 25, 2024 to September 10, 2021. Each warrant entitles the holder to acquire one common share at CAD \$0.65 per share. In September 2021, the warrants were exercised for gross proceeds of \$521,906 (CAD \$660,796); and
- The expiry of 1,464,843 warrants with an original expiry date of April 8, 2024 to February 17, 2022 (note 17). Each warrant entitles the holder to acquire one common share at CAD \$0.80 per share. As of January 31, 2022, 889,531 warrants were exercised for gross proceeds of \$561,880 (CAD\$711,625).

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Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

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12. SHARE CAPITAL AND RESERVES (CONT'D)

(ii) Warrants

The continuity of warrants for the period ended January 31, 2022 is as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD\$)
Balance, April 30, 2021	2,575,953	0.74
Issued	1,577,500	1.09
Exercised	(2,000,641)	0.72
Balance, January 31, 2022	2,152,812	1.01

Warrants outstanding at January 31, 2022 are as follows:

Exercise Price CAD (\$)	Number of Shares	Expiry Date
0.80	575,312	April 8, 2024
1.25	327,500	September 16, 2024
1.05	1,250,000	December 3, 2024
	2,152,812	

(e) Reserves

The share-based payment reserve is comprised of items recognized as stock-based compensation expense include RSU's and stock options. Upon exercise of options or vesting of RSU's the corresponding amount will be transferred from the reserve to share capital. In the event that stock-based compensation is cancelled or expires unexercised, the corresponding amount is removed from the share-based payment reserve and credited to retained earnings.

The warrants reserve is comprised of the value of warrants issued as part of private placements. The value of warrants is transferred to share capital on the date they are exercised. The Company does not adjust the reserve for warrants that expire unexercised.

13. EXPENSES BY NATURE

For three months ended January 31, 2022

	General and Administration	Research and Development ⁽¹⁾	Sales and Marketing
Office expense and operations	\$ 125,043	\$ 69,596	\$ 24,784
Personnel	92,715	319,504	199,605
Totals	\$ 217,758	\$ 389,100	\$ 224,389

⁽¹⁾ Research and development expenses are reported net of refundable tax credits in the amount of \$62,331.

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13. EXPENSES BY NATURE (CONT'D)

For the three months ended January 31, 2021

	General and Administration	Research and Development ⁽¹⁾	Sales and Marketing
Office expense and operations	\$ 32,305	\$ 60,483	\$ 20,462
Personnel	144,422	216,134	247,527
Totals	\$ 176,727	\$ 276,617	\$ 267,989

⁽¹⁾ Research and development expenses are reported net of refundable tax credits in the amount of \$82,756.

For nine months ended January 31, 2022

	General and Administration	Research and Development ⁽¹⁾	Sales and Marketing
Office expense and operations	\$ 304,066	\$ 181,539	\$ 47,322
Personnel	445,512	917,006	664,541
Totals	\$ 749,578	\$ 1,098,545	\$ 711,863

⁽¹⁾ Research and development expenses are reported net of refundable tax credits in the amount of \$184,471.

For the nine months ended January 31, 2021

	General and Administration	Research and Development ⁽¹⁾	Sales and Marketing
Office expense and operations	\$ 180,770	\$ 154,051	\$ 56,892
Personnel	369,994	751,053	712,446
Totals	\$ 550,764	\$ 905,104	\$ 769,338

⁽¹⁾ Research and development expenses are reported net of refundable tax credits in the amount of \$215,204.

See note 6.

14. REVENUE

	Period ended January 31, 2022	Period ended January 31, 2021
Software licenses and royalties	\$ 46,215	\$ 1,551,341
Support and maintenance	69,576	182,683
Totals	\$ 115,791	\$ 1,734,024

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The following provides information with respect to the Company's exposure to certain financial risks:

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company attempts to manage liquidity risk by maintaining sufficient cash. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at January 31, 2022, the Company had cash and marketable securities of \$4,146,688 (April 30, 2021 - \$2,280,420) (note 4) to settle current liabilities of \$187,756 (April 30, 2021 - \$420,338). The Company estimates it has adequate working capital to continue operations for ten months. There is substantial uncertainty that the Company will be able to continue to meet its financial obligations as they come due if it cannot generate sales or raise additional capital, and there is no assurance that the Company will be able to raise sufficient capital or raise capital on terms advantageous to the Company.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The functional currency of Nubeva is the Canadian dollars, the functional currency of one operating subsidiary is the Australian dollar and the functional currency of its other operating subsidiary is the United States dollar. At January 31, 2022, the Company held financial instruments in the aggregate amount of \$14,291 (April 30, 2021 - \$1,024,893) denominated in currencies that differ from their functional currencies. A 10% change in the value of the United States dollar would impact the Company's net gain or loss by \$1,429 (April 30, 2021 - \$102,489).

Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to fund research and development and engage in sales and marketing activities while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed entirely of equity. The Company uses capital to finance its operating losses. There is substantial uncertainty that the Company will be able to continue to finance its operating losses. The Company currently funds these requirements from cash raised through the issuance of common shares. There is a risk that the Company will not be able to raise funds through the issuance of shares or on terms advantageous to the Company or its shareholders. The Company's objectives when managing capital are to ensure that the Company will have enough liquidity to continue to develop its software and services and engage in sales and marketing activities in order to obtain returns on investment.

The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize flexibility to finance growth, the Company does not currently pay a dividend to holders of its common shares. There is no external restriction on the Company's capital. The Company did not initiate any changes to its capital management strategy during the year.

Investment Risk

As at January 31, 2022 the Company's cash and marketable securities were comprised of cash in the amount of \$2,231,674 (April 30, 2021 - \$1,466,913), and money market funds in the amount of \$1,915,014 (April 30, 2021 - \$813,507).

Money market funds were comprised as follows:

- i) 73% of Blackrock BLF FedFund, AAA rated with investments in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Government; and
- ii) 27% Morgan Stanley MSBNA and MSPBNA Preferred Savings Account insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits.

Nubeva Technologies Ltd.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements.

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15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)**Investment Risk (Cont'd)**

Although certain money market fund investments may be guaranteed, the funds themselves are not insured or guaranteed and the Company could lose money. An investment in the Blackrock BLF FedFund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The prices of fixed income securities respond to economic developments, including interest rate changes. Prices may be inversely affected by changes in interest rates. Accordingly, money market funds are subject to interest rate risk, and in a rising interest rate environment, portfolio shares can decline in value.

16. SEGMENT REPORTING

At January 31, 2022, the Company operates in one operating segment, the development and commercialization of software to support deep packet inspection of network traffic to enable security and network monitoring applications.

17. SUBSEQUENT EVENTS

Subsequent to January 31, 2022, the Company:

- Issued 58,340 shares pursuant to the exercise of 58,340 incentive stock options for gross proceeds of \$2,925 (CAD\$3,698);
- Issued 575,312 shares due to 575,312 warrants were exercised for gross proceeds of \$362,917 (CAD\$460,250), these warrants exercised were a result of the trigger acceleration expiration date of share purchase warrants;
- Granted 75,000 stock options to employees at an exercise price of CAD\$1.55 expiring at February 2032; and
- Completed a non-brokered private placement of units for gross proceeds of \$1,246,278 (CAD \$1,590,000) (note 12(d)). The Company issued 908,572 units consisting of 908,572 common shares and 908,572 PW at a price of CAD \$1.75 per unit.