

Nubeva Technologies Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (this “**MD&A**”) is dated October 1, 2024, and is intended to assist the reader in understanding the results of operations and financial condition of Nubeva Technologies Ltd., (“**Nubeva**” or the “**Company**”). This MD&A should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements for the three months ended July 31, 2024, and the accompanying notes that can be obtained from the Company’s website www.nubeva.com and on the SEDAR Plus website at www.sedarplus.ca.

The condensed interim consolidated financial statements of Nubeva have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

Nubeva’s reporting currency is United States dollars and its functional currency is Canadian dollars. The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The Company has the following wholly owned operating subsidiaries:

Subsidiary	Operating location	Functional currency
Nubeva, Inc.	San Jose, California	United States dollars
Nubeva Pty Ltd.	Sydney, NSW Australia	Australian dollars

CAUTION ON FORWARD-LOOKING INFORMATION

This MD&A contains certain “forward-looking information” and “forward-looking statements” (collectively “**forward-looking statements**”) within the meaning of applicable Canadian securities legislation. When we discuss our strategy, plans, outlook, future financial and operating performance, financing plans, growth in cash flow and other events and developments that have not yet happened, we are making forward-looking statements. All statements in this MD&A that address events or developments that we expect to occur in the future are forward-looking statements, including the following:

- the development and capabilities of Nubeva (as defined herein) to provide a security platform and services.
- our plan to expand operations by adding additional customers;
- our expectations in relation to working capital; and
- our expectations in relation to our future financial needs.

Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as “expect”, “plan”, “anticipate”, “project”, “target”, “potential”, “schedule”, “forecast”, “budget”, “estimate”, “intend” or “believe” and similar expressions or their negative connotations, or that events or conditions “will”, “would”, “may”, “could”, “should” or “might” occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements necessarily involve assumptions, risks and uncertainties, certain of which are beyond the Company’s control, including the following:

- our dependence on suppliers and customers;
- our untested business model;
- our ability to attract customers;
- the competitive nature of the cloud-based security market;

- our ability to manage our growth;
- exchange rate risks;
- regulatory risks;
- our future operations;
- our dependence on key personnel;
- dilution to present and prospective shareholders;
- the lack of a market for our securities; and
- our share price.

The Company assumes no responsibility to revise forward-looking statements to reflect new information, subsequent events or changes in circumstances, except as required by applicable securities laws.

1. History of the Business

Nubeva Technologies Ltd. was incorporated on February 3, 2017, under the Business Corporation Act of British Columbia. The Company was a Capital Pool Company (“CPC”) and had no business operations prior to February 28, 2018. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) and OTCQX Venture Market (“NBVAF”). The Company’s registered and records office are located at Suite 401, 750 West Pender Street, Vancouver, BC, V6C 2T7.

Nubeva, Inc. was incorporated under the laws of the State of Delaware on March 30, 2016. Nubeva Inc.’s wholly-owned subsidiary, Nubeva Pty Ltd. was incorporated under the laws of New South Wales, Australia on April 20, 2016. Nubeva is based in San Jose, California and is in the business of developing and licensing software-based Ransomware Reversal solutions; in addition, we continue to support an existing customer with TLS (SSL) network decryption solutions.

2. Core Business

Nubeva develops and licenses software-based decryption solutions for a diverse clientele, including businesses, governments, and other organizations. Our suite of solutions features the flagship product, Ransomware Reversal. This innovative tool decrypts files and data encrypted by ransomware attacks, enabling a more efficient restoration of operations without the need to pay ransoms. On March 4, 2024, the Company sold its TLS technology to a mid-sized U.S. based cyber security company for \$1,000,000. The Company will continue to support its existing customer and receive revenue from the TLS agreement. The TLS technology product enhances network traffic security and visibility, primarily benefiting cybersecurity and application monitoring manufacturers.

Powering both these solutions is Nubeva's proprietary and patented Session Key Intercept (“SKI”) technology. SKI facilitates the discovery and duplication of the cryptographic keys employed during network traffic or file encryption. With access to these encryption keys, decryption becomes not only viable but also swift, straightforward, and exceptionally effective.

In Q3'21, we discerned that the SKI technology, initially tailored for TLS/SSL network traffic decryption, possessed the potential to address the burgeoning global ransomware crisis. It's important to note that early 2022 observed a transient dip in ransomware incidents, largely due to geopolitical disturbances such as the Ukraine/Russia conflict. However, this lull proved ephemeral. By late 2022, leading cybersecurity and cyber insurance agencies noted a resurgent spike in ransomware attacks, a trend persevering well into 2024. Some estimates even project a staggering 50% year-on-year increase in such attacks. Worryingly, these figures persist despite global investments forecasted to exceed \$180 billion in advanced information security and risk management products, according to Gartner. This vast financial commitment underlines a glaring reality: conventional solutions, while indispensable, are failing to counter the escalating threat of ransomware adequately.

This overarching issue is unequivocal: the prevalence, financial implications, and operational ramifications of ransomware attacks are escalating. Underscoring this is the fact that ransomware persistently exploits vulnerabilities in mainstream solutions, reinforcing its standing as a lucrative criminal enterprise.

RANSOMWARE SOLUTION

The Growing Ransomware Crisis

Ransomware isn't just a cyber threat – it's a global crisis. While the concept of holding something for ransom isn't new in the realm of security and law enforcement, the digital variant, known as crypto-ransomware, has evolved. This malicious software encrypts data files on a computer, essentially holding them hostage. The victims are typically forced to pay in cryptocurrencies like Bitcoin to receive the keys for unlocking their files.

Over the past few years, ransomware "gangs" have fine-tuned their tactics, capitalizing on extended operational outages to demand higher ransoms. Payments have surged tenfold in three years, but the actual cost to organizations is even greater, often exceeding ten times the ransom amount when considering recovery, operational disruptions, lost customers, and reputational damage. For example, it is reported that ransomware attacks on the global finance sector have cost \$32.3 billion in downtime alone since 2018. With its lucrative nature and the veil of anonymity provided by cryptocurrencies, ransomware is quickly becoming a multi-billion-dollar industry. Both law enforcement and cybersecurity experts predict a steep rise in such attacks over the next 3 to 5 years.

Existing Solutions Fall Short

The primary defenses against ransomware can be broadly categorized into two: cybersecurity measures and backup-recovery systems. Even with consistent advancements and increased investments in these areas, the ransomware menace continues to expand. This mirrors the age-old struggle against cyber adversaries: for every defense developed, they find new vulnerabilities to exploit. The sheer variety of attack surfaces, vectors, and continually evolving methods, combined with the ever-expanding roster of threat actors, presents a colossal challenge. Furthermore, many entities lack the resources – both in terms of budget and expertise – to harness these defenses effectively, leaving businesses, governments, vital local infrastructure, and educational institutions vulnerable. Backup systems, though crucial, often fail to provide real-time protection. Modern ransomware strains can also compromise or corrupt backups, causing data loss and extending recovery times, sometimes spanning months.

Introducing Nubeva Ransomware Reversal: A Game-Changer

Nubeva offers a fresh paradigm in the ransomware counteraction space. Instead of solely focusing on preventing breaches – an approach that has shown its limitations – Nubeva's Ransomware Reversal prepares for when breaches do occur, providing a swift and cost-effective recovery mechanism. The premise is straightforward: minimize both the risks and costs linked to ransomware incursions.

This groundbreaking solution comprises lightweight endpoint software that can be installed across servers, desktops, and laptops. Upon the activation of ransomware and the ensuing encryption of files, Nubeva's software proactively captures copies of the encryption keys. In the aftermath of an attack, Nubeva collaborates with incident response teams, leveraging these keys to decrypt and restore the compromised data. Its modern, cloud-centric architecture ensures that the Ransomware Reversal solution is easy to implement, manage, and can scale from small to vast environments.

Pricing and Revenue Model

At Nubeva, we've tailored our pricing model to resemble that of insurance, reflecting our core value proposition as a groundbreaking digital disaster recovery solution. Recognizing the diverse needs of our clientele, our flexible pricing structure is designed to accommodate the varying risk profiles and budgetary constraints of different organizations.

Three-Tiered Pricing Structure for End-Users

Zero Deductible Plan: Tailored for organizations that prioritize peace of mind, this plan ensures no additional decryption fees in the unfortunate event of a ransomware attack. After an annual subscription fee, determined by the number of computers within the organization, data decryption is offered at zero additional cost.

Low Deductible Plan: With a reduced annual subscription fee, this option caters to businesses willing to bear a nominal risk. Should they become victims of ransomware, a moderate decryption fee applies.

High Deductible Plan: This plan is geared towards entities with a higher risk tolerance, offering the most economical annual subscription. However, a higher decryption fee is levied if data recovery becomes necessary after a ransomware attack.

Special Provisions for Managed Security Service Providers (MSSPs)

MSSPs benefit from attractive resale discounts, enhancing their profit margins. Additionally, by aggregating customer volume, MSSPs can unlock further discounts, amplifying their incentives to partner with Nubeva.

Custom Pricing Models

Understanding that one size doesn't fit all, Nubeva offers tailored pricing models to cater to niche markets, especially within the OEM and Insurance sectors. This ensures we're equipped to create bespoke solutions that align with specific industry needs, reinforcing our commitment to flexibility and customer satisfaction. All our plans ensure a steady stream of annual recurring revenue for Nubeva. We are dedicated to forging long-term customer relationships, consistently safeguarding against the multifaceted threats posed by ransomware. Through our diverse pricing options, organizations can seamlessly select a plan that resonates with their risk appetite and budget, thereby guaranteeing optimal protection in an ever-evolving cyber threat landscape.

TLS SOLUTION: Mastering the Dual Demands of Security and Visibility

On March 4, 2024, the Company sold its TLS technology to a mid-sized U.S. based cyber security company for \$1,000,000. The Company continues to support its existing customer and receive the revenue from that TLS agreement.

The Imperative of Network Traffic Inspection

Modern enterprises and service providers recognize the criticality of inspecting and monitoring their network traffic. Whether the communication spans applications, data centers, clouds, the internet, or end-users and their devices, there's a dual demand: cybersecurity vigilance and application performance monitoring. The essence lies in discerning the nuances of connection flows and the exact data transmitted to identify potential cyber threats and address application performance issues.

Traditional Decryption's Diminishing Returns

Historically, providers of security and application inspection services depended on three decryption methods. Passive Intercept, once a go-to method, has been rendered obsolete with TLS 1.3. The remaining duo, Man-in-the-Middle and Reverse-Proxy based decryption, are grappling with an ever-growing list of undecryptable traffic and mounting operational challenges, largely because of evolving computer, network, and security architectures.

For enterprises, the implications are daunting: reduced visibility equates to heightened risks, necessitating additional compensatory controls and systems. For solution manufacturers and providers, the direct consequence is a diminishing product capability, which hampers sales, augments friction in deployment, and curtails market opportunity.

Nubeva's Breakthrough: The Session Key Intercept (SKI) Technology

In June 2019, Nubeva unveiled its revolutionary Session Key Intercept (SKI) technology, designed to modernize decryption solutions. At its essence, SKI is a patented software marvel capable of extracting individual TLS session encryption keys from computer systems in real-time. These keys enable authorized systems to decrypt TLS, paving the way for comprehensive network traffic inspection. Remarkably, SKI accomplishes this without altering the traffic, adjusting protocols, tampering with the connection, or accessing the ultra-secret master server security keys and certificates. SKI's reliability, minimal disruptiveness, efficient resource utilization, superior performance, and heightened security make it a marked improvement over traditional methods. It's adaptable to virtually all computing environments, from private data centers and public clouds to the broader internet.

Revenue Stream: Customized Licensing for a Tailored Solution

Nubeva's TLS technology adopts a developer's toolkit model. This flexibility enables our client to customize solutions, either as standalone applications or as enhancements integrated into existing products.

Effective March 4, 2024, the Company will only receive TLS revenue from its existing customer as a result of the sale of the TLS Technology to a U.S. based cyber security company for \$1,000,000.

3. Overall Performance

During the three months ended July 31, 2024, and to the date of this MD&A, in addition to continuing to provide critical updates for existing applications, Nubeva focused on its next major development with the introduction of SKI for ransomware. The Company officially launched this product in late January 2022 with its first customer installation and began early-adopter marketing and sales of the product. The goal through the coming year is to iterate on, and fine tune the product-market fit in terms of use-cases, packaging, pricing, industries, and sectors, as well as sales and marketing tactics and programs that are the most efficient. The objective is to continue to resolve towards low-friction, low-cost, accelerating sales.

Our R&D efforts continue on the ransomware solution with priorities on product stability and troubleshooting capabilities, and on the overall coverage and effectiveness of top ransomware variants. This work will likely continue for the foreseeable future. The Company continues to support its TLS product for an existing customer after it sold the TLS asset for \$1,000,000 to a mid-sized U.S. based cyber security company on March 4, 2024.

When hit by ransomware, the top priority is getting systems back online. That's where Nubeva's primary value lies; we specialize in decrypting ransomware by capturing encryption keys, which is the hardest part of the process and something we've mastered. With those keys, our expert team builds decryptors, and we continue to add to our growing library. But our vision has always been that when a customer is hit with a new variant, we build and deliver a custom decryptor within an hour.

Nubeva's patent-pending technology uses a private, cryptographically trained AI engine to analyze sample encrypted data using the captured keys to determine the appropriate decryption methods and mechanisms. The technology can then write the decryptor software, test kits, and documentation to dramatically improve the efficiency of creating decryptors for novel ransomware variants. By drastically reducing the time and expertise required to develop these critical tools, Nubeva aims to provide quicker recovery solutions for affected organizations. The Company expects to begin deploying this cutting-edge technology in production later this year.

By leveraging AI, we're enhancing a process we've already mastered, speeding up the creation of crucial decryptors. This innovation provides further confidence to our customers and reduces the time and expertise required as threat actors continue to evolve.

During the three months ended July 31, 2024, the Company recognized a net loss of \$80,921 (2023 - income of \$126,161).

The Company received \$337,624 in revenue from licensing, subscription, maintenance and support services of its ransomware solution products in the three month period ended July 31, 2024.

On June 3, 2024, the Company received \$327,170 from the Australian Taxation Office for eligible research and development tax credits.

The Company's Board of Directors approved a \$110,000 performance bonus for the Company's President and CEO on June 10, 2024.

On June 21, 2024, 14,770,967 restricted voting common shares were converted into voting common shares on a one for one basis.

Financing

- **During the three months ended July 31, 2024**, the Company received \$12,383 from the exercise of 60,493 options with a December 9, 2030 expiry date. The fair value of \$9,729 for the exercised options was transferred from share-based payments reserve to share capital.

4. Summary of Quarterly Results

Income Statement Data	Three months ended July 31, 2024	Three months ended July 31, 2023
Revenue	\$ 337,624	\$ 1,053,846
Expenses	(446,353)	(1,031,962)
Other Items		
Interest and other income	45,663	44,630
Accretion and interest expense	(895)	(1,711)
Foreign exchange loss	-	(3,845)
Government assistance	26,577	65,192
Gain on investment	113	11
Net income (loss)	(37,271)	126,161
Income tax expense	(43,650)	-
Net income (loss) for the period	(80,921)	126,161
Foreign currency translation adjustment	5,401	(9,589)
Total comprehensive income (loss) for the period	\$ (75,520)	\$ 116,572
Income (loss) per share – basic and fully diluted	\$ (0.00)	\$ 0.00
Weighted average number of common shares - basic	70,090,418	68,152,947

During the three months ended July 31, 2024, total expenses were \$446,353 compared to \$1,031,962 in the three months ended July 31, 2023. Expenses included a non-cash charge of \$10,184 (2023 - \$308,390) for share-based compensation. After deducting non-cash share-based compensation, expenses totaled \$436,169 (2023 - \$723,572) representing a \$287,403 (40%) decrease compared to 2023.

	Period ended July 31, 2024	Period ended July 31, 2023
Software licenses and royalties	\$ 76,589	\$ 83,057
Support and maintenance	225,000	12,431
Subscriptions	36,035	958,358
Totals	\$ 337,624	\$ 1,053,846

Revenue

The Company's total revenue for the three months ended July 31, 2024, was \$337,624 (2023 - \$1,053,846). The Company had a breakthrough development in the 2022 calendar year due to the successful launch of Ransomware Reversal software which created a significant stream of revenue from sales and marketing to end-users' organizations and managing security service providers.

Support and maintenance revenue in the three months ended July 31, 2024, was 67% (2023 – 1%) of total revenue and received from the Company's sole remaining TLS technology customer.

Software licenses and royalties were 23% (2023 – 8%) of revenue in the three month period ended July 31, 2024. The software licenses and royalties revenue in 2024 was primarily attributed to the sale of Ransomware Reversal to a new customer. Ransomware Reversal was also the main contributor to software licenses and royalties revenue in 2023.

Throughout the three months ended July 31, 2024, 10% (2023 – 91%) of revenues were in the form of subscriptions. The subscriptions in 2024 and 2023 were attributed to Ransomware Reversal. During the quarter ended October 31, 2023, Kroll, LLC terminated its relationship with the Company in respect of all cases. Up until that point, subscription revenue for Ransomware Reversal was primarily attributed to the Kroll agreement, hence subscription revenue has significantly declined in the current reporting period.

Expenses

Nubeva's costs related to the revenue from licenses, royalties, support and maintenance were expensed in the period in which they were incurred as research and development, as they were not reliably measurable.

Total expenses of \$446,353 for the three months ended July 31, 2024, decreased by 57% compared to \$1,031,962 in the three months ended July 31, 2023. The 2024 decrease in expenses was comprised of a 33% decrease in research and development expenses, a 97% decrease in share-based compensation, a 96% decrease in sales and marketing expense, and a 20% increase in general and administrative expense in comparison to 2023 expenses.

5. Future Plans and Outlook

Nubeva's Strategic Progression for Market Penetration:

Nubeva's rollout of the Ransomware Reversal solution aligns with a systematic phased progression:

1. Direct Engagement with End-User Companies: Initial adoption by businesses of various sizes to refine and demonstrate product efficacy.
2. Partnerships with MSSPs and IR Firms: Leverage their networks for broader market reach and accelerated adoption.
3. Collaboration with Cybersecurity Solution Manufacturers: Enhance their offerings with Nubeva's proven solution.
4. Integration with Cyber Insurance Providers: To offer a fortified risk mitigation framework in the evolving digital landscape.

Market Dynamics and Adoption:

- Management recognizes the Ransomware Reversal solution as the cornerstone of Nubeva's growth potential, backed by the increasing severity and frequency of ransomware attacks.
- An anticipated shift in target demographics will see not only high-value targets but also small to mid-sized entities becoming prone to ransomware attacks.
- With continual software enhancements, Nubeva's focus remains on refining its market strategy for optimized adoption, revenue generation, and profitability.
- The adoption timeline is projected as follows: continue maintaining small to mid-sized end-users, followed by entering into agreements with larger entities in which the Company has the capability to support, then expand operating system targets to include OSX and Linux as required by larger companies, apply for patents related to using AI for Ransomware Reversal and Ransomware Key Acquisition, and lastly leverage AI to significantly automate the bring up and support of new and existing customers.
- Considering the prevailing urgency of ransomware threats and the streamlined nature of Nubeva's solution, we believe our adoption rates can outpace the typical 6 to 9 months cycle of enterprise software sales.

Sustaining the TLS Customer Base:

On March 4, 2024, the Company completed the sale of its TLS Technology for \$1,000,000. The Company will continue to support its sole existing customer and retains the right to receive revenue from that TLS agreement.

Nubeva remains committed to its TLS client but given that the asset has been sold we will not continue to expand the sales and marketing for TLS.

In conclusion, Nubeva's journey is a blend of innovative solutions, strategic market penetration, and prudent financial management. As ransomware threats evolve, so does our commitment to safeguarding the digital realm.

6. Results of Operations

The Company's comprehensive loss for the three months ended July 31, 2024 ("2024") was \$75,520, compared to a comprehensive income of \$116,572 during the three months ended July 31, 2023 ("2023").

During the three months ended July 31, 2024, the Company incurred total expenses of \$446,353 (2023 - \$1,031,962). The 57% decrease of total expenses in 2024 compared to 2023 was comprised of a 33% decrease in research and development expenses, a 97% decrease in share-based compensation, a 96% decrease in sales and marketing expense, and a 20% increase in general and administrative expense.

General and administrative expense

General and administrative expenses increased \$34,702 (20%), from \$172,425 in 2023, to \$207,127 in 2024. The 2024 expenses are mainly attributed to the CEO's one-time travel expenditures to Australia to attend business meetings for the Company's Australian subsidiary.

Research and development expense

Research and development costs for the three months ended July 31, 2024, were \$219,168 (2023 - \$329,343), representing a 33% decrease. Research and development costs in 2024 are primarily comprised of \$199,752 in salaries and superannuation related to the development of Ransomware Reversal software and utilization of Artificial Intelligence. Salaries expense includes a \$110,000 performance bonus paid to the Company's President and CEO, which was approved by the Board of Directors on June 10, 2024.

Sales and marketing expense

Sales and marketing expenses decreased \$211,930 (96%) from \$221,804 in 2023, to \$9,874 in 2024. The decrease was mainly attributed to the resignation of personnel who worked on export marketing in the comparative 2023 period.

Share-based compensation expense

Share-based compensation expense in 2024 decreased 97% compared to 2023. The decrease is attributable to the cancellation and forfeiture of numerous stock options and no stock options being granted in 2024.

Other items

During the quarter ended July 31, 2024, the Company's other items were primarily comprised of:

- reported government assistance of \$26,577 (2023 - \$65,192) in connection to research and development tax credits in Australia;
- reported interest and other income of \$45,663 (2023 – \$44,630) primarily attributed to interest or gain earned in the Company's money market funds; and
- reported accretion and interest expense of \$895 (2023 - \$1,711) to adjust the valuation of all loans to fair market value.

7. Summary of Quarterly Highlights

For the quarters ended:

	July 31, 2024	April 30, 2024	January 31, 2024	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023 (Restated)	October 31, 2022 (Restated)
Revenue	\$ 337,624	\$ 167,695	\$ 148,301	\$ 419,141	\$ 1,053,846	\$ 934,963	\$ 971,277	\$ 87,779
Total expenses	446,353	503,556	519,900	1,005,916	1,031,962	1,346,354	1,006,214	954,688
Other gain	71,458	1,075,301	89,917	154,798	104,277	300,485	139,361	60,120
Total comprehensive income (loss)	\$ (75,520)	\$ 473,546	\$ (156,746)	\$ (478,139)	\$ 116,572	\$ (137,215)	\$ 163,073	\$ (833,373)

Due to the nature of enterprise sales, Nubeva expects that revenue will vary materially, from period to period. Revenue reported each quarter represents contracts for which performance obligations have been met by the Company. Nubeva's contracts may contain multiple performance obligations, in which case Nubeva allocates the contract price to each performance obligation.

There are no known trends or seasonal impacts on the Company's business although it is anticipated that ransomware targets will continue to increase, thereby driving the demand for Nubeva's product solutions.

8. Summary of Financial Position

The Company's financial position as at July 31, 2024, compared with the Company's financial position as at July 31, 2023, is as follows:

Balance Sheet Data	July 31, 2024	April 30, 2024
Current assets	\$ 4,278,953	\$ 4,441,645
Non-current assets	\$ 8,405	\$ 5,966
Current liabilities	\$ 506,393	\$ 595,442
Long-term debt	\$ 11,335	\$ 29,586
Accumulated deficit	\$ (17,704,093)	\$ (17,785,035)
Total Equity	\$ 3,769,630	\$ 3,822,583

Current assets as at July 31, 2024, decreased by \$162,692 since April 30, 2024. The decrease is comprised of a \$345,307 increase in cash and cash equivalents, a \$299,890 decrease in tax credit receivable, a \$191,970 decrease in accounts receivable, and a \$16,139 decrease in prepaid expenses and deposits.

Current liabilities decreased by \$89,049 as at July 31, 2024, compared to April 30, 2024. The decrease in current liabilities is comprised of a \$25,013 decrease in accounts payable and accrued liabilities, a \$103,745 decrease in deferred revenue, a \$43,412 increase in income tax payable and a \$3,703 decrease in term loans payable.

Cash and marketable securities as at July 31, 2024, and 2023, are as follows:

Cash and marketable securities	July 31, 2024	April 30, 2024
Cash	\$ 675,056	\$ 224,572
Money market funds	\$ 3,310,017	\$ 3,415,194
Total	\$ 3,985,073	\$ 3,639,766

Liquidity and Capital Resources

On July 31, 2024, Nubeva had working capital of \$3,772,560 (April 30, 2024 – \$3,846,203). As a result of the Ransomware Reversal sales, the Company has sufficient working capital for the foreseeable future.

As of July 31, 2024, Nubeva had cash and cash equivalents of \$3,985,073 (April 30, 2024 - \$3,639,766), representing a \$345,307 increase. Operating activities provided \$354,069 (2023 – \$650,130) cash during the three months ended July 31, 2024.

During the three months ended July 31, 2024, the Company received \$12,383 (2023 - \$3,783) from the exercise of 60,493 (2023 – 100,000) options.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As of July 31, 2024, Nubeva has an accumulated deficit of \$17,704,093 (April 30, 2024 - \$17,785,035).

9. Related Party Transactions

Key management personnel include people having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Key management personnel comprise of the members of the Company's Board of Directors, and corporate officers.

The following amounts, included in accounts payable and accrued liabilities, are payable to related parties as at July 31, 2024 and April 30, 2024:

		July 31, 2024	April 30, 2024
Expenses incurred on behalf of Company	\$	3,595	\$ 6,066
Consulting		19,234	6,882
	\$	22,829	\$ 12,948

The amounts payable to related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

Key Management Compensation

The Company reported the following expenses from transactions with directors, officers, and companies controlled by them, during the three months ended July 31, 2024 and 2023:

		Three months ended July 31,	
		2024	2023
Salary	\$	178,804	\$ 170,135
Consulting		38,617	38,954
Board services		27,380	15,000
Share-based compensation		7,026	250,043
	\$	251,827	\$ 474,132

10. Off-Balance Sheet Arrangements

As of July 31, 2024, Nubeva did not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Nubeva, including, and without limitation, such considerations as liquidity and capital resources.

11. Material Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of Nubeva and its wholly owned subsidiaries, Nubeva Pty Ltd. and Nubeva, Inc. All inter-company accounts and transactions have been eliminated in preparing the consolidated financial statements.

The accounting policies set out in Note 3 of the audited consolidated financial statements for the year ended April 30, 2024, have been applied consistently to all periods presented in the Company's condensed interim consolidated financial statements for the three months ended July 31, 2024.

Revenue Recognition

The Company primarily derives revenue from the provision of cloud-based security software and services, as well as professional services associated with customizing its products. Software revenue includes licenses derived from software and software services.

The Company adopted IFRS 15 – Revenue from Contracts with Customers as of May 1, 2017, prior to its required adoption date for reporting periods beginning on or after January 1, 2018. IFRS 15 provides a single principle-based framework to be applied to all contracts with customers. Revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when a customer has the ability to direct the use of and obtain the benefits of the goods or services. The framework has five steps for determination of revenue recognition:

- (1) There is a contract with a customer, and it is probable that future economic benefits will flow to the Company;
- (2) The contractual performance obligations have been met by the Company;
- (3) The transaction price is determined;
- (4) The transaction price is allocated to performance obligations in the contract. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price; and
- (5) A performance obligation has been satisfied by transferring the contracted service to a customer.

We generate revenue from several sources:

- i Software Licenses. Revenue from software licenses with no further obligations to the Company are recognized upon transfer of the software.
- ii Support and maintenance. Revenue from support and maintenance arrangements is recognized over the contract term, commencing when the software is available for use.
- iii Professional and customization services. Revenue from professional and customization services is recognized as earned, based on performance according to specific terms of the contract, or on the basis of the percentage of completion method where the revenue is reconcilable to services performed as a proportion of total services to be completed.
- iv Subscriptions. Revenue from subscriptions to access the Company's software over a period of time, along with associated support, is generally recognized over the contractual period on a straight-line basis.
- v Multiple services. Elements of contracts with customers that contain multiple services consisting of: (i) software licenses (ii) subscriptions, (iii) support and maintenance, and (iv) professional and other services, that are distinct are accounted for separately. The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price ("SSP") basis. The Company determines SSP based on overall pricing objectives, taking into consideration the type of support and maintenance services and professional and other services, the geographical region of the customer and the number of users.

Foreseeable losses, if any, are recognized in the period in which the loss is determined. Payment received in advance of revenue recognition is recorded as deferred revenue.

Research and Development

Nubeva engages in research and development activities. Research costs are expensed as incurred. Product development costs are expensed in the period incurred unless the costs meet the criteria for deferral and amortization.

Nubeva is eligible to receive tax credits from its eligible research and development expenditures. Nubeva 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. As of July 31, 2024, Nubeva had estimated tax credits receivable of \$207,922 (April 30, 2024 - \$507,812).

Share-Based Payments

The Company has reserved 13,600,000 (April 30, 2024 – 13,600,000) common shares for issuance under all share compensation arrangements. At July 31, 2024, the Company has reserved 13,500,000 common shares for issuance under the Company's Fixed Share Option Plan, and 100,000 common shares for issuance under the Company's Restricted Share Unit Plan.

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

The fair value of options, as determined using the Black-Scholes Option Pricing Model or the Monte Carlo simulation utilizing Geometric Brownian Motion. These valuation methods incorporate all market vesting conditions, and the fair value of the options are expensed in profit or loss. The corresponding amount is recorded to share-based payment reserve. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

RSUs are equity settled only and may be granted to directors, consultants, officers, and employees of the Company. Compensation expense is recognized based on the share price of the Company's common shares on the grant date multiplied by the number of RSUs expected to vest and recognized ratably over the vesting period, with a corresponding credit to contributed surplus. Upon settlement of RSUs contributed surplus is reallocated to equity. Adjustments to the number of RSUs expected to vest are recognized in the current period.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The expense relating to any provision is presented in profit or loss net of any reimbursement. Provisions are discounted using a current risk-free pre-tax rate that reflects where appropriate the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Foreign Currencies

The Company's functional currency is Canadian dollars and its reporting currency is United States dollars. The functional currency of the Company's subsidiary, Nubeva, Inc. is United States dollars, and of its Australian Subsidiary, Nubeva Pty Ltd., is Australian dollars.

For the purposes of presenting consolidated financial statements, the assets and liabilities of Nubeva's Australian operations and Canadian operations are translated into United States dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and loss and accumulated in equity.

Earnings or Loss Per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated using the treasury share method whereby all "in the money" options, warrants and equivalents are assumed to have been exercised at the beginning of the period and the proceeds from the exercise are assumed to have been used to purchase common shares at the average market price during the period.

Comprehensive Income or Loss

Nubeva reports comprehensive income or loss in its consolidated financial statements. In addition to items included in net income or loss, comprehensive income or loss includes items charged or credited directly to stockholders' equity, such as foreign currency translation adjustments.

12. Accounting Standards and Amendments Issued but Not Yet Adopted

Other 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 consolidated financial statements.

13. Share Capital

As of the date of this MD&A the Company had the following outstanding securities:

- (i) 70,173,783 common shares issued and fully paid.
- (ii) 4,268,159 stock options with a weighted average exercise price of CAD\$0.77; and
- (iii) 2,158,572 share purchase warrants with a weighted average exercise price of CAD\$1.56.

Share-based compensation – Black-Scholes Option Pricing Model

During the three months ended July 31, 2024, the Company granted Nil (2023 – 200,000) stock options to a consultant. The fair value of the options granted was estimated to be Nil (2023 - \$55,633) using the assumptions below. The options granted during the comparative three months ended July 31, 2023, vested over one year with an exercise price of CAD\$1.00.

	Period ended July 31, 2024	Period ended July 31, 2023
Expected life of options	-	1 year
Annualized volatility	-	84.38%
Risk-free interest rate	-	5.26%
Dividend rate	-	-

During the three months ended July 31, 2024, the Company received \$12,383 (2023 - \$3,783) from the exercise of 60,493 options (2023 - 100,000 options). The fair value of \$9,729 (2023 - \$866) for the exercised options was transferred from share-based payments reserve to share capital.

Of the options issued under the Black-Scholes Option Pricing Model 829,972 (2023 – 175,000) stock options that were cancelled or forfeited with exercise prices ranging from CAD\$0.25 to CAD\$0.68 (2023 – CAD\$1.15) per share during the three months ended July 31, 2024. The Company transferred the \$161,863 (2023 - \$29,595) fair value of the cancelled or forfeited stock options from share-based payment reserve to the deficit.

Share-based compensation of \$8,088 (2023 - \$130,236) using the Black-Scholes Option Pricing Model (excluding the vested options using the Monte Carlo Method) was recorded on vested options during the three months ended July 31, 2024.

Share-based compensation – Monte Carlo Method

During the three months ended July 31, 2024, the Company recognized \$2,096 (2023 - \$178,154) of the share-based compensation as calculated using the Monte Carlo simulation method.

Subsequent events

Expired warrants

On September 16, 2024, 327,500 warrants exercisable at CAD\$1.25 expired unexercised.

Exercised stock options

On September 17, 2024, the Company issued 64,297 common shares pursuant to the cashless exercise of 77,419 stock options.

Granted stock options

On September 26, 2024, the Company granted 30,000 stock options to a consultant which are exercisable at CAD\$0.27 per share until September 26, 2029.

14. Risk Factors

Going Concern Assumption

The consolidated financial statements of Nubeva have been prepared in accordance with IFRS on a going concern basis, which presumes that Nubeva will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Nubeva's continuation as a "going concern" is uncertain and is dependent upon, amongst other things, attaining a satisfactory revenue level, the support of its customers, its ability to continue profitable operations, the generation of cash from operations, and its ability to obtain financing arrangements and capital in the future. These material uncertainties represent risks to Nubeva's ability to continue as a going concern and realize its assets and pay its liabilities as they become due. If the "going concern" assumption was not appropriate for the consolidated financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

Access to Capital

From time to time, Nubeva may need additional financing, including funding potential acquisitions. The Company's ability to obtain additional financing, if and when required, will depend on investor demand, Nubeva's operating performance, the condition of the capital markets, and other factors. To the extent Nubeva draws on its credit facilities, if any, to fund certain obligations, it may need to raise additional funds and Nubeva cannot provide assurance that additional financing will be available to it on favorable terms when required, or at all. If Nubeva raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences, or privileges senior to the rights of Nubeva's common shares, and existing shareholders may experience dilution.

Key Personnel

Nubeva currently depends on the continued services and performance of its key personnel, including its executive officers. The loss of key personnel could disrupt Nubeva's operations and have an adverse effect on its business and financial results.

As Nubeva continues to grow, it cannot guarantee that it will continue to attract the personnel it needs to maintain its competitive position. As Nubeva grows and scales its business, the total cash and equity compensation structure necessary to retain and attract and retain key personnel may have to change to be in line with market rates for the verticals in which Nubeva competes. If Nubeva does not succeed in attracting, hiring, and integrating key personnel with industry-specific experience, or retaining and motivating existing personnel, it may be unable to grow effectively.

Intellectual Property

Nubeva's software is proprietary. Nubeva's strategy is to rely on a combination of copyright, patent, trademark and trade secret laws in the United States and other jurisdictions, and to rely on license and confidentiality agreements and software security measures to further protect its proprietary technology and brand. Nubeva has obtained or applied for patent protection with respect to some of its intellectual property, but generally does not rely on patents as a principal means of protecting its intellectual property. Nubeva has registered or applied to register some of its trademarks in the United States and in selected other countries. Nubeva generally enters into non-disclosure agreements with its employees and customers, and historically has restricted third-party access to its software and source code, which it regards as proprietary information.

The steps Nubeva has taken to protect its proprietary rights may not be adequate to avoid the misappropriation of its technology or independent development by others of technologies that may be considered a competitor. Nubeva's intellectual property rights may expire or be challenged, invalidated, or infringed upon by third parties or it may be unable to maintain, renew or enter into new licenses on commercially reasonable terms. Any misappropriation of Nubeva's technology or development of competitive technologies could harm its business and could diminish or cause it to lose the competitive advantages associated with its proprietary technology and could subject it to substantial costs in protecting and enforcing its intellectual property rights, and/or temporarily or permanently disrupt its sales and marketing of the affected products or services. The laws of some countries in which Nubeva's products are licensed do not protect its intellectual property rights to the same extent as the laws of the United States. Moreover, in some non-U.S. countries, laws affecting intellectual property rights are uncertain in their application, which can affect the scope of enforceability of Nubeva's intellectual property rights.

Risk of cyber-attack

Nubeva devotes significant resources to continually updating its software and developing new products, and its financial performance is dependent in part upon its ability to bring new products and services to market. Nubeva's customers use its software to monitor their assets and rely on Nubeva to provide updates and releases as part of its software maintenance and support services. The security of Nubeva's information technology environment is therefore important to its research and development initiatives, and an important consideration in its customers' purchasing decisions. If the security of Nubeva's systems is impaired, its development initiatives might be disrupted, and it might be unable to provide service. Nubeva's customer relationships might deteriorate, its reputation in the industry could be harmed, and it could be subject to liability claims. This could reduce Nubeva's revenues, and expose it to significant costs to detect, correct and avoid any breach of security and to defend any claims against it.

Licensing from third parties

Nubeva occasionally licenses technology, including software and related intellectual property, from third parties for use in its products and may be required to license additional intellectual property. There are no assurances that Nubeva will be able to maintain its third-party licenses or obtain new licenses when required on commercially reasonable terms, or at all.

Information technology systems

Nubeva's operations depend in part upon IT systems. Nubeva's IT systems are subject to disruption, damage, or failure from many sources, including computer viruses, security breaches, natural disasters, power loss, and defects in design. To date, Nubeva has not experienced any material losses relating to IT system disruptions, damage or failure, but there are no assurances that it will not incur such losses in the future. Any of these and other events could result in IT systems failures, operational delays, production downtimes, destruction or corruption of data, security breaches, or other manipulation or improper use of Nubeva's systems and networks.

Nubeva's products are highly technical and complex

Nubeva's products may now or in the future contain undetected errors, bugs, or vulnerabilities. Some errors in Nubeva's products may only be discovered after they have been released. Any errors, bugs, or vulnerabilities discovered in Nubeva's products after release could result in damage to Nubeva's reputation, loss of users, loss of revenue, or liability for damages, any of which could adversely affect Nubeva's business and financial results.

If Nubeva's products are unable to work with devices, platforms or interfaces to deliver targeted user experiences, this could adversely affect Nubeva's business and financial results.

Nubeva is dependent on the interoperability of SKI with third party vendors that it does not control, such as Microsoft Azure or Amazon AWS. Any changes in such systems that degrade the functionality of Nubeva's products or give preferential treatment to competitive products could adversely affect Nubeva's business and financial results.

Reliance on third party networks

Nubeva is dependent on third party mobile networks such as those provided by major telecommunications companies to provide services. These third-party networks are controlled by third parties and are subject to compromise or failure. Extended disruptions of such networks could adversely affect Nubeva's business and financial results.

Product branding and reputation

- **Session Key Intercept (SKI) Brand Dependence:** Launched during the year ended April 30, 2020, the SKI brand plays a pivotal role in Nubeva's market standing. The Company's reputation, and consequently its success, hinges significantly on the SKI brand's perception.
- **User Referrals:** A notable portion of Nubeva's new clientele arises from referrals by existing users. Should the existing users' perception of Nubeva's products, particularly Ransomware Reversal and TLS Visibility software, decline, it could significantly impair new user acquisition.
- **Product Renewals:** The renewal of licenses and product subscriptions underpins Nubeva's revenue stream and, by extension, its sustainability. Any shortfall in renewals could jeopardize the Company's financial health.
- **Product Evolution:** Nubeva's growth trajectory depends on its ability to continually innovate and deliver reliable, cutting-edge products. Any failure to meet these demands, or the introduction of products/terms that don't resonate with the user base, could detrimentally impact the Company's business and financial outcomes.

Market Awareness and Expansion

- **Sales and Support Services:** Nubeva's forecasted business growth leans heavily on the sales and support services for Ransomware Reversal software. Any setback in these areas could impede the Company's progress.

- **Investment in Market Awareness:** As part of its growth strategy, Nubeva is channeling substantial resources into boosting the market awareness of Ransomware Reversal software and enhancing its sales and marketing outreach. However, there's inherent uncertainty in the outcomes of these efforts. Should Nubeva not succeed in amplifying its market presence or if the products fail to gain traction, the Company could face adverse financial consequences.

Competition and Market Dynamics

- **Emerging Competitors:** The technology sector, particularly cybersecurity, is characterized by rapid innovation. New competitors or breakthrough products could potentially challenge Nubeva's market position.
- **Changing Regulatory Environment:** As cybersecurity becomes a focal point globally, regulatory changes could affect how products like Ransomware Reversal and TLS Visibility software are deployed or used.

Economic conditions

One factor that significantly affects Nubeva's financial results is the impact of economic conditions on the willingness of Nubeva's current and potential customers to migrate into the cloud and invest in new or enhanced cloud security. Given the general uncertainty as to continued economic growth during the current post-recessionary global economy, Nubeva believes that customers continue to be cautious about sustained economic growth and have tried to maintain or improve profitability through cost control and constrained capital spending, which places additional pressure on departments to demonstrate acceptable return on investment. Current uncertain worldwide economic and political environments make it increasingly difficult for Nubeva, its customers and suppliers to accurately predict future product demand, which could result in an inability to satisfy demand for Nubeva's products and a loss of market share. Nubeva's revenues may decline in such circumstances and profit margins could be eroded, or Nubeva could incur significant losses.

Moreover, economic conditions worldwide may contribute to slowdowns in the markets in which Nubeva operates, resulting in reduced demand for Nubeva's solutions as a result of customers choosing to control costs and refrain from capital investments.

Continuing turmoil in the geopolitical environment in many parts of the world, including terrorist activities and military actions, as well as political and economic issues in many regions, continue to put pressure on global economic conditions. Nubeva's business and financial results and its ability to expand into other international markets may also be affected by changing economic conditions particularly germane to that sector or to particular customer markets within that sector.

Evolving domestic and foreign laws and regulations

Nubeva is subject to a variety of laws and regulations in Canada, the United States, and abroad that involve matters central to its business, including user privacy, data protection, intellectual property, distribution, contracts and other communications, competition, consumer protection, crypto-currency, securities, export regulation, and taxation.

Foreign laws and regulations are often more restrictive than those in Canada or the United States. These Canadian, U.S. federal, state, and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which Nubeva operates.

Existing and proposed laws and regulations can be and may be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase Nubeva's operating costs, require significant management time and attention, and subject Nubeva to claims or other remedies, including fines or demands that Nubeva modify or cease existing business practices.

Competition

In North American and international markets, Nubeva faces competition from various types of technology businesses. Nubeva directly competes with those businesses providing cloud security platforms.

As Nubeva introduces new products and as its existing products evolve, or as other companies introduce new products and services, Nubeva may become subject to additional competition.

Some of Nubeva's current and potential competitors have significantly greater resources and hold advantageous competitive positions in certain market segments than Nubeva currently holds. These factors may allow Nubeva's competitors to respond more effectively than Nubeva to new or emerging technologies and changes in market requirements. Nubeva's competitors may develop products that are similar to Nubeva's or that achieve greater market acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies. Certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against Nubeva. As a result, Nubeva's competitors may acquire and engage users of Nubeva's current products at the expense of the growth or engagement of its user base, which could adversely affect Nubeva's business and financial results.

Reliance on Customers

Nubeva has significant customer concentration and the loss of any one customer may adversely impact its ability to attract or retain others.

Reliance on Partners

Nubeva has entered into arrangements with partners to assist with selling and marketing the products and services of Nubeva. The loss of any one partnership could have a material impact on the Company's ability to attract customers. Furthermore, Nubeva's partners may not be successful in meeting their contract terms. The failure of any one supplier to meet its commitments could have a material impact on the Company's business and financial results.

Asset Location and Legal Proceedings

Substantially all of Nubeva's assets are located outside of Canada, and therefore it may be difficult to enforce judgments obtained by Nubeva in foreign jurisdictions by Canadian courts. Similarly, to the extent that Nubeva's assets are located outside of Canada, investors may have difficulty collecting from Nubeva any judgments obtained in Canadian courts and predicated on the civil liability provisions of applicable securities legislation. Furthermore, Nubeva may be subject to legal proceedings and judgments in foreign jurisdictions.

Credit Risk

Credit risk is the risk of financial loss to Nubeva if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Nubeva's credit risk is primarily attributable to fluctuations in the realizable values of its cash and trade receivable. Cash accounts are maintained with major international financial institutions of reputable credit and therefore bear minimal credit risk. In the normal course of business, Nubeva is exposed to credit risk from its customers and the related accounts receivable are subject to normal commercial credit risks. Until Nubeva's customer base grows it is anticipated that its accounts receivable will be concentrated with a limited number of large customers all of which Nubeva believes are subject to normal industry credit risks.

Liquidity Risk

Liquidity risk is the risk that Nubeva will not be able to meet its financial obligations as they fall due. Nubeva's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Nubeva's reputation. Nubeva manages liquidity risk by closely monitoring changing conditions in its investees, participating in the day-to-day management and by forecasting cash flows from operations and anticipated investing and financing activities. As of July 31, 2024, the Company had cash and cash equivalents of \$3,985,073 (April 30, 2024 - \$3,639,766) to settle current liabilities of \$506,393 (April 30, 2024 - \$595,442).

Investment Risk

As at July 31, 2024, the Company's cash and marketable securities were comprised of cash in the amount of \$675,056 (April 30, 2024 - \$224,572), and money market funds in the amount of \$3,310,017 (April 30, 2024 - \$3,415,194).

Money market funds were comprised as follows:

- i) 9% of Goldman Financial Square Government Fund is AAA rated and seeks current income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing in U.S. Treasury Obligations, which include securities issued or guaranteed by the U.S. Treasury where the payment of principal and interest is backed by the full faith and credit of the U.S. government;
- ii) 89% of United States treasury bills is A-1+ rated and guaranteed by the U.S. Treasury where the payment of principal and interest is backed by the full faith and credit of the U.S. government; and
- iii) 2% Morgan Stanley MSBNA Preferred Savings Account insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits.

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 Goldman Financial Square Government Fund is guaranteed by the U.S. government. 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.

Foreign Currency 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 dollar, 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 July 31, 2024, the Company held financial instruments in the aggregate amount of \$16,136 (April 30, 2024 - \$3,936) 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 \$1,614 (April 30, 2024 - \$394).

As a result of the coronavirus pandemic, we have witnessed increased volatility in currencies, which may have a future impact on our operating results. Although our functional currency is United States dollars, we have operations in Canada and Australia. Increases in the Canadian and Australian dollars could result in foreign exchange losses and result in an adverse effect on our operating results.

15. Commitments

Premises Lease

Nubeva's facilities in Sydney, Australia are rented under short-term agreements. At the date of this MD&A, Nubeva has no material commitments.