



Nubeva Technologies Ltd.
(formerly Sherpa Holdings Corp.)

Consolidated Financial Statements

For the Years Ended April 30, 2018 and 2017



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nubeva Technologies Ltd. (formerly Sherpa Holdings Corp.)

We have audited the accompanying consolidated financial statements of Nubeva Technologies Ltd., which comprise the consolidated statements of financial position as at April 30, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nubeva Technologies Ltd. as at April 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DMCL"

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 30, 2018

Nubeva Technologies Ltd.
(formerly Sherpa Holdings Corp.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at April 30
(Expressed in United States Dollars)

	2018	2017
Assets		
Current assets:		
Cash	\$ 7,501,346	\$ 915,135
Accounts receivables (notes 6 and 14)	82,838	2,685
Income tax receivable	148,133	-
Prepaid expenses and deposits (note 7)	73,075	14,551
Total current assets	7,805,392	932,371
Total Assets	\$ 7,805,392	\$ 932,371
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (notes 8 and 9)	\$ 590,237	\$ 138,003
Deferred revenue (note 14)	109,750	-
Total current liabilities	699,987	138,003
Long-term debt:		
Obligation to issue preferred shares (notes 10 and 11)	-	1,525,000
Total Long-term debt	-	1,525,000
Total Liabilities	699,987	1,663,003
Shareholders' Equity (Deficiency)		
Common share capital (note 11)	12,554,932	4,000
Share-based payment reserve (note 11)	259,962	8,122
Deficit	(5,671,017)	(741,718)
Accumulated other comprehensive loss	(38,472)	(1,036)
Total Equity	7,105,405	(730,632)
Total Liabilities and Shareholders' Equity	\$ 7,805,392	\$ 932,371

Subsequent event – note 17

Approved by the directors:

_____"Randy Chou"_____

_____"Greig Bannister"_____

The accompanying notes are an integral part of these consolidated statements

Nubeva Technologies Ltd.
(formerly Sherpa Holdings Corp.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For The Years Ended April 30
(Expressed in United States Dollars)

	April 30, 2018	April 30, 2017
Revenue (note 14)	\$ 707,513	\$ -
Operating expenses:		
General and administrative (note 13)	430,977	68,454
Research and development (note 13)	1,716,540	658,814
Sales and marketing (note 13)	590,759	1,480
Share-based compensation (note 11)	231,314	8,122
Total expenses	2,969,590	736,870
Other Items		
Interest income	9,439	-
Listing expense (note 10)	(1,130,319)	-
Fair value loss on debt (note 11)	(1,451,152)	-
Foreign exchange loss	(95,190)	1,562
Net Loss	(4,929,299)	(738,432)
Other comprehensive loss		
Foreign currency translation adjustment	(37,436)	(1,036)
Total Comprehensive Loss	\$ (4,966,735)	\$ (739,468)
Loss per share – basic and diluted	\$ (0.10)	\$ (0.02)
Weighted average number of common shares outstanding	47,949,167	40,000,000

The accompanying notes are an integral part of these consolidated statements

Nubeva Technologies Ltd.
(formerly Sherpa Holdings Corp.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
For the Years Ended April 30, 2018 and 2017
(Expressed in United States Dollars)

	Share capital		Share-based payment reserves			Accumulated Other Comprehensive Loss	Total
	Common Shares	Amount	Options	Warrants	Deficit		
Balance April 30, 2016	40,000,000	\$ 4,000	\$ -	\$ -	\$ (3,286)	\$ -	\$ 714
Share- based compensation (note 11)	-	-	8,122	-	-	-	8,122
Other comprehensive loss	-	-	-	-	-	(1,036)	(1,036)
Net loss for the year	-	-	-	-	(738,432)	-	(738,432)
Balance April 30, 2017	40,000,000	4,000	8,122	-	(741,718)	(1,036)	(730,632)
Share- based compensation (note 11)	-	-	143,345	87,969	-	-	231,314
Reduction of shares due to reverse acquisition (note 10)	(9,032,257)	-	-	-	-	-	-
Options exercised (note 11)	286,452	136,263	(59,101)	-	-	-	77,162
Issued for cash, net (note 11)	19,355	12,000	-	-	-	-	12,000
Issued for cash, net (notes 10 and 11)	13,032,284	7,007,840	-	272,512	-	-	7,280,352
Warrants exercised (note 11)	804,357	755,194	-	(283,381)	-	-	471,813
Issued on conversion of SAFE Agreements (note 11)	6,117,607	3,701,152	-	-	-	-	3,701,152
Reverse acquisition (note 10)	1,551,100	938,483	63,457	27,039	-	-	1,028,979
Other comprehensive loss	-	-	-	-	-	(37,436)	(37,436)
Net loss for the year	-	-	-	-	(4,929,299)	-	(4,929,299)
Balance April 30, 2018	52,778,898	\$ 12,554,932	\$ 155,823	\$ 104,139	\$ (5,671,017)	\$ (38,472)	\$ 7,105,405

The accompanying notes are an integral part of these consolidated statements

Nubeva Technologies Ltd.
(formerly Sherpa Holdings Corp.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For The Years Ended April 30
(Expressed in United States Dollars)

	2018	2017
Operating activities:		
Net loss for the year	\$ (4,929,299)	\$ (738,432)
Items not involving cash:		
Stock based compensation	231,314	8,122
Listing expense, net of cash acquired	1,126,982	-
Fair value loss on debt	1,451,152	-
Changes in non-cash working capital items related to operations:		
Accounts receivable	(75,985)	(2,685)
Prepaid expenses	36,461	(14,551)
Income tax receivable	(148,133)	-
Accounts payable and accruals	255,786	134,717
Deferred revenue	109,750	-
Cash used for operating activities	(1,941,972)	(612,829)
Financing activities:		
Issuance of common shares (net), private placements	7,291,644	4,000
Warrants exercised	471,813	-
Options exercised	77,162	-
Obligation to issue preferred shares	725,000	1,525,000
Cash from financing activities	8,565,619	1,529,000
Effect of foreign exchange on cash	(37,436)	(1,036)
Net increase in cash	6,586,211	915,135
Cash, beginning of the year	915,135	-
Cash, end of the year	\$ 7,501,346	\$ 915,135
Non-cash transactions:		
Issuance of common shares on conversion of SAFE agreements	\$ 3,701,152	\$ -
Subscriptions for common shares included in accounts receivable	\$ 708	\$ -

The accompanying notes are an integral part of these consolidated statements

1. NATURE OF OPERATIONS

Nubeva Technologies Ltd. (formerly Sherpa Holdings Corp.) (the “Company”) 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 1080, 789 West Pender Street, Vancouver, BC, V6C 1H2.

On February 28, 2018 the Company completed a reverse acquisition transaction (the “Reverse Acquisition Transaction” or “RTO”) with Nubeva, Inc. Pursuant to the Reverse Acquisition Transaction, the Company acquired all of the issued and outstanding securities of Nubeva, Inc., whereby former Nubeva, Inc. shareholders received 0.77419 common shares of the Company for each Nubeva, Inc. common share held (note 10). The Company, with Nubeva, Inc. as its wholly owned subsidiary, will now pursue the business of Nubeva, Inc. The consolidated financial statements for the year ended April 30, 2018 include the results of operations of Nubeva, Inc. from May 1, 2017 and of the Company from February 28, 2018, the date of the RTO. The comparative figures are those of Nubeva, Inc.

Nubeva Technologies Ltd. and its subsidiaries provide cloud security solutions to enterprise customers. The Company licenses its software and provides ongoing support services to enterprise customers in the United States directly and through third party agents.

The Company’s subsidiary, Nubeva, Inc., was incorporated on March 30, 2016 and its registered office is located at 2711 Centerville Road, Suite 400, Wilmington, Newcastle, Delaware, USA. The Company’s head office is located at 75 East Santa Clara Street, San Jose, California, USA. Nubeva, Inc. has a wholly owned subsidiary, Nubeva Pty Ltd. that provides software development and support and is located at 5 Martin Place, Floor 14, Sydney, New South Wales, Australia. On April 24, 2018 the Company incorporated a subsidiary in Singapore, CBR Project PTE Ltd.

Immediately prior to closing the RTO the Company consolidated its outstanding class A shares on the basis of five old shares for each one new share (on a post-consolidation basis, the “Shares”). All of the Company’s other outstanding securities were adjusted on the same basis prior to completion of the RTO. In conjunction with the closing of the RTO, the Company has changed its name to “Nubeva Technologies Ltd.” and its trading symbol to “NBVA”.

Effective at the opening, March 7, 2018, the Company’s common shares commenced trading under the name Nubeva Technologies Ltd. The Company is classified as a technology company.

These 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 April 30, 2018, the Company had working capital of \$7,105,405 (2017 - \$794,368) and during the year ended April 30, 2018 the Company raised \$7,885,097 through a private placement. Management estimates that these funds will provide the Company with sufficient financial resources to carry out planned operations through the next twelve months.

2. STATEMENT OF COMPLIANCE

Basis of Preparation

These 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 consolidated financial statements were approved by the Board of Directors on July 29, 2018.

Basis of Consolidation

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

Nubeva Pty Ltd. registered in New South Wales, Australia.
Nubeva, Inc., registered in Delaware USA and doing business in San Jose, California.
CBR Project PTE Ltd., registered under the laws of Singapore.

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 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 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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 of 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 good or service. 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.

The Company generates revenue from several sources:

- i Subscriptions. Sales of subscriptions to access the Company's cloud platform, together with related support services to its customers. Customers are not granted the right to take control of the Company's cloud software, but they are provided with access to the Company's cloud platform over a period of time. Revenue is generally recognized over the contractual period on a straight-line

basis. The typical subscription and support term is one year, non-cancellable and is payable in advance.

- ii Software and services. Revenue from software and services arrangements is recognized over the contract term, commencing when the software is available for use. Revenue for software licenses with no further obligations to the Company are recognized upon transfer of the software.
- 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 Multiple services. Contracts with customers that contain multiple services consisting of (i) subscription and support services and (ii) professional and other services that are distinct and accounted for separately. The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price (“SSP”) basis. The Company determine SSP based on overall pricing objectives, taking into consideration the type of subscription and support services and professional and other services, the geographical region of the customer and the number of users.
- v Token sales and token pre-sales. The Company enters into agreements to issue tokens that are expected to trade on a token network outside Canada and the United States. Revenue from such contracts is recognized at such time that the consideration has been received and a benefit has been provided to the purchaser.

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

(b) Research and Development

The Company 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.

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. As at April 30, 2018 the Company has estimated tax credits receivable of \$148,133 (2017 – \$Nil).

(c) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(d) Share-Based Payments

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 granted is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to

reflect the actual number of share options that are expected to vest. The fair value of the options is charged to stock based compensation expense, with the offset credit to share-based payment reserve over the vesting period. If and when the stock options are exercised, the applicable amounts from share-based payment reserve are transferred to capital stock. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based payment reserve is transferred to retained earnings. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

The Black-Scholes Option Pricing Model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

(e) 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.

(f) Current and Deferred Income Taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous periods.

Deferred income taxes are recognized using the asset and liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, deferred income taxes are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss. Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted by reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are presented as non-current in the consolidated financial statements.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net

Nubeva Technologies Ltd. (formerly Sherpa Holdings Corp.)
Notes to the Consolidated Financial Statements
For the years ended April 30, 2018 and 2017
(Expressed in United States Dollars)

basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

(g) Foreign Currencies

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. 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, its Australian Subsidiary, Nubeva Pty Ltd., is Australian Dollars and its Singapore subsidiary, CBR Project PTE Ltd., is United States Dollars.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company and its Australian subsidiary 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 significant 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 accumulated in equity.

(h) 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.

(i) Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss (“FVTPL”), held to maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as FVTPL and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as FVTPL. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. At April 30, 2018 and 2017, the Company has no financial assets classified as FVTPL.

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. At April 30, 2018 and 2017, cash and accounts receivables are classified as loans and receivables. There were no financial assets classified as held-to maturity.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as FVTPL, held to maturity, or loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost. As at April 30, 2018 and 2017, the Company does not have any available-for-sale assets.

(j) Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss. Derivative liabilities are included in this category of financial liabilities. At April 30, 2017, the Company

classified obligation to issue preferred shares as financial liabilities measured at FVTPL. At April 30, 2018 the obligation to issue preferred shares had been settled.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. At April 30, 2018 and 2017, the Company classified accounts payable as financial liabilities measured at amortized cost.

(k) Impairment of Financial Assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is evidence that the amortized cost of an asset is greater than the present value of the asset's future cash flows discounted at the asset's original effective interest rate, the Company records an impairment loss equal to the excess.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

(l) Derecognition of Financial Assets and Liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(m) Impairment of Non-Current Financial Assets

The carrying amounts of non-current non-financial assets are reviewed and evaluated for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be

recoverable. If the recoverable amount is less than the carrying amount of the asset, an impairment loss is recognized and the asset is written down to recoverable value.

The recoverable amount is the higher of an asset's "fair value less costs of disposal" and "value-in-use". Where the asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash-generating unit to which the asset belongs is determined, with a cash-generating unit being the smallest identifiable group of assets and liabilities that generate cash inflows independent from other assets. "Fair value less costs of disposal" is determined as the amount that would be obtained from the sale of the asset or cash-generating unit in an arm's length transaction between knowledgeable and willing parties. In assessing "value-in-use", the future cash flows expected to arise from the continuing use of the asset or cash-generating unit in its present form are estimated using assumptions that an independent market participant would consider appropriate, and are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or unit.

Where conditions that gave rise to a recognized impairment loss are subsequently reversed, the amount of such reversal is recognized into earnings immediately, though is limited such that the revised carrying amount of the asset or cash-generating unit does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash generating unit in the prior period.

4. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET ADOPTED

The standards and interpretations that are issued up to the date of issuance of the Company's financial statements, but were not effective during the year ended April 30, 2018 are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. None of these are expected to have a material effect on the financial statements of the Company and the Company does not anticipate early adoption.

IFRS 9	Financial Instruments (i)
IFRS 16	Leases (ii)
i)	Effective for annual periods beginning on or after January 1, 2018
ii)	Effective for annual periods beginning on or after January 1, 2019

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 financial instruments.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment are the followings:

(a) Determination of Functional Currency

The functional currency of each of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional

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currency of its entities if there is a change in events and conditions which determine the primary economic environment.

(b) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

(c) Share-based payments

The Company records all share-based compensation using the fair value method. The Company uses the Black- Scholes option pricing model to determine the fair value of share-based compensation. This estimate also requires determining the most appropriate inputs to the valuation model. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

(d) Revenue recognition

Management applies judgment in assessing whether certain deliverables in a customer arrangement should be included or excluded from the unit of account to which the contract accounting is applied. The judgment is typically related to subscriptions, support services, and professional and other services and involves an assessment of whether the deliverable is a distinct performance obligation that provides a benefit to the customer that is not dependent upon other components of the arrangement.

6. ACCOUNTS RECEIVABLE

	April 30, 2018	April 30, 2017
Trade receivables (note 14)	\$ 77,798	\$ -
GST receivable	5,040	2,685
	\$ 82,838	\$ 2,685

7. PREPAID EXPENSES AND DEPOSITS

	April 30, 2018	April 30, 2017
Deposit and prepaid office rent	\$ 14,174	\$ 14,083
Other	58,901	468
	\$ 73,075	\$ 14,551

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2018	April 30, 2017
Accounts payable (Note 9)	\$ 333,933	\$ 138,003
Accrued liabilities	256,304	-
	\$ 590,237	\$ 138,003

9. RELATED PARTY TRANSACTIONS

The following amounts are payable to related parties as at April 30, 2018 and 2017 (note 8):

	April 30, 2018	April 30, 2017
Expenses incurred on behalf of Company	\$ 4,478	\$ 973
Consulting fees	16,466	-
Bonuses	238,485	-
Board services	10,000	-
	\$ 269,429	\$ 973

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

As at April 30, 2017, the Company had Simple Agreements for Future Equity (“SAFE”) due to Officers and Directors in the aggregate amount of \$700,000 which were converted to common shares effective February 28, 2018 in connection with the RTO (notes 10 and 11). The fair value of the shares issued on conversion of these instruments was \$1,639,355.

Subsequent to April 30, 2018 the Company agreed to pay bonuses in the aggregate amount of \$238,485 in respect to the year ended April 30, 2018 to its corporate officers, two of whom are directors.

Key Management Compensation

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company, during the year ended:

	Year ended April 30, 2018	Year ended April 30, 2017
Salary	\$ 469,073	\$ 79,597
Bonus	277,998	-
Consulting	212,678	43,426
Board services	10,000	-
Share-based compensation	88,597	1,840
	\$ 1,058,346	\$ 124,863

10. REVERSE TAKEOVER TRANSACTION

Effective February 28, 2018 the Company (formerly Sherpa Holdings Corp.) and Nubeva, Inc. entered into an agreement (the “Merger Agreement”) under which the Company acquired 100% the issued and outstanding securities of the Nubeva, Inc. resulting in an RTO, and completed a private placement of subscription receipts (the “Transaction”).

In connection with the Transaction, immediately prior to the effective date the Company consolidated its shares on the basis of one post consolidation share for each five pre-consolidation shares and adjusted its outstanding share purchase warrants and incentive stock options to reflect the consolidation. Immediately prior to completion of the Merger Agreement, the Company had 1,551,100 common shares outstanding; 133,000 incentive stock options with a strike price of CAD \$0.50 (\$0.39) per share and 67,110 common share purchase warrants with a strike price of CAD \$0.50 (\$0.39) per share. Upon completion of the Transaction, the Company changed its name from Sherpa Holdings Corp. to Nubeva Technologies Ltd. The exchange rate used to report the Transaction was 1.2809, being the exchange rate on February 28, 2018.

Effective December 20, 2017, in connection with the Transaction, Nubeva, Inc. completed a brokered private placement of subscription receipts for gross proceeds of CAD\$ 10,100,020 (\$7,885,097). Upon closing the

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Transaction, the Company issued 16,833,367 (13,032,284 common shares after reflecting the exchange ratio) common shares at a price of CAD\$ 0.60 (\$0.468) per share in exchange for Nubeva, Inc. common shares issued in connection with the conversion of the subscription receipts.

Share issue costs of \$877,257 includes a 6% cash commission in the amount of \$467,307, 781,934 broker warrants (note 11) valued at \$272,512 and the balance of \$137,438 for legal and filing fees. Each broker warrant entitles the holder thereof to purchase one Company common share at an exercise price of CAD\$0.775 (\$0.605) per share for a period of two years from the closing of the Transaction. The broker warrants were valued using the Black Scholes Option Pricing Model and the following assumptions used in the pricing model were as follows: risk-free interest rate – 1.25%; expected life – 2 years; expected volatility – 111.77%; expected forfeitures – nil%; and expected dividends – nil.

Immediately prior to closing the Transaction, Nubeva, Inc. converted its outstanding SAFE Agreements with a face value of \$2,250,000 into common shares of Nubeva, Inc. based on the terms of the SAFE Agreements (note 11).

Pursuant to the Merger Agreement, the Company issued 37,131,802 shares (comprised of 13,000,000 Restricted Voting Common Shares and 24,131,802 common shares) in exchange for the issued and outstanding common shares of Nubeva, Inc. based on an exchange ratio of 0.77419, after conversion of the SAFE Agreements and before the conversion of subscription receipts. As a result, excluding the issuance of subscription receipts, the shareholders of Nubeva, Inc. obtained control of the Company through the acquisition of approximately 97% of the common shares of the combined entity and the Transaction has been accounted for as an RTO where Nubeva, Inc. is the accounting acquirer.

Stock options and common share purchase warrants of Nubeva, Inc. were exchanged for equivalent securities of the Company on the basis of one Nubeva, Inc. share for every 0.77419 shares of the Company.

Immediately prior to closing, Nubeva, Inc. had 50,164,086 common shares issued and outstanding after having given effect to the following:

	Nubeva, Inc. common shares	Company common shares and Restricted Voting Common Shares issued for RTO
Common Shares issued and outstanding prior to conversion of SAFE Agreements and subscription receipts	40,060,000	31,014,195
Shares issued on conversion of SAFE Agreements	7,901,910	6,117,607
Shares issued on conversion of subscription receipts	16,833,367	13,032,284
Total issued and outstanding common shares immediately prior to completion of the Transaction	64,795,278	50,164,086

The RTO has been accounted for as a share-based payment transaction on the basis that Sherpa Holdings Corp. was a Capital Pool Company and did not meet the definition of a business as it had no ongoing business operation. As Nubeva, Inc. is deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying values. The Company's results of operations have been included from February 28, 2018, the date of the RTO. For purposes of this Transaction, the consideration received was the fair value of the net assets of the Company which on February 28, 2018 was \$165,131. This amount was calculated as follows:

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Fair value of 1,551,100 shares of Sherpa Holdings Corp.	\$ 938,483
67,110 share purchase warrants assumed ⁽¹⁾	27,039
133,000 stock options assumed ⁽²⁾	63,457
Total fair value of consideration paid	1,028,979
Cash	263,134
Prepaid expenses	94,985
GST recoverable	3,460
Accounts payable and accrued liabilities	(196,448)
Net assets acquired	165,131
Consideration paid in excess of net assets acquired	863,848
Other listing expenses:	
Legal expenses	138,635
Filing Fees	23,382
Tax advisory	104,454
Total listing expense	\$ 1,130,319

⁽¹⁾The fair value of the 67,110 share purchase warrants deemed issued (\$27,039) was estimated using the Black Scholes option-pricing model. Weighted average assumptions used in the pricing model were as follows: risk-free interest rate – 2.23%; expected life – 1.69 years; expected volatility – 111.77%; expected forfeitures – nil%; and expected dividends – nil.

⁽²⁾The fair value of the 133,000 options deemed granted (\$63,457) was estimated using the Black Scholes option-pricing model. Weighted average assumptions used in the pricing model were as follows: risk-free interest rate – 2.23%; expected life – 4.72 years; expected volatility – 111.77%; expected forfeitures – nil%; and expected dividends – nil.

11. 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, and 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 April 30, 2018 there were 39,778,898 (2017 – 40,000,000) common shares issued and fully paid and 13,000,000 (2017 – Nil) Restricted Voting Common Shares issued and fully paid. Upon the RTO, the Company's shares issued effective April 30, 2017 were reduced by 9,032,257 as a result of the RTO exchange ratio of 0.77419.

(c) Shares Issued

Pursuant to the RTO, on February 28, 2018, the Company issued 13,032,284 common shares pursuant to the conversion of subscription receipts of CAD\$ 10,100,020 (\$7,885,097) (Note 10). The Company issued 6,117,607 common shares pursuant to the conversion of outstanding SAFE agreements in the amount of \$2,250,000. The Company was deemed to have issued 1,551,100 common shares with a fair value of \$938,483 for the issued and outstanding shares of Sherpa Holding Corp. immediately prior to the Transaction (Note 10).

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On February 2, 2018, the Company issued 19,355 common shares for proceeds of \$12,000.

During the year ended April 30, 2018, the Company issued 286,452 common shares pursuant to the exercise of options for gross proceeds of \$77,162.

During the year ended April 30, 2018, the Company issued 804,357 common shares pursuant to the exercise of warrants for gross proceeds of \$471,813.

(d) Escrow Shares

Pursuant to the RTO, 13,000,000 Restricted Voting Common Shares and 20,696,775 common shares were subject to escrow conditions. The escrowed shares are to be released in four equal installments, the first upon closing of the RTO and the remainder every six months thereafter. At April 30, 2018, there were 25,272,582 common shares in escrow, which included 9,750,000 Restricted Voting Common shares and 15,522,582 common shares.

(e) Obligation to Issue Preferred Shares (SAFE Agreements)

During the years ended April 30, 2018 and 2017, the Company entered into the following SAFE agreements. Under the SAFE agreements the Company was required to issue preferred shares of the Company at a discount and for certain SAFE agreements, subject to a valuation cap, upon the occurrence of certain events.

Date	Amount	Discount Rate	Valuation Cap
May 13, 2016 ⁽¹⁾	\$ 400,000	25%	\$ 12,000,000
December 1, 2016	725,000	20%	None
February 9, 2017 ⁽²⁾	400,000	25%	\$ 12,000,000
Balance, April 30, 2017	1,525,000		
August 14, 2017	660,000	25%	None
September 23, 2017	65,000	25%	None
SAFE Agreements converted on RTO	(2,250,000)		
Balance April 30, 2018	\$ -		

¹ \$ 300,000 was received from directors and officers of the Company.

² Received from an officer of the Company.

The SAFE agreements had no stated expiry date. In the event of a financing of preferred shares, the Company would automatically issue to the investors that number of preferred shares equal to the purchase amount at the financing price less the stated discounts. In the event there is a liquidity event, including the Company's February 28, 2018 RTO, the investors may elect to receive a cash payment equal to the purchase amount, or failing such election automatically receive from the Company that number of shares of common stock equal to the purchase amount divided by the liquidity price, being the price paid under the liquidity event less the stated discount. Effective February 28, 2018 all of the SAFE Agreements converted into common shares of the Company as follows:

Triggered by the RTO transaction, SAFE Agreements in the aggregate amount of \$2,250,000 were converted to shares of Nubeva, Inc. and exchanged for common shares of the Company at the following prices:

- i. SAFE Agreements in the aggregate amount of \$725,000 were settled by Nubeva, Inc. and exchanged for 1,559,140 common shares of the Company at a price of \$0.465 per share representing a 25% discount to the market price.
- ii. SAFE Agreements in the aggregate amount of \$725,000 were settled by Nubeva, Inc. and exchanged for 1,461,693 common shares of the Company at a price of \$0.496 per share representing a 20% discount to the market price.

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- iii. SAFE Agreement in the aggregate amount of \$800,000 were settled by Nubeva, Inc. and exchanged for 3,096,774 common shares of the Company at a price of \$0.258 per share, representing a discount of 58.3%, based on a corporate valuation cap of \$12 million. The conversion price of the SAFE agreements that were subject to a valuation cap was the price determined by dividing the valuation cap by the number of fully diluted outstanding shares. The common shares issued were based on the conversion price divided by the by the RTO price per share.

The fair value of the 6,117,607 shares issued on conversion of the SAFE Agreements was \$3,701,152, resulting in a loss of \$1,451,152.

Due to variable number of preferred shares to be issued under the conversion terms, the obligation pursuant to the SAFE Agreements was recorded as a liability at fair value, which at April 30, 2017 was determined to approximate the purchase amount. The fair value at settlement was determined to approximate the fair value of the shares issued.

(f) Stock Options

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 the stock options for the years ended April 30, 2018 and 2017 is as follows:

	Options ⁽¹⁾	Weighted Average Exercise Price ⁽²⁾ (CAD)
Balance, April 30, 2016	116,139	\$ 0.05
Granted	4,319,980	0.05
Forfeited	(1,366,445)	0.05
Balance, April 30, 2017	3,069,674	0.05
Granted	2,567,275	0.05
Stock options assumed on RTO ⁽³⁾	133,000	0.50
Forfeited	(384,610)	0.02
Exercised	(286,452)	0.24
Balance April 30, 2018	5,098,888	\$ 0.28

⁽¹⁾Stock options granted prior to February 28, 2018 by Nubeva, Inc. were exchanged on the basis of 0.77419 Company stock options for each Nubeva, Inc. stock option.

⁽²⁾Stock options issued granted to February 28, 2018 with a post RTO exercise price of US\$0.01 were repriced to CAD \$ 0.05 (US\$ 0.04).

⁽³⁾Stock options of Sherpa Holdings Corp. were assumed upon RTO (Note 10).

During the year ended April 30, 2018, the fair value of the options granted was estimated to be \$857,601 (2017 - \$46,918) 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 a period of 2 to 4 years. A share-based payment of \$231,314 (2017 - \$8,122) was recorded for the options vested during the year ended April 30, 2018.

	Year ended April 30, 2018	Year ended April 30, 2017
Expected life of options	5 years	5 years
Annualized volatility	110% - 125%	12% - 125%
Risk-free interest rate	2.07% - 2.23%	0.70% - 1.25%
Dividend rate	0%	0%

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Details of options outstanding at April 30, 2018 are as follows:

Number of Options Outstanding	Exercise Price	Expiry Date	Weighted Average Exercise Price (CAD)	Weighted Average Remaining Life (Years)
38,710	\$0.05	4/12/2026	\$0.05	8.0
58,065	\$0.05	4/14/2026	\$0.05	8.0
19,355	\$0.05	4/27/2026	\$0.05	8.0
38,710	\$0.05	5/5/2026	\$0.05	8.0
77,419	\$0.05	6/4/2026	\$0.05	8.1
77,419	\$0.05	6/14/2026	\$0.05	8.1
38,710	\$0.05	6/20/2026	\$0.05	8.1
42,581	\$0.05	6/21/2026	\$0.05	8.1
27,097	\$0.05	9/1/2026	\$0.05	8.3
11,613	\$0.05	9/8/2026	\$0.05	8.4
13,548	\$0.05	9/17/2026	\$0.05	8.4
38,710	\$0.05	10/6/2026	\$0.05	8.4
127,742	\$0.05	11/25/2026	\$0.05	8.6
1,587,095	\$0.05	1/09/2027	\$0.05	8.7
13,548	\$0.05	1/11/2027	\$0.05	8.7
108,387	\$0.05	1/16/2027	\$0.05	8.7
42,581	\$0.05	1/17/2027	\$0.05	8.7
92,903	\$0.05	12/2/2027	\$0.05	9.6
77,419	\$0.05	4/10/2027	\$0.05	9.0
379,355	\$0.05	5/25/2027	\$0.05	9.1
61,935	\$0.05	5/29/2027	\$0.05	9.1
282,581	\$0.05	6/19/2027	\$0.05	9.1
92,903	\$0.05	6/21/2027	\$0.05	9.1
875,820	\$0.05	9/5/2027	\$0.05	9.4
162,581	\$0.80	11/1/2027	\$0.80	9.5
579,600	\$1.52	3/23/2028	\$1.52	9.9
132,500	\$1.52	4/11/2028	\$1.52	10.0
5,098,888	\$0.28		\$0.28	9.04

At April 30, 2018, there were 1,386,459 stock options exercisable (2017 – 598,542).

(g) Warrants

	Warrants	Weighted Average Exercise Price (CAD)
Balance, April 30, 2017 and 2016	-	\$ -
Issued ⁽¹⁾	1,074,272	0.69
Warrants assumed on RTO ⁽²⁾	67,110	0.50
Exercised	(804,357)	0.75

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Balance April 30, 2018	337,025	0.64
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⁽¹⁾Warrants issued include 781,934 brokers warrants (note 10) and 292,338 warrants issued on the RTO.

⁽²⁾Warrants of Sherpa Holdings Corp. were assumed upon RTO (Note 10).

Details of warrants outstanding at April 30, 2018 are as follows:

Number of Options Outstanding	Exercise Price	Expiry Date	Weighted Average Exercise Price (CAD)	Weighted Average Remaining Life (Years)
292,338	\$0.62	2/28/2019	\$0.62	0.83
44,687	\$0.78	2/28/2020	\$0.78	1.83
337,025	\$0.64		\$0.64	0.97

Upon the RTO, the Company issued 292,338 warrants to replace warrants previously issued in Nubeva, Inc. The incremental fair value of these replacement warrants of \$87,969 was recognized in share-based compensation. The fair value was estimated using the Black-Scholes Option Pricing Model and the following assumptions: risk-free interest rate – 1.74%; expected life – 1 years; expected volatility – 111.77%; expected forfeitures – nil%; and expected dividends – nil.

12. INCOME TAXES

A reconciliation of the statutory tax rate to the effective rate for the Company is as follows:

	Year ended April 30, 2018	Year ended April 30, 2017
Statutory tax rate	26%	35%
Loss for the year	\$ (4,929,299)	\$ (738,432)
Expected income tax recovery	(1,281,618)	(258,451)
Non-deductible expenses and other	556,613	3,445
Effect of share issuance costs not recognized	(157,233)	-
Effect of foreign tax rates and tax rate changes	104,601	13,925
Effect of change in tax rates	66,714	-
Effect of deductible temporary differences not recognized	710,923	241,081
Income tax recovery	\$ -	\$ -

Significant components of the Company's temporary difference as of April 30, 2018 and 2017 are as follows:

	April 30, 2018	April 30, 2017
Deferred income tax assets:		
Non-capital losses carry forwards	\$ 818,408	\$ 243,381
Share issuance costs	135,896	-
	\$ 954,304	\$ 243,381

As at April 30, 2018, the Company has the following non-capital losses, expiring in various years to 2038:

Year Incurred	Canada	USA	Australia	Singapore
2016	\$ -	\$ 3,000	\$ -	\$ -
2017	93,000	474,000	255,000	-
2018	206,000	1,087,000	1,012,000	188,000
	\$ 299,000	\$ 1,564,000	\$ 1,267,000	\$ 188,000

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The losses incurred in the USA have no expiry.

13. EXPENSES BY NATURE

For the year ended April 30, 2018

	General and Administration	Research and Development	Sales and Marketing
Office expense and operations	\$ 83,460	\$ 586,774	\$ 111,548
Personnel	347,517	1,061,343	455,094
Travel	-	68,423	24,117
Totals	\$ 430,977	\$ 1,716,540	\$ 590,759

For the year ended April 30, 2017

	General and Administration	Research and Development	Sales and Marketing
Office expense and operations	\$ 68,454	\$ 164,009	\$ 1,480
Personnel	-	473,665	-
Travel	-	21,140	-
Totals	\$ 68,454	\$ 658,814	\$ 1,480

14. REVENUE

	Year ended April 30, 2018	Year ended April 30, 2017
Subscriptions	\$ 147,250	\$ -
Software and services	506,263	-
Professional and customization services	54,000	-
Totals	\$ 707,513	\$ -

Included in accounts receivable at April 30, 2018 is \$75,000 relating to a services contract and \$2,090 relating to a customization services contract (2017 - \$Nil) (note 6). Included in deferred revenue at April 30, 2018 is \$101,750 relating to a subscription contract and \$8,000 relating to a services contract (2017 - \$Nil).

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 type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's maximum exposure to credit loss is the book value of its financial instruments. The Company's cash is deposited with major banks and is held in highly-liquid investments. The Company's receivables consist of taxes receivable and other receivables, and are therefore not subject to

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significant credit risk. This risk is minimal as receivables consist primarily of refundable government value added taxes.

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 April 30, 2018 the Company had a cash balance of \$7,501,346 (2017 - \$915,135) to settle current liabilities of \$699,987 (2017 - \$138,003).

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 Company's sales are in US Dollars and although the majority of its operating expenses are denominated in US Dollars, a portion of general and administrative costs are denominated in Canadian Dollars and a portion of Research and Development costs are denominated in Australian Dollars exposing the Company to foreign exchange risk. The Company monitors its exposure to foreign exchange risk and converts any surplus funds to US Dollars to provide a natural hedge.

As at April 30, 2018 and 2017, the Company was exposed to foreign currency risk through the following financial assets and liabilities denominated in foreign source currencies, converted to US Dollars at the prevailing rate at the end of each of the reporting periods:

	April 30, 2018		April 30, 2017	
	Australian Dollars	Canadian Dollars	Australian Dollars	Canadian Dollars
Cash	\$ 309,456	\$ 692,534	\$ 27,533	\$ -
Accounts receivable	5,040	708	2,685	-
Income tax receivable	148,133	-	-	-
Accounts payable and accrued liabilities	(91,313)	(46,326)	(65,731)	-
Total	\$ 371,316	\$ 646,916	\$ (35,513)	\$ -

Based on the above net exposures, as at April 30, 2018, a 10% change in the Canadian Dollar to the US Dollar exchange rate would impact the Company's net loss by \$64,692 and a 10% change in the Australian Dollar to the US Dollar exchange rate would impact the Company's net loss by \$37,132.

Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to fund research and development, engage in sales and marketing activities, and undertake selective acquisitions, 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 and obligation to issue preferred shares. The Company uses capital to finance its operating losses. The Company currently funds these requirements from cash raised through the issuance of common shares and SAFE agreements. The Company's objectives when managing capital are to ensure that the Company will continue to have enough liquidity help build its portfolio of cloud based security solutions from which it will 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 institute any changes to its capital management strategy during the year.

Fair Value of Financial Instruments

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of the Company's cash is classified as a Level 1 fair value measurement. The fair value of the Company's obligation to issue preferred shares is classified at level 3 and at April 30, 2017, its fair value was estimated based on the amount paid by the investors. The fair value of the Company's other financial instruments approximate the carrying value due to their short-term nature.

16. SEGMENT REPORTING

The Company operates two operating segments. Its primary operations include the development and commercialization of software to support the provision of cloud-based security. During the year ended April 30, 2018, the Company commenced earning revenues from the license of its software and services.

Also during the year ended April 30, 2018, the Company commenced earning revenues from its secondary operating segment with the sale of rights to receive future tokens. If the Company issues tokens on a token network each holder with such rights will receive tokens entitling the holder to exchange them on the network for future cloud-based security services from the Company or from other suppliers that participate in the token network. Management has determined that the business of developing the token network is a secondary operating segment because, although the nature of the products and services is generally the same, the type of customer and the method of distribution are materially different. Further, the secondary operating segment operates in a different regulatory environment.

The Company's management evaluates the business has a whole and also in its two operating segments. During the year ended April 30, 2017, the Company operated in one operating segment. During the year ended April 30, 2018, the Company's operation are segmented as follows:

	Software development and commercialization	Token network and token sales	Total
Revenue	\$ 407,250	\$ 300,263	\$ 707,513
General and administrative	(430,332)	(645)	(430,977)
Research and development	(1,181,344)	(535,196)	(1,716,540)
Sales and Marketing	(590,759)	-	(590,759)
Share based payments	(231,314)	-	(231,314)
Other items	(2,667,222)	-	(2,667,222)
Net loss	\$ (4,693,721)	\$ (235,578)	\$ (4,929,299)

17. SUBSEQUENT EVENT

- (a) Subsequent to April 30, 2018 the Company issued 8,031 common shares for proceeds of CAD \$6,364 (\$ 4,847) pursuant to the exercise of share purchase warrants.