

Nubeva Technologies Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (this “**MD&A**”) is dated December 15, 2020 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 following information that can be obtained from www.sedar.com:

- (i) the Company’s unaudited condensed interim consolidated financial statements for the six months ended October 31, 2020 and accompanying notes; and
- (ii) the Company’s management discussion and analysis for the year ended April 30, 2020.

The condensed consolidated interim 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 the security platform and services;
- our plan to expand operations by adding additional customers;
- our expectations in relation to working capital;
- 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

The Company’s registered and records office is located at 789 West Pender Street, Suite 1080, Vancouver, BC Canada V6C 1H2.

Nubeva Technologies Ltd. (formerly Sherpa Holdings Corp.) was incorporated on February 3, 2017 under the Business Corporation Act of British Columbia as a capital pool company (“CPC”). The Capital Pool System was set up by the TSX to provide private companies with an alternative method to go public.

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 its principal activity is the development and commercialization of software to enable organizations to extend and run their visibility and security controls inside public and private clouds.

2. Core Business

Nubeva develops and licenses software to enable the decryption of network traffic. Our patented and award-winning Symmetric Key Intercept technology delivers an industry breakthrough capability for cybersecurity and application monitoring products that need to inspect TLS encrypted traffic.

Nubeva’s Symmetric Key Intercept technology fits seamlessly into existing security and monitoring tools used to see the complete details of traffic and detect and respond to security threats and application problems. Offered as a self-contained, pre-packaged commercial solution, our software enables decryption of network traffic that has better functionality, better price-performance, and greater simplicity than previous methods employed, including man-in-the-middle, session termination and Passive Intercept. Nubeva’s technology is built for the new and emerging generation of TLS encryption standards (TLS1.3, QUIC, DTLS, DoT/DoH) as well as legacy protocols, and is architected to operate in modern compute environments of cloud, containers as well as traditional datacenters.

Nubeva SKI technology has 5 primary use cases:

1. Forward Proxy: for inspection of outbound traffic typically employed in Secure Web Gateways and Proxies, SD-WANs, CASB, NG-Firewalls, Intrusion Prevention Systems (IPS), and Data Loss Prevention (DLP) systems.
2. Reverse Proxy: for inspection inbound and “east-west” datacenter and cloud traffic typically employed in NG-Firewalls, IPS, SSL Visibility Platforms.

3. Host-Based: to enable agents running on clients and/or servers to inspect traffic locally without the need for external network appliances.
4. Passive Monitoring; for non-invasive monitoring of traffic via tapping and mirroring of production traffic, typically employed in Intrusion Detection Systems (IDS), Network Detection and Response Systems (NDR's), Forensics Capture and Storage Systems, and Application Performance and Assurance Monitoring Systems.
5. Container Environments: for the above use cases but specifically for container, Kubernetes, and services mesh compute infrastructures that are employed in 5G packet-core and other leading edge application environments.

Nubeva's SKI product suite has three elements:

1. Key Sensors: next generation software agents that are installed on servers or clients that efficiently, securely and reliably, learn and export the session secrets for each individual session on that host. Sensors capture thousands of keys per second, in microseconds, with minimal impact on the host's memory or CPU.
2. Decryption Library: a high-performance software development kit that enables the easy addition of TLS 1.3 and 1.2 decryption to any system using Keys from Nubeva Sensors and other sources. Operating at over 12Gigabits/second on a single CPU thread of commodity hardware, the Nubeva Decryption Library easily enables 40Gb/s and 100Gb/s appliances and can scale out to much higher throughputs all at dramatically lower price/performance than generally possible in the past. The Nubeva Decryption Library allows network infrastructure vendors and service providers to achieve terabit-level inspection of data economically – a necessity for modern infrastructures in 5G.
3. Decryptor: a turnkey containerized solution that provides an instant solution ideal for cloud and virtual environments.

Nubeva's software allows full, passive decrypted inspection of traffic, while aggressively embracing TLS 1.3. This solution plugs into existing tools already in use and allows customers to embrace the advantages of TLS 1.3 while avoiding the complexities of trying to decrypt with native service mesh technology.

Nubeva has two core paths to market with our technology partners – we have active partnerships in both categories:

Sell As: OEM Model - Nubeva's symmetric key intercept technology, or components thereof, are formally integrated as a licensed technology into the product vendor's solution set. In this model, Nubeva typically receives a combination of upfront license fees, annual license fees and support fees, and ongoing royalties. OEM partners sell Nubeva's software as their own product and fully support their end-users in the use of the feature set provided by Nubeva's technology.

Sell With: Formal Technology Support – Nubeva is sold as a product set within the partner's existing suite of monitoring tools through formal integration and technology support by the partnering company. Most frequently, the technology provider builds Nubeva software into its product, supporting symmetric key intercept in order to augment or improve visibility for their customers. These partner companies are not buying our product, but acting as a high-leverage, low-cost sales and marketing channel with a low barrier for adoption in their customer and prospect base.

3. Overall Performance

In 2020, the Company licensed its software to numerous manufacturers including multi-billion dollar companies and high-growth providers in the security and network monitoring space. Nubeva's turnkey solution can be adopted and customized quickly by a wide range of solutions to close the visibility gap created by modern encryption.

During the six months ended October 31, 2020 and to the date of this MD&A, Nubeva achieved the following milestones:

Product Development

- **In November 2020** the Company released a next-generation TLS Decryption Library. This industry-first software solution enables deep packet inspection of network traffic through the decryption of the newest TLS (SSL) traffic, including TLS 1.3 and 1.2 with Elliptic Curve Diffie-Hellman Ephemeral (ECDHE) protocols at extremely high speeds and efficiency. The Nubeva Decryption Library enables security and monitoring solution manufacturers to rapidly support modern decryption algorithms previously not available in the industry. Nubeva's decryption library operates at extreme speed – in excess of 15 gigabytes per second per single CPU core on general purpose hardware – a necessity for modern infrastructures in 5G. The solution scales up to easily support 40 and 100 gig appliances, and it can scale out in parallel to support in excess of Terabit/sec speeds, all at breakthrough price-performance points.
- **In July 2020** Patent Application US 2020/0236093, Extracting Encryption Keys to Enable Monitoring Services, was published.
- **In June 2020** Patent Application US 2020/0193017, Leveraging Instrumentation Capabilities to Enable Monitoring Services, was published.
- **In May 2020** Nubeva received U.S. Patent No. 10,530,815 B2 Seamless Service Updates for Cloud-Based Security Services. The patent acknowledges Nubeva's innovation in techniques for providing flexible and extensible enterprise security systems and enabling scalable cloud-based security services.

Relationships

- **In December 2020 Nubeva** entered into a multi-year license agreement with a leading global network performance and security software provider. The agreement includes an up-front licensing payment, additional annual payments and revenue share as Nubeva's breakthrough Symmetric Key Intercept solution is embedded and used to further enhance visibility into TLS 1.3 and 1.2 ECDH encrypted traffic.
- **In November 2020** Nubeva entered into a multi-year software licensing agreement with Empirix, a global leader in network and service performance monitoring, assurance and analytics. The agreement allows Empirix to embed Nubeva's TLS 1.3 decryption technology into their 5G monitoring solutions so that telecommunication providers can continue to have the visibility they need to operate their networks. The multi-year agreement strategically positions Nubeva to capitalize on the expected 40% year-over-year growth of the global 5G services market.
- **In July 2020** Nubeva announced a seven figure multi-year license agreement with a ~\$10 billion market cap global leader in cybersecurity solutions. The agreement, under which Nubeva received a \$1 million initial payment, allows for the license of Nubeva's Symmetric Key Intercept solution.

- **In June 2020** Nubeva entered into an agreement with **Riverbed Technologies**, a provider of software and hardware focused on network and application performance monitoring and network optimization. Riverbed’s SteelCentral AppResponse integrated with Nubeva’s Symmetric Key Intercept TLS (SSL) visibility technology is now commercially available. The agreement enables AppResponse customers to dramatically improve visibility into their encrypted application traffic of critical applications using Nubeva’s system for enabling decrypted visibility of network traffic.

4. Future Plans and Outlook

Since Nubeva’s year-end of April 2020, businesses worldwide have experienced a massive increase in remote workforce due to the Covid-19 pandemic. Although many corporations have adapted swiftly, few are practicing effective cyber security for these remote workforces and their devices and we are beginning to see an increase if cyber security attacks. The World Health Organization, Cognizent, the US Defence Information Systems and Canada Revenue Agency are among organizations that have been victims of cyberattack. Management anticipates that this will lead to acceleration of cybersecurity adoption and will result in additional interest in Nubeva’s products and services.

5G is expanding the potential of mobile broadband networks. It’s faster and more responsive than its 4G predecessor. It uses less power and creates more efficiency. The combination of new technologies enables 5G networks to transfer 1000 times more data than 4G networks. Such a massive scale in capacity will usher in a new generation of business and commercial applications. New 5G infrastructure requires providers to inspect traffic for security, diagnostics, monitoring, and troubleshooting. With this in mind, network infrastructure vendors must deliver methods that support the 5G mandate to use TLS 1.3, the newest, highest level of encryption and privacy. Management anticipates that this will provide significant opportunity for Nubeva’s Symmetric Key Intercept technology.

Plans

Nubeva report the following progress on activities planned for the year ending April 30, 2021:

Plans for fiscal 2021	Progress to October 31, 2020
(a) Continue development of Nubeva’s SKI software to include new technologies and enhanced features.	During the quarter ended October 31, 2020 Nubeva developed the Nubeva Decryption Library, which was later released in November 2020. The Nubeva Decryption Library allows network infrastructure vendors to achieve terabit-level inspection of data economically – a necessity for modern infrastructures in 5G.
(b) Expand sales capabilities to including: (i) Develop software licensing program (ii) Enhance Brand Awareness Programs (iii) Expand Alliance Partner Programs (iv) Grow Cloud Provider and Platform Relationship and Programs (e.g. AWS, Azure, Google) (v) Expand Reseller Channel	Entered into one software license and engaged with cyber-security enterprises for additional license arrangements, which were closed subsequent to the end of the period. Entered into an agreement with Riverbed to integrate and jointly market products and services.

5. Summary of Quarterly Results

Results for the three and six months ended October 31, 2020 and 2019 are as follows:

Income Statement Data	Three Months ended October 31, 2020	Three Months ended October 31, 2019	Six Months ended October 31, 2020	Six Months ended October 31, 2019
Revenue	\$ 927,702	\$ 38,511	\$ 967,315	\$ 77,667
Expenses	728,536	997,749	1,550,500	1,938,390
Other Items				
Fair value gain (loss) on digital currencies	7,984	(2,901)	16,711	12,604
Government assistance	98,305	-	305,704	-
Interest expense	(11,198)	-	(11,198)	-
Foreign exchange	(2,290)	(1,177)	(18,360)	(10,125)
Other income	2,158	15,738	2,575	39,433
Net income (loss) for the period	\$ 294,125	\$ (947,578)	\$ (287,753)	\$ (1,818,811)
Other comprehensive gain (loss)				
Foreign currency translation adjustment	(26,261)	(6,092)	15,790	(5,658)
Total comprehensive income (loss)	\$ 267,864	\$ (953,670)	\$ (271,963)	\$ (1,824,469)
Earnings (loss) per share – basic	\$ 0.01	\$ (0.02)	\$ (0.01)	\$ (0.03)
Earnings (loss) per share – fully diluted	\$ 0.00	\$ (0.02)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares - basic	56,372,082	55,816,623	56,314,049	55,759,834
Weighted average number of common shares - fully diluted	61,392,771	60,665,892	61,334,738	60,609,103

Revenue and Gross Margin

During the quarter ended October 31, 2020, 86% of revenue was derived from software licenses and 14% was earned from related support and maintenance. The increase in revenue for the quarter was due to the license of Nubeva's SKI software and related support and maintenance and represents part of a multi-year deal.

Subsequent to October 31, 2020 and up to the date of this MD&A, the Company entered into additional multi-year license arrangements totalling approximately \$1.4 million to be recognized over the terms of the agreements. In addition to licenses and support, Nubeva expects to realize additional revenue from royalties.

It is anticipated that the United States will continue to comprise the Company's primary market in the next twelve months.

Nubeva's costs related to the revenue from subscriptions are expensed in the period in which they are incurred as software development costs as they are not reliably measurable.

Expenses

Expenses for the quarter ended October 31, 2020, decreased by 27% over the prior year quarter largely due to a decrease in sales and marketing costs, a decrease in share-based compensation and a decrease in research and development costs.

General and administrative expense

General and administrative expense decreased by 11.9% over the prior year period due to reduced operations costs, primarily due to reduced rent and travel costs due to the Covid-19 pandemic.

Research and development expense

The Company reports research and development expense net of refundable tax credits. Research and development costs for the quarter were \$359,690 before refundable tax credits in the amount of \$69,550, compared with \$459,747 for the prior year period, before refundable tax credits of \$117,970.

Sales and marketing expense

Sales and marketing activities decreased by 38% over the prior year quarter, of which 43% was due to a decrease in personnel costs due to a reduction in consultants and the balance was due to a decrease in operating costs, primarily related to the prior year completion of marketing projects.

Share-based compensation expense

Stock based compensation expense for the period ended October 31, 2020 decreased over the prior year period. These non-cash expenditures are a function of the implementation of the methodology used for calculating share based payment values, and a direct result of stock options vested.

Other items

During the quarter ended October 31, 2020, the Company reported other income of \$94,959, comprised of government assistance of \$98,305, a fair value gain on digital currency of \$7,984 and interest income of \$2,158 which were partially offset by foreign exchange losses of \$2,290 and interest expense of \$11,198.

6. Quarterly Highlights

For the quarters ended:

	31-Oct-20	31-Jul-20	30-Apr-20	31-Jan-20	31-Oct-19	31-Jul-19	30-Apr-19	31-Jan-19
Revenue	\$ 927,702	\$ 39,613	\$ 39,926	\$ 40,117	\$ 38,511	\$ 39,156	\$ 36,628	\$ -
Total expenses	728,536	821,964	1,148,899	941,445	997,749	940,641	668,753	1,114,929
Fair value gain (loss) on digital currencies	7,984	8,727	(2,266)	494	(2,901)	15,505	9,365	(1,332,701)
Gain on wind-up of discontinued	-	-	-	-	-	-	11,667	870,134
Income (loss) from discontinued operations ⁽¹⁾	-	-	-	-	-	-	(289,436)	(937,309)
Other gain (loss)	86,975	191,746	46,535	6,930	8,469	14,747	86,050	(27,324)
Total comprehensive income (loss)	\$ 267,864	\$ (539,827)	\$(1,090,357)	\$ (910,721)	\$ (953,670)	\$ (870,799)	\$ (668,200)	\$(2,584,374)

⁽¹⁾Results from discontinued operations have been reclassified

Revenue for the most recent quarter increased over revenue of prior quarters due to a license agreement the Company closed in the prior quarter. The Company recorded revenue upon acceptance of the software by the customers and will continue to recognize revenue from support and maintenance over the contract term.

Total expenses for the most recent quarter of \$728,536 were \$798,086 before refundable tax credits of \$69,550 relating to the quarter. Total expenses for the preceding quarter of \$821,964 were \$884,862 before refundable tax credits of \$62,898. After eliminating the effect of tax credits, operating expenses decreased from the preceding quarter by 9.8% primarily due efficiencies achieved during the quarter with respect to the Company's online Cloud services.

In November, 2018 the Company discontinued operations of CBR Project, resulting in a gain on dissolution for the year ended April 30, 2019 in the amount of \$881,801, comprised mainly of a write off of deferred revenue, offset by a loss recorded on the write off of digital currencies in the amount of \$2,188,750, comprised of \$865,414 from the discontinued operation and \$1,332,701 from the Company's continuing operations.

There are no known trends or seasonal impacts on the Company's business although it is anticipated that seasonal trends will develop as the Company grows. Seasonal trends will be mitigated in part due to the planned global nature of the Company's business.

7. Summary of Financial Position

The Company's financial position as at October 31, 2020 compared with the Company's financial position as at April 30, 2020 is as follows:

Balance Sheet Data	October 31, 2020	April 30, 2020
Current and total assets	\$ 1,995,333	\$ 2,284,976
Current liabilities	\$ 755,252	\$ 837,773
Long-term debt	\$ 113,931	\$ 102,413
Accumulated deficit	\$ (13,247,703)	\$ (12,960,121)
Total Equity	\$ 1,126,150	\$ 1,344,790

Assets as at October 31, 2020 decreased by \$289,643 over assets as April 30, 2020 due mainly to a decrease in cash and marketable securities of \$418,373. The decrease in cash was due primarily to an outflow of cash used for operations. This decrease was partially offset by an increase in the tax credit receivable of \$151,139.

Cash and marketable securities as at October 31, 2020 compared with cash and marketable securities as at April 30, 2020 are as follows:

	October 31, 2020	April 30, 2020
Cash and marketable securities		
Cash	\$ 56,727	\$ 605,901
Money market funds	\$ 1,398,275	1,267,474
Total	\$ 1,455,002	\$ 1,873,375

At October 31, 2020, the Company had digital currency with a fair value of \$45,065 which increased in value by \$16,711 during the six months ended October 31, 2020.

Current liabilities decreased by \$82,521 from current liabilities at April 30, 2020. The decrease is due to a decrease in the current portion of term loans payable as a result of the recognition of government loans forgiven in the current period which was partially offset by an increase in deferred revenue related to a new contract entered into in the current period.

Long-term debt is comprised of government backed term loans. During the period ended October 31, 2020, the Company received a loan in the amount of \$42,700 under the Economic Injury Disaster Loan Program (“EIDL”) administered by the U.S. Small Business Administration (“SBA”). The loan bears interest at a rate of 3.75% per annum and is repayable in monthly payments of principal and interest over 30 years commencing one year after the date the loan was advanced.

Liquidity and Capital Resources

Until Nubeva earns an operating surplus, it is reliant on its ability to raise capital in order to settle its debts as they come due. At October 31, 2020, Nubeva had a working capital surplus of \$1,240,081 (April 30, 2020 – \$1,447,203).

As at October 31, 2020, Nubeva had cash and money market funds of \$1,455,002, a decrease of \$418,373 compared to cash at April 30, 2020 of \$1,873,375. The Company used \$467,669 of cash for operations during the six months ended October 31, 2020.

During the six months ended October 31, 2020 the Company received \$6,696 for the exercise of stock options.

The condensed consolidated interim 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 shown in these financial statements, at October 31, 2020, Nubeva has an accumulated deficit of \$13,247,703 (April 30, 2020: \$12,960,121) and negative cash flow from operating activities of \$467,669 (April 30, 2020 -negative cash flow of \$3,199,550). The Company had a working capital surplus of \$1,240,081 (April 30, 2020 - \$1,447,203). The available working capital as at the date of this MD&A is estimated to be adequate to finance Nubeva’s planned operations over the ensuing six months.

8. Related Party Transactions

The Company reported the following expenses from transactions with directors, officers and companies that are controlled by directors of the Company:

	Six months ended October 31, 2020	Six months ended October 31, 2019
Salary	\$ 434,130	\$ 423,137
Board services	30,000	30,000
Share-based compensation	15,655	62,664
	\$ 479,785	\$ 515,801

9. Off-Balance Sheet Arrangements

As at October 31, 2020, 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.

10. Significant Accounting Policies

Basis of Consolidation

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

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.

We generate revenue from several sources:

- i Subscriptions. Sales of subscriptions to access our cloud platform, together with related support services to our customers. Customers are not granted the right to take control of our cloud software, but they are provided with access to our 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. With the launch of Nubeva Prisms, Nubeva offers subscription terms from monthly contracts, automatically renewing and payable in advance to prepaid subscriptions with contract terms of between one to three years.
- 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 are accounted for separately. The transaction price is allocated to the separate performance obligations on a relative SSP basis. We determine SSP based on our 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.

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.

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 at October 31, 2020 Nubeva had estimated tax credits receivable of \$393,997 (April 30, 2020 - \$242,858). Subsequent to October 31, 2020, the Company collected tax credits in the amount of \$324,015.

Share-Based Payments

At October 31, 2020, the Company has reserved for issue 11,100,000 common shares under all compensation arrangements, of which 10,600,000 were allocated to the Company's fixed option plan and 500,000 were allocated to 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 which incorporates all market vesting conditions, is 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.

RSU's 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.

Digital Currency

At October 31, 2020, the Company reported digital currency in the amount of \$45,065 (April 30, 2019 – \$28,354). Subsequent to October 31, 2020, the Company sold its digital currency for proceeds of \$56,535.

11. 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 financial statements.

12. Share Capital

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

- (i) 56,537,985 common shares issued and fully paid, including 14,770,967 Restricted Voting Common Shares;
- (ii) 4,893,733 stock options with a weighted average exercise price of CAD \$0.25;
- (iii) 23,136 restricted share units granted at a weighted average price of \$0.23.

13. Risk Factors

Risk factors have not changed since the Company's annual management discussion and analysis which can be found on www.sedar.com:

Going Concern Assumption

The condensed consolidated interim 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. Its 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.

COVID-19

Since January 31, 2020 several measures have been implemented in the United States, Canada and Australia in response to the increased impact from novel coronavirus (COVID-19). We continue to operate our business from remote work sites and are continuing software development and sales and marketing activities at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on our business operations, including the duration and impact on our future operations cannot be reasonably estimated. At this time, we are unable to determine the extent of the impact on our business and our ability to secure financing in fiscal 2021.

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 at October 31, 2020 the Company had cash and money market funds of \$1,455,002 (April 30, 2020 - \$1,873,375) to settle current liabilities of \$755,252 (April 30, 2020 - \$837,773).

Investment Risk

As at October 31, 2020, the Company's cash and money market instruments were comprised of cash in the amount of \$56,727, and money market funds in the amount of \$1,398,275. As at April 30, 2020, the Company's cash and money market instruments were comprised of cash in the amount of \$605,901, and money market funds in the amount of \$1,267,474.

Money market funds were comprised as follows:

- i) 64% of Blackrock BLF FedFund, AAA rated with investments in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Government; and
- ii) 36% Morgan Stanley Institutional Liquidity Funds (MSILF) Government Portfolio, AAA rated, liquid, high-quality debt securities issued by the U.S. government

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 Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The prices of fixed income securities respond to economic developments, including interest rate changes. Prices may be inversely affected by changes in interest rates. Accordingly, money market funds are subject to interest rate risk, and in a rising interest rate environment, portfolio shares can decline in value.

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 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. The Company has not used any formal hedge arrangements.

As at October 31, 2020 and April 30, 2020, 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:

	October 31, 2020		April 30, 2020	
	Australian Dollars	Canadian Dollars	Australian Dollars	Canadian Dollars
Cash	\$ 11,260	\$ 32,921	\$ 45,111	\$ 59,645
Accounts receivable	4,154	3,336	21,005	1,335
Income tax receivable	392,597	-	241,458	-
Accounts payable and accrued liabilities	(117,879)	(135,489)	(88,146)	(128,358)
Term loan	-	(14,823)	-	(28,756)
Total	\$ 290,132	\$ (114,055)	\$ 219,428	\$ (96,134)

Based on the above net exposures, as at October 31, 2020, a 10% change in the Canadian Dollar to the US Dollar exchange rate would impact the Company's net gain or loss by \$11,406 and a 10% change in the Australian Dollar to the US Dollar exchange rate would impact the Company's net gain or loss by \$29,013.

14. 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.