



**Nubeva Technologies Ltd.**

Consolidated Financial Statements

For the Years Ended April 30, 2020 and 2019



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nubeva Technologies Ltd.

### Opinion

We have audited the consolidated financial statements of Nubeva Technologies Ltd. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2020 and 2019, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

August 18, 2020



An independent firm  
associated with Moore  
Global Network Limited

## Nubeva Technologies Ltd.

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at April 30

(Expressed in United States Dollars)

	2020	2019
<b>Assets</b>		
Current assets:		
Cash and money market instruments (note 6)	\$ 1,873,375	\$ 4,776,664
Accounts receivable (note 7)	44,389	54,743
Tax credit receivable (notes 3 and 8)	242,858	513,261
Digital currency (note 9)	28,354	17,522
Prepaid expenses and deposits (note 10)	96,000	135,821
<b>Total current assets</b>	<b>2,284,976</b>	<b>5,498,011</b>
<b>Total Assets</b>	<b>\$ 2,284,976</b>	<b>\$ 5,498,011</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities (notes 11 and 12)	\$ 603,545	\$ 536,759
Current portion of term loans payable (note 13)	234,228	-
<b>Total current liabilities</b>	<b>837,773</b>	<b>536,759</b>
Term loans payable (note 13)	102,413	-
<b>Total Liabilities</b>	<b>940,186</b>	<b>536,759</b>
<b>Shareholders' Equity</b>		
Common share capital (note 14)	13,730,668	13,597,652
Reserves (note 14)	704,628	628,841
Deficit	(12,960,121)	(9,176,892)
Accumulated other comprehensive loss	(130,385)	(88,349)
<b>Total Equity</b>	<b>1,344,790</b>	<b>4,961,252</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,284,976</b>	<b>\$ 5,498,011</b>

Subsequent events – note 22

Approved by the directors:

“Randy Chou”

“Greig Bannister”

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

## Nubeva Technologies Ltd.

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the Years Ended April 30,

(Expressed in United States Dollars)

	2020	2019
<b>Revenue</b> (note 17)	\$ 157,710	\$ 846,378
<b>Operating expenses:</b>		
General and administrative (notes 12 and 16)	756,014	855,726
Research and development (notes 12 and 16)	1,635,613	1,042,891
Sales and marketing (notes 12 and 16)	1,426,744	1,235,233
Share-based compensation (notes 12 and 14)	207,429	443,235
Total expenses	4,025,800	3,577,085
<b>Other Items</b>		
Interest income	52,628	51,691
Fair value gain (loss) on digital currencies (note 19)	10,832	(1,323,336)
Foreign exchange gain (loss)	(23,738)	21,481
Bad debt	-	(77,090)
Government assistance	29,411	-
Other income	15,446	-
<b>Net loss from continuing operations</b>	<b>(3,783,511)</b>	<b>(4,057,961)</b>
Loss from discontinued operations (note 18)	-	(356,619)
Gain on wind up of discontinued operations (note 18)	-	881,801
<b>Net loss</b>	<b>\$ (3,783,511)</b>	<b>\$ (3,532,779)</b>
<b>Other comprehensive loss, items that will be recycled through profit and loss</b>		
Foreign currency translation adjustment	(42,036)	(49,877)
<b>Total comprehensive loss</b>	<b>\$ (3,825,547)</b>	<b>\$ (3,582,656)</b>
<b>Earnings per share - basic and diluted, discontinued operations</b>	<b>\$ (0.00)</b>	<b>\$ 0.01</b>
<b>Loss per share - basic and diluted, continuing operations</b>	<b>\$ (0.07)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of common shares outstanding</b>	<b>55,895,594</b>	<b>54,576,127</b>

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

## Nubeva Technologies Ltd.

### CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended April 30, 2020 and 2019

(Expressed in United States Dollars)

	Share capital		Reserves			Accumulated Other Comprehensive Loss	Total
	Common Shares	Amount	Share Based Payment Reserve	Warrants Reserve	Deficit		
<b>Balance April 30, 2018</b>	<b>52,778,898</b>	<b>\$ 12,554,932</b>	<b>\$ 155,823</b>	<b>\$ 104,139</b>	<b>\$ (5,671,017)</b>	<b>\$ (38,472)</b>	<b>\$ 7,105,405</b>
Private placement, net of share issuance costs of \$191,999 (note 14)	1,935,483	959,156	-	-	-	-	959,156
Options exercised (note 14)	837,417	38,117	(6,854)	-	-	-	31,263
Share-based compensation (note 14)	-	-	443,235	-	-	-	443,235
Warrants exercised (note 14)	8,211	7,642	-	(2,793)	-	-	4,849
RSU issued (note 14)	123,954	37,805	(37,805)	-	-	-	-
Forfeited options (note 14)	-	-	(26,904)	-	26,904	-	-
Foreign currency translation	-	-	-	-	-	(49,877)	(49,877)
Net income from discontinued operations	-	-	-	-	525,182	-	525,182
Net loss from continuing operations	-	-	-	-	(4,057,961)	-	(4,057,961)
<b>Balance April 30, 2019</b>	<b>55,683,963</b>	<b>\$ 13,597,652</b>	<b>\$ 527,495</b>	<b>\$ 101,346</b>	<b>\$ (9,176,892)</b>	<b>\$ (88,349)</b>	<b>\$ 4,961,252</b>
Share-based compensation (note 14)	-	\$ -	\$ 207,429	\$ -	\$ -	\$ -	\$ 207,429
Options exercised (note 14)	43,548	2,019	(363)	-	-	-	1,656
RSU issued (note 14)	425,644	130,997	(130,997)	-	-	-	-
Forfeited options (note 14)	-	-	(282)	-	282	-	-
Foreign currency translation	-	-	-	-	-	(42,036)	(42,036)
Net loss for the year	-	-	-	-	(3,783,511)	-	(3,783,511)
<b>Balance April 30, 2020</b>	<b>56,153,155</b>	<b>\$ 13,730,668</b>	<b>\$ 603,282</b>	<b>\$ 101,346</b>	<b>\$ (12,960,121)</b>	<b>\$ (130,385)</b>	<b>\$ 1,344,790</b>

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

## Nubeva Technologies Ltd.

### CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended April 30,  
Expressed in United States Dollars)

	2020	2019
<b>Operating activities, continuing operations:</b>		
Net loss for the year, continuing operations	\$ (3,783,511)	\$ (4,057,961)
Items not involving cash:		
Share-based compensation	207,429	443,235
Liabilities settled in digital currencies	-	(1,384,141)
Fair value loss (gain) on digital currencies	(10,832)	1,323,336
Reversal of accounts payable	(9,989)	-
Gain on sale of discontinued operations	-	881,801
Bad debt	-	77,090
Realized loss on digital currencies	-	3,178
Changes in non-cash working capital items related to operations:		
Accounts receivable	10,354	(48,995)
Prepaid expenses	39,820	(61,061)
Tax credit receivable	270,403	(365,129)
Accounts payable and accrued liabilities	76,776	(386,392)
Deferred revenue	-	(109,750)
Cash used for operating activities, continuing operations	(3,199,550)	(3,684,789)
<b>Financing activities:</b>		
Issuance of common shares (net), private placements	-	959,156
Term loans	336,641	-
Options exercised	1,656	31,263
Warrants exercised	-	4,849
Cash from financing activities, continuing operations	338,297	995,268
Effect of foreign exchange on cash, continuing operations	(42,036)	(37,908)
Net decrease in cash during the year, continuing operations	(2,903,289)	(2,727,429)
Cash, beginning of the year, continuing operations	4,773,917	7,501,346
Cash and money market investments, end of the year, continuing operations	\$ 1,870,628	\$ 4,773,917
Net cash flows from operating activities, discontinued operations	\$ -	\$ 14,716
Effect of foreign exchange on cash, discontinued operations	-	(11,969)
Net increase in cash during the year, discontinued operations	-	2,747
Cash, beginning of the year, discontinued operations	2,747	-
Cash, end of the year, discontinued operations	\$ 2,747	\$ 2,747
Net decrease in cash and money market investments, continuing operations	\$ (2,903,289)	\$ (2,727,429)
Net increase in cash during the year, discontinued operations	-	2,747
Net cash used during the year	(2,903,289)	(2,724,682)
Cash, beginning of the year	4,776,664	7,501,346
Cash and money market investments, end of the year	\$ 1,873,375	\$ 4,776,664

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

## **Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

### **1. NATURE OF OPERATIONS**

Nubeva Technologies Ltd. (“the Company” or “Nubeva”) was incorporated under the provisions of The Business Corporations Act (British Columbia) on February 3, 2017. The Company was a Capital Pool Company and had no business operations prior to February 28, 2018. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”). The Company’s registered and records office are located at Suite 1080, 789 West Pender Street, Vancouver, BC, V6C 1H2.

Nubeva develops software solutions to enable enterprises to run cybersecurity in the cloud.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at April 30, 2020, the Company had working capital of \$1,447,203 (April 30, 2019 - \$4,961,252) and incurred a net loss for year ended April 30, 2020 of \$3,783,511 (2019 – \$3,532,779). Management estimates that its working capital position will provide the Company with sufficient financial resources to carry out planned operations through the next six months. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology. The Company has incurred losses since inception and expects to incur further losses in the development of its business. These factors indicate a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Since January 31, 2020 several measures have been implemented in the United States, Canada and Australia in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business from remote work sites and is 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 the Company’s business operations, including the duration and impact on future operations, cannot be reasonably estimated. At this time, the Company is unable to determine the extent of the impact on its business and its ability to secure financing in fiscal 2021.

### **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 August 18, 2020.

#### **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  
CBR Project PTE Ltd., registered under the laws of Singapore.

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

Effective November 26, 2018, the Company discontinued operations of CBR Project PTE Ltd. The Company's revenue, expenses and changes in cash and money market investments do not include its discontinued operations. Operating results of the discontinued operation are separately reported on the Company's consolidated financial statements.

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 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. 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 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 determines 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 through its subsidiary, CBR Project PTE Ltd., entered into agreements to issue tokens that were expected to trade on a token network outside Canada and the United States. Revenue from such contracts was recognized at such time that the consideration had been received and a benefit has been provided to the purchaser. The Company

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

discontinued the business of token sales and token presales. Revenue from token pre-sales related to the establishment of a token network was restated as discontinued operations.

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, 2020, the Company has estimated tax credits receivable of \$242,858 (2019 – \$513,261).

**(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 share-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.

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

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.

Restricted Share Units, (“RSUs”) are equity settled only. 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 shares based payment reserve. Adjustments to the number of RSUs expected to vest are recognized in the current 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 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

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

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 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 Instruments**(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) MeasurementFinancial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) DerecognitionFinancial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

**(j) Government grants and assistance**

The Company accounts for government grants under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. The Company reports the funding as a current liability as it estimates that the funding will be forgiven. As funds are received prior to the funded costs being incurred, funds are classified as a financing activity in the statement of cash flows. At the time that the Company has incurred the funded costs and forgiveness is reasonably assured, the amount of funding forgiven will be recorded as income.

**(k) Leases**

Effective May 1, 2019, the Company adopted IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The adoption of IFRS 16 had no impact on the financial statements as the Company had no leases as at May 1, 2019 or April 30, 2020.

**4. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED**

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

**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

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

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.

**(e) Allowances for Doubtful Accounts**

The Company must make an assessment of whether trade receivables are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer credit, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

**(f) Going Concern**

Judgment is required in the determination that the Company will continue as a going concern for the next year.

**6. CASH AND MONEY MARKET INSTRUMENTS**

	April 30, 2020	April 30, 2019
Cash	\$ 605,901	\$ 276,170
Money market funds	1,267,474	2,313,342
U.S. Treasury bills	-	2,187,152
	<b>\$ 1,873,375</b>	<b>\$ 4,776,664</b>

See note 20.

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

**7. ACCOUNTS RECEIVABLE**

	<b>April 30, 2020</b>	<b>April 30, 2019</b>
Trade receivables	\$ 16,839	\$ 36,828
Government assistance receivable	15,204	-
GST receivable	12,346	17,915
	<b>\$ 44,389</b>	<b>\$ 54,743</b>

**8. TAX CREDIT RECEIVABLE**

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

Balance, April 30, 2018	\$ 148,133
Tax credits received	-
Tax credit accrual (note 16)	365,128
Balance, April 30, 2019	513,261
Tax credits received	(565,373)
Tax credit accrual (note 16)	324,721
Foreign exchange	(29,751)
Balance, April 30, 2020	<b>\$ 242,858</b>

**9. DIGITAL CURRENCY**

	<b>April 30, 2020</b>	<b>April 30, 2019</b>
	<b>Quoted Market Price</b>	<b>Quoted Market Price</b>
Bitcoin	\$ 28,354	\$ 17,522

**10. PREPAID EXPENSES AND DEPOSITS**

	<b>April 30, 2020</b>	<b>April 30, 2019</b>
Deposit and prepaid office rent	\$ 24,800	\$ 25,464
Other	71,200	110,357
	<b>\$ 96,000</b>	<b>\$ 135,821</b>

**11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>April 30, 2020</b>	<b>April 30, 2019</b>
Accounts payable (note 12)	\$ 384,136	\$ 200,571
Accrued liabilities (note 12)	219,409	336,188
	<b>\$ 603,545</b>	<b>\$ 536,759</b>

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

**12. RELATED PARTY TRANSACTIONS**

The following amounts, included in accounts payable and accrued liabilities (note 11), are payable to related parties as at April 30, 2020 and 2019:

	<b>April 30, 2020</b>	<b>April 30, 2019</b>
Expenses incurred on behalf of Company	\$ 14,827	\$ 3,848
Accrued payroll	17,013	19,251
Bonuses	288,188	102,108
Board Services	10,700	11,800
	<b>\$ 330,728</b>	<b>\$ 137,007</b>

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

During the year ended April 30, 2020, \$102,107 (2019 - \$277,998) was paid to management for bonuses accrued in the prior year.

**Key Management Compensation**

The Company incurred the following expenses with directors, officers and companies that are controlled by directors of the Company, during the years ended April 30, 2020 and 2019:

	<b>Year ended April 30, 2020</b>	<b>Year ended April 30, 2019</b>
Salary	\$ 852,332	\$ 733,298
Bonus	288,188	102,107
Board services	55,700	56,800
Share-based compensation	84,797	354,202
	<b>\$ 1,281,017</b>	<b>\$ 1,246,407</b>

**13. TERM LOANS PAYABLE**

On April 21, 2020, the Company received funding from the Silicon Valley Bank in the amount of \$307,885 under the Paycheck Protection Program ("PPP"), a program formed under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") guaranteed by the U.S. government. The loan bears interest at a rate of 1.0% per annum and matures in 24 months. Payments will not be due by the Company during the initial six-month period and, commencing one month after such six-month period, the Company shall be responsible for equal monthly payments of principal and interest until the maturity date. Under the terms of the PPP, an amount up to the principal amount of funding is to be forgiven if the Company maintains a consistent number of full-time employees for a prescribed period of time and the funds are used for certain prescribed expenses. The Company intends to use the funds for the purposes set out in the CARES Act and apply for forgiveness of the amounts so funded under the PPP. The Company estimates that the amount to be forgiven will be \$197,399. The estimated forgiveness amount along with the principal loan payments in the amount of \$36,829 are classified as a current liability.

During the year ended April 30, 2020, as part of the Canadian government funded COVID-19 financial assistance programs, the Company received loans in the amount of \$28,756 (CAD \$40,000) from the Bank of Montreal (CEBA term loan). The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

The Company will record the amounts to be forgiven as government assistance upon compliance with PPP and CEBA terms.

## **Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

### **14. SHARE CAPITAL AND RESERVES**

(a) Authorized

Unlimited common shares without par value; and

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

(b) Issued Share Capital

At April 30, 2020 there were 41,382,188 (April 30, 2019 – 40,912,996) common shares issued and fully paid and 14,770,967 (April 30, 2019 – 14,770,967) Restricted Voting Common Shares issued and fully paid.

(c) Shares Issued during the Year

**During the year ended April 30, 2020 the following shares were issued:**

The Company issued 43,548 common shares pursuant to the exercise of options for gross proceeds of \$1,656.

The Company issued 425,644 common shares pursuant to the RSUs.

**During the year ended April 30, 2019 the following shares were issued:**

On October 15, 2018, the Company completed a private placement and swap transaction whereby Randy Chou, the CEO of the Company, sold 5,161,290 common shares of his personal holdings at a price of CAD\$0.775 per share on October 12, 2018 and subscribed for 1,935,483 restricted voting common shares of the Company at a price of CAD\$0.775 per share, for gross proceeds to the Company of CAD\$1,500,000 on October 15, 2018. The net proceeds after share issuance cost was \$959,156. Immediately prior to closing the private placement and swap, Mr. Chou converted 164,516 Restricted Voting Shares into common shares.

The Company issued 837,417 common shares pursuant to the exercise of options for gross proceeds of \$31,263.

The Company issued 8,211 common shares pursuant to the exercise of warrants for gross proceeds of \$4,849.

The Company issued 123,954 common shares pursuant to the RSUs.

(d) Escrow Shares

Effective February 28, 2018 the Company and Nubeva, Inc. entered into an agreement under which the Company acquired 100% the issued and outstanding securities of the Nubeva, Inc. resulting in a reverse takeover (“RTO”). 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 were released in four equal installments, the first upon closing of the RTO and the remainder every six months thereafter. On September 3, 2019, the remaining 8,424,194 common shares held in escrow in connection with the Company’s RTO and listing, which included 3,250,000 Restricted Voting Common shares and 5,174,194 common shares, were released. At April 30, 2020 there were nil common shares in escrow (April 30, 2019 – 8,424,194).

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

**(e) Share-Based Compensation**

On August 30, 2019 the Company's shareholders amended its compensation plans to increase the number of common shares reserved for issuance under all share compensation arrangements to 11,100,000 from 10,550,000 as follows:

- (i) Increase the number of common shares reserved for issuance under the Company's Fixed Share Option Plan to 7,500,000, and
- (ii) Reduce the number of common shares reserved for issuance under the Company's Restricted Share Unit Plan to 3,600,000.

The following table summarizes the Company's outstanding equity compensation as at April 30, 2020 and April 30, 2019:

	April 30, 2020			April 30, 2019		
	Units	Weighted average exercise price (CAD \$)	Weighted average remaining life (years)	Units	Weighted average exercise price (CAD \$)	Weighted average remaining life (years)
Stock options (i)	5,144,119	0.24	7.73	4,361,538	0.28	8.30
RSUs (ii)	247,702	-	0.76	623,346	-	1.50
Units outstanding	5,391,821	0.24	7.41	4,984,884	0.28	8.80

**(i) 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 stock options for the years ended April 30, 2020 and 2019 is as follows:

	Number of Options	Weighted Average Exercise Price (CAD\$)
Balance April 30, 2018	5,098,888	0.28
Granted	645,200	0.29
Forfeited	(545,133)	0.68
Exercised	(837,417)	0.05
Balance, April 30, 2019	4,361,538	0.28
Granted	860,000	0.08
Forfeited	(33,871)	0.05
Exercised	(43,548)	0.05
Balance, April 30, 2020	5,144,119	0.24

During the year ended April 30, 2020, the Company granted 860,000 (2019 – 645,200) stock options. The fair value of the options granted was estimated to be \$30,049 (2019 - \$127,433) 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.

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

The options granted vest over periods of 24 months to 4 years with exercise prices of \$0.05 to \$0.10. Share-based compensation of \$101,055 (2019 - \$343,424) was recorded for options vested during the year ended April 30, 2020.

	Year ended April 30, 2020	Year ended April 30, 2019
Expected life of options	5 years	5 to 10 years
Annualized volatility	110%	110%
Risk-free interest rate	0.54% - 1.46%	1.67% - 1.92%
Dividend rate	Nil%	Nil%

Details of options outstanding at April 30, 2020 are as follows:

Number of Options Outstanding	Expiry Date	Weighted Average Exercise Price (CAD\$)	Weighted Average Remaining Life (Years)
38,710	12-Apr-26	0.05	5.95
58,065	14-Apr-26	0.05	5.96
38,710	5-May-26	0.05	6.02
77,419	4-Jun-26	0.05	6.10
77,419	14-Jun-26	0.05	6.13
38,710	20-Jun-26	0.05	6.14
42,581	21-Jun-26	0.05	6.15
11,613	8-Sep-26	0.05	6.36
13,548	17-Sep-26	0.05	6.39
38,710	6-Oct-26	0.05	6.44
30,968	25-Nov-26	0.05	6.58
1,167,096	9-Jan-27	0.05	6.70
13,548	11-Jan-27	0.05	6.70
108,387	16-Jan-27	0.05	6.72
42,581	17-Jan-27	0.05	6.72
134,195	29-May-27	0.05	7.08
282,581	19-Jun-27	0.05	7.14
92,903	21-Jun-27	0.05	7.15
700,820	5-Sep-27	0.05	7.35
139,355	1-Nov-27	0.80	7.51
386,000	23-Mar-28	1.52	7.90
105,000	11-Apr-28	1.52	7.95
95,000	15-Jan-29	0.42	8.72
550,200	16-Apr-29	0.27	8.97
20,000	28-Sep-29	0.10	9.42
60,000	10-Oct-29	0.10	9.45
420,000	9-Mar-30	0.05	9.86
360,000	23-Apr-30	0.08	9.99
5,144,119		0.24	7.73

At April 30, 2020, there were 3,307,740 stock options exercisable (April 30, 2019 – 2,281,733).

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

## (ii) RSUs

RSUs are equity settled only and may be granted to directors, consultants, officers and employees of the Company. Compensation expense is recognized based on the share price of the Company's common shares on the grant date multiplied by the number of RSU's expected to vest and recognized ratably over the vesting period, with a corresponding credit to the share-based compensation reserve. Adjustments to the number of RSUs expected to vest are recognized in the current period. Share-based compensation of \$106,374 was recorded for RSUs during the year ended April 30, 2020 (2019 - \$99,811).

The continuity of RSUs for the years ended April 30, 2020 and 2019 is as follows:

	Number of RSUs	Weighted Average Grant Price (CAD\$)
Balance April 30, 2018	-	-
Granted	747,300	0.41
Vested and released	(123,954)	0.41
Balance, April 30, 2019	623,346	0.41
Granted	50,000	0.08
Vested and released	(425,644)	0.41
Balance, April 30, 2020	247,702	0.34

Details of RSUs outstanding as at April 30, 2020 are as follows:

Grant date	Number of RSUs outstanding	Grant price (CAD\$)	Expiry date	Remaining life (years)
15-Jan-19	131,286	\$0.41	09/30/2020	0.42
15-Jan-19	11,670	\$0.41	10/08/2020	0.44
15-Jan-19	36,668	\$0.41	11/18/2020	0.55
15-Jan-19	18,078	\$0.41	09/18/2020	0.39
23-Apr-20	50,000	\$0.08	1/14/2022	1.73

## (iii) Warrants

The continuity of warrants for the years ended April 30, 2020 and 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD\$)
Balance April 30, 2018	337,025	0.64
Expired	(292,338)	-
Exercised	(8,211)	0.78
Balance, April 30, 2019	36,476	0.78
Expired	(36,476)	0.78
Balance, April 30, 2020	-	-

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

## (f) Reserves

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

Reserves relating to warrants are transferred to share capital on the date they are exercised. The Company does not adjust the reserve for warrants that expire unexercised.

**15. INCOME TAX**

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

	<b>Year ended April 30, 2020</b>	<b>Year ended April 30, 2019</b>
Statutory tax rate	27%	27%
Loss for the year	\$ (3,783,511)	\$ (4,057,961)
Expected income tax recovery	(1,021,548)	(1,095,649)
Non-deductible expenses and other	172,456	172,496
Effect of share issuance costs not recognized	-	(54,055)
Effect of foreign tax rates and tax rate changes	146,923	156,002
Effect of change in tax rates	-	(8,220)
Effect of change in valuation allowance	702,169	829,427
<b>Income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

Significant components of the Company's temporary difference as of April 30, 2020 and 2019 are as follows:

	<b>April 30, 2020</b>	<b>April 30, 2019</b>
<b>Deferred income tax assets:</b>		
Non-capital losses carry forwards	\$ 2,237,137	\$ 1,488,566
Share issuance costs	102,994	149,086
Equipment	8,529	8,839
	2,348,660	1,646,491
Valuation allowance	(2,348,660)	(1,646,491)
	<b>\$ -</b>	<b>\$ -</b>

As at April 30, 2020, the Company has the following non-capital losses, expiring in various years to 2040:

Year incurred	Canada	USA	Australia
2016	\$ -	\$ 3,000	\$ -
2017	13,000	473,000	255,000
2018	144,000	1,087,000	1,012,000
2019	621,000	1,421,000	850,000
2020	657,000	2,651,000	103,000
	<b>\$ 1,435,000</b>	<b>\$ 5,635,000</b>	<b>\$ 2,220,000</b>

The losses incurred in the USA have no expiry.

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

**16. EXPENSES BY NATURE**

For year ended April 30, 2020

	<b>General and Administration</b>	<b>Research and Development <sup>(1)</sup></b>	<b>Sales and Marketing</b>
Office expense and operations	\$ 246,717	\$ 267,883	\$ 299,357
Personnel	491,108	1,345,994	1,118,955
Travel	18,189	21,736	8,432
<b>Totals</b>	<b>\$ 756,014</b>	<b>\$ 1,635,613</b>	<b>\$ 1,426,744</b>

(1) Research and development expenses are reported net of refundable tax credits in the amount of \$324,721.

For the year ended April 30, 2019

	<b>General and Administration</b>	<b>Research and Development <sup>(1)</sup></b>	<b>Sales and Marketing</b>
Office expense and operations	\$ 461,283	\$ 254,920	\$ 420,731
Personnel	383,724	781,313	778,519
Travel	10,719	6,658	35,983
<b>Totals</b>	<b>\$ 855,726</b>	<b>\$ 1,042,891</b>	<b>\$ 1,235,233</b>

(1) Research and development expenses are reported net of refundable tax credits in the amount of \$365,128

See note 8.

**17. REVENUE**

	<b>Year ended April 30, 2020</b>	<b>Year ended April 30, 2019</b>
Subscriptions	\$ 157,710	\$ 110,378
Software and services	-	736,000
<b>Totals</b>	<b>\$ 157,710</b>	<b>\$ 846,378</b>

**18. DISCONTINUED OPERATIONS**

During the year ended April 30, 2018, the Company incorporated CBR Project Pte Ltd (“CBR”) to launch a token network for the purpose of offering the Company’s products and services outside North America. Since its inception, CBR reported \$3.77 million of token presales, for which it received consideration in cash, Bitcoin and tokens of another issuer (note 19).

On November 26, 2018, the Company ceased operations of CBR and distributed its remaining assets to the investors of token presale contracts. Remaining assets in the amount of \$815,330 were distributed in tokens received from another issuer and had no impact on the Company’s cash balances (note 19). The Company reported a gain of \$881,801 from the dissolution of the subsidiary, the completion of which occurred during the year ended April 30, 2020. The gain is primarily from the elimination of deferred revenue. The gain was offset by the loss the Company reported on the write off of the remaining digital currencies.

As at April 30, 2020, current assets in the amount of \$Nil (April 30, 2019 - \$4,431) and current liabilities of \$Nil (April 30, 2019 - \$6,366) are reported in the consolidated accounts of the Company. Operations for the year ended April 30, 2019 have been adjusted to reclassify the results of the discontinued operation into one line.

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

Operating results of the discontinued operation are as follows:

Discontinued Operations		
<b>Operating Information:</b>	<b>Year ended April 30, 2020</b>	<b>Year ended April 30, 2019</b>
Revenue	\$ -	\$ 1,081,905
Expenses	-	(555,509)
Fair value loss on digital currencies	-	(865,414)
Net loss from discontinued operations	\$ -	\$ (356,619)

**19. LOSS ON DIGITAL CURRENCY**

During the year ended April 30, 2019, in connection with CBR and the Company's planned token network, the company received tokens from another token issuer for token presale contracts in the amount of \$3 million. The tokens were traded on a token network and quoted in Ethereum. Effective November 26, 2018, the Company cancelled its token project and distributed tokens in the amount of \$815,330 to the project investor. The Company recorded a loss on write down of the remaining tokens in the amount of \$1,323,336 in the statement of comprehensive loss for the year ended April 30, 2019 (note 18).

**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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

**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, 2020 the Company had cash and marketable securities of \$1,873,375 (April 30, 2019 - \$4,776,664) to settle current liabilities of \$837,773 (April 30, 2019 - \$536,759). The Company estimates it has adequate working capital to continue operations for six months. There is substantial uncertainty that the Company will be able to continue to meet its financial obligations as they come due if it cannot generate sales or raise additional capital, and there is no assurance that the Company will be able to raise sufficient capital, or raise capital on terms advantageous to the Company.

**Foreign Exchange Risk**

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The 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, 2020 and April 30, 2019, 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:

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

	April 30, 2020		April 30, 2019	
	Australian Dollars	Canadian Dollars	Australian Dollars	Canadian Dollars
Cash	\$ 45,111	\$ 59,645	\$ 29,230	\$ 114,199
Accounts receivable	21,005	1,335	5,394	12,521
Income tax receivable	241,458	-	513,261	-
Accounts payable and accrued liabilities	(88,146)	(128,358)	(152,230)	(85,740)
Term loan	-	(28,756)	-	-
Total	\$ 219,428	\$ (96,134)	\$ 395,655	\$ 40,980

Based on the above net exposures, as at April 30, 2020, a 10% change in the Canadian Dollar to the US Dollar exchange rate would impact the Company's net gain or loss by \$21,943 and a 10% change in the Australian Dollar to the US Dollar exchange rate would impact the Company's net gain or loss by \$9,613.

**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. The Company uses capital to finance its operating losses. There is substantial uncertainty that the Company will be able to continue to finance its operating losses. The Company currently funds these requirements from cash raised through the issuance of common shares. There is a risk that the Company will not be able to raise funds through the issuance of shares or on terms advantageous to the Company or its shareholders. The Company's objectives when managing capital are to ensure that the Company will 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 period.

**Investment Risk**

As at April 30, 2020 the Company's cash and marketable securities were comprised of cash in the amount of \$605,901 (2019 - \$276,170), money market funds in the amount of \$1,267,474 (2019 - \$2,313,342) and United States Treasury bills in the amount of \$Nil (2019 - \$2,187,152).

Money market funds were comprised as follows:

- i) 50% 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) 50% 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.

**Nubeva Technologies Ltd.**

Notes to the Consolidated Financial Statements.

For the years ended April 30, 2020 and 2019

(Expressed in United States Dollars)

**21. SEGMENT REPORTING**

At April 30, 2020, the Company operates in one operating segment, the development and commercialization of software to support the provision of cloud-based security.

**22. SUBSEQUENT EVENTS**

Subsequent to April 30, 2020, the Company entered into a license agreement for its symmetric key intercept software under which it received an initial payment of \$1,000,000. The license agreement includes three-years of support and updates.

Subsequent to April 30, 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 program is to provide working capital to small businesses suffering substantial economic injury as a result of the Coronavirus. The loan bears interest at a rate of 3.75% per annum and is repayable in monthly payments of principal and interest over 30 years commencing one year after the date the loan was advanced. Also, on July 7, 2020 the Company received a grant from the SBA in the amount of \$10,000 under the EIDL.

Subsequent to April 30, 2020 115,327 shares were issued pursuant to RSU’s and 71,894 shares were issued for proceeds of CDN \$3,595 pursuant to the exercise of incentive stock options.