

Nubeva Technologies Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (this “**MD&A**”) is dated December 29, 2021 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, 2021 and accompanying notes; and
- (ii) the Company’s management discussion and analysis for the year ended April 30, 2021.

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 that broadens network traffic security and visibility. The patent pending Session Key Intercept ("SKI") technology enables cybersecurity and application assurance solutions with a modern, high-speed, easy to integrate decryption capability to enhance existing monitoring and inspection products.

Further, Nubeva recently discovered that the SKI technology can be adapted and applied to ransomware, one of the most significant problems facing the world today. Early development and testing has shown that Nubeva can successfully restore ransomed files quickly and easily from some of the most advanced variants known. Today there are no systemic solutions for ransomware and management believes that the Company may have produced a universal solution. This project is in active and late development stages.

Deep and Thorough Inspection of Network Traffic is Mission Critical

Enterprises and service providers must inspect and monitor their network traffic between applications, data centers, clouds, the internet, and end-users and their devices. The drivers are cybersecurity and application performance monitoring and assurance. They need to look at the flows of connections and the actual data transmitted to detect and defend from cyber threats as well as to diagnose and resolve application issues to keep their businesses and services up and running.

Nearly All Network Traffic is Encrypted With TLS

At the same time, security and regulatory requirements have led the world to a point where nearly all traffic is encrypted end-to-end, using the industry standard protocol known as TLS. (Transport Layer Security, the successor to SSL, is a cryptographic protocol designed to provide communications security over a computer network.) While TLS provides essential security and privacy, it also hides the actual data and details of these communications from view. This includes malicious software such as ransomware and viruses as well as application performance details such as database and API (Application Programming Interface) calls and their responses. In fact, it has been well reported that over 46% of malware now hides inside standard encrypted traffic flows. Up over 100% in just 12 months. The implication is that IT and Security teams must decrypt traffic in order to inspect it or take on significant risks, cyber and operational. More recently the industry standard bodies released TLS version 1.3, a new version that provides much needed security enhancements but at the same time, makes it much more difficult to lawfully decrypt for inspection of that traffic. TLS 1.3 adoption is beginning to take off and is expected to be universally employed by 2025.

Traditional Decryption Solutions are Falling Short

Traditionally, solution providers of security and application inspection services relied on three decryption methods. However, one, Passive Intercept, the simplest and least disruptive, is obsolete with TLS 1.3. The other two, Man-in-the-Middle and Reverse-Proxy based decryption, have a growing list of traffic that cannot be decrypted and have rising performance and operational challenges due to modern computer, network and security architectures. The result?

- For the enterprises: Reduced product visibility equals increased risk and the need for compensating controls and systems. Existing investments and their supporting policies, procedures and staff are facing end of life.
- For the solution providers and manufacturers: These limitations lead to reduced product capability and solution value which directly impacts sales, increases friction, reduces deal size and ultimately reduces market opportunity.

Nubeva Has a Breakthrough Technology Solution

In June 2019, Nubeva launched the Session Key Intercept (“SKI”) technology as a modern decryption solution to address this problem. At its core, SKI is patent pending software that has perfected the ability to get individual TLS session encryption keys out of computer systems in real-time and allow authorized systems to use those keys to decrypt TLS to enable full network traffic inspection. Nubeva SKI, unlike all previous decryption methods, does so without manipulating the traffic, modifying protocols or the connection itself, or using the ultra-secret, master server security keys and certificates. SKI is more reliable, less disruptive, requires lower resources, is better performing, and more secure than legacy methods. Unlike legacy options, SKI works universally on all TLS traffic for all use cases and in nearly any computing environment including private datacenter, public clouds such as AWS, Google and Azure, and on the internet.

3. Overall Performance

During the six months ended October 31, 2021 and to the date of this MD&A, in addition to continuing to provide critical updates for existing applications, Nubeva focused on its next major development with the introduction of SKI for ransomware. Set to be launched in the second quarter of F2022, this development is expected to be a groundbreaking solution to the ever expanding problem of ransomware and present Nubeva and the OEM’s that license its products and services with a leading market opportunity.

Also during the quarter, as R&D efforts on ransomware continued to yield very positive results, management continued to shift and invest more resources into that opportunity. The Company also halted negotiations on substantial contracts whose terms would have put the ransomware technology and future potentials in jeopardy. As a result, the investment in the ransomware opportunity is materially affecting financial performance and pipeline growth for TLS.

Product Development

- **In September 2021** the Company announced the successful completion of initial testing of a new universal solution for ransomware recovery. Based on early positive indications from research in fiscal Q4, the company increased investments into ransomware solutions using SKI technology. During fiscal Q1, the Company succeeded in producing working software that could successfully restore and recover systems that have been ransomed. The Company conducted numerous successful tests on live, active and advanced ransomware forms.
- **In July 2021** Nubeva announced support for Windows 11 which is set to be released later in 2021.
- **In June 2021** Nubeva announced its initial support for Windows Server 2022. Nubeva plans to release support at the time of Microsoft's system general availability. The public preview of Microsoft Windows Server 2022 was recently announced and will be delivered later this year. Security is the headline priority of Microsoft Systems, including the default use of TLS 1.3 encryption. The Company believes that as mission-critical applications will be run on Microsoft's newest platform, the ability to inspect this traffic will be paramount.
- **In May 2021** the Company launched its comprehensive developer license program for Nubeva's patented Session Key Intercept (SKI) technology. The for-fee program provides developer-level access to Nubeva's state-of-the-art technology. This program allows cybersecurity and application assurance companies the ability to execute seamless proof of concepts and external demos of SKI's decryption capability to their customer base before deeper OEM implementations. Program delivery model is customer-driven, requires no change to Nubeva's support model, and is validated as an easy on-ramp for SKI adoption.

Relationships

- **In July 2021** Nubeva announced that Trend Micro, a global leader in cybersecurity, has completed initial integrations and is set to release product to market, deploying it into multiple product sets.
- **In June 2021** Nubeva announced its first customer win with a "tier-1" network operator and service provider to enable advanced network monitoring of core communications infrastructure.

Financing

- **In December 2021** 232,257 stock options were exercised at a price of CAD \$0.05 per common share for gross proceeds of \$9,085 (CAD\$11,613).

- **On December 3, 2021**, Nubeva completed a non-brokered private placement of units for gross proceeds of \$780,518 (CAD \$1,000,000). The Company issued 1,250,000 units at a price of CAD \$0.80 per unit. Each unit is comprised of one common share and one half of one common share purchase warrant (“Warrant”), each whole Warrant entitling the holder to acquire one common share at a price of CAD \$1.05 per common share for a period of up to three years. If at any time subsequent to the date which is four months and a day from the closing date, the closing price of the Common Shares as quoted on TSX Venture Exchange for any ten consecutive trading days is equal to or exceeds CAD \$2.10 per common share, the Company may accelerate the expiry date of the Warrants to the 30th day after notice is provided to the holders.
- **In November 2021** 594,565 stock options were exercised at a weighted average price of CAD\$0.11 per common share for gross proceeds of \$52,553 (CAD\$67,226).
- **On November 29, 2021**, Nubeva completed a non-brokered private placement of units for gross proceeds of \$361,927 (CAD \$462,000). The Company issued 550,000 common shares at a price of CAD \$0.84 per unit.
- **On October 5, 2021**, the Company issued 56,391 shares to settle debt in the amount of CAD \$52,500.
- **On September 16, 2021**, Nubeva completed a non-brokered private placement of units for gross proceeds of \$413,444 (CAD \$524,000). The Company issued 655,000 units at a price of CAD \$0.80 per unit. Each unit is comprised of one common share and one half of one common share purchase warrant (“Warrant”), each whole Warrant entitling the holder to acquire one common share at a price of CAD \$1.25 per common share for a period of up to three years. If at any time subsequent to the date which is four months and a day from the closing date, the closing price of the Common Shares as quoted on TSX Venture Exchange for any ten consecutive trading days is equal to or exceeds CAD \$2.50 per common share, the Company may accelerate the expiry date of the Warrants to the 30th day after notice is provided to the holders.
- **In September 2021**, 1,016,610 share purchase warrants were exercised at a price of \$0.65 per common share for gross proceeds of \$520,312 (CAD\$660,796) and 100,000 share purchase warrants were exercised at a price of \$0.80 per common share for gross proceeds of \$62,992 (CAD\$80,000).
- **On September 2, 2021**, the Company received forgiveness from the U.S. government of its second PPP loan in the amount of \$240,652.
- **On August 11, 2021**, Nubeva announced that it has elected to trigger acceleration of the expiry date of 1,111,110 share purchase warrants issued on March 26, 2021 in connection with its March 2021 private placement. As of the date of this MD&A, all of the Warrants in connection to its March 2021 private placement have been exercised for proceeds of CAD \$722,220. Pursuant to the terms of the acceleration clause, any warrants that have not been exercised as of September 10, 2021 will automatically be cancelled. Each Warrant entitles the holder to purchase one Common Share at a price of CAD \$0.65.
- **On June 25, 2021**, the Company issued 46,052 shares to settle debt in the amount of CAD \$42,703.

- **On May 20, 2021**, the Company received forgiveness from the U.S. government of its initial PPP loan in the amount of \$197,001.

4. Future Plans and Outlook

Management believes that the newly identified ransomware solution and market opportunity represent the single largest potential for the company. As such, the Company will continue to grow investment into the area with an aim of delivering product in market in early 1H, calendar 2022. The Company plans to continue its TLS market execution as well.

It is expected that enterprises and governments will increase network monitoring and security efforts to protect their networks and infrastructure over the ensuing year. In 2021 there were several high-profile cybersecurity incidents, including the ransomware attack on the Colonial Pipeline, the SolarWinds hack, and the recent cyber-attack on JBS, the world's largest meat supplier. High-profile attacks such as these, combined with the increasing shift from on-premise to cloud-based information systems, should contribute to companies prioritizing cybersecurity spending and the subsequent need for decryption to enable it.

The Network Detection and Response ("NDR") market is the second fastest-growing cybersecurity segment behind cloud access security brokers. According to research from Gartner, IDC and Truist, among others, NDR now exceeds \$1 billion. NDR enables organizations to monitor network traffic for malicious actors and suspicious behavior and react and respond to the detection of cyber threats to the network. According to IBM, the average cost of a data breach now exceeds \$3.86 million, and the average time to identify a breach is 207 days.

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. 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.

Organized cyber criminals see telecom companies as high-value targets because of the large amounts of sensitive personal data they collect and maintain on their customers and due to the critical communications infrastructure they provide. The rollout of 5G networks and potentially billions of additional devices, such as IoT devices, industrial automation, and driverless cars, further increases the risk. Telecom providers will be more vulnerable to potential cyberattacks. In particular, ransomware, which is a form of malware that encrypts a victim's files for the purpose of collecting a ransom, presents an ever growing threat to organizations around the world. Such attacks have crippled organizations of all sizes, and victims have included one of the largest fuel suppliers in the United States.

With the aforementioned market pressures and the accelerating adoption of TLS 1.3, especially as it is the base standard in Microsoft's newest operating systems (Windows 11 and Windows Server 2022), all driving a need for newer and better decryption alternatives, we believe that Nubeva, while at an early stage of a market transition, is very well positioned to capture early market share and establish itself as a broadly adopted technology. As Nubeva develops SKI to provide ransomware decryption keys to address the exponential increase and devastating impact on organizations, we expect Nubeva will be a leading force against the battle against cybercrime.

Plans

Nubeva reports the following progress on activities planned for the year ending April 30, 2022:

Plans for fiscal 2022	
Expand execution into primary OEM market opportunity	During the quarter the Company launched the Company launched its developer license program for SKI technology. This program allows cybersecurity and application assurance companies the ability to execute seamless proof of concepts and external demos of SKI's decryption capability to their customer base before deeper OEM implementations.
Test and explore the end-user market opportunity	During the quarter the Company announced its first customer win with a "tier-1" network operator and service provider to enable advanced network monitoring of core communications infrastructure.
Development of Nubeva's SKI software to include new technologies, platforms and enhanced features including mobile applications	During the quarter Nubeva announced support for Windows Server 2022 and Windows 11, prior to their release.
Monitor and optimize resources to support primary market execution and strategy	Ongoing efforts to optimize resources

5. Summary of Quarterly Results

Results for the three months and six months ended October 31, 2021 and 2020 are as follows:

Income Statement Data	Three Months ended October 31, 2021	Three Months ended October 31, 2020	Six Months ended October 31, 2021	Six Months ended October 31, 2020
Revenue	\$ 28,600	\$ 927,702	\$ 60,114	\$ 967,315
Expenses	995,727	728,536	2,000,307	1,550,500
Other Items				
Gain on digital currencies		7,984		16,711
Gain on debt settlement		-		-
Government assistance	70,389	98,305	198,128	305,704
Forgiveness of government loan	-			
Other income (loss)				
Interest expense	(5,317)	(11,198)	(11,687)	(11,198)
Foreign exchange	26	(2,290)	(850)	(18,360)
Interest and other income	197	2,158	540	2,575
Net income (loss) for the period	\$ (901,832)	\$ 294,125	\$ (1,754,062)	\$ (287,753)
Other comprehensive gain (loss)				
Foreign currency translation adjustment	13,610	(26,261)	(4,951)	15,790
Total comprehensive income (loss)	\$ (888,222)	\$ 267,864	\$ (1,759,013)	\$ (271,963)
Earnings (loss) per share – basic and fully diluted	\$ (0.01)	\$ 0.01	\$ (0.03)	\$ (0.01)
Weighted average number of common shares - basic	62,288,127	56,372,082	61,701,810	55,759,834

Revenue and Gross Margin

During the quarter ended October 31, 2021, revenues were derived primarily from support and maintenance. In same quarter of the prior year, support and maintenance was derived primarily from software licenses.

Nubeva's costs related to the revenue from licenses, services and support 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, 2021 increased by 37% over the prior year quarter, of which 14% was due to an increase in stock based compensation expense and 16% was due to an increase in general and administrative expense.

General and administrative expense

General and administrative expense increased by 64% over the the prior comparable quarter due to an increase in short term contractors.

Research and development expense

The Company reports research and development expense net of refundable tax credits. Research and development costs for the quarter were \$423,279 before refundable tax credits in the amount of \$70,389, compared with \$359,690 for the prior year period, before refundable tax credits of \$69,550.

Sales and marketing expense

Sales and marketing activities stayed constant when compared with the same quarter of the prior year.

Share-based compensation expense

Stock based compensation expense for the period ended October 31, 2021 increased over the prior year period primarily related to the vesting of the options granted in December, 2020. 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, 2021, the Company reported other income of \$70,389 (2020 - \$98,305) due to government assistance related refundable tax credits for research and development costs.

6. Quarterly Highlights

For the quarters ended:

	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020	April 30, 2020	January 31, 2020
Revenue	\$ 28,600	\$ 31,514	\$ 230,611	\$ 766,709	\$ 927,702	\$ 39,613	\$ 39,926	\$ 40,117
Total expenses	995,727	1,004,580	886,272	815,209	728,536	821,964	1,145,965	941,445
Other gain (loss)	(901,832)	120,836	168,588	49,853	86,975	191,746	46,535	6,930
Total comprehensive income (loss)	\$ (888,222)	\$ (870,791)	\$ (526,776)	\$ 75,577	\$ 267,864	\$ (539,827)	\$(1,090,357)	\$ (910,721)

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

There are no known trends or seasonal impacts on the Company's business although it is anticipated that 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, 2021 compared with the Company's financial position as at April 30, 2020 is as follows:

Balance Sheet Data	October 31, 2021	April 30, 2021
Current and total assets	\$ 2,439,749	\$ 2,986,649
Current liabilities	\$ 203,481	\$ 420,338
Long-term debt	\$ 19,219	\$ 26,387
Accumulated deficit	\$ (15,367,029)	\$ (13,612,967)
Total Equity	\$ 2,439,749	\$ 2,539,924

Assets as at October 31, 2021 decreased by \$546,900 from assets as April 30, 2021 due mainly to a decrease in cash and marketable securities of \$431,371 and a decrease in accounts receivable of \$178,185. The decrease in cash was due primarily to an outflow of cash used for operations.

Cash and marketable securities as at October 31, 2021 compared with cash and marketable securities as at April 30, 2021 are as follows:

Cash and marketable securities	October 31, 2021	April 30, 2021
Cash	\$ 800,346	\$ 1,466,913
Money market funds	1,048,703	813,507
Total	\$ 1,849,049	\$ 2,280,420

Current liabilities decreased by \$216,857 from current liabilities at April 30, 2021. The decrease is primarily due to repayment of government backed term loans and repayment of trade payables. During the six months ended October 31, 2021, the Company recorded forgiveness of government loans in the amount of \$72,652.

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, 2021, Nubeva had a working capital surplus of \$2,236,268 (April 30, 2021 – \$2,566,311).

As at October 31, 2021, Nubeva had cash and money market funds of \$1,849,049, a decrease of \$431,371 compared to cash at April 30, 2021 of \$2,280,420. The Company used \$1,519,674 of cash for operations during the six months ended October 31, 2021.

During the six months ended October 31, 2021 the Company received a net proceeds of \$412,421 from private placements, \$31,554 for the exercise of stock options and \$639,131 from the exercise of share purchase warrants.

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 the financial statements, at October 31, 2021, Nubeva has an accumulated deficit of \$15,367,029 (April 30, 2021: \$13,612,967). The Company reported negative cash flow from operating activities of \$1,519,674 for the period ended October 31, 2021. The Company had a working capital surplus of \$2,236,268. The available working capital as at the date of this MD&A is estimated to be adequate to finance Nubeva’s planned operations to the end of the current fiscal year.

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, 2021	Six months ended October 31, 2020
Salary	\$ 447,391	\$ 434,130
Consulting	18,614	-
Board services	30,000	30,000
Share-based compensation	218,225	15,655
	\$ 714,230	\$ 479,785

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

9. Off-Balance Sheet Arrangements

As at October 31, 2021, 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 Software Licenses. Revenue from software licenses with no further obligations to the Company are recognized upon transfer of the software.
- ii Support and maintenance. Revenue from support and maintenance arrangements is recognized over the contract term, commencing when the software is available for use.
- iii Professional and customization services. Revenue from professional and customization services is recognized as earned, based on performance according to specific terms of the contract or on the basis of the percentage of completion method where the revenue is reconcilable to services performed as a proportion of total services to be completed.
- iv Subscriptions. Revenue from subscriptions to access the Company's software over a period of time, along with associated support, is generally recognized over the contractual period on a straight-line basis.
- v Multiple services. Elements of contracts with customers that contain multiple services consisting of (i) software licenses (ii) subscriptions, (iii) support and maintenance, and (iv) professional and other services, that are distinct are accounted for separately. The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price ("SSP") basis. The Company determines SSP based on overall pricing objectives, taking into consideration the type of support and maintenance services and professional and other services, the geographical region of the customer and the number of users.

Foreseeable losses, if any, are recognized in the 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, 2021, Nubeva had estimated tax credits receivable of \$357,441 (April 30, 2021 - \$241,260).

Share-Based Payments

At November 18, 2021, the Company has reserved for issue 12,600,000 common shares under all compensation arrangements, of which 12,100,000 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.

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) 65,761,014 common shares issued and fully paid, including 14,770,967 Restricted Voting Common Shares;
- (ii) 6,230,384 stock options with a weighted average exercise price of CAD \$0.38; and
- (iii) 2,942,343 share purchase warrants with a weighted average exercise price of CAD \$0.96.

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 United States office from remote work sites and are continuing software development and sales and marketing activities at this time. However, as the COVID-19 pandemic continues, the heightened economic uncertainty may have significant implications for the Company. We are taking actions to ensure the Company has adequate financing to mitigate the impact on our business in the event that future economic conditions reduce our ability to secure financing in fiscal 2022.

Our business is subject to the effects of general global and regional economic conditions. If global and/or regional economic and market conditions, or economic conditions in key markets, remain uncertain or deteriorate, we may experience material adverse impacts on our business. Unfavorable and/or uncertain economic and market conditions may result in lower capital spending or delayed spending by our customers on cyber security and network monitoring, despite the higher incidence of cyber fraud, and adversely impact our revenue and increase credit risk.

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, 2021, the Company had cash and money market funds of \$1,849,049 (April 30, 2021 - \$2,280,420) to settle current liabilities of \$203,481 (April 30, 2021 - \$420,338).

Investment Risk

As at October 31, 2021 the Company's cash and marketable securities were comprised of cash in the amount of \$800,346 (April 30, 2021 - \$1,466,913), and money market funds in the amount of \$1,048,703 (April 30, 2021 - \$813,507).

Money market funds were comprised as follows:

- i) 38% 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) 62% Morgan Stanley MSBNA Preferred Savings Account insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits.

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

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The functional currency of Nubeva is the Canadian dollars, the functional currency of one operating subsidiary

is the Australian dollar and the functional currency of its other operating subsidiary is the United States dollar. At October 31, 2021, the Company held financial instruments in the aggregate amount of \$3,152 (April 30, 2021 - \$1,024,893) denominated in currencies that differ from their functional currencies. A 10% change in the value of the United States dollar would impact the Company's net gain or loss by \$315 (April 30, 2021 - \$102,489).

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

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.