

Nubeva Technologies Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (this “**MD&A**”) is dated December 19, 2022 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 the Company’s website www.nubeva.com and on the SEDAR website at www.sedar.com:

- (i) the Company’s unaudited condensed interim consolidated financial statements for the six months ended October 31, 2022, and accompanying notes; and
- (ii) the Company’s management discussion and analysis for the year ended April 30, 2022.

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

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

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

CAUTION ON FORWARD-LOOKING INFORMATION

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

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

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

- our dependence on suppliers and customers;
- our untested business model;
- our ability to attract customers;
- the competitive nature of the cloud-based security market;
- our ability to manage our growth;
- exchange rate risks;
- regulatory risks;
- our future operations;
- our dependence on key personnel;
- dilution to present and prospective shareholders;
- the lack of a market for our securities; and
- our share price.

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

1. History of the Business

Nubeva Technologies Ltd. was incorporated on February 3, 2017, under the Business Corporation Act of British Columbia as a capital pool company (“CPC”). 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”) and OTCQB Venture Market (“NBVAF”). The Company’s registered and records office are located at Suite 401, 750 West Pender Street, Vancouver, BC, V6C 2T7.

Nubeva, Inc. was incorporated under the laws of the State of Delaware on March 30, 2016. Nubeva Inc.’s wholly-owned subsidiary, Nubeva Pty Ltd. was incorporated under the laws of New South Wales, Australia on April 20, 2016. Nubeva is based in San Jose, California and 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-based decryption solutions to businesses, governments, and organizations. The solutions include TLS (SSL) network decryption that broadens network traffic security and visibility for cybersecurity and application monitoring manufacturers, and the Company’s newly released flagship solution: Ransomware Reversal which decrypts files and data that are encrypted by ransomware attacks, without paying ransoms for faster and lower cost restoration of operations. Both solutions are powered by the company’s proprietary and patented Session Key Intercept (“SKI”) technology that enables the discovery and copy of the keys used to encrypt network traffic or files at the moment of encryption. With the encryption keys available, decryption is not only possible, but is fast, easy, and extremely efficient.

In calendar Q3'21, Nubeva discovered that its SKI technology could be adapted to the urgent and growing global crisis of ransomware. The macro problem is that despite all the new security and backup technologies available, and increased spending on them over the past few years, ransomware attacks continue to grow in volume, ransom dollars, and most importantly in overall impact to organizations due to operational disruption. Ransomware continues to find holes in the status-quo solutions and due to its success has become a multi-billion-dollar criminal "Growth Industry." As testimony to this, a survey by Sophos discovered: in 2021, of the 66% of organizations reported being attack, over 45% choosing to pay the ransom over recovery from backup systems. These numbers increased sharply since 2020, and many reports indicate that ransomware rates will continue to rise.

The Company assessed the market opportunity and its ability to execute ransomware attacks and began to redirect the majority of all new product developments and marketing efforts to ransomware. In Q4 the Company began to pre-announce its capability. In late January, the Company released its first commercial version of the product: Ransomware Reversal and has begun sales and marketing to end-users' organizations, manages security service providers, and to OEM solution manufacturers.

RANSOMWARE SOLUTION

Ransomware is an accelerating global crisis

In the world of security and law enforcement there are many ways in which criminals "ransom" (extort monies) for demands. "Ransomware" is synonymous with crypto-ransomware, which is malicious software whose impact is the encryption of data files on a computer to disable access use. When the ransom is paid, typically in Bitcoin, keys are supplied to the victim in order to unlock the files and restore operations. Today ransomware threat actor "gangs" have become very good at maximizing operational outages to extract maximum ransom amounts. Ransoms have grown 10x over the last 3 years and there are many reports that the true cost to an organization is over 10x that in the total cost of recovery, losses for operational disruptions, lost customers, and brand damage. As a result, of their success and the anonymity of cryptocurrency, ransomware has become a multi-billion dollar "growth industry." Law enforcement, intelligence agencies, as well as the cyber insurance industry all predict significant growth in ransomware attacks for the next 3 to 5 years.

Status-Quo Solutions Are Insufficient

There are two main categories of solutions to ransomware: cybersecurity solutions and backup and recovery solutions. Despite all the innovations and steady increases in spending year over year on these solutions, ransomware continues to grow. Clearly, there are gaps between the status-quo solutions being applied. This is no difference in fighting cyber criminals for the last 20 years, for every new defense, the criminals always find a new vulnerability and attack vector. The attack surface, attack vectors and methods, and threat actors continue to grow. Moreover, many organizations simply do not have the budgets, talent, or maturity to implement and operate those technologies properly. Thus, a vast number of businesses, governments, critical local infrastructure, and education are all exposed. And while backup systems and strategies are critical, it is often infeasible to have real-time backups of all data. And worse, ransomware has become very good at disabling or corrupting backups in order to create data gaps and average recovery from backups can range from 5 to over 22 years on average.

Nubeva Ransomware Reversal is A New Solution

Nubeva's Ransomware Reversal solution provides a completely new approach in the fight against ransomware. Rather than trying to try and detect and block potential threats as the rest of the cybersecurity industry attempts, Nubeva assumes ransomware attacker will get through and succeed sooner or later. At that point, Ransomware Reversal is the easiest, fastest, and lowest cost way to recover from successful attacks. The business value is simple and clear; lower the risk and costs of ransomware attacks. Nubeva's solution consists of very small endpoint software that is installed on servers, desktops, and laptop computers. When ransomware detonates and begins encrypting files, the Nubeva software intercepts and saves copies of the encryption keys. Then, as companies begin their incident response to the attack, Nubeva works with those teams to supply decrypted software that uses the keys to restore the data. Ransomware reversal is trivial to implement and operate and support small to extremely large environments based on its open, modern, cloud-delivered architecture.

Nubeva is currently marketing Ransomware Reversal through three routes:

- 1) directly to end-user companies and organizations;
- 2) to managed security service providers (MSSPs) and incident response (IR) companies for value added resale; and
- 3) to cybersecurity solution manufacturers for the longer-term opportunity to embed our solutions into their products and installed base.

TLS SOLUTION

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, and 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. The first decryption method, Passive Intercept, was the simplest and least disruptive but became obsolete with TLS 1.3. The other two decryption methods, 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 traffic 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 patented 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, 2022, and to the date of this MD&A, in addition to continuing to provide critical updates for existing applications, Nubeva focused on its next major development with the introduction of SKI for ransomware. The company officially launched this product in late January with its first customer installation and began early-adopter marketing and sales of the product. The goal through the balance of the year and is to iterate on, and fine tune the product-market fit in terms of use-cases, packaging, pricing, industries and sectors, as well as sales and marketing tactics and programs that are the most efficient. The objective is to continue to resolve towards low-friction, low-cost, accelerating sales.

Also, during the current period, as R&D efforts continued on the ransomware solution with priorities on product stability and troubleshooting capabilities, and on the overall coverage and effectiveness of top ransomware variants. This work will likely continue for the foreseeable future. The Company continues to support and enhance its TLS product offering as well, but with materially reduced investment commensurate with the marketing demand and opportunity.

On October 5, 2022, the Company announced a software partnership with a college in the midwestern United States. The college is among a growing number of higher education institutions to take proactive steps to combat ransomware and other cyber-attacks.

On October 24, 2022, the Company announced the sale of its ransomware reversal system to a city municipality in Florida, USA. The city, which wished to remain anonymous, selected Nubeva as part of its cyber resilience and business continuity strategy specific to ransomware attacks.

On November 9, 2022, the Company received a patent for its Session Key Intercept technology related to ransomware decryption.

On November 17, 2022, the Company announced that it was recently featured as a new solution to ransomware attacks in the ICE71-RSAC 365 Innovation Showcase on “The Future of Ransomware.”

It was an honor for Nubeva to be part of the ICE71-RSAC 365 Innovation Showcase. Nubeva’s success in decrypting the latest versions of ransomware like Ragnar Locker, Conti, and LockBit demonstrates the key value of this technology in reducing the ransomware threat to critical infrastructure. Therefore, it is a valuable contributor to the cybersecurity community in the U.S. and worldwide. Nubeva has developed a breakthrough, patented software system that, if installed prior to an attack, allows for the decryption of ransomware quickly and easily by monitoring and capturing essential attack information in real-time. The company complements the software system with a set of decryption and data recovery services to help attacked organizations who do not have the software installed.

On December 5, 2022, Nubeva announced a seven figure, multi-year license agreement of its Ransomware Reversal solution. The customer wishes to remain confidential for security purposes.

Product Development

- **In December 2022**, the Company announced the successful decryption of Black Basta ransomware for a customer. This is one of the latest in a growing list of successful decryptions by Nubeva, including lethal threat actors such as Conti, Hive, LockBit, Ragnar Locker, Blackcat, and REvil across multiple industries.

In this attack, a significant amount of data was also corrupted on top of catastrophic data encryption. Typically, threat actors cannot recover corrupted data even after a ransom payment. But Nubeva’s technology often can. In this case, we recovered both encrypted and corrupted data, further exhibiting the breakthrough nature of our technology and capabilities.

The continued increase in successful ransomware attacks shows that even with state-of-the-art firewalls, anti-virus, and end-point detection and response systems (EDRs), ransomware often still finds a way in. A common misconception is that backup-ups will be there when that day comes. Unfortunately, attackers are adept at disabling and deleting backups to create extended downtimes for businesses that drive them toward paying the ransom. That is the gap we fill.

- **In November 2022**, the Nubeva announced that it successfully decrypted ransomware for a retail services company. Nubeva’s technology enabled 100% data recovery and system restoration within 12 hours. This decryption demonstrates yet again the speed and success rate of Nubeva’s technology in combating ransomware.

- **In October 2022**, the Company successfully decrypted Ragnar Locker ransomware for a billion-dollar company. Once engaged by the client, Nubeva's technology recovered 100% of all encrypted files and data within 24 hours. Nubeva's client did not pay any ransom to the attacker. This further validates Nubeva's tech capabilities and power.
- **In July 2022**, the Company announced decryption success on the latest version of Hive ransomware in an attack involving a large public school district. Nubeva's system was able to successfully decrypt every byte of encrypted data.
- **In June 2022**, the Company announced success in two live ransomware attacks by Conti and a new version of REvil. The Company's Ransomware Reversal solution successfully captured keys and decrypted the variants to recover data, working as promised. In one case, Nubeva was deployed AFTER an attack to provide containment of further encryption and protected against re-encryption during data recovery from backups. This defined a new use-case that Ransomware Reversal can provide significant value after an attack, and Nubeva will explore the selling opportunity that this represents in the coming quarters. Nubeva is bound to confidentiality to any further disclosure of details on these events.
- **In May 2022**, the Company expanded efforts to help Architectural, Engineering, and Construction (AEC) firms better protect themselves from ransomware attacks. Based on industry-specific feedback and strong early adoption, the company is increasing its focus on the AEC as there is a clear need and fit for the new breakthrough solution across the entire industry.

Relationships

- **In June 2022** Nubeva announced partnership with Arcas Risk Management, a leading cyber risk management firm that specializes in bringing quality services, historically reserved for large firms to small and mid-sized organizations, to enable robust ransomware incident response and monitoring services.

Financing

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 in the area and continue its TLS market execution as well.

It is expected that Ransomware attacks will continue and that many organizations will not have the time, money, or talent to implement effective defense and response systems to the threat. It is further expected that ransom amounts, and the total cost of attacks will continue to accelerate along with growth in the number of variants and threat actors. It is also expected that attacks will not only increase on large, high-value targets but will also expand down-market into mid and small-sized organizations, state and local government, healthcare, and other critical infrastructures.

In parallel to continual software improvements, Nubeva's highest priority is understanding and iterating on its potential markets to find the best market fit, highest adoption rates, points of aggregation and leverage into those markets, and economic and leveraged means to expand sales and marketing into those segments. The Company will also iterate on pricing and packaging models that match the innovation of the product to improve value delivered adoption while optimizing revenues and profits for the Company.

It is expected that the end-user sale will be the fastest adopters, starting with small to mid-sized organizations followed by larger organizations who will require deeper evaluations and more complex procurement processes. Managed Services Providers are expected to be the next fastest adopter who can create services around the product rather quickly. Meanwhile, OEM opportunities while potentially very significant, are expected to be long sales cycles as adoption requires significant technical evaluation, modifications to product roadmaps and strategy, and eventually software development time before the product can get to market. It is believed that increased success in end-user sales should accelerate MSP/MSSP sales, which in turn should accelerate OEM sales. Traditionally, enterprise software sales cycles range from 6 to 9 months. The Company believes it has an opportunity to meet or beat these averages due to the urgency and significance of the problem combined with the simplicity of the solution.

Nubeva will also continue to service its TLS customers base and pursue the steady inbound stream of sales leads and opportunities for that product.

5. Summary of Quarterly Results

For the three and six months ended October 31, 2022, and 2021

Income Statement Data	Three Months ended October 31, 2022	Three Months ended October 31, 2021	Six Months ended October 31, 2022	Six Months ended October 31, 2021
Revenue	\$ 87,779	\$ 28,600	\$ 165,414	\$ 60,114
Expenses	(911,648)	(995,727)	(1,784,189)	(2,000,307)
Other Items				
Government assistance		70,389		198,128
Interest expense	(774)	(5,317)	(1,537)	(11,687)
Foreign exchange	(1,551)	26	88	(850)
Interest and other income	20,388	197	20,388	540
Loss on investment	(983)	-	(983)	-
Net income (loss) for the period	\$ (806,789)	\$ (901,832)	\$ (1,600,819)	\$ (1,754,062)
Foreign currency translation adjustment	(26,584)	13,610	(28,904)	(4,951)
Total comprehensive income (loss)	\$ (833,373)	\$ (888,222)	\$ (1,629,723)	\$ (1,759,013)
Earnings (loss) per share – basic and fully diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares - basic	68,120,454	62,288,127	68,120,454	61,701,810

Revenue and Gross Margin

The Company's revenue for the six month period ended October 31, 2022 ("2022") was \$165,414 compared to \$60,114 during the six month period ended October 31, 2021 ("2021"). During 2022, 14% of revenues were derived primarily from software licenses and royalties compared to 14% in 2021. Within the fiscal year of 2022, the Company had developed a new stream of revenue due to successful launch of Ransomware Reversal and has begun sales and marketing to end-users', organizations, and managing security service providers. These recent developments accounted for 86% of the Company's revenue and are reported as subscriptions. During 2021, 86% of Nubeva's revenue was derived from support and maintenance sales to OEM customers and SaaS related activities related to its TLS network decryption.

The Company's revenue for the three month period ended October 31, 2022 ("Q2-2022") was \$87,779 compared to \$28,600 during the three month period ended October 31, 2021 ("Q2-2021"). During Q2-2022, 13% of revenues were derived primarily from software licenses and royalties compared to 9% in 2021. Within the fiscal year of 2022, the Company had developed a new stream of revenue due to successful launch of Ransomware Reversal and had begun sales and marketing to end-users', organizations, and managing security service providers. These recent developments accounted for 87% (2021 – Nil) of the Company's revenue and are reported as subscriptions. During Q2-2021, 91% of Nubeva's revenue was derived from support and maintenance sales to OEM customers and SaaS related activities related to its TLS network decryption.

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

Total expenses of \$1,784,189 for the six month period ended October 31, 2022 ("2022"), decreased by 11% compared to \$2,000,307 in the comparative six month period ended October 31, 2021 ("2021"). The 2022 decrease was comprised of a 24% decline in research and development expenses, a 42% increase in share-based compensation, a 7% decrease in sales and marketing expense, and a 24% decrease in general and administrative expense.

During the three month period ended October 31, 2022 ("Q2-2022"), the Company incurred total expenses of \$911,648, compared to \$995,727 in the three month period ended October 31, 2021 ("Q2-2021"). The 8% Q2-2022 decrease in total expenses was comprised of a 34% decline in research and development expenses, a 101% increase in share-based compensation, a 5% increase in sales and marketing expense, and a 33% decrease in general and administrative expense.

General and administrative expense

General and administrative expense decreased by 24% over 2022 due to lower consulting services engaged for business development and promoting shareholder awareness.

Research and development expense

The Company reports research and development expense net of refundable tax credits. Research and development costs for 2022 were \$640,208 before refundable tax credits in the amount of \$98,622, compared with \$709,445 in 2021, before refundable tax credits of \$120,140.

Research and development expenses decreased by 24% in 2022 due to lower personnel costs.

Sales and marketing expense

Sales and marketing expenses decreased by 7% in 2022 when compared to 2021. The decrease was primarily related to a decrease in personnel costs. The Company anticipates modest growth in sales and marketing expenses for the ensuing year as a function of revenue growth.

Share-based compensation expense

Share-based compensation expense of \$385,530 for 2022 increased 42% compared to 2021. The increase was comprised of \$290,208 of vested options related to the grant of 640,000 options using Black-Scholes Models, \$97,449 of vested options related to the grant of 6,000,000 options using the Monte Carlo Method, and \$2,127 for the cancellation of 50,000 previously expensed options in 2022.

Other items

During 2022, the Company reported an adjustment of \$Nil (2021 – gain of \$198,128) in government assistance primarily related to refundable tax credits which were reclassified to research and development costs.

6. Quarterly Highlights

For the quarters ended:

	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022	October 31, 2021	July 31, 2021	April 30, 2021	January 31, 2021
Revenue	\$ 87,779	\$ 77,635	\$ 119,852	\$ 55,677	\$ 28,600	\$ 31,514	\$ 230,611	\$ 766,709
Total expenses	911,648	872,541	647,277	907,633	995,727	1,004,580	886,272	815,209
Other gain (loss)	17,080	(794,030)	(217,977)	85,094	65,295	120,836	168,588	109,822
Total comprehensive income (loss)	\$ (833,373)	\$ (796,350)	\$ (721,782)	\$ (818,023)	\$ (888,222)	\$ (870,791)	\$ (526,776)	\$ 75,577

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

During the six month period ended October 31, 2022, the Company's revenues increased primarily as a result of the sale of its Ransomware Reversal System to a college in midwestern USA, and two city municipalities in Florida, USA.

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

7. Summary of Financial Position

The Company's financial position as at October 31, 2022, compared with the Company's financial position as at April 30, 2022, is as follows:

Balance Sheet Data	October 31, 2022	April 30, 2022
Current assets	\$ 3,137,825	\$ 4,396,908
Non-current assets	\$ 3,150	\$ 3,706
Current liabilities	\$ 236,089	\$ 247,943
Long-term debt	\$ 26,444	\$ 24,882
Accumulated deficit	\$ (18,412,592)	\$ (16,879,293)
Total Equity	\$ 2,878,442	\$ 4,127,789

Current assets as at October 31, 2022, decreased by \$1,259,083 since April 30, 2022. The decrease is comprised of a \$1,336,551 decrease in cash and marketable securities, a \$77,551 increase in tax credit receivable, a \$27,348 decrease in accounts receivable, and a \$27,265 increase in prepaid expenses and deposits.

Cash and marketable securities as at October 31, 2022, and at April 30, 2022, are as follows:

	October 31, 2022	April 30, 2022
Cash and marketable securities		
Cash	\$ 319,362	\$ 379,045
Money market funds	2,336,212	3,613,079
Total	\$ 2,655,574	\$ 3,992,124

Current liabilities decreased by \$11,853 as at October 31, 2022, compared to April 30, 2022. The decrease in current liabilities is comprised of a \$54,218 decrease in accounts payable and accrued liabilities, a \$1,026 decrease in term loans, and offset with a \$43,391 increase in deferred revenue.

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, 2022, Nubeva had working capital of \$2,901,736 (April 30, 2022 – \$4,148,965).

As at October 31, 2022, Nubeva had cash and money market funds of \$2,655,574 (April 30, 2022 - \$3,992,124), a \$1,336,550 decrease. The Company spent \$1,272,864 (2021 - \$1,519,674) cash for operating activities during the six month period ended October 31, 2022.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As at October 31, 2022, Nubeva has an accumulated deficit of \$18,412,592 (April 30, 2022 - \$16,879,293). 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 next fiscal year.

8. Related Party Transactions

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

The following amounts, included in accounts payable and accrued liabilities, are payable to related parties as at October 31, 2022, and April 30, 2022:

	October 31, 2022	April 30, 2022
Expenses incurred on behalf of Company	\$ 5,812	\$ 2,643
Accrued payroll	8,897	9,839
Consulting	18,830	21,944
Board services	15,000	14,710
	\$ 48,539	\$ 49,136

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

Key Management Compensation

The Company reported the following expenses from transactions with directors, officers, and companies that are controlled by them, during the six month periods ended October 31, 2022, and 2021:

		Six months ended October 31,	
		2022	2021
Salary	\$	346,052	\$ 447,391
Consulting		63,131	18,614
Board services		30,000	30,000
Share-based compensation		250,022	218,225
	\$	689,205	\$ 714,230

9. Off-Balance Sheet Arrangements

As of October 31, 2022, 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 condensed interim consolidated financial statements include the accounts of Nubeva and its wholly owned subsidiaries, Nubeva Pty Ltd. and Nubeva, Inc. All inter-company accounts and transactions have been eliminated in preparing the condensed interim 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 goods or services. The framework has five steps for determination of revenue recognition:

- (1) There is a contract with a customer, and it is probable that future economic benefits will flow to the Company;
- (2) The contractual performance obligations have been met by the Company;
- (3) The transaction price is determined;

- (4) The transaction price is allocated to performance obligations in the contract. If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price; and
- (5) A performance obligation has been satisfied by transferring the contracted service to a customer.

We generate revenue from several sources:

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

Foreseeable losses, if any, are recognized in the 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 of October 31, 2022, Nubeva had estimated tax credits receivable of \$303,188 (April 30, 2022 - \$225,637).

Share-Based Payments

On October 12, 2022, the Company received disinterested shareholder approval for the amended and restated 2022 Share Option Plan at its 2022 annual general meeting and special meeting of shareholders ("AGSM"). Upon receipt of shareholder approval at the AGSM, the total number of shares issuable under all of the share compensation arrangements increased by 1,000,000 shares.

The Company's shareholders have reserved 13,600,000 (April 30, 2022 - 12,600,000) common shares for issuance under all share compensation arrangements. At October 31, 2022, the Company has reserved for 13,100,000 common shares for issuance under the Company's fixed option plan, and 500,000 common shares for issuance under the Company's Restricted Share Unit Plan.

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

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

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.

Provisions

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

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

Foreign Currencies

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

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

Earnings or Loss per Share

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

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

Comprehensive Income or Loss

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

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) 68,120,454 common shares issued and fully paid, including 14,770,967 Restricted Voting Common Shares;
- (ii) 13,045,004 stock options with a weighted average exercise price of CAD\$0.78; and
- (iii) 2,486,072 share purchase warrants with a weighted average exercise price of CAD\$1.51.

During the six month period ended October 31, 2022, the Company cancelled 166,129 stock options with exercise prices ranging from \$0.80~\$1.21 per share. The Company transferred the \$67,521 fair value of the 166,129 cancelled stock options from share-based payment reserve to the deficit.

Granted Stock Options – Black-Scholes Model

On October 19, 2022, the Company granted 30,000 stock options to a consultant of the Company with each option being exercisable into one common share in the capital of the Company. The options have an exercise price of CAD\$0.69 and expire October 19, 2027.

On August 30, 2022, the Company granted 100,000 stock options to a company controlled by an officer of the Company with each option being exercisable into one common share in the capital of the Company. The options have an exercise price of CAD\$0.75 and expire August 30, 2027.

On July 26, 2022, the Company granted 510,000 incentive stock options to two directors of the Company with each option being exercisable into one common share in the capital of the Company. The options have an exercise price of CAD\$1.15 and expire July 26, 2027.

The \$509,412 fair value (pre-vesting adjustments) of the 640,000 options granted during the current period was measured using the Black-Scholes Option Pricing Model with the following weighted average assumptions: share price \$1.09; exercise price - \$1.09; expected life – 5 years; volatility – 200.10%; dividend yield - \$0; and risk-free rate – 2.91%.

Share-based compensation of \$290,208 (October 31, 2021 - \$271,568) was recorded for options vested during the six month period ended October 31, 2022. The share-based compensation expense was offset by \$2,127 for the cancellation of 50,000 previously expensed options in 2022.

On November 3, 2022, the Company granted 220,000 incentive stock options to four employees of the Company with each option being exercisable into one common share in the capital of the Company. The options have an exercise price of CAD\$0.68 and expire November 3, 2027.

Granted Stock Options – Monte Carlo Method

On July 26, 2022, the Company granted 6,000,000 incentive stock options to certain directors and officers of the Company with each option being exercisable into one common share in the capital of the Company. The options have an exercise price of CAD\$1.15 and expire July 26, 2027, which are subject to extension to July 26, 2032, if and when the Company achieves certain milestones more particularly described below.

3,000,000 of the Options (the “First Tranche”) vest only in the event the market capitalization of the Company meets or exceeds CAD\$200,000,000 on average over a period of 20 consecutive trading days (the “First Milestone”). If on the Expiry Date the First Milestone is not achieved but the Company’s market capitalization meets or exceeds CAD\$150,000,000 on average for a period of 20 consecutive trading days in the preceding 12 months (the “First Extending Milestone”), then the Expiry Date for the First Tranche will extend automatically to the Extended Expiry.

3,000,000 of the Options (the “Second Tranche”) vest only in the event the market capitalization of the Company meets or exceeds CAD\$400,000,000 on average over a period of 20 consecutive trading days (the “Second Milestone”). If on the Expiry Date, the Second Milestone is not achieved but the Company’s market capitalization meets or exceeds CAD\$300,000,000 on average for a period of 20 consecutive trading days in the preceding 12 months (the “Second Extending Milestone”), then the Expiry Date for the Second Tranche will extend to the Extended Expiry.

The fair value of the 6,000,000 stock options of CAD\$1,316,254 was calculated by way of a Monte Carlo simulation which utilized Geometric Brownian Motion to simulate share prices over the life of the stock options. During the six month period ended October 31, 2022, the Company recognized US\$97,449 (CAD\$127,463) of the share based compensation. Estimates included in the Monte Carlo simulation are as follows:

As at October 31, 2022	First Milestone (Stated in CAD \$)	Second Milestone (Stated in CAD \$)
Stock price	\$ 1.13	\$ 1.13
Exercise price	1.15	1.15
Number of years to exercise	5	5
Compounded risk-free interest rate	2.82%	2.82%
Volatility	130%	130%
Value of conversion feature	0.975	0.975
Number of options outstanding	3,000,000	3,000,000
Fair value of options, pre-vesting adjustment	2,236,245	2,236,245
Probability of performance vesting	30%	15%
Fair value of options	\$ 877,503	\$ 438,751

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

Access to Capital

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

Key Personnel

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

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

Intellectual Property

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

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

Risk of cyber-attack

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

Licensing from third parties

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

Information technology systems

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

Nubeva's products are highly technical and complex

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

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

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

Reliance on third party networks

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

Branding

The SKI brand that Nubeva launched during the year ended July 31, 2020, significantly contributes to the success of its business. Nubeva believes that maintaining and enhancing its own brands, in particular the SKI brand, is critical to expanding its base of users. Many of its new users are referred by existing users, and therefore strives to ensure that users remain favorably inclined towards SKI. Maintaining and enhancing the SKI brand will depend largely on Nubeva's ability to continue to provide useful, reliable, trustworthy, and innovative products, which it may not do successfully. Nubeva may introduce new products or terms of service that users do not like, which could adversely affect Nubeva's business and financial results.

Nubeva believes that the SKI brand will continue to significantly contribute to the success of its business and that the StratusEdge and the Nubeva Prisms brands will be retained for future developments of the Company's cloud platform. Nubeva intends to spend significant resources on increasing the market awareness of the SKI brand and expand its sales and marketing operations. There is no guarantee that Nubeva will be successful in its efforts to increase market awareness. Failure to increase market awareness of the SKI brand or the failure of customers to adopt the SKI brand could adversely affect Nubeva's business and financial results.

Economic conditions

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

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

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

Evolving domestic and foreign laws and regulations

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

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

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

Competition

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

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

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

Reliance on Customers.

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

Reliance on Partners

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

Asset Location and Legal Proceedings

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

Credit Risk

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

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 worksites 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.

Russia-Ukraine Conflict

In February 2022, Russia commenced a military invasion of Ukraine which generated a response in the form of strict economic sanctions from multiple countries and corporations around the world, including Canada and the United States. Although Nubeva does not have operations in Russia or Ukraine, the global impact of this conflict in foreign currency exchange rates, supply chain challenges, and increased fuel prices may have adverse impacts on our costs of doing business.

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, 2022, the Company had cash and money market funds of \$2,655,574 (April 30, 2022 - \$3,992,124) to settle current liabilities of \$236,089 (April 30, 2022 - \$247,943).

Investment Risk

As at October 31, 2022, the Company's cash and marketable securities were comprised of cash in the amount of \$319,362 (April 30, 2022 - \$379,045), and money market funds in the amount of \$2,336,212 (April 30, 2022 - \$3,613,079).

Money market funds were comprised as follows:

- i) 78% 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) 22% 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 dollar, the functional currency of one operating subsidiary is the Australian dollar, and the functional currency of its other operating subsidiary is the United States dollar. At October 31, 2022, the Company held financial instruments in the aggregate amount of \$6,067 (April 30, 2022 - \$19,538) 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 \$607 (April 30, 2022 - \$1,936).

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.