



Nubeva Technologies Ltd.

Condensed Interim Consolidated Financial Statements

For the Six Months Ended October 31, 2022, and 2021

UNAUDITED

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Nubeva Technologies Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at October 31, 2022, and April 30, 2022

(Expressed in United States dollars)

	Note		October 31, 2022		April 30, 2022
Assets					
Current assets:					
Cash and money market instruments	4	\$	2,655,574	\$	3,992,124
Accounts receivable	5		112,172		139,521
Tax credit receivable	6		303,188		225,637
Prepaid expenses and deposits	7		66,891		39,626
Total current assets			3,137,825		4,396,908
Equipment	8		3,150		3,706
Total Assets		\$	3,140,975	\$	4,400,614
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	9, 11	\$	128,948	\$	183,167
Current portion of term loans payable	12		-		1,026
Deferred revenue	10		107,141		63,750
Total current liabilities			236,089		247,943
Term loans payable	12		26,444		24,882
Total Liabilities			262,533		272,825
Shareholders' Equity					
Common share capital	13		19,048,266		19,048,266
Reserves	13		2,395,707		2,082,851
Deficit			(18,412,592)		(16,879,293)
Accumulated other comprehensive loss			(152,939)		(124,035)
Total Equity			2,878,442		4,127,789
Total Liabilities and Shareholders' Equity		\$	3,140,975	\$	4,400,614

Subsequent event – Note 18

Approved by the directors:

“Randy Chou”

“David Warner”

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

Nubeva Technologies Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in United States dollars)

		Three Months Ended October 31,		Six Months Ended October 31,	
	Note	2022	2021	2022	2021
Revenue	15	\$ 87,779	\$ 28,600	\$ 165,414	\$ 60,114
Operating expenses:					
General and administrative	14	196,775	291,976	401,795	531,820
Research and development	14	232,833	352,890	541,586	709,445
Sales and marketing	14	243,426	231,888	455,278	487,474
Share-based compensation	13	238,614	118,973	385,530	271,568
Total expenses		911,648	995,727	1,784,189	2,000,307
Other Items					
Interest and other income		20,388	197	20,388	540
Interest expense		(774)	(5,317)	(1,537)	(11,687)
Foreign exchange gain (loss)		(1,551)	26	88	(850)
Government assistance	12, 14	-	70,389	-	198,128
Loss on investment		(983)	-	(983)	-
Net loss		(806,789)	(901,832)	(1,600,819)	(1,754,062)
Other comprehensive loss, items that will be recycled through profit and loss					
Foreign currency translation adjustment		(26,584)	13,610	(28,904)	(4,951)
Total comprehensive loss		\$ (833,373)	\$ (888,222)	\$ (1,629,723)	\$ (1,759,013)
Loss per share - basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding		68,120,454	62,288,127	68,120,454	61,701,810

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

Nubeva Technologies Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Six Months Ended October 31, 2022, and 2021

(Expressed in United States dollars)

	Note	Share capital		Obligation to Issue Shares	Reserves		Deficit	Accumulated Other Comprehensive Loss	Total
		Common Shares	Amount		Share Based Payment Reserve	Warrants Reserve			
Balance April 30, 2021		60,986,929	\$ 14,936,186	\$ 1,891	\$ 758,383	\$ 547,974	\$ (13,612,967)	\$ (91,543)	\$ 2,539,924
Shares issued pursuant to private placements		655,000	315,353	-	-	98,091	-	-	413,444
Share issuance costs		-	(1,023)	-	-	-	-	-	(1,023)
Share-based compensation		-	-	-	271,568	-	-	-	271,568
Options exercised		178,710	61,997	(1,891)	(28,552)	-	-	-	31,554
Warrants exercised		1,211,110	811,069	-	-	(171,938)	-	-	639,131
Shares issued for services		102,443	81,464	-	-	-	-	-	81,464
Foreign currency translation		-	-	-	-	-	-	(4,951)	(4,951)
Net loss for the period		-	-	-	-	-	(1,754,062)	-	(1,754,062)
Balance October 31, 2021		63,134,192	\$ 16,205,046	\$ -	\$ 1,001,399	\$ 474,127	\$ (15,367,029)	\$ (96,494)	\$ 2,217,049
Balance April 30, 2022		68,120,454	\$ 19,048,266	\$ -	\$ 1,116,809	\$ 966,042	\$ (16,879,293)	\$ (124,035)	\$ 4,127,789
Cancelled options	13	-	-	-	(67,521)	-	67,521	-	-
Share-based compensation	13	-	-	-	385,530	-	-	-	385,530
Foreign currency translation		-	-	-	(5,153)	-	-	(28,904)	(34,057)
Net loss for the period		-	-	-	-	-	(1,600,819)	-	(1,600,819)
Balance October 31, 2022		68,120,454	\$ 19,048,266	\$ -	\$ 1,429,665	\$ 966,042	\$ (18,412,592)	\$ (152,939)	\$ 2,878,442

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

Nubeva Technologies Ltd.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended October 31, 2022, and 2021

(Expressed in United States dollars)

	2022	2021
Operating activities		
Net loss for the period	\$ (1,600,819)	\$ (1,754,062)
Items not involving cash:		
Share-based compensation	385,530	271,568
Interest accrued	1,537	(11,687)
Depreciation	556	-
Government assistance	-	(75,988)
Shares issued for services	-	39,332
Changes in non-cash working capital items related to operations:		
Accounts receivable	28,245	178,185
Prepaid expenses	(22,561)	53,525
Tax credit receivable	(45,456)	(122,140)
Accounts payable and accrued liabilities	(63,287)	(32,936)
Term loan payable	-	(33,063)
Deferred revenue	43,391	(32,408)
Cash used in operating activities	(1,272,864)	(1,519,674)
Financing activities:		
Proceeds from private placements	-	413,444
Share issuance costs	-	(1,023)
Proceeds from sale of digital currency	-	-
Subscription receipts	-	-
Options exercised	-	31,554
Warrants exercised	-	639,131
Cash from financing activities	-	1,083,106
Effect of foreign exchange on cash	(63,686)	5,197
Net decrease in cash during the period	(1,336,550)	(431,371)
Cash and money market investments, beginning of the period	3,992,124	2,280,420
Cash and money market investments, end of the period	\$ 2,655,574	\$ 1,849,049

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

1. NATURE OF OPERATIONS

Nubeva Technologies Ltd. (“the Company” or “Nubeva”) was incorporated under the provisions of The Business Corporations Act (British Columbia) on February 3, 2017. The Company was a Capital Pool Company and had no business operations prior to February 28, 2018. The Company’s shares trade on the TSX Venture Exchange (“TSX-V”) 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 develops and licenses proprietary software for the decryption of network traffic.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at October 31, 2022, the Company had working capital of \$2,901,736 (April 30, 2022 - \$4,148,965) and incurred a net loss for six months ended October 31, 2022, of \$1,600,819 (October 31, 2021 - \$1,754,062). Management estimates that its working capital position will provide the Company with sufficient financial resources to carry out planned operations through the next twelve months. Realization values may be substantially different from carrying values as shown and these condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material. The Company is dependent upon making sales or raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its technology. The Company has incurred losses since inception and expects to incur further losses in the development of its business. These factors indicate a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Since January 31, 2020, several measures have been implemented in the United States, Canada and Australia in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its United States office from remote work sites and is 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. Management took action to ensure the Company had adequate financing throughout fiscal 2022 and will continue to take action to mitigate the impact on its business in the event that future economic conditions reduce its ability to secure financing in fiscal 2023.

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. Although the Company does not have operations in Russia or Ukraine, the global impact of this conflict in commodity prices, foreign currency exchange rates, supply chain challenges and increased fuel prices may have adverse impacts on the Company’s costs of doing business.

2. STATEMENT OF COMPLIANCE

Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”). These condensed interim consolidated financial statements were approved by the Audit Committee on December 19, 2022.

2. STATEMENT OF COMPLIANCE (CONT'D)

Basis of Consolidation

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

Nubeva, Inc., registered in Delaware USA.
Nubeva Pty Ltd. registered in New South Wales, Australia; and

A subsidiary is an entity (including special purpose entities) controlled by the Company, where control is achieved by the Company having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The financial statements are condensed consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases. All intercompany transactions and balances have been eliminated.

Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis since inception, except for those assets and liabilities that are measured at fair value at the end of each reporting period. Additionally, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED

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

4. CASH AND MONEY MARKET INSTRUMENTS

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

See Note 16.

5. ACCOUNTS RECEIVABLE

	October 31, 2022	April 30, 2022
Trade receivables and contract assets	\$ 116,893	\$ 139,853
Allowance for doubtful accounts	(15,500)	(15,500)
GST receivable	10,779	15,168
	\$ 112,172	\$ 139,521

Nubeva Technologies Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

(Expressed in United States dollars)

6. TAX CREDIT RECEIVABLE

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

Balance, April 30, 2022	\$	225,637
Tax credit accrual		109,647
Foreign exchange		(32,096)
Balance, October 31, 2022	\$	303,188

7. PREPAID EXPENSES AND DEPOSITS

	October 31, 2022		April 30, 2022	
Deposit and prepaid office rent	\$	12,014	\$	13,286
Other		54,877		26,340
	\$	66,891	\$	39,626

8. EQUIPMENT

	Computer		Total	
Cost				
As at April 30, 2022	\$	4,621	\$	4,621
Additions		-		-
Disposals		-		-
As at October 31, 2022	\$	4,621	\$	4,621
Accumulated depreciation				
As at April 30, 2022	\$	915	\$	915
Additions		556		556
Disposals		-		-
As at October 31, 2022	\$	1,471	\$	1,471
Net book value				
As at April 30, 2022	\$	3,706	\$	3,706
As at October 31, 2022	\$	3,150	\$	3,150

Nubeva Technologies Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

(Expressed in United States dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	October 31, 2022	April 30, 2022
Accounts payable (Note 13)	\$ 93,077	\$ 83,169
Accrued liabilities (Note 13)	35,871	99,998
	\$ 128,948	\$ 183,167

10. DEFERRED REVENUE

Deferred revenue represents amounts received prior to goods or services being delivered. As at October 31, 2022, there was \$107,141 (April 30, 2022 - \$63,750).

All deferred revenue outstanding at October 31, 2022, is expected to be recognized in revenue within two years.

11. 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 (Note 9), 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

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

Key Management Compensation

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

	Six months ended October 31, 2022	Six months ended October 31, 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

Nubeva Technologies Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

(Expressed in United States dollars)

12. TERM LOANS PAYABLE

On April 29, 2020, as part of the Canadian government funded COVID-19 financial assistance programs, the Company received a loan in the amount of CAD\$40,000 from the Bank of Montreal (CEBA term loan). The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2023, and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2023, the balance of the loan will be forgiven.

On January 12, 2022, the Canadian government announced that the repayment deadline for CEBA loans to qualify for partial loan forgiveness was extended from December 31, 2022, to December 31, 2023, to eligible borrowers in good standing to support short term economic recovery and offer greater repayment flexibility. The forgiveness amount would be up to a third of the value of the loans and outstanding loan would subsequently convert to a two-year term loan with interest of 5% per annum commencing January 1, 2024, with the loan fully due by December 31, 2025.

During the six months ended October 31, 2022, interest and accretion of \$1,537 (October 31, 2021 - \$11,687) have been recorded on the loans and are included in interest expense in the condensed interim consolidated statement of comprehensive loss.

Balance, April 30, 2022		\$ 25,908
Accretion and interest		1,537
Foreign exchange		(1,001)
Balance, October 31, 2022		\$ 26,444
	October 31, 2022	April 30, 2022
Current portion	\$ -	\$ 1,026
Long term portion	26,444	24,882
	\$ 26,444	\$ 25,908

13. SHARE CAPITAL AND RESERVES

(a) Authorized

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

(b) Issued Share Capital

At October 31, 2022, there were 53,349,487 (April 30, 2022 – 53,349,487) common shares issued and fully paid and 14,770,967 (April 30, 2022 – 14,770,967) Restricted Voting Common Shares issued and fully paid.

Nubeva Technologies Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

(Expressed in United States dollars)

13. SHARE CAPITAL AND RESERVES (CONT'D)

(c) Share-Based Compensation

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. The amended allocation of common shares reserved for equity compensation is as follows:

- (i) 13,100,000 common shares reserved for issuance under the Company’s Fixed Share Option; and
- (ii) 500,000 common shares reserved for issuance under the Company’s Restricted Share Unit Plan.

The following table summarizes the Company’s outstanding equity compensation as at October 31, 2022, and April 30, 2022:

(i) Options

	October 31, 2022			April 30, 2022		
	Units	Weighted average exercise price (CAD \$)	Weighted average remaining life (years)	Units	Weighted average exercise price (CAD \$)	Weighted average remaining life (years)
Stock options (i)	12,825,004	0.78	5.76	6,351,133	0.40	7.27

Options to purchase common shares may be granted to directors, consultants, officers and employees of the Company and its subsidiary for terms up to ten years at a price at least equal to the market price prevailing on the date of the grant.

The continuity of stock options for the six months ended October 31, 2022, is as follows:

	Number of Options	Weighted Average Exercise Price (CAD\$)
Balance, April 30, 2022	6,351,133	0.40
Granted	6,640,000	1.14
Cancelled	(166,129)	0.92
Balance, October 31, 2022	12,825,004	0.78

Nubeva Technologies Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

(Expressed in United States dollars)

13. SHARE CAPITAL AND RESERVES (CONT'D)

(c) Share-Based Compensation (cont'd)

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.

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 C\$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.

Nubeva Technologies Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

(Expressed in United States dollars)

13. SHARE CAPITAL AND RESERVES (CONT'D)

(c) Share-Based Compensation (cont'd)

Granted Stock Options – Monte Carlo Method (cont'd)

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

Details of options outstanding at October 31, 2022, are as follows:

Number of Options Outstanding	Expiry Date	Weighted Average Exercise Price (CAD\$)	Weighted Average Remaining Life (Years)
284,516	24-Nov-26	0.05	4.07
1,205,806	15-Feb-27	0.05	4.30
30,968	19-Jun-27	0.05	4.64
386,000	23-Mar-28	1.52	5.40
550,200	16-Apr-29	0.27	6.46
20,000	18-Sep-29	0.10	6.89
420,000	09-Mar-30	0.05	7.36
97,514	23-Apr-30	0.08	7.48
50,000	16-Sep-30	0.25	7.88
125,000	09-Dec-30	0.28	8.11
2,500,000	28-Dec-30	0.45	8.16
330,000	24-Feb-31	0.42	8.32
75,000	18-Nov-31	0.81	9.05
25,000	10-Jan-32	2.07	9.20
75,000	28-Feb-32	1.55	9.33
10,000	06-Apr-32	1.32	9.44
6,000,000	26-Jul-27	1.15	4.74
510,000	26-Jul-27	1.15	4.74
100,000	30-Aug-27	1.15	4.83
30,000	19-Oct-27	0.69	4.97
12,825,004		0.78	5.76

14. SHARE CAPITAL AND RESERVES (CONT'D)

(c) Share-Based Compensation (cont'd)

At October 31, 2022, there were 4,444,774 stock options exercisable (April 30, 2022 – 4,071,329).

Cancelled stock options

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.

(ii) RSUs

RSUs are equity settled only and may be granted to directors, consultants, officers, and employees of the Company. Compensation expense is recognized based on the share price of the Company's common shares on the grant date multiplied by the number of RSU's expected to vest and recognized ratably over the vesting period, with a corresponding credit to the share-based compensation reserve. Adjustments to the number of RSUs expected to vest are recognized in the current period.

(iii) Warrants

Warrants outstanding at October 31, 2022, and April 30, 2022, are as follows:

Exercise Price CAD (\$)	Number of Shares	Expiry Date
1.25	327,500	September 16, 2024
1.05	1,250,000	December 3, 2024
2.25	908,572	February 4, 2025
	2,486,072	

(d) Reserves

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

The warrants reserve is comprised of the value of warrants issued as part of private placements. The value of warrants is transferred to share capital on the date they are exercised. The Company does not adjust the reserve for warrants that expire unexercised.

Nubeva Technologies Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

(Expressed in United States dollars)

14. EXPENSES BY NATURE

For three months ended October 31, 2022

	General and Administration	Research and Development	Sales and Marketing
Office expense and operations	\$ 100,911	\$ 32,305	\$ 46,866
Personnel	95,864	243,568	196,560
Refund credit	-	(43,040)	-
Totals	\$ 196,775	\$ 232,833	\$ 243,426

For three months ended October 31, 2021

	General and Administration	Research and Development	Sales and Marketing
Office expense and operations	\$ 70,725	\$ 26,164	\$ 7,028
Personnel	221,251	326,726	224,860
Refund credit	-	(70,389)	-
Totals	\$ 291,976	\$ 282,501	\$ 231,888

For six months ended October 31, 2022

	General and Administration	Research and Development	Sales and Marketing
Office expense and operations	\$ 220,770	\$ 102,569	\$ 61,627
Personnel	181,025	537,639	393,651
Refund credit	-	(98,622)	-
Totals	\$ 401,795	\$ 541,586	\$ 455,278

For the six months ended October 31, 2021

	General and Administration	Research and Development	Sales and Marketing
Office expense and operations	\$ 179,023	\$ 67,973	\$ 22,538
Personnel	352,797	641,472	464,936
Refund credit	-	(122,140)	-
Totals	\$ 531,820	\$ 587,305	\$ 487,474

15. REVENUE

	Six month period ended October 31, 2022	Six month period ended October 31, 2021
Software licenses and royalties	\$ 22,500	\$ 8,275
Support and maintenance	-	51,839
Subscriptions	142,914	-
Totals	\$ 165,414	\$ 60,114

Nubeva Technologies Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

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

(Expressed in United States dollars)

15. REVENUE (CONT'D)

Revenues are recognized at the point in time the Company has provided services to customers. Subscriptions, royalties, and support and maintenance contracts extending over a period of time are recognized over the contractual period. Revenue from software licenses with no further obligations to the Company are recognized upon transfer of the software.

All of the Company's revenue is earned in the United States.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Classification of Financial Instruments**

Financial assets included in the condensed interim consolidated statement of financial position are as follows:

	Level in fair value hierarchy	Six month period ended October 31, 2022	Year ended April 30, 2022
FVTPL:			
Cash and money market instruments	Level 1	\$ 2,655,574	\$ 3,992,124
Amortized cost:			
Accounts receivable		112,172	139,521
Totals		\$ 2,767,746	\$ 4,131,645

Financial liabilities included in the condensed interim consolidated statement of financial position are as follows:

	Six month period ended October 31, 2022	Year ended April 30, 2022
Amortized cost:		
Accounts payable and accrued liabilities	\$ 128,948	\$ 183,167
Term loan payable	26,444	25,908
Totals	\$ 155,392	\$ 209,075

Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

Fair Value (cont'd)

The carrying value of the Company's financial assets and liabilities classified as amortized cost as at October 31, 2022, and 2021 approximate their fair value due to their short terms to maturity.

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company attempts to manage liquidity risk by maintaining sufficient cash. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at October 31, 2022, the Company had cash and marketable securities of \$2,655,574 (April 30, 2022 - \$3,992,124) (Note 4) to settle current liabilities of \$236,089 (April 30, 2022 - \$247,943). The Company estimates it has adequate working capital to continue operations for the next fiscal year. There is substantial uncertainty that the Company will be able to continue to meet its financial obligations as they come due if it cannot generate sales or raise additional capital, and there is no assurance that the Company will be able to raise sufficient capital or raise capital on terms advantageous to the Company.

Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The functional currency of Nubeva is 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, 2022, the Company held financial instruments in the aggregate amount of \$6,067 (April 30, 2022 - \$19,358) 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).

Capital Management

The Company's objective in managing capital is to ensure sufficient liquidity to fund research and development and engage in sales and marketing activities while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed entirely of equity. The Company uses capital to finance its operating losses. There is substantial uncertainty that the Company will be able to continue to finance its operating losses. The Company currently funds these requirements from cash raised through the issuance of common shares. There is a risk that the Company will not be able to raise funds through the issuance of shares or on terms advantageous to the Company or its shareholders. The Company's objectives when managing capital are to ensure that the Company will have enough liquidity to continue to develop its software and services and engage in sales and marketing activities in order to obtain returns on investment.

The Company monitors its capital on the basis of the adequacy of its cash resources to fund its business plan. In order to maximize flexibility to finance growth, the Company does not currently pay a dividend to holders of its common shares. There is no external restriction on the Company's capital. The Company did not initiate any changes to its capital management strategy during the six months ended October 31, 2022.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

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). See Note 4.

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 and MSPBNA 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.

17. SEGMENT REPORTING

At October 31, 2022, the Company operates in one operating segment, the development and commercialization of software to support deep packet inspection of network traffic to enable security and network monitoring applications. All of the Company's equipment is located in the United States. All revenue recognized during the six months ended October 31, 2022, was earned in the United States.

18. SUBSEQUENT EVENT

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.