



Nubeva Technologies Ltd.

Consolidated Financial Statements

For the Years Ended April 30, 2022 and 2021



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nubeva Technologies Ltd.

Opinion

We have audited the consolidated financial statements of Nubeva Technologies Ltd. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

DMCL

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

August 26, 2022



An independent firm
associated with Moore
Global Network Limited

Nubeva Technologies Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at April 30, 2022 and 2021

(Expressed in United States Dollars)

	Note		April 30, 2022		April 30, 2021
Assets					
Current assets:					
Cash and money market instruments	6	\$	3,992,124	\$	2,280,420
Accounts receivable	7		139,521		335,002
Tax credit receivable	8, 16		225,637		241,260
Prepaid expenses and deposits	9		39,626		129,967
Total current assets			4,396,908		2,986,649
Equipment	10		3,706		-
Total Assets		\$	4,400,614	\$	2,986,649
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	11, 13	\$	183,167	\$	198,922
Current portion of term loans payable	14		1,026		182,915
Deferred revenue	12		63,750		38,501
Total current liabilities			247,943		420,338
Term loans payable	14		24,882		26,387
Total Liabilities			272,825		446,725
Shareholders' Equity					
Common share capital	15		19,048,266		14,936,186
Subscription receipts	15		-		1,891
Reserves	15		2,082,851		1,306,357
Deficit			(16,879,293)		(13,612,967)
Accumulated other comprehensive loss			(124,035)		(91,543)
Total Equity			4,127,789		2,539,924
Total Liabilities and Shareholders' Equity		\$	4,400,614	\$	2,986,649

Subsequent events – note 22

Approved by the directors:

“Randy Chou”

“Greig Bannister”

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

Nubeva Technologies Ltd.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in United States Dollars)

	Note	Year Ended April 30,	
		2022	2021
Revenue	18	\$ 235,643	\$ 1,964,635
Operating expenses:			
General and administrative	17	1,001,704	742,948
Research and development	17	1,205,318	1,159,629
Sales and marketing	17	928,899	1,022,167
Share-based compensation	13, 15	419,296	327,237
Total expenses		3,555,217	3,251,981
Other Items			
Interest and other income		1,924	2,857
Interest expense	14	(11,729)	(23,966)
Gain on digital currency	21	-	28,180
Gain on shares issued for services/debt	11, 15	7,843	96,236
Foreign exchange loss		(7,142)	(64,224)
Bad debt expense	7	(15,500)	-
Government assistance	14,17	77,852	486,259
Net loss		(3,266,326)	(762,004)
Other comprehensive income (loss), items that will be recycled through profit and loss			
Foreign currency translation adjustment		(32,492)	38,842
Total comprehensive loss		\$ (3,298,818)	\$ (723,162)
Loss per share - basic and diluted		\$ (0.05)	\$ (0.01)
Weighted average number of common shares outstanding		64,071,847	56,845,264

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

Nubeva Technologies Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended April 30, 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, 2020		56,153,155	\$ 13,730,668	\$ -	\$ 603,282	\$ 101,346	\$ (12,960,121)	\$ (130,385)	\$ 1,344,790
Shares issued pursuant to private placements	15	4,040,797	1,142,472	-	-	446,628	-	-	1,589,100
Share issuance costs	15	-	(22,642)	-	-	-	-	-	(22,642)
Share-based compensation	15	-	-	-	327,237	-	-	-	327,237
RSU issued	15	216,128	56,720	-	(56,720)	-	-	-	-
Options exercised	15	576,849	28,968	1,891	(6,258)	-	-	-	24,601
Forfeited options	15	-	-	-	(109,158)	-	109,158	-	-
Foreign currency translation		-	-	-	-	-	-	38,842	38,842
Net loss for the year		-	-	-	-	-	(762,004)	-	(762,004)
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	15	3,363,572	1,935,450	-	-	866,718	-	-	2,802,168
Share issuance costs	15	-	(4,473)	-	-	(2,115)	-	-	(6,588)
Share-based compensation	15	-	-	-	419,296	-	-	-	419,296
Options exercised	15	1,091,557	162,244	(1,891)	(60,870)	-	-	-	99,483
Warrants exercised	15	2,575,953	1,941,967	-	-	(446,535)	-	-	1,495,432
Shares issued for services	15	102,443	76,892	-	-	-	-	-	76,892
Foreign currency translation		-	-	-	-	-	-	(32,492)	(32,492)
Net loss for the year		-	-	-	-	-	(3,266,326)	-	(3,266,326)
Balance April 30, 2022		68,120,454	\$ 19,048,266	\$ -	\$ 1,116,809	\$ 966,042	\$ (16,879,293)	\$ (124,035)	\$ 4,127,789

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

Nubeva Technologies Ltd.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended April 30, 2022 and 2021

(Expressed in United States Dollars)

	2022	2021
Operating activities		
Net loss for the year	\$ (3,266,326)	\$ (762,004)
Items not involving cash:		
Share-based compensation	419,296	327,237
Interest accrued	11,387	23,966
Gain on digital currency	-	(28,180)
Bad Debt Expense	15,500	-
Depreciation	915	-
Government assistance	(77,852)	(437,483)
Shares issued for services	84,735	-
Gain on shares issued for services/debt	(7,843)	-
Changes in non-cash working capital items related to operations:		
Accounts receivable	180,753	(290,613)
Prepaid expenses	84,842	(33,967)
Tax credit receivable	(4,572)	1,598
Accounts payable and accrued liabilities	(30,442)	(406,873)
Deferred revenue	25,249	38,501
Cash used in operating activities	(2,564,358)	(1,567,818)
Investing activities:		
Equipment	(4,621)	-
Cash used in investing activities	(4,621)	-
Financing activities:		
Proceeds from private placements	2,802,168	1,589,100
Share issuance costs	(6,588)	(22,642)
Term loans	(116,266)	283,252
Proceeds from sale of digital currency	-	56,534
Options exercised	99,483	24,601
Warrants exercised	1,495,432	-
Cash from financing activities	4,274,229	1,930,845
Effect of foreign exchange on cash	6,454	44,018
Net decrease in cash during the year	1,711,704	407,045
Cash and money market investments, beginning of the year	2,280,420	1,873,375
Cash and money market investments, end of the year	\$ 3,992,124	\$ 2,280,420

The accompanying notes are an integral part of these 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 consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at April 30, 2022, the Company had working capital of \$4,148,965 and incurred a net loss for year ended April 30, 2022 of \$3,266,326. 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 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 has taken action to ensure the Company has 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.

2. STATEMENT OF COMPLIANCE

Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”). These consolidated financial statements were approved by the Board of Directors on August 26, 2022.

Basis of Consolidation

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

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

2. STATEMENT OF COMPLIANCE (CONT'D)

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

Basis of Measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue Recognition

The Company primarily derives revenue from the provision of cloud-based security software and services, as well as professional services associated with customizing its products. Software revenue includes licenses derived from software and software services.

The Company generates revenue from several sources:

1. Software Licenses. Revenue from software licenses with no further obligations to the Company are recognized upon transfer of the software.
2. Support and maintenance. Revenue from support and maintenance arrangements is recognized over the contract term, commencing when the software is available for use.
3. 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.
4. 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.
5. 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 due or received in advance of revenue recognition is recorded as deferred revenue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b. Research and Development

The Company engages in research and development activities. Research costs are expensed as incurred. Product development costs are expensed in the period incurred unless the costs meet the criteria for deferral and amortization.

The Company is eligible to receive tax credits from its eligible research and development expenditures. The Company records the anticipated tax credits as a reduction in the costs to which they apply, at such time that the amount of tax credits is estimable, and their receipt is reasonably assured. As at April 30, 2022, the Company has estimated tax credits receivable of \$225,637 (2021 – \$241,260).

c. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

d. Equipment

Equipment is recognized at cost less accumulated depreciation. The cost includes expenditures that are directly attributable to the acquisition of the equipment. Where parts (components) of an item of equipment have different useful lives or for which different amortization rates are appropriate, they are accounted for as separate items of equipment. Estimates of residual values, methods and useful lives of all assets are assessed annually.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Asset class	Declining balance rates
Computer	30%

e. Share-Based Payments

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

The fair value of options granted is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. The fair value of the options is charged to share-based compensation expense, with the offset credit to share-based payment reserve over the vesting period. If and when the stock options are exercised, the applicable amounts from share-based payment

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e. Share-Based Payments (Cont'd)

reserve are transferred to capital stock. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based payment reserve is transferred to deficit.

The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate. The Black-Scholes Option Pricing Model used by the Company to determine fair values of options and similar financial instruments requires the input of highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Restricted Share Units, (“RSUs”) are equity settled only. Compensation expense is recognized based on the share price of the Company’s common shares on the grant date multiplied by the number of RSUs expected to vest and recognized ratably over the vesting period, with a corresponding credit to shares based payment reserve. Adjustments to the number of RSUs expected to vest are recognized in the current period.

f. 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.

g. Current and Deferred Income Taxes

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that they relate to a business combination or to items recognized directly in equity or in other comprehensive income.

Current income taxes are the expected taxes payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous periods.

Deferred income taxes are recognized using the asset and liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. However, deferred income taxes are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss. Deferred income taxes are determined using tax rates and laws that have been enacted or substantively enacted by reporting date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are presented as non-current in the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g. Current and Deferred Income Taxes (Cont'd)

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred income tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the assets can be utilized.

h. Foreign Currencies

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The Company's functional currency is Canadian Dollars and its reporting currency is United States Dollars. The functional currency of the Company's subsidiary, Nubeva, Inc. is United States Dollars, and of its Australian Subsidiary, Nubeva Pty Ltd., is Australian Dollars.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the consolidated statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company and its Australian subsidiary are translated into United States Dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate 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.

i. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j. Financial Instruments

(i) Classification

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

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

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

Debt investments at FVTOCI

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

Equity investments at FVTOCI

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

(iii) Impairment of financial assets at amortized cost

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j. Financial Instruments (Cont'd)

(iv) Derecognition

Financial assets

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

Financial liabilities

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

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

k. Government grants and assistance

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

4. ACCOUNTING STANDARDS AND AMENDMENTS ISSUED

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment are the following:

(a) Determination of Functional Currency

The functional currency of each of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determine the primary economic environment.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

(b) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

(c) Share-based payments

The Company records all share-based compensation using the fair value method. The Company uses the Black-Scholes Option Pricing Model to determine the fair value of share-based compensation. This estimate also requires determining the most appropriate inputs to the valuation model. The main factor affecting the estimates of the fair value of stock options is the stock price, expected volatility used and the expected duration of the instrument. The Company currently estimates the expected volatility of its common shares based on comparable information derived from the trading history of guideline public companies which are in a similar situation to the Company taking into consideration the expected life of the options.

(d) Revenue recognition

Management applies judgment in assessing whether certain deliverables in a customer arrangement should be included or excluded from the unit of account to which the contract accounting is applied. The judgment is typically related to software licenses, subscriptions, support and maintenance, and professional and other services and involves an assessment of whether the deliverable is a distinct performance obligation that provides a benefit to the customer that is not dependent upon other components of the arrangement.

(e) Allowances for Doubtful Accounts

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

(f) Going Concern

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

6. CASH AND MONEY MARKET INSTRUMENTS

	April 30, 2022		April 30, 2021	
Cash	\$	379,045	\$	1,466,913
Money market funds		3,613,079		813,507
	\$	3,992,124	\$	2,280,420

See note 19.

7. ACCOUNTS RECEIVABLE

	April 30, 2022		April 30, 2021	
Trade receivables and contract assets	\$	139,853	\$	322,547
Allowance for doubtful accounts		(15,500)		-
GST receivable		15,168		12,455
	\$	139,521	\$	335,002

7. ACCOUNTS RECEIVABLE (CONT'D)

As at April 30, 2022, 92% (2021 - 100%) of the Company's trade receivables are current, and the Company recorded \$15,500 (2021 - \$Nil) of bad debt expense related to certain customer accounts.

One customer accounted for 75% of trade receivable at April 30, 2022 (2021- 100% of trade receivables) and 38% (2021 – 11%) of total revenues during the year ended April 30, 2022.

8. TAX CREDIT RECEIVABLE

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

Balance, April 30, 2020	\$	242,858
Tax credits received		(324,015)
Tax credit accrual (note 17)		311,336
Foreign exchange		11,081
Balance, April 30, 2021		241,260
Tax credits received		(263,563)
Tax credit accrual (note 17)		271,335
Foreign exchange		(23,395)
Balance, April 30, 2022	\$	225,637

9. PREPAID EXPENSES AND DEPOSITS

		April 30, 2022		April 30, 2021
Deposit and prepaid office rent	\$	13,286	\$	14,983
Other		26,340		114,984
	\$	39,626	\$	129,967

10. EQUIPMENT

		Computer		Total
Cost				
As at April 30, 2020 and 2021	\$	-	\$	-
Additions		4,621		4,621
As at April 30, 2022	\$	4,621	\$	4,621
Accumulated depreciation				
As at April 30, 2020 and 2021	\$	-	\$	-
Amortization		915		915
As at April 30, 2022	\$	915	\$	915
Net book value				
As at April 30, 2021	\$	-	\$	-
As at April 30, 2022	\$	3,706	\$	3,706

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 30, 2022		April 30, 2021	
Accounts payable (note 13)	\$	83,169	\$	82,033
Accrued liabilities (note 13)		99,998		116,889
	\$	183,167	\$	198,922

During the year ended April 30, 2022, the Company settled payables and recorded a gain on debt settlement of \$7,843 (2021 - \$96,236) in the consolidated statement of comprehensive loss.

12. DEFERRED REVENUE

	Year ended April 30, 2022		Year ended April 30, 2021	
Deferred Revenue, beginning	\$	38,501	\$	-
Revenue recognized that was included in the contract liabilities		(38,501)		-
Unearned revenues received		63,750		38,501
Deferred Revenue, ending	\$	63,750	\$	38,501

All deferred revenue outstanding at April 30, 2022 is expected to be recognized in revenue within two years.

13. RELATED PARTY TRANSACTIONS

Key management personnel include persons 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 11), are payable to related parties as at April 30, 2022 and 2021:

	April 30, 2022		April 30, 2021	
Expenses incurred on behalf of Company	\$	2,643	\$	13,930
Accrued payroll		9,839		19,263
Consulting		21,944		-
Board services		14,710		22,000
	\$	49,136	\$	55,193

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 that are controlled by directors of the Company, during the years ended April 30, 2022 and 2021:

13. RELATED PARTY TRANSACTIONS (CONT'D)

	Year ended April 30, 2022	Year ended April 30, 2021
Salary	\$ 803,618	\$ 889,649
Consulting	84,470	-
Board services	59,700	57,000
Share-based compensation	278,250	258,185
	\$ 1,226,038	\$ 1,204,834

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

During the year ended April 30, 2022, an officer and director of the Company participated in a non-brokered private placement and subscribed to 550,000 common shares (note 15(c)).

During the year ended April 30, 2022 no bonus was paid. During the year ended April 30, 2021 \$288,188 was paid to management for bonuses accrued in the fiscal year of 2020.

14. TERM LOANS PAYABLE

On June 26, 2020, the Company received a loan in the amount of \$42,700 under the Economic Injury Disaster Loan Program ("EIDL") administered by the U.S. Small Business Administration ("SBA"). The program provides working capital to small businesses suffering substantial economic injury as a result of the Coronavirus. The loan bears interest at a rate of 3.75% per annum and is repayable in monthly payments of principal and interest over 30 years commencing one year after the date the loan was advanced. The loan has been discounted at a market rate of interest of 20% and the discount of \$32,484 has been recorded as government assistance in the consolidated statement of comprehensive loss in fiscal year 2021.

On March 16, 2021, SBA extended deferment period for all COVID-19 EIDL loans, and the first payment due date was extended from twelve months to twenty-four months from the date the loan was advanced.

On March 26, 2022, SBA announced an additional six months deferment to the first payment of the loan, which resulted in the first payment due in thirty months from the date the loan was advanced. The loan has been discounted on March 26, 2022 at a market rate of interest of 20%, and an additional \$1,341 of government assistance had been recognized in the consolidated statement of comprehensive loss in fiscal year 2022.

During the year ended April 30, 2022, interest and accretion of \$1,803 (2021 - \$1,730) have been recorded on the loans and are included in interest expense in the consolidated statement of comprehensive loss. Payments of \$1,463 (2021 - \$Nil) were made to reduce the loan.

On April 21, 2020, the Company received funding from the Silicon Valley Bank in the amount of \$307,885 under the Paycheck Protection Program ("PPP"), a program formed under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") guaranteed by the U.S. government. The loan bears interest at a rate of 1.0% per annum and matures in 24 months. Commencing June 21, 2021, the Company shall be responsible for 10 equal monthly payments of principal and interest of \$11,021 and one final payment of \$4,683 at the maturity date. Under the terms of the PPP, an amount up to the principal amount of funding is to be forgiven if the Company maintained a consistent number of full-time employees for a prescribed period of time and the funds were used for certain prescribed expenses. During the year ended April 30, 2021, the Company used the funds for the purposes set out in the CARES Act and has recorded government assistance of \$197,001 for the amount of the loan to be forgiven in the consolidated statement of comprehensive loss in the fiscal year 2021. The loan was discounted at a market rate of interest of 20% and the discount of \$23,084 has also been recorded as

14. TERM LOANS PAYABLE (CONT'D)

government assistance in the consolidated statement of comprehensive loss for the fiscal year 2021. On May 20, 2021, the Company received loan forgiveness in the amount of \$197,001.

During the year ended April 30, 2022, interest and accretion of \$8,171 (2021 - \$18,831) have been recorded on the loan and are included in interest expense in the consolidated statement of comprehensive loss, and \$114,802 of payments have been recorded to reduce the loan. The loan had been fully repaid as at April 30, 2022.

On March 10, 2021, the Company received a second draw on the PPP loan in the amount of \$240,652. The loan bears interest at a rate of 1.0% per annum and matures in 24 months. The Company recorded the loan with a discounted value of \$72,652 as a current liability with the expectation that the entire amount of the loan plus accrued interest will be forgiven. During the year ended April 30, 2022, the Company received loan forgiveness in the amount of \$240,652, and \$72,652 was recorded as government assistance in the consolidated statement of comprehensive loss for the current fiscal year.

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 \$28,756 (CAD \$40,000) from the Bank of Montreal (CEBA term loan). The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022, and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven. The loan has been discounted at a market rate of interest of 20% and the discount and amount to be forgiven totaling \$16,914 has been recorded as government assistance in the consolidated statement of comprehensive loss in fiscal year 2020.

On January 12, 2022, the Canadian government announced that the repayment deadline for CEBA loans to qualify for partial loan forgiveness is being 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. In connection to the extension and additional loan forgiveness, the Company recognized an additional \$3,859 of government assistance which was included in the consolidated statement of comprehensive loss for the current period.

During the year ended April 30, 2022, interest and accretion of \$1,755 (2021- \$3,062) have been recorded on the loan and are included in interest expense in the consolidated statement of comprehensive loss.

Transactions for the year ended April 30, 2022 and 2021 are as follows:

Balance, April 30, 2020	\$	336,641
Accretion and interest		23,966
Recognition of government assistance		(437,483)
Advances received		283,252
Foreign exchange		2,926
<hr/>		
Balance, April 30, 2021	\$	209,302
Accretion and interest		11,729
Recognition of government assistance		(77,852)
Payments		(116,266)
Foreign exchange		(1,005)
<hr/>		
Balance, April 30, 2022	\$	25,908

14. TERM LOANS PAYABLE (CONT'D)

	April 30, 2022		April 30, 2021	
Current portion	\$	1,026	\$	182,915
Long term portion		24,882		26,387
	\$	25,908	\$	209,302

15. SHARE CAPITAL AND RESERVES

(a) Authorized

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

(b) Issued Share Capital

At April 30, 2022, there were 53,349,487 (2021 – 46,215,962) common shares issued and fully paid and 14,770,967 (2021 – 14,770,967) Restricted Voting Common Shares issued and fully paid.

(c) Shares Issued during the Year

During the year ended April 30, 2022, the following shares were issued:

- 655,000 common shares pursuant to the closing of a non-brokered private placement of 655,000 units at a price of CAD\$0.80 per unit for aggregate proceeds of \$413,443 (CAD \$524,000). Each unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of CAD\$1.25 per share for a period of three years from the date of issuance, subject to an acceleration clause. The fair value of the warrants issued was \$98,091, determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants: 3 years; volatility rate of 110%; risk-free interest rate of 0.67%; and a dividend rate of 0%;
- 550,000 common shares to an officer and director of the Company (note 13) pursuant to the closing of a non-brokered private placement of 550,000 common shares at a price of CAD \$0.84 per common shares for gross proceeds of \$361,927 (CAD\$462,000);
- 1,250,000 common shares pursuant to the closing of a non-brokered private placement of 1,250,000 units at a price of CAD\$0.80 per unit for gross proceeds of \$780,519 (CAD \$1,000,000). Each unit consisted of one common share and one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of CAD\$1.05 per share for a period of three years from the date of issuance, subject to an acceleration clause. The fair value of the warrants issued was \$297,907, determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants: 3 years; volatility rate of 110%; risk-free interest rate of 1.06%; and a dividend rate of 0%;

15. SHARE CAPITAL AND RESERVES (CONT'D)

(c) Shares Issued during the Year (Cont'd)

- 908,572 common shares pursuant to the closing of a non-brokered private placement of 908,572 units at a price of CAD\$1.75 per unit for gross proceeds of \$1,246,277 (CAD \$1,590,001). Each unit consisted of one common share and one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of CAD\$2.25 per share for a period of three years from the date of issuance, subject to an acceleration clause. The fair value of the warrants issued was \$470,718, determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants: 3 years; volatility rate of 110%; risk-free interest rate of 1.65%; and a dividend rate of 0%;
- 1,091,557 common shares pursuant to the exercise of options for proceeds of \$99,483;
- 2,575,953 common shares pursuant to the exercise of warrants for proceeds of \$1,495,432; and
- 102,443 common shares pursuant to the shares for services in the amount of \$76,892 and recorded a gain of \$7,843 in connection to the shares issued for services.

During the year ended April 30, 2022, the Company recorded \$4,473 (2021 - \$22,642) of share issuance cost to issuance of common shares in connection to the non-brokered private placements and allocated \$2,115 (2021 - \$Nil) of share issuance cost to warrants reserve.

During the year ended April 30, 2021, the following shares were issued:

- 1,111,110 common shares pursuant to the closing of a non-brokered private placement of 1,111,110 units at a price of CAD\$0.45 per unit for aggregate proceeds of \$396,636 (CAD\$500,000). Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of CAD\$0.65 per share for a period of three years from the date of issuance, subject to an acceleration clause. The fair value of the warrants issued was \$150,912, determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants: 3 years; volatility rate of 110%; risk-free interest rate of 0.49%; and a dividend rate of 0%;
- 2,929,687 common shares pursuant to the closing of a non-brokered private placement of 2,929,687 units at a price of CAD\$0.512 per unit for aggregate proceeds of \$1,192,464 (CAD\$1,500,000). Each unit consisted of one common share and one-half of one common share purchase warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of CAD\$0.80 per share for a period of three years from the date of issuance, subject to an acceleration clause. The fair value of the warrants issued was \$295,716, determined using the Black-Scholes option pricing model with the following assumptions: expected life of warrants: 3 years; volatility rate of 110%; risk-free interest rate of 0.48%; and a dividend rate of 0%;
- 576,849 common shares pursuant to the exercise of options for proceeds of \$24,601; and
- 216,128 common shares pursuant to the RSUs.

(d) Share-Based Compensation

The Company's shareholders have reserved 12,600,00 common shares for issuance under all share compensation arrangements. On November 18, 2021, the Company's shareholders amended the allocation of common shares reserved for equity compensation and the breakdown is as follows:

- (i) 12,100,000 common shares reserved for issuance under the Company's Fixed Share Option; and

15. SHARE CAPITAL AND RESERVES (CONT'D)

(d) Share-Based Compensation (Cont'd)

- (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 April 30, 2022 and April 30, 2021:

(i) Options

	April 30, 2022			April 30, 2021		
	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)	6,351,133	0.40	7.27	7,517,172	0.34	8.11

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 year ended April 30, 2022 and 2021 is as follows:

	Number of Options	Weighted Average Exercise Price (CAD\$)
Balance, April 30, 2020	5,144,119	0.24
Granted	3,505,000	0.44
Exercised	(576,849)	0.05
Forfeited	(555,098)	0.38
Balance, April 30, 2021	7,517,172	0.34
Granted	235,000	1.19
Re-issued	96,774	0.05
Exercised	(1,091,557)	0.12
Forfeited/Cancelled	(406,256)	0.45
Balance, April 30, 2022	6,351,133	0.40

During the year ended April 30, 2022, the Company granted 235,000 (2021 – 3,505,000) stock options. The fair value of the options granted was estimated to be CAD\$260,225 (2021 - CAD\$922,106) using the Black-Scholes Option Pricing Model and the assumptions below. The options granted vest over periods of 2 to 10 years with exercise prices of CAD \$0.81 to CAD \$2.07.

During the year ended April 30, 2022, 1,091,557 options were exercised with a weighted average fair market value of CAD \$1.01 (2021 – CAD \$0.39).

15. SHARE CAPITAL AND RESERVES (CONT'D)

(d) Share-Based Compensation (Cont'd)

(i) Options (Cont'd)

In addition to options granted, the Company reissued 96,774 stock options that were previously cancelled and estimated the fair value of the reissued options to be CAD\$1,086. 406,256 options with an estimated fair value of CAD\$143,598 was forfeited during the year ended April 30, 2022.

Share-based compensation of \$419,216 (2021 - \$302,525) was recorded for options vested during the period ended April 30, 2022.

	Period ended April 30, 2022	Period ended April 30, 2021
Expected life of options	5 years	5 years
Annualized volatility	110%	110%
Risk-free interest rate	1.525%	0.820%
Dividend rate	-	-

Details of options outstanding at April 30, 2022 are as follows:

Number of Options Outstanding	Expiry Date	Weighted Average Exercise Price (CAD\$)	Weighted Average Remaining Life (Years)
50,000	05-May-23	1.21	1.01
284,516	24-Nov-26	0.05	4.57
1,205,806	15-Feb-27	0.05	4.80
30,968	19-Jun-27	0.05	5.14
116,129	01-Nov-27	0.62	5.51
386,000	23-Mar-28	1.52	5.90
550,200	16-Apr-29	0.27	6.97
20,000	18-Sep-29	0.10	7.39
420,000	09-Mar-30	0.05	7.86
97,514	23-Apr-30	0.08	7.99
50,000	16-Sep-30	0.25	8.39
125,000	09-Dec-30	0.28	8.62
2,500,000	28-Dec-30	0.45	8.67
330,000	24-Feb-31	0.42	8.83
75,000	18-Nov-31	0.81	9.56
25,000	10-Jan-32	2.07	9.70
75,000	28-Feb-32	1.55	9.84
10,000	06-Apr-32	1.32	9.94
6,351,133		0.40	7.27

15. SHARE CAPITAL AND RESERVES (CONT'D)

(d) Share-Based Compensation (Cont'd)

(i) Options (Cont'd)

Details of options outstanding at April 30, 2021 are as follows:

Number of Options Outstanding	Expiry Date	Weighted Average Exercise Price (CAD\$)	Weighted Average Remaining Life (Years)
38,710	12-Apr-26	0.05	4.95
38,710	14-Apr-26	0.05	4.96
77,419	04-Jun-26	0.05	5.10
77,419	14-Jun-26	0.05	5.13
38,710	20-Jun-26	0.05	5.14
13,548	17-Sep-26	0.05	5.39
38,710	06-Oct-26	0.05	5.44
1,167,096	09-Jan-27	0.05	5.70
38,710	17-Jan-27	0.05	5.72
7,742	29-May-27	0.05	6.08
205,161	19-Jun-27	0.05	6.14
500,821	05-Sep-27	0.05	6.35
116,129	01-Nov-27	0.80	6.51
386,000	23-Mar-28	1.52	6.90
80,000	15-Jan-29	0.42	7.72
550,200	16-Apr-29	0.27	7.97
20,000	28-Sep-29	0.10	8.42
60,000	10-Oct-29	0.10	8.45
420,000	09-Mar-30	0.05	8.86
137,087	23-Apr-30	0.08	8.99
50,000	16-Sep-30	0.25	9.39
125,000	09-Dec-30	0.28	9.62
3,000,000	28-Dec-30	0.45	9.67
330,000	24-Feb-31	0.42	9.83
7,517,172		0.34	8.11

At April 30, 2022, there were 4,071,329 stock options exercisable (2021 – 3,686,883).

On April 30, 2021, 38,710 options were exercised but shares were not issued until May 2021. The value of those shares of \$1,891 is included in Obligation to issue shares at April 30, 2021.

(i) RSUs

RSUs are equity settled only and may be granted to directors, consultants, officers and employees of the Company. Compensation expense is recognized based on the share price of the Company's common shares on the grant date multiplied by the number of RSU's expected to vest and recognized ratably over the vesting period, with a corresponding credit to the share-based compensation reserve. Adjustments to the number of RSUs expected to vest are recognized in the current period. Share-based compensation of \$Nil (2021 - \$24,712) was recorded for RSUs during the year ended April 30, 2022.

15. SHARE CAPITAL AND RESERVES (CONT'D)

(d) Share-Based Compensation (Cont'd)

(ii) RSUs (Cont'd)

The continuity of RSUs for the years ended April 30, 2022 and 2021 is as follows:

	Number of RSUs	Weighted Average Grant Price (CAD\$)
Balance, April 30, 2020	247,702	0.34
Vested and released	(216,128)	0.35
Forfeited	(31,574)	0.28
Balance, April 30, 2021 and 2022	-	-

(ii) Warrants

During the year ended April 30, 2022, the Company accelerated the following:

- The expiry of 1,016,610 warrants with an original expiry date of March 25, 2024 to September 10, 2021. Each warrant entitles the holder to acquire one common share at CAD \$0.65 per share. In September 2021, the 1,016,610 warrants were exercised for gross proceeds of \$521,906 (CAD \$660,796); and
- The expiry of 1,464,843 warrants with an original expiry date of April 8, 2024 to February 17, 2022. Each warrant entitles the holder to acquire one common share at CAD \$0.80 per share. During the year ended April 30, 2022, 1,464,843 warrants were exercised for gross proceeds of \$924,796 (CAD\$1,171,874).

The continuity of warrants for the year ended April 30, 2022 and 2021 is as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD\$)
Balance, April 30, 2020	-	-
Issued	2,575,953	0.74
Balance, April 30, 2021	2,575,953	0.74
Issued	2,486,072	1.51
Exercised	(2,575,953)	0.74
Balance, April 30, 2022	2,486,072	1.51

Warrants outstanding at 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	

15. SHARE CAPITAL AND RESERVES (CONT'D)

(d) Share-Based Compensation (Cont'd)

(iii) Warrants

Warrants outstanding at April 30, 2021 are as follows:

Exercise Price (\$)	Number of Shares	Expiry Date
0.65	1,111,110	March 25, 2024
0.80	1,464,843	April 8, 2024
	2,575,953	

(e) 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 stock-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.

16. INCOME TAX

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

	Year ended April 30, 2022	Year ended April 30, 2021
Statutory tax rate	27%	27%
Loss for the year	\$ (3,266,326)	\$ (762,004)
Expected income tax recovery	(881,908)	(205,741)
Non-deductible expenses and other	51,458	100,883
Effect of foreign tax rates and tax rate changes	87,534	17,297
Effect of share issuance costs not recognized	(823)	(6,113)
Effect of change in valuation allowance	743,738	93,674
Income tax expense	\$ -	\$ -

Significant components of the Company's temporary difference as of April 30, 2022 and 2021 are as follows:

Nubeva Technologies Ltd.

Notes to the Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

(Expressed in United States Dollars)

16. INCOME TAX (CONT'D)

	April 30, 2022		April 30, 2021	
Deferred income tax assets:				
Non-capital losses carry forward	\$	3,280,248	\$	2,370,884
Share issuance costs		15,137		61,793
Equipment		9,657		9,657
		3,305,042		2,442,334
Valuation allowance		(3,305,042)		(2,442,334)
	\$	-	\$	-

As at April 30, 2022, the Company has the following non-capital losses, expiring in various years to 2042:

Year incurred		Canada		USA		Australia
2016	\$	-	\$	3,000	\$	-
2017		18,000		473,000		255,000
2018		200,000		1,087,000		1,012,000
2019		863,000		1,421,000		850,000
2020		313,000		2,651,000		103,000
2021		247,000		512,000		505,000
2022		689,000		1,751,000		584,000
	\$	2,330,000	\$	7,898,000	\$	3,309,000

17. EXPENSES BY NATURE

For year ended April 30, 2022

	General and Administration		Research and Development ⁽¹⁾		Sales and Marketing	
Office expense and operations	\$	432,698	\$	232,763	\$	63,637
Personnel (note 13)		569,006		1,243,890		865,262
Refunded Credit		-		(271,335)		-
Totals	\$	1,001,704	\$	1,205,318	\$	928,899

For the year ended April 30, 2021

	General and Administration		Research and Development ⁽¹⁾		Sales and Marketing	
Office expense and operations	\$	298,133	\$	451,900	\$	65,369
Personnel (note 13)		444,815		1,019,065		956,798
Refunded Credit		-		(311,336)		-
Totals	\$	742,948	\$	1,159,629	\$	1,022,167

Nubeva Technologies Ltd.

Notes to the Consolidated Financial Statements

For the years ended April 30, 2022 and 2021

(Expressed in United States Dollars)

18. REVENUE

	Year ended April 30, 2022	Year ended April 30, 2021
Software licenses and royalties	\$ 130,215	\$ 1,747,136
Support and maintenance	89,076	137,499
Subscriptions	16,352	-
Professional and customization services	-	80,000
Totals	\$ 235,643	\$ 1,964,635

The Company recognized revenues from contracts with customers in accordance with the following timing under IFRS 15:

	Year ended April 30, 2022	Year ended April 30, 2021
Recognized at a point in time	\$ 123,000	\$ 1,608,675
Recognized over the duration of contract	112,643	355,960
Totals	\$ 235,643	\$ 1,964,635

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.

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

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

	Level in fair value hierarchy	Year ended April 30, 2022	Year ended April 30, 2021
FVTPL:			
Cash and money market instruments	Level 1	\$ 3,992,124	\$ 2,280,420
Amortized cost:			
Accounts receivable		139,521	335,002
Totals		\$ 4,131,645	\$ 2,615,422

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

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

Classification of Financial Instruments (Cont'd)

	Level in fair value hierarchy	Year ended April 30, 2022	Year ended April 30, 2021
Amortized cost:			
Accounts payable and accrued liabilities		\$ 183,167	\$ 198,922
Term loan payable		25,908	209,302
Totals		\$ 209,075	\$ 408,224

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.

The carrying value of the Company's financial assets and liabilities classified as amortized cost as at April 30, 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 April 30, 2022, the Company had cash and marketable securities of \$3,992,124 (2021 - \$2,280,420) (note 6) to settle current liabilities of \$247,943 (2021 - \$420,338). 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 the Canadian dollars, the functional currency of one operating subsidiary is the Australian dollar and the functional currency of its other operating subsidiary is the United States dollar. At April 30, 2022, the Company held financial instruments in the aggregate amount of \$19,358 (2021 - \$1,024,893) denominated in currencies that differ from their functional currencies. A 10% change in the value of the United States dollar would impact the Company's net gain or loss by \$1,936 (2021 - \$102,489).

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

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 year.

Investment Risk

As at April 30, 2022, the Company's cash and marketable securities were comprised of cash in the amount of \$379,045 (2021 - \$1,466,913), and money market funds in the amount of \$3,613,079 (2021 - \$813,507) (Note 6).

Money market funds were comprised as follows:

- i) 86% 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) 14% 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.

20. SEGMENT REPORTING

At April 30, 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 are located in the United States. All revenue recognized during the year ended April 30, 2022 was earned in the United States.

21. DIGITAL CURRENCY

During the year ended April 30, 2021, the Company sold 3.275 Bitcoin for proceeds of \$56,534 and recognized a gain of \$28,180. The Company has no remaining digital currency at April 30, 2022 and 2021.

22. SUBSEQUENT EVENTS

Subsequent to the year ended April 30, 2022, the Company granted 6,510,000 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 C\$1.15 and expire July 26, 2027, of which 6,000,000 options are subject to extension to July 26, 2032 if and when the Company achieves certain milestones more particularly described below. 510,000 of the Options will vest in 6 month increments of 25% over a two-year period.

3,000,000 of the Options (the “First Tranche”) vest only in the event the market capitalization of the Company meets or exceeds C\$250,000,000 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 C\$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 C\$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 issuance of the Options is subject to disinterested shareholder approval as it exceeds the 10% maximum of the issued and outstanding common shares that may be issued to Insiders (as such term is defined in the policies of the TSX, pursuant to the policies of the TSX and the terms of the 2022 Plan. None of the options may be exercised until disinterested shareholder approval is obtained. The 2022 Plan is also subject to Exchange and shareholder approval. The Company will seek approval of shareholders for the 2022 Plan and the approval of disinterested shareholders of the issuance of the options at its 2022 annual general and special meeting of shareholders to be held in the fall of 2022.