

## Management's Discussion and Analysis of Financial Condition and Results of Operation

### First Quarter of 2019

#### **A) Results of Operations**

Results of operations for the quarter ended March 31, 2019 compared to the quarter ended March 31, 2018

*Sales* For the quarter ended March 31, 2019, gross sales were \$492 a decrease of \$64, from gross sales of \$556 for the three months ended March 31, 2018. This decrease for the year results from continued focus on future business despite limited funds for current operations. The two major initiatives going forward are to introduce an improved formula of the powder mix line of products and developing a profitable new business. The Company remains positive that both of these initiatives will materialize. One key element in consummating the potential new business that the Company has been working on for the past year is to keep accounts payable current and short-term debt low.

*Cost of Sales* NuVim was required to periodically assess the value of its inventory for impairment. Over the last several years, the value of the inventory was reduced to zero. Therefore, NuVim's books reflect no cost for the inventory now being sold. With limited sales through the NuVim web-site, the Company is in the process of liquidating this inventory.

*Gross Profit* Gross profit was \$492 for the quarter ended March 31, 2019, a decrease of 12% or \$64 from \$556 for the quarter ended March 31, 2018, the same as the reduction in Net Sales. As explained above, Gross profit as a percentage of gross sales was 100% during first half of 2019, the same as in 2018

*Selling, General and Administrative Expenses* Selling, general and administrative expenses were \$4,871 for the quarter ended March 31, 2019, down from \$4,973 during the three months ended March 31, 2018. The small decrease of \$102 reflects continued control of legal, accounting, and administrative expenses.

*Loss from Operations* Loss from operations was \$4,378 for the quarter ended March 31, 2019 compared to \$4,417 for the quarter ended March 31, 2018. The decrease of the loss by \$39 versus 2018 continued control of operating expenses.

*Interest Expense* Interest expense was \$151 for the quarter ended March 31, 2019, identical to the interest expense for the quarter ended March 31, 2018. This reflects the stability of the Company's debt.

*Net Loss* Net loss was \$4,530 for the quarter ended March 31, 2019 compared to \$4,568 for the quarter ended March 31, 2018. The small decrease in the loss of \$39 is primarily due to continued control of operating expenses as described above.

## **B) Liquidity and Capital Resources**

Our operations to date have generated significant operating losses that have been funded through the issuance of common stock and external borrowings. We will require additional sources of outside capital to continue our operations.

We will still need to raise additional financing to pay our past due obligations, fund operating losses and to support sales and marketing programs to increase sales of our products. If we are not able to identify additional sources of financing, we may not be able to continue operations beyond December 2019.

NuVim's Shareholders' Deficit was \$179,764 at March 31, 2019 as compared with \$176,334 at the end of 2018, reflecting First Quarter of 2019's \$4,530 of operating loss offset by the \$1,100 of stock issued. The Working Capital deficit at the end of March 2019 was \$17,941, up from the \$14,663 negative balance at the end of 2018.

Net cash used in operating activities for the quarter ended March 31, 2019 was \$2,028, compared to cash used in operating activities of \$9,705 during the first quarter of 2018.

No funds provided were by financing activities during the first quarter of 2019; compared to \$15,000 provided for the quarter ended March 31, 2018. The additional cash was provided by borrowing from related parties.

As a result, the Cash as of March 31, 2019 was \$1,354 as compared with \$3,382 at the end of December 2018.

## **C. Off-Balance Sheet Arrangements.**

NuVim does not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.