

# NuVim, Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operation First Nine Months and Third Quarter of 2016

### Results of Operations

*Results of operations for the quarter ended September 30, 2016 compared to the quarter ended September 30, 2015*

*Sales* For the quarter ended September 30, 2016, gross sales were \$745 an increase of \$235, from gross sales of \$510 for the three months ended September 30, 2015. This increase for the quarter is caused by a focus on the future business represented by the arrangement with Amazon versus selling through the NuVim web-site.

*Cost of Sales* NuVim is 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. This represents a considerable net profit should the inventory be able to be sold.

*Gross Profit* Gross profit was \$745 for the quarter ended September 30, 2016, an increase of \$235 from \$510 for the quarter ended September 30, 2015, 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 2016, the same as in 2015

*Selling, General and Administrative Expenses* Selling, general and administrative expenses were \$10,868 for the quarter ended September 30, 2016, up from \$7,136 during the three months ended September 30, 2015. The increase of \$3,550 is due to increased legal, accounting, and administrative expenses associated with recent updating the NuVim financings for the past few years to prepare a current balance sheet and new sales initiatives.

*Loss from Operations* Loss from operations was \$10,275 for the quarter ended September 30, 2016 compared to \$6,626 for the quarter ended September 30, 2015. The increase of the loss by \$3,649 versus 2015 is primarily due to the increased operating expenses as described above.

*Interest Expense* Interest expense was \$151 for the quarter ended September 30, 2016, an increase from no interest expense of for the half ended September 30, 2015. The increase in interest expense is attributable to the issuing of indebtedness during of 2015.

*Income Tax Expense* None in this quarter

*Net Loss* Net loss was \$10,275 for the quarter ended September 30, 2016 compared to \$6,626 for the quarter ended September 30, 2015. The increase of the loss by \$3,649 versus 2015 is primarily due to the increased operating expenses as described above.

## **Results of operations for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015**

*Sales* for the three quarters ended September 30, 2016, gross sales were \$1,526 a decrease of \$674, or 31% below gross sales of \$2,210 for the nine months ended September 30, 2015. This decrease for the half is also caused by a focus on the future business represented by the arrangement with Amazon versus selling through the NuVim web-site.

*Cost of Sales* NuVim is 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.

*Gross Profit* Gross profit was \$1,526 for the three quarters ended September 30, 2016, a decrease of 31% or \$674 from \$2,210 for the nine months ended September 30, 2015, 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 2016, the same as in 2015.

*Selling, General and Administrative Expenses* Selling, general and administrative expenses were \$37,215 for the three quarters ended September 30, 2016, up from \$7,259 during the nine months ended September 30, 2015. The increase of \$28,430 is due to increased legal, accounting, and administrative expenses associated with recent NuVim financings and sales initiatives.

*Loss from Operations* Loss from operations was \$35,689 for the three quarters ended September 30, 2016 compared to \$7,259 for the nine months ended September 30, 2015. The increase of the loss by \$28,430 versus 2015 is primarily due to the increased operating expenses as described above.

*Interest Expense* Interest expense was \$689 for the three quarters ended September 30, 2016, an increase from no interest expense of for the same period ended September 30, 2015. The increase in interest expense is attributable to the issuing of indebtedness during of 2015.

*Income Tax Expense* This amount represents the payment of past due New Jersey State Income Taxes.

*Net Loss* Net loss was \$40,045 for the three quarters ended September 30, 2016 compared to \$7,259 for the nine months ended September 30, 2015. The increase of the loss by \$32,786 versus 2015 is primarily due to the increased operating expenses as described above.

## **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 2016.

NuVim's Shareholders' Deficit was \$133,129 at September 30, 2016 as compared with \$94,375 at the end of 2015, reflecting nine months of 2016's \$40,045 of operating loss. The Working Capital deficit at the end of September 2016 was \$50,771 up from the \$4,899 negative balance at the end of 2015.

Net cash used in operating activities for the nine months ended September 30, 2016 was \$32,719, compared to cash used in operating activities of \$7,259 during the same period in 2015.

A net amount of \$21,869 was provided by financing activities during the first three quarters of 2016, compared to \$21,600 provided for the same period in 2015. The additional cash was primarily provided by borrowing from related parties.

As a result, the Cash as of September 30, 2016 was \$491 as compared with \$12,521 at the end of December, 2015.

#### 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.