

# NuVim, Inc.

## Management's Discussion and Analysis of Financial Condition and Results of Operation Fiscal Years ended December 31, 2017 & 2016

### Results of Operations

*Results of operations for the year ended December 31, 2017 compared to the year ended December 31, 2016*

*Sales* for the year ended December 31, 2017, gross sales were \$1,063 a decrease of \$1,064, or 50% below gross sales of \$2,127 for the twelve months ended December 31, 2016. This decrease for the year is caused by a focus on the future business versus using limited funds on the current operation. 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. Through February 2018 the Company is current on its payables and has little short-term debt.

*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. With limited sales through the NuVim web-site and Amazon, the Company is in the process of liquidating this inventory.

*Gross Profit* Gross profit was \$1,063 for the year ended December 31, 2017, a decrease of 50% or \$1,064 from \$2,127 for the twelve months ended December 31, 2016, the same as the reduction in Net Sales. As explained above, Gross profit as a percentage of gross sales was 100% during 2017, the same as in 2016.

*Selling, General and Administrative Expenses* Selling, general and administrative expenses were \$27,043 for the year ended December 31, 2017, down from \$42,029 during the twelve months ended December 31, 2016. The decrease of \$14,986 (36%) is due to -reducing administrative costs and settling past due payables at a lesser amount. Additional administrative costs are being achieved in the first quarter of 2018.

*Loss from Operations* Loss from operations was \$25,980 for the year ended December 31, 2017 compared to \$39,902 for the twelve months ended December 31, 2016. The decrease of the loss by \$13,992 (35%) versus 2016 is primarily due to the reduction of operating expenses as described above.

*Interest Expense* Interest expense was \$724 for the year ended December 31, 2017, a decrease from \$841 of for the same period ended December 31, 2016. The decrease in interest expense is attributable to conversion and settlement of debt during of 2017 and 2016.

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

*Net Loss* Net loss was \$26,704 for the year ended December 31, 2017 compared to \$44,409 for the twelve months ended December 31, 2016. The decrease of the loss by \$17,705 versus 2016 is primarily due to the absence of the New Jersey tax expense and the decreased 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. Later in 2018 we will require additional sources of outside capital to continue our operations.

We will still need to raise additional financing or consummate the discussed new business to pay our long-term debt and maintain current accounts payables. If we are not able to consummate the potential new business or identify additional sources of financing, we may not be able to continue operations beyond December 2018.

NuVim's Shareholders' Deficit was \$165,592 at December 31, 2017 as compared with \$137,494 at the end of 2016, reflecting 2017's \$26,704 of operating loss. The Working Capital deficit at the end of December 2017 was \$26,669 up from the \$17,177 negative balance at the end of 2016.

Net cash used in operating activities for the twelve months ended December 31, 2017 was \$19,846, compared to cash used in operating activities of \$38,177 during the same period in 2016.

A net amount of \$15,000 was provided by financing activities during the first year of 2017, compared to \$30,841 provided for the same period in 2016. The additional cash was primarily provided by borrowing from related parties.

As a result, the Cash as of December 31, 2017 was \$339 as compared with \$15,185 at the end of December 2016. The Company secured an additional \$15,000 in the first quarter of 2018 from the same party that provided funding in 2017.

### **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.