

A copy of this non-offering amended and restated preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of British Columbia, Alberta and Ontario and with the TSX Venture Exchange Inc. but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

This amended and restated preliminary prospectus does not constitute a public offering of any securities. No securities regulatory authority has expressed an opinion about any information contained herein and it is an offence to claim otherwise.

July 12, 2023

AMENDED AND RESTATED PRELIMINARY PROSPECTUS AMENDING AND RESTATING THE PRELIMINARY PROSPECTUS DATED APRIL 17, 2023

Non-Offering Prospectus

YUBBA CAPITAL CORP.

(to be renamed Impact Development Group Inc.)

No securities are being offered pursuant to this amended and restated non-offering preliminary prospectus (the “**Prospectus**”). This Prospectus is being filed with the securities regulatory authorities in the Provinces of British Columbia, Alberta, and Ontario to enable Yubba Capital Corp. (the “**Company**”), a capital pool company (“**CPC**”) pursuant to Policy 2.4 – Capital Pool Companies (the “**CPC Policy**”) of the Corporate Finance Manual of the TSX Venture Exchange Inc. (the “**Exchange**”), to complete its Qualifying Transaction (as defined under the CPC Policy) with Impact Housing Corporation (“**IHC**”) (the “**Proposed Qualifying Transaction**”). Since no securities are being sold pursuant to this Prospectus, no proceeds will be raised pursuant to this Prospectus. All expenses in connection with the preparation and filing of this Prospectus will be paid by the Company and IHC from general working capital.

The Company was incorporated on January 8, 2021, and completed the initial public offering of common shares of the Company (the “**Common Shares**”) on August 26, 2021. The Common Shares were listed for trading on the Exchange on August 26, 2021. The Company’s business has been restricted to the identification and evaluation of assets and businesses in connection with a potential Qualifying Transaction and, upon identifying and evaluating such opportunities, to negotiate an acquisition or participation subject to acceptance by the Exchange. As of the date of this Prospectus, the Common Shares are listed on the Exchange under the symbol “YUB.P”. Trading of the Common Shares was halted on December 1, 2022, the date of the initial announcement of the Proposed Qualifying Transaction pursuant to the policies of the Exchange. At the time of the trading halt, the Common Shares were trading at a price of \$0.05 per Common Share.

The Company, IHC and the sole security holder of IHC entered into a securities exchange agreement on April 14, 2023 (the “**Definitive Agreement**”) pursuant to which the Company will acquire all of the issued and outstanding securities of IHC. The Proposed Qualifying Transaction is intended to serve as the Company’s Qualifying Transaction under the CPC Policy. The Proposed Qualifying Transaction must be approved by the Exchange in accordance with the CPC Policy. Except as specifically contemplated in the CPC Policy, until completion of the Proposed Qualifying Transaction, the Company has not carried on and will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. See “*Information Concerning the Company – Business of the Company*”.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

For greater certainty, neither the Finco Shares nor Finco Warrants underlying the Subscription Receipts; or the Resulting Issuer Shares and Resulting Issuer Warrants are being qualified by this Prospectus. This Prospectus is being filed by the Company for the sole purpose of satisfying Section 1.1(f) of the CPC Policy. Neither the Exchange nor any securities regulatory authority has in any way passed upon the merits of the Proposed Qualifying Transaction described in this Prospectus.

An investment in securities of the Company or the Resulting Issuer should be considered highly speculative. There is no guarantee that an investment in the Company or the Resulting Issuer will earn any positive return in the short or long term. An investment in the Company or the Resulting Issuer is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There are certain risk factors associated with an investment in the securities of the Company or the Resulting Issuer and with completion of the Proposed Qualifying Transaction and with respect to the Resulting Issuer’s business. In reviewing this Prospectus, an investor should carefully consider the matters described in this Prospectus under the heading “*Information Concerning the Resulting Issuer – Risk Factors*”.

The Company was only recently incorporated, does not own any ongoing business operations and has no assets other than cash and its listing on the Exchange. There is no assurance that the Company will successfully complete the Proposed Qualifying Transaction, or even if it does, that the business of the Resulting Issuer will be profitable or will succeed. Moreover, additional funds may be required to accomplish the business objectives of the Resulting Issuer, and the Resulting Issuer may not be able to obtain such financing or may not be able to raise sufficient funds. If future business activities of the Resulting Issuer are financed by the issuance of Resulting Issuer Shares from treasury, control of the Resulting Issuer may change and shareholders may suffer additional dilution. Holders of Resulting Issuer Shares may be unable to enforce Canadian statutory and civil remedies against non-residents.

Upon completion of the Proposed Qualifying Transaction, a substantial portion of the Resulting Issuer’s assets will be located outside of Canada. Certain officers and directors of IHC and the proposed officers and directors of the Resulting Issuer reside outside of Canada. The persons named below have appointed an agent for service of process.

Name of Person or Corporation	Title	Name and Address of Agent
Thomas Wenz	Proposed CEO and director of the Resulting Issuer	Garfinkle Biderman LLP 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, Canada
Oscar Hilt Tatum IV	Proposed director of the Resulting Issuer	Garfinkle Biderman LLP 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, Canada
Raymond D. Harari	Proposed director of the Resulting Issuer	Garfinkle Biderman LLP 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, Canada
Delia Jaramillo	Proposed COO of the Resulting Issuer	Garfinkle Biderman LLP 1 Adelaide Street East, Suite 801, Toronto, Ontario, M5C 2V9, Canada

Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

The head and registered office of the Company is located at 2131 Lawrence Avenue East, Suite 207, Toronto, Ontario, M1R 5G4, Canada. The head and registered office of IHC is located at Office 410, 4th Floor, Peninsula Center Building, Ave. Centenario, Costa del Este, Panama City, Panama.

All capitalized terms not otherwise defined herein shall have the meaning ascribed to it in the “Glossary of Terms.”

TABLE OF CONTENTS

Page	Page		
GENERAL MATTERS	2	PRIOR SALES	47
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION	2	ESCROWED SECURITIES.....	48
MARKET AND INDUSTRY DATA.....	3	PRINCIPAL SECURITYHOLDERS.....	48
CURRENCY AND EXCHANGE RATE DATA.....	4	DIRECTORS AND EXECUTIVE OFFICERS.....	48
PROSPECTUS SUMMARY	5	EXECUTIVE COMPENSATION.....	49
INFORMATION CONCERNING THE COMPANY...	14	INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	51
CORPORATE STRUCTURE	14	CORPORATE GOVERNANCE	51
BUSINESS OF THE COMPANY	14	RISK FACTORS	51
DIVIDENDS OR DISTRIBUTIONS	16	PROMOTER	51
SELECTED FINANCIAL INFORMATION OF THE COMPANY AND MD&A	16	LEGAL PROCEEDINGS AND REGULATORY ACTIONS	52
DESCRIPTION OF SECURITIES.....	18	INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	52
CONSOLIDATED CAPITALIZATION.....	19	AUDITORS, TRANSFER AGENT AND REGISTRAR	52
OPTIONS TO PURCHASE SECURITIES.....	19	EXPERTS	53
PRIOR SALES	19	INFORMATION CONCERNING THE PROPOSED QUALIFYING TRANSACTION.....	54
ESCROWED SECURITIES.....	20	BUSINESS OF THE RESULTING ISSUER.....	62
PRINCIPAL SECURITYHOLDERS.....	22	AVAILABLE FUNDS AND PRINCIPAL USES.....	63
DIRECTORS AND EXECUTIVE OFFICERS.....	22	DIVIDENDS OR DISTRIBUTIONS	64
EXECUTIVE COMPENSATION	24	DESCRIPTION OF SECURITIES.....	64
DIRECTOR COMPENSATION	25	OPTIONS TO PURCHASE SECURITIES.....	64
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	26	PRO FORMA CONSOLIDATED CAPITALIZATION OF THE RESULTING ISSUER.....	66
PROMOTER	29	PRINCIPAL SECURITYHOLDERS.....	67
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	30	DIRECTORS AND EXECUTIVE OFFICERS OF THE RESULTING ISSUER	67
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	30	CORPORATE GOVERNANCE OF THE RESULTING ISSUER	72
AUDITOR, TRANSFER AGENT AND REGISTRAR	30	PROPOSED EXECUTIVE COMPENSATION OF THE RESULTING ISSUER	75
MATERIAL CONTRACTS	30	INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	76
EXPERTS.....	31	INTERESTS OF PROPOSED MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	77
INFORMATION CONCERNING IHC	32	PLAN OF DISTRIBUTION.....	79
CORPORATE STRUCTURE.....	32	RISK FACTORS	79
BUSINESS OF IHC	36	AUDITORS, TRANSFER AGENT AND REGISTRAR	87
DIVIDENDS OR DISTRIBUTIONS	46	PROMOTERS	87
SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS.	46	MATERIAL CONTRACTS OF RESULTING ISSUER	87
DESCRIPTION OF SECURITIES.....	47		
CONSOLIDATED CAPITALIZATION.....	47		
OPTIONS TO PURCHASE SECURITIES.....	47		

EXPERTS.....	88
STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	88
OTHER MATERIAL FACTS	88
GLOSSARY OF TERMS	88
SCHEDULE A.....	98

SCHEDULE B.....	99
SCHEDULE C.....	100
CERTIFICATE OF THE COMPANY	101
CERTIFICATE OF IHC AND PROMOTER.....	Error! Bookmark not defined.

GENERAL MATTERS

Readers should rely only on the information contained in this Prospectus. We have not authorized any other person to provide you with additional or different information. If anyone provides you with additional or different or inconsistent information, including information or statements in media articles about the Company, you should not rely on it. You should assume that the information appearing in this Prospectus is accurate only as at its date. The Company's business, financial conditions, results of operations and prospects may have changed since that date.

Unless otherwise noted or the context indicates otherwise, "we", "us", "our", or the "Company" refers to Yubba Capital Corp. Certain capitalized terms and phrases used in this Prospectus are defined in the "*Glossary of Terms*".

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains "forward-looking information" within the meaning of applicable Canadian securities legislation, with respect to the Company, IHC, and the Resulting Issuer. The forward-looking information included in this Prospectus is not based on historical facts, but rather on the expectations of the Company's management regarding the future growth of the Resulting Issuer, its results of operations, performance, business prospects, and opportunities. This Prospectus uses words such as "will", "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions to identify forward-looking information. Such forward-looking information reflects the current beliefs of the Company's management, based on information currently available to them.

Forward-looking statements contained in this Prospectus include, without limitation, statements about:

- expectations about the Resulting Issuer's earnings, revenues, margins, expenses or other financial matters;
- forecasts of financial conditions, results of operations, liquidity position or working capital requirements;
- completion, timing and expected effects of the Proposed Qualifying Transaction, including in relation to the Concurrent Financing, the Company Consolidation, the Amalgamation, the IHC Debt Assumption, the Holdco Debt Conversion, the Notes Conversion, and receipt of required shareholders and directors' approval, and the benefits expected to be received by the Company, IHC and the Resulting Issuer from such transactions;
- expectations relating to obtaining the necessary regulatory approvals including that the regulatory requirements will be maintained;
- regulatory developments and the regulatory environment of jurisdiction in which IHC operates or plans to operate;
- ability of the Company, IHC and Holdco to successfully execute its plans and intentions;
- anticipated trends and challenges in IHC's business and the market in which IHC operates;
- ability of the Resulting Issuer to attract and retain skilled staff;
- ability of the Resulting Issuer to maintain its current licenses required to conduct the business in the Latin America;
- market competition in the Latin America;
- products and services offered by IHC's competitors;
- IHC's perception of its competitors, emerging competition in the industry and the associated risks;
- IHC's current good relationships with its suppliers, service providers, creditors and other third parties will be maintain;
- IHC's expectations regarding future growth, including IHC's ability to grow its business and increase its product offering to consumers, and the viability of IHC's business plan;
- IHC's expectations about growth in the industry in which it operates and its ability to increase its market penetration;
- IHC's anticipated cash needs and ability to obtain financing to support and expand its operations;
- IHC's future financial and operating results; and
- general business and economic conditions.

Forward-looking statements are based on the reasonable assumptions, estimates, opinions and analyses of management

made in light of its experience and perception of historical trends, current conditions, expected future developments and other factors management of the Company believes are appropriate, relevant and reasonable in the circumstances at the date that such statements are made. The Company has based the forward-looking information in this Prospectus on various material assumptions, including:

- the Proposed Qualifying Transaction and ancillary transactions thereto will be completed as contemplated, including the ability of the parties involved to satisfy the conditions of the Proposed Qualifying Transaction and regulatory requirements, the absence of unforeseen events or legal challenges, and the effectiveness of the integration of the businesses;
- the Resulting Issuer will be profitable, and will be able to fund its operations with existing capital, and/or it will be able to raise additional capital to fund operations;
- the Resulting Issuer will be able to attract and retain key personnel, including the assumptions about the labour market, compensation and benefits, and employees engagement;
- the Resulting Issuer will be successful in obtaining all necessary approvals from all applicable regulatory authorities, including the approval of the Exchange with respect to the Proposed Qualifying Transaction;
- The Resulting Issuer's ability to adapt to any demographic shifts, consumer preferences, regulatory changes, and the competitive landscape relating to its business and the market in which it operates;
- the Resulting Issuer will successfully maintain its licenses required to operate its business in the Latin America, including the Resulting Issuer's assumptions about the regulatory compliance, political and legal stability, and the absence of adverse events or issues;
- the general business, economic, financial market, regulatory and political conditions in which the Resulting Issuer operates will remain positive;
- the general regulatory environment, political and economic stability in the region, the level of government intervention and the potential impact of geopolitical events will not change in a manner adverse to the business of the Resulting Issuer;
- the Resulting Issuer's current financial and operating results will remain in the positive trajectory and future financial and operating results will be as anticipated;
- the plans and intentions of the Company, IHC and the Resulting Issuer will be successfully executed as contemplated; and
- the degree of market concentration and the Resulting Issuer's ability to compete effectively and related anticipated and unanticipated costs.

The Company cautions that the foregoing list of assumptions is not exhaustive.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Actual results, performance or achievement could differ materially from that expressed in, or implied by, any forward-looking information in this Prospectus, and, accordingly, investors should not place undue reliance on any such forward-looking information. Certain factors that may affect the future results, performance or achievements of the Company are summarized under the heading "*Resulting Issuer - Risk Factors*" in this Prospectus.

Further, any forward-looking information speaks only as of the date on which such statement is made and the Company undertakes no obligation to update any forward-looking information to reflect the occurrence of unanticipated events, except as required by law including applicable securities laws. New factors emerge from time to time and the importance of current factors may change from time to time and it is not possible for management of the Company to predict all of such factors, changes in such factors and to assess in advance the impact of each such factor on the business of the Resulting Issuer, or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information contained in this Prospectus.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this Prospectus concerning IHC's industry and the markets in which IHC operates, including general expectations and market position, market opportunities and market share, is

based on information obtained from independent industry organizations, other third-party sources (including industry publications, surveys and forecasts) and management studies and estimates.

Unless otherwise indicated, our estimates are derived from publicly available information released by independent industry analysts and third-party sources as well as data from IHC’s internal research, and include assumptions made by IHC which IHC has advised the Company that it believes to be reasonable based on its knowledge of its industry and markets. IHC’s internal research and assumptions have not been verified by any independent source, and neither the Company nor IHC has independently verified any third-party information. While the Company and IHC believe the market position, market opportunity and market share information included in this Prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of regarding the Resulting Issuer’s future performance and the future performance of the industry and markets in which the Resulting Issuer is expected to operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the heading “*Cautionary Statement Regarding Forward-Looking Information*” and “*Resulting Issuer - Risk Factors*”.

For the avoidance of doubt, nothing stated in this paragraph operates to relieve the Company or IHC from liability for any misrepresentation contained in this Prospectus under applicable Canadian securities laws.

CURRENCY AND EXCHANGE RATE DATA

The financial information in respect of IHC is presented in United States dollars. The Company’s audited financial statements and pro forma financial statements are presented in Canadian dollars. In this Prospectus, references to “\$” and “dollars” are to Canadian dollars and references to “US\$” are to United States dollars. Amounts are stated in Canadian dollars unless otherwise indicated.

Certain financial information contained in this Prospectus is disclosed in United States dollars. The following table sets out, for the periods indicated, the high, low, and period end indicative rates of exchange for US\$1.00 expressed in Canadian dollars as published by the Bank of Canada.

	Year ended	Year ended	Year ended
	December 31, 2022	December 31, 2021	December 31, 2020
	(US\$)	(US\$)	(US\$)
As at end of period	\$1.3544	\$1.2678	\$1.2732
Low for the period	\$1.2451	\$1.2040	\$1.2718
High for the period	\$1.3856	\$1.2942	\$1.4496
Average rate for the period	\$1.3011	\$1.2535	\$1.3415

PROSPECTUS SUMMARY

The following is a summary of certain information contained in this Prospectus, and should be read together with the more detailed information, financial data, and statements contained elsewhere in this Prospectus. Certain capitalized terms and phrases used in this prospectus are defined in the “Glossary of Terms”.

The Company The Company was incorporated by articles of incorporation under the OBCA on January 8, 2021, under the name “2806301 Ontario Inc.” The Company filed articles of amendment to change its name to “Yubba Capital Corp.” on February 18, 2021. The registered and head office of the Company is located at 2131 Lawrence Avenue East, Suite 207, Toronto, Ontario, M1R 5G4, Canada.

The Company is a CPC and completed its initial public offering on the Exchange on August 26, 2021. The Company sold 2,220,000 Common Shares at a price of \$0.10 per Common Share pursuant to the Company IPO, raising gross proceeds of \$222,000. The Common Shares are listed and traded on the Exchange under the symbol “YUB.P”. Trading of the Common Shares was halted on December 1, 2022, the date of the initial announcement of the Proposed Qualifying Transaction pursuant to the TSXV Policies.

The Company currently has one wholly-owned subsidiary, Finco. Finco was incorporated as “1000469360 Ontario Inc.” pursuant to the OBCA on March 9, 2023. At the Closing Date, the Company intends to incorporate under the OBCA another wholly-owned subsidiary, Subco.

The principal business of the Company is the identification and evaluation of assets or businesses, with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be approved by the Exchange in accordance with the CPC Policy. The Company has not commenced commercial operations and has no assets other than a minimum amount of cash and its listing on the Exchange. Except as specifically contemplated in the CPC Policy, until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of assets and businesses with a view to completing a Qualifying Transaction and, upon identifying and evaluating such opportunities, to negotiate an acquisition or participation subject to acceptance by the Exchange. See “*Information Concerning the Company – Business of the Company*”. For information on the proposed principal business to be conducted following the Proposed Qualifying Transaction, see “*Information Concerning the Resulting Issuer – Business of the Resulting Issuer*”.

IHC IHC was incorporated under the laws of the Republic of Panama on February 15, 2017. IHC’s registration number is folio N°155645087, and has its registered and head office address at Office 410, 4th Floor, Peninsula Center Building, Ave. Centenario, Costa del Este, Panama City, Panama.

IHC is a Panamanian based real estate developer that provides affordable housing supported by a longstanding subsidized government program with multiple product offerings. The principal business of IHC is to build and develop affordable and high-quality subsidized houses in the Republic of Panama to support the middle class market. The vision of IHC is effectuated by a vertically integrated model which coordinates all services necessary to develop high-quality residential and commercial buildings, including land acquisition, financing, architectural, engineering, off-site manufacturing, general contracting, property management, and administration. See “*Information Concerning IHC – Business of IHC*”.

IHC has 11 wholly-owned subsidiaries. See “*Information Concerning IHC – Corporate Structure*”.

The Proposed Qualifying Transaction The Company has identified the Proposed Qualifying Transaction with IHC as an appropriate transaction for the purpose of completing its Qualifying Transaction as required under the CPC Policy. The Proposed Qualifying Transaction will be completed as by way of the Share

Exchange pursuant to the Definitive Agreement, pursuant to which the Company will acquire all of the issued and outstanding IHC Shares through a share exchange pursuant to which Yubba will issue one Consideration Share for each one Holdco Common Share issued and outstanding immediately prior to the Closing, subject to any events or any changes effecting the number of outstanding Holdco Common Shares prior to the Closing Time (the “**Share Exchange**”). The Proposed Qualifying Transaction will constitute a reverse takeover of the Resulting Issuer inasmuch as the current shareholders of the Company will own (on a non-diluted basis) approximately 1.82% of the equity of the Resulting Issuer immediately after the Closing Date. The completion of the Proposed Qualifying Transaction is subject to, among other things, prior satisfaction or waiver of a number of conditions, including the Exchange’s conditional acceptance of the Proposed Qualifying Transaction, and the satisfaction or waiver of the conditions in the Definitive Agreement. Upon completion of the Proposed Qualifying Transaction, the Resulting Issuer is expected to meet the Exchange’s minimum listing requirements for a Tier 2 issuer. The Proposed Qualifying Transaction is intended to serve as the Company's Qualifying Transaction under the CPC Policy. The Proposed Qualifying Transaction does not constitute a Non-Arm's Length Qualifying Transaction pursuant to the definition of such term in the CPC Policy. Consequently, the Proposed Qualifying Transaction does not require any approval of the Company Shareholders.

Business Combination

The Business Combination of the Company and IHC will be completed through, including, the following steps: (i) the Company Consolidation, (ii) the Amalgamation, (iii) the Concurrent Financing, (iv) the IHC Debt Assumption; (v) the Holdco Debt Conversion, (vi) the Notes Conversion, and (vi) the Share Exchange.

See “*The Proposed Qualifying Transaction*”

It is intended that, immediately prior to the completion of the Business Combination, the Company will undertake the Name Change. See “*The Proposed Qualifying Transaction – Name Change.*”

Concurrent Financing

In connection with and as a closing condition of the Proposed Qualifying Transaction, Finco and IHC will complete the Concurrent Financing to raise minimum aggregate gross proceeds of US\$4 million and maximum of US\$8 million through the issuance of (i) Subscription Receipts at a price of US\$3.62 per Subscription Receipt; and (ii) Convertible Notes.

Immediately prior to the completion of the Business Combination, the Subscription Receipts, without payment of any additional consideration or further action on the part of the holders thereof, anticipate each to be converted into one (1) unit in the capital of Finco each to be comprised of one (1) Finco Share and one (1) Finco Warrant. Each Finco Warrant will entitle the holder thereof to purchase one (1) Finco Share at a price equal to US\$4.34 per Finco Share for a period of two (2) years following the Completion of the Qualifying Transaction. The Convertible Notes anticipated to be issued by IHC pursuant to the Concurrent Financing will carry 8% interest per annum and are anticipated to be either (i) repaid by Holdco or (ii) converted into units of IHC or Holdco, with each such unit to be comprised of one (1) common share and one (1) common share purchase warrant having equivalent terms as Finco Shares and Finco Warrants.

As part of the Concurrent Financing, Finco may pay to certain Finders, for their assistance with facilitating the Concurrent Financing, the Finders’ Fee comprising of (i) 7% in cash; and (ii) 7% Finder Warrants.

On Closing, each Finco Share, Finco Warrant and Finder Warrant issued in connection with the Concurrent Financing will be exchanged 1:1 basis for Resulting Issuer Shares and Resulting Issuer Warrants, respectively, with the Resulting Issuer Warrants having the equivalent terms

as Finco Warrants and Finder Warrants.

See “*The Proposed Qualifying Transaction – Concurrent Financing*”

**No Proceeds
Raised**

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the Ontario Securities Commission, the Alberta Securities Commission, and the British Columbia Securities Commission for the purpose of allowing the Company to complete the Proposed Qualifying Transaction. Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Company.

**Available
Funds and Use
of Available
Funds**

Upon completion of the Proposed Qualifying Transaction, including giving effect to the Business Combination, the estimated available funds of the Resulting Issuer is anticipated to be US\$11,251,750, with an estimated working capital of US\$7,609,649 and gross proceeds from the minimum Concurrent Financing of US\$4,000,000.

See the pro forma financial statements of the Resulting Issuer included in this Prospectus under the heading “*Financial Statements*”.

The Resulting Issuer intends to use its available funds to further the business objectives described in “*Information Concerning the Resulting Issuer – Available Funds and Principal Uses – Business Objectives*”, principally including:

- Completion of construction of phase 4 and 5 at the Santiago Project.
- Completion of the sale of inventory at the existing development phases at the Santiago Project and Reserva Project by end of Q1 2024.
- Commence new development phases at existing properties.
- Design new phases at newly acquired property adjacent to the Santiago Project.
- Initial development of new model home designs.
- Expand operations to commercial real estate development, specifically, to complement IHC’s existing housing developments.

The following table sets out the proposed principal uses of the funds by the Resulting Issuer, after giving effect to the Business Combination and accounting for the proceeds of the minimum Concurrent Financing.

Use of funds	Amount (US\$)
Infrastructure ⁽¹⁾	2,550,000
Housing Development – Santiago Phase 4 and 5 ⁽²⁾	3,140,000
Housing Development – Santiago Phase 6/7 ⁽³⁾	830,000
Housing Development – Santiago Phase 8 ⁽⁴⁾	1,870,000
Equipment ⁽⁵⁾	490,000
General Working Capital ⁽⁶⁾	2,371,750
	11,251,750

The above uses of available funds are estimates only. Funds may be reallocated for sound business reasons. Funds that are not immediately committed will be invested in short-term, investment-grade interest-bearing securities such as money market accounts, certificates of deposit, commercial paper, guaranteed obligations, and bank demand deposits.

The Resulting Issuer may require additional funds in order to fulfill all of its expenditure requirements to meet its objectives. There is no assurance that any additional funding required by the Resulting Issuer will be available on terms that are favorable to the Resulting Issuer, or at all. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting

Issuer's objectives over the 12 months following completion of the Proposed Qualifying Transaction.

See "*Information Concerning the Resulting Issuer – Available Funds and Principal Uses*".

**Directors and
Executive
Officers of the
Resulting
Issuer**

Subject to Exchange approval, on completion of the Proposed Qualifying Transaction, the following individuals will be the directors and/or officers of the Resulting Issuer.

Thomas Wenz, Chief Executive Officer and Director (Age 46)

Mr. Wenz has over 15 years of executive level business management and operational experience with both the corporate level and entrepreneurial start-up companies. He has extensive experience in mergers, acquisitions, debt and equity corporate transactions and experience in managing and motivating teams within high growth organizations as well as board experience in developing and managing key customer and vendor relationships, company strategy, goals, business planning, technology development and budget allocation. Mr. Wenz obtained his MBA from the University of Montana (1999).

Swapan Kakumanu, Chief Financial Officer (Age 53)

Mr. Kakumanu brings senior finance and operations experience. He has served at senior executive management levels, both in public and private companies in high growth technology, blockchain, manufacturing, trading and oil field services industries. He has held senior management roles as President, CEO and CFO where he has played a role in raising over \$200 million through various financing vehicles, including debt, convertible debt, equity and other non-dilutive instruments both in the private and public markets. Mr. Kakumanu brings experience in public company reporting, investor relations, mergers and acquisitions, internal controls and general overall financial and operational management. Mr. Kakumanu obtained his Bachelors of Commerce from Osmania University (1989) and is a Chartered Professional Accountant.

Delia Jaramillo, Chief Operating Officer (Age 41)

Ms. Jaramillo has over 20 years of experience contributing to projects as a Financial Analyst, Business Developer and Project Manager. Prior to joining IHC, she was a Regional Manager for Titan Dol S.A. overseeing the manufacturing and sale of pressed beams and large format concrete elements. Ms. Jaramillo studied a Master's in Finance at Interamerican University of Panama (2008) and Construction Management at University of Louisville (Panama) (2018). Ms. Jaramillo is a Chartered Professional Accountant.

Grant Duthie, Proposed Corporate Secretary (Age 33)

Mr. Duthie is a Partner at Garfinkle Biderman LLP, where he focuses on securities, corporate finance and mergers and acquisitions. He acts for private and publicly traded companies, underwriters and dealers in both private and public offerings of debt and equity securities, mergers, and acquisitions. Mr. Duthie holds a J.D. from the University of Western Ontario.

Joshua Lebovic, Director (Age 38)

Mr. Lebovic brings more than ten years of experience managing public and private businesses from start-ups to multi-billion-dollar enterprises. Recently, Mr. Lebovic, acting as CFO, has successfully listed Mednow (MNOW:TSXV) and General Assembly (GA:TSXV) on the Exchange and Sprout AI (BYFM:CSX) on the Canadian Securities Exchange, helping secure financing in excess of CA\$50 million across all three companies. Mr. Lebovic was formerly interim CFO of Cryptologic Corp., a company specializing in mining of cryptocurrencies. Previously, he was CFO of Venzee Technologies, a software-as-a-service based technology platform specializing in data transformation. Mr. Lebovic holds a Bachelor of Commerce degree

from McGill University (2007) and is a Chartered Professional Accountant.

Raymond D. Harari, Director (Age 29)

Mr. Harari is the founder of Canalis Capital, a merchant bank focused on disruptive industries. Prior to founding Canalis Capital, Mr. Harari worked at Credicorp Bank in its private wealth group in Panama and Nomura's consumer and retail investment banking group based in New York City. Mr. Harari graduated with honors from the University of Pennsylvania with a Bachelor of Science in systems engineering and a minor in engineering entrepreneurship and mathematics from the University of Pennsylvania (2014). Mr. Harari is an active angel investor across the mining, technology, fashion, cannabis, e-commerce, and energy sectors. Mr. Harari also serves as CEO of IM Exploration (CSE:IM) and CEO of Momentous Capital Corp. (TSXV:MCC.P), a CPC which is in the process of completing its qualifying transaction. Mr. Harari also served as the deputy director of the Chamber of Commerce, Industry and Agriculture of Panama.

Sophie Galper-Komet, Director (Age 48)

Ms. Galper-Komet is a seasoned and highly motivated executive, financial expert and strategy consultant, with broad experience in the corporate, public, and start-up arenas. Sophie possesses over 20 years of experience working in various capacities in the capital markets and private equity sectors, and has expertise in developing diverse funding solutions for corporations, including initial public offerings, bond offerings, mergers and acquisitions and private equity solutions. Ms. Galper-Komet has been intimately involved with several mature and public companies as well as high-tech start-up ventures. Since the beginning of 2019, Ms. Galper-Komet has served as Chief Operating Officer of a private real estate investment company. Prior to this role, she served as the principal and owner of Business Scope International, a private consultancy firm focused on corporate strategy, funding solutions, business development, investment relations, and corporate governance services for an array of corporate clients. In addition, Ms. Galper-Komet's experience and past activities range from financial research through investor relations to business development and investment banking in a variety of industries. She has served on the board of directors of numerous public companies and financial institutions, both on the Exchange and Tel Aviv Stock Exchange, including serving several stints as the chair of several board committees. In addition to the foregoing, Ms. Galper-Komet has served on the advisory boards of numerous tech companies. Ms. Galper-Komet obtained her MBA from Tel Aviv University (2001).

Oscar Hilt Tatum IV (Age 42)

Mr. Tatum IV serves as CEO of iPoint Capital Partners, and is responsible for the private equity, venture capital and alternative investment branches of the firm. He presently serves on the executive committee and board of directors of over half a dozen portfolio companies. In addition, he has founded over a dozen companies in a number of business sectors, guiding them through all phases of growth and development. Mr. Tatum IV has managed over 3,000 employees in 20 countries and led the funding, acquisition and exit of multiple businesses. Mr. Tatum IV obtained his post graduate diploma in Global Business from the University of Oxford (2013).

See “*Information Concerning the Resulting Issuer – Directors and Executive Officers of the Resulting Issuer*”

Escrow

Upon completion of the Proposed Qualifying Transaction, it is expected that the current holders of Company Shares and IHC Shares will hold freely tradable Resulting Issuer Shares, which will be listed on the Exchange, with the exception of certain Insiders of the Company and principals of the Resulting Issuer, whose shares will be held in escrow pursuant to the terms of a CPC Escrow Agreement and Value Security Escrow Agreement, respectively.

See “*Information Concerning the Resulting Issuer – Escrowed Securities*”.

Interests of Insiders, Promoters and Control Persons No Insider, Promoter or Control Person of the Company or its Associates and Affiliates has any interest in IHC.

Arm’s Length Transaction The Proposed Qualifying Transaction does not constitute a Non-Arm’s Length Qualifying Transaction and does not require the approval of the Company Shareholders.

Pro-Forma Capitalization The following table sets out the pro forma fully-diluted share capital of the Resulting Issuer:

Designation of security	Amount authorized or to be authorized	Outstanding after giving effect to the Proposed Qualifying Transaction and assuming the minimum Concurrent Financing
Resulting Issuer Shares	Unlimited	13,175,497 ⁽¹⁾⁽²⁾
Resulting Issuer Warrants	N/A	1,111,779 ⁽³⁾
Resulting Issuer Options	10% ⁽⁴⁾	11,498 ⁽⁵⁾
Resulting Issuer RSUs	10% ⁽⁴⁾	1,463,944 ⁽⁶⁾

Notes:

- (1) Certain securities of the Resulting Issuer will be subject to escrow. See “*Information Concerning the Resulting Issuer– Escrowed Securities*”.
- (2) Includes: (i) 200,072 Company Consolidation Shares; (ii) 11,850,446 issued to Holdco in exchange for the IHC Shares; (iii) 1,104,972 issued to the shareholders of Finco in exchange for Finco Shares; and (iv) 20,007 issued to Advisor A.
- (3) Includes (i) 1,104,972 Finco Warrants, and (ii) 6,807 Haywood Warrants.
- (4) Amount to be authorized under the Resulting Issuer Omnibus Plan. The aggregate number of Resulting Issuer Shares authorized for reservation pursuant to grants of the Resulting Issuer Options and Resulting Issuer RSUs under the Resulting Issuer Omnibus Plan may not exceed 10% rolling in respect to the Resulting Issuer Options and 10% fixed in respect to the Resulting Issuer RSUs.
- (5) Represent 11,498 Resulting Issuer Options held by the former directors and officers of the Company.
- (6) Anticipated to be granted to certain directors, officers and employees of the Resulting Issuer.

See “*Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization of the Resulting Issuer*”.

Connection to Canada IHC’s chief reason for seeking a public listing in general was to provide sufficient access to equity capital to allow IHC to grow its global footprint. IHC has considered various sources of private equity capital, but the terms were not attractive to IHC or its shareholders. There are very few capital pools that would invest in private Panamanian companies and the new private equity investors would have likely required onerous control and/or cashflow rights that would restrain IHC’s growth prospects, compared to equity capital sourced from public markets. In addition, management of IHC believes that, by becoming a public company, new sources of capital may become available, such as conventional debt financing, which could be helpful in lowering the Resulting Issuer's cost of capital. Accordingly, management believes that seeking a public listing would be in the best interests of IHC and its shareholders.

In deciding on the jurisdiction in which to complete a public listing, IHC considered a number of factors, including: i) the integrity of the capital markets in which the public listing is sought and the effectiveness of regulatory oversight, which will promote investor confidence; ii) investor appeal for both IHC’s growth potential and economic return over time; iii) investor appeal for Panama based companies iv) access to an investor base that understands the real estate development industry; and v) a jurisdiction with a robust small-cap public venture capital

environment, with an experienced investor base, service providers and, through the capital pool program, regulatory regime established to support such issuers.

The country that IHC is most significantly tied to is the Republic of Panama as its mind and management currently resides in Panama. However, in the opinion of IHC's management, the Panamanian public markets are simply not attractive for domestic small-cap issuers in the real estate development industry as the environment for public venture capital is limited in Panamanian public markets. IHC's management and their advisors considered other markets (including Ecuador, Peru, Chile, Guatemala, and Argentina), but it was considered that Canada was the market which best met the five considerations listed above. IHC's decision to list in Canada was also significantly influenced by the existence of the capital pool program, which management of IHC considered to be an attractive method of becoming a public company.

All of these factors together resulted in management of IHC concluding that seeking a public listing through the Canadian capital markets would provide the greatest benefit and growth prospects for IHC and its shareholders.

Market for Securities The Common Shares are listed on the Exchange under the trading symbol "YUB.P". Trading of the Common Shares was halted on December 1, 2022, the date of the initial announcement of the Proposed Qualifying Transaction pursuant to the TSXV Policies. There is currently no public market for the IHC Shares.

Risk Factors An investment in the Company or the Resulting Issuer following completion of the Proposed Qualifying Transaction involves a high degree of risk. There are risks inherent with completion of the Proposed Qualifying Transaction and with respect to the business of the Resulting Issuer. Investors should carefully consider the information in this Prospectus and the information set out under "*Information Concerning the Resulting Issuer – Risk Factors*".

Selected Financial Information of the Company

The following sets out selected audited financial information for the Company for the periods or as of the dates indicated. The selected financial information of IHC has been derived from the audited financial statements of the Company for the period from January 8, 2021 to December 31, 2021, and the audited financial statements of the Company for the year ended December 31, 2022, which are included in this Prospectus. See Schedule "A" - Index to the Financial Statements and MD&A. This summary financial information should be read in conjunction with, and is qualified in its entirety by, the Company Financial Statements.

<i>Income statement data</i>	December 31, 2022 (audited)	For the period from January 8, 2021 to December 31, 2021 (audited)
	(\$)	(\$)
Revenues	-	-
Direct Costs	31,452	90,465
Gross Profit	(31,452)	(90,465)
Finance Costs	-	-
Net Loss and Comprehensive Loss for the Year	(31,452)	(90,465)
Basic and diluted loss per share	(0.01)	(0.02)
Weighted average number of ordinary shares	5,220,000	3,789,748

Selected Financial Information of IHC

The following sets out selected audited financial information for IHC for the periods or as of the dates indicated. The selected financial information of IHC has been derived from the audited financial statements of IHC for the years ended December 31, 2022, 2021 and 2020, which are included in this Prospectus. See Schedule “A” - Index to the Financial Statements and MD&A. This summary financial information should be read in conjunction with, and is qualified in its entirety by, the IHC Financial Statements.

<i>Income statement data</i>	December 31, 2022 (audited) (US\$)	December 31, 2021 (audited) (US\$)	December 31, 2020 (audited) (US\$)
Revenues	7,892,890	12,421,832	8,780,494
Direct Costs	(10,167,708)	(17,578,702)	(12,240,040)
Gross (loss)	(2,274,818)	(5,156,870)	(3,459,546)
Finance Costs	(1,145,149)	(1,179,890)	(1,330,260)
Loss contingencies	(862,396)	-	-
Extraordinary cost of disposal	(6,140,936)	-	-
Net (loss) before tax	(10,423,299)	(6,336,760)	(4,789,806)
Income Tax Expense	(132,268)	(219,931)	(180,017)
Net loss and total comprehensive loss	(10,555,567)	(6,556,691)	(4,969,823)
Basic and diluted loss per share	(0.32)	(0.20)	(0.15)
Weighted average number of ordinary shares	33,333,433	33,333,433	33,333,433

<i>Statement of financial position data</i>	December 31, 2022 (audited) (US\$)	December 31, 2021 (audited) (US\$)	December 31, 2020 (audited) (US\$)
Total assets	28,487,280	35,064,258	38,278,060
Total liabilities	43,857,363	39,878,774	36,535,885
Total shareholders' equity (deficit)	(15,370,083)	(4,814,516)	1,742,175

IHC’s MD&A for the financial year ended December 31, 2022 is included in Schedule “A” - Index to the Financial Statements and MD&A. The MD&A should be read in conjunction with the IHC Financial Statements and related notes which have been prepared in accordance with IFRS. The IHC Financial Statements were prepared assuming that IHC will continue as a going concern, as IHC has incurred losses from operations since its inception.

Selected Pro Forma Financial Information

The following table sets out selected pro forma financial information for the Resulting Issuer as at December 31, 2022 after giving effect to the Proposed Qualifying Transaction and the minimum Concurrent Financing as if such events had occurred on December 31, 2022 for the balance sheet purposes. Such information is derived from the unaudited

pro forma balance sheet of the Resulting Issuer as at December 31, 2022. See Schedule “A” - Index to the Financial Statements and MD&A.

Pro-Forma Balance Sheet	Company as at December 31, 2022 (\$)	IHC as at December 31, 2022 (\$)	Pro-Forma Adjustments (\$)	Pro-Forma Consolidated (\$)
Cash and cash equivalents	213,279	20,194	5,380,000	5,613,473
Other Current Assets	-	16,795,887	-	2,579,441
Non-current Assets	-	19,187,649	-	19,187,649
Total Assets	213,279	38,583,172	5,380,000	44,176,649
Current Liabilities	9,532	3,188,875	-	3,198,407
Non-current Liabilities	-	56,211,537	(46,620,165)	9,591,372
Total Liabilities	9,532	59,400,412	(46,620,165)	12,789,779
Shareholders' Equity	203,747	(20,817,241)	52,000,165	31,386,672

INFORMATION CONCERNING THE COMPANY

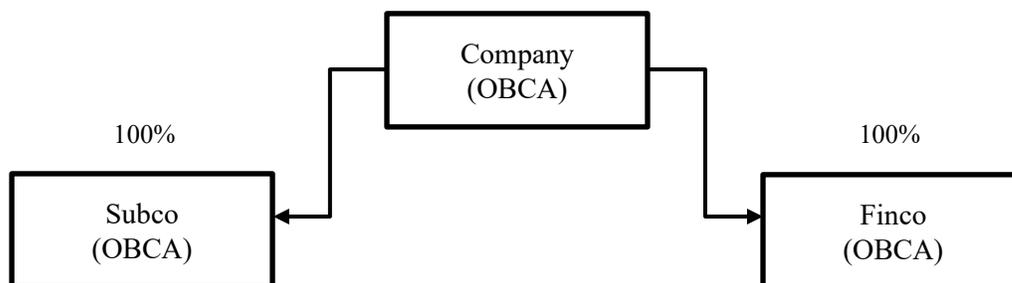
CORPORATE STRUCTURE

Name, Incorporation and Place of Business

The full corporate name of the Company is Yubba Capital Corp. The Company was incorporated pursuant to the OBCA on January 8, 2021, under the name “2806301 Ontario Inc”. The Company subsequently filed articles of amendment to change its name to “Yubba Capital Corp.” on February 18, 2021. The registered and head office address of the Company is located at 2131 Lawrence Avenue East, Suite 207, Toronto, ON, M1R 5G4.

Intercorporate Relationships

The Company currently has one wholly-owned subsidiary, Finco. Finco was incorporated as “1000469360 Ontario Inc.” pursuant to the OBCA on March 9, 2023. At the Closing Date, the Company intends to incorporate under the OBCA another wholly-owned subsidiary, Subco.



BUSINESS OF THE COMPANY

Overview of the Company

The Company is a CPC established pursuant to the CPC Policy. The Company does not own any assets, other than cash and cash equivalents and its rights under the Definitive Agreement. The principal business of the Company is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to acceptance by the Exchange so as to complete a Qualifying Transaction in accordance with the TSXV Policies.

The Company completed the Company IPO on August 26, 2021 and its Common Shares were listed on the Exchange and began trading on August 26, 2021. On December 1, 2022, the Exchange halted trading in the Common Shares following the initial announcement of the Proposed Qualifying Transaction. The Exchange will generally halt trading in the Common Shares from the date of the public announcement of a definitive agreement until all filing requirements of the Exchange have been satisfied. In addition, personal information forms or, if applicable, declarations, for all individuals who may be directors, senior officers, Promoters, or Insiders of the Resulting Issuer must be filed with the Exchange and any preliminary background searches that the Exchange considers necessary or advisable, must also be completed, before the trading halt will be lifted by the Exchange. Even if all filing requirements have been satisfied and preliminary background checks completed, the Exchange may continue or reinstate a halt in trading of the Common Shares for public policy reasons including:

- a. the unacceptable nature of the business of the Resulting Issuer, or
- b. the number of conditions precedent to, or the nature and number of deficiencies required to be resolved prior to, completion of a Qualifying Transaction, are so significant or numerous as to make it appear to

the Exchange that the halt should be reinstated or continued.

A trading halt may also be imposed by the Exchange where the Company fails to file the supporting documents relating to the Proposed Qualifying Transaction within a period of 75 days after public announcement of the Definitive Agreement or if the Company fails to file post-meeting or final documents as applicable, within the time required.

In the event that the Common Shares are delisted by the Exchange, within 90 days from the date of such delisting, the Company shall wind up and shall make a pro rata distribution of its remaining assets to its shareholders, unless shareholders, pursuant to a majority vote exclusive of the votes of Non-Arm's Length Parties (as such term is defined in the CPC Policy) to the Company, determine to deal with the Company or its remaining assets in some other manner.

The Exchange, in its sole discretion, may not accept the Proposed Qualifying Transaction where:

- a. the Resulting Issuer fails to satisfy the applicable initial listing requirements of the Exchange; or
- b. notwithstanding the definition of a Qualifying Transaction, there is any other reason for denying acceptance of the Proposed Qualifying Transaction.

History

The Company was incorporated as "2806301 Ontario Inc." under the OBCA on January 8, 2021. The Company is classified as a CPC as defined in the CPC Policy.

During the period of January 8, 2021 to February 28, 2021, the Company issued 3,000,000 Common Shares at a price of \$0.05 per Common Share for gross proceeds of \$150,000.

On February 18, 2021, the Company changed its name from "2806301 Ontario Inc." to "Yubba Capital Corp."

On May 28, 2021, the Company entered into an agency agreement (the "**Agency Agreement**") with Haywood, wherein the Company agreed to pay Haywood (i) a cash commission equal to 8% of the gross proceeds of the Company's initial public offering, and (ii) Haywood Warrants representing 8% of the number of Common Shares sold pursuant to the initial public offering. In exchange, Haywood acted as the agent for the Company in relation to the initial public offering, as well as solicited subscriptions for the Company's initial public offering.

On August 26, 2021, the Company completed its initial public offering of 2,200,000 Common Shares at a price of \$0.10 per Common Share for total proceeds of \$222,000. Pursuant to the Agency Agreement, the Company paid Haywood a cash commission in the amount of \$17,760 representing 8% of the aggregate gross proceeds of the initial public offering. In addition, the Company granted Haywood Warrants to acquire up to an aggregate of 177,600 Common Shares at a price of \$0.10 per Common Share, exercisable for a period of five (5) years expiring on August 26, 2026.

The Common Shares began trading on the Exchange on August 26, 2021 under the symbol "YUB.P".

On August 26, 2021, the Company granted 300,000 Company Options to certain officers and directors of the Company at an exercise price of \$0.10 per Common Share and expiring on August 26, 2026. The Company Options vested immediately.

On October 2, 2021, the Company entered into a binding letter of intent (the "**Ruckify LOI**") with Ruckify Inc. ("**Ruckify**") to complete a Qualifying Transaction resulting in a reverse takeover of the Company by. Following the announcement of the Ruckify LOI, the trading of the Common Shares on the Exchange was halted the same day.

On December 6, 2021, the Company announced that the Ruckify LOI was terminated, following which, the Common Shares resumed trading on the Exchange at market open on December 9, 2021.

On December 1, 2022, the Company announced that it had entered into a letter of intent dated December 1, 2022 with IHC. The letter of intent was superseded by the entering into of the Definitive Agreement on April 14, 2023.

Narrative Description of the Business

As stated above under “*The Company – Business of the Company*”, the Company is a CPC and, pursuant to the CPC Policy, to date has not carried on any operations. For information on the proposed principal business to be conducted following the Completion of the Qualifying Transaction, see “*IHC – Business of IHC*”.

DIVIDENDS OR DISTRIBUTIONS

To date, the Company has not declared any dividends or distributions on the Common Shares although there are no restrictions precluding the Company from declaring any such dividends. The Company intends to direct its cash towards the development of its business and the identification and evaluation of assets or businesses, and does not expect to declare or pay any dividends or distributions in the foreseeable future.

SELECTED FINANCIAL INFORMATION OF THE COMPANY AND MD&A

Selected Financial Information

Since incorporation, the following costs have been incurred by the Company in carrying out the Company IPO, in seeking, evaluating and negotiating potential qualifying transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the Exchange. The following tables sets out selected historical financial information for the Company for (i) the period from January 8, 2021 (incorporation date) to December 31, 2021, and (ii) the year ended December 31, 2022, and selected statement of financial position and statement of operations data. Such information is derived from the audited annual financial statements of the Company and should be read in conjunction with such financial statements. See Schedule “A” - Index to the Financial Statements and MD&A.

	As at December 30, 2022 (unaudited)	From the date of incorporation from January 8, 2021 and December 31 2021 (audited)
	\$	\$
Total expenses	31,452	90,465

Selected Statement of Financial Position Data

	As at December 31 2022 (audited)	From the date of incorporation from January 8, 2021 and December 31 2021 (audited)
	\$	\$
Net working capital	203,747	235,199
Total current assets	213,279	264,756
Total current liabilities	9,532	29,557
Total shareholders' equity	203,747	235,199

Selected Statement of Operations Data

	As at December 31 2022 (audited)	From the date of Incorporation from January 8, 2021 and December 31 2021 (audited)
	\$	\$
Expenses	31,452	90,456
Net loss for the period	31,452	90,465
Basic and diluted loss per share	(0.01)	(0.02)

Selected Management’s Discussion and Analysis

The Company’s MD&A for (i) the period from January 8, 2021 (the date of incorporation) to December 31, 2021, and (ii) the year ended December 31, 2022, should be read in conjunction with the financial statements of the Company and notes thereto also contained in this Prospectus. All statements have been prepared in accordance with IFRS. See Schedule “A” - Index to the Financial Statements and MD&A.

Discussion of Operations

The Company does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

During the year ended December 31, 2022, the Company incurred \$12,575 in professional fees compared with \$30,551 for the period ended December 31, 2021. Professional fees were lower as the Company incurred additional professional fees related to a potential acquisition during the prior year period.

During the year ended December 31, 2022, public company and transaction costs were \$13,250 compared with \$43,218 for the period from January 8, 2021 to December 31, 2021. The decrease was primarily due to decrease in corporate activity.

As at December 31, 2022, the Company had assets of \$213, 279 (December 31, 2021 - \$264,756) and shareholders’ equity of \$203,747 (December 31, 2021 - \$235,199). The Company had liabilities of \$9,532 (December 31, 2021 - \$29,557). The decrease was largely attributed to the net loss. As at December 31, 2022, the Company had working capital of \$203,747 (December 31, 2021 - \$235,199). The Company had cash of \$213,729 (December 31, 2021 - \$264,756).

The Company has no source of revenue. There can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company. The Company has no revenues, so its ability to ensure continuing operations is dependent on additional funding and the acquisition and development of an operating asset.

Liquidity, Capital Resources and Outlook

The Company completed the Company IPO as a CPC pursuant to the CPC Policy. The Company received net proceeds of \$150,190, gross proceeds of \$222,000 less share issuance costs paid in cash of \$71,810, representing the issuance of 2,200,000 Common Shares at an issuance price of \$0.10. Until the completion of a Qualifying Transaction, not more than the lesser of 30% of the gross proceeds from the sale of all securities issued by the Company, and \$210,000 will be used for purposes other than noted above.

As at December 31, 2022 the Company had net working capital of \$203,747, which is comprised of \$213,279 of cash, offset by accounts payable and accrued liabilities of \$9,532. Management considers net working capital to be sufficient

for the Company to meet its ongoing obligations.

Management believes that it has sufficient cash and cash equivalents to meet its ongoing obligations and its objective of completing a Qualifying Transaction. However, additional equity or debt financing may be required to complete a Qualifying Transaction. Except as described in the Company's final prospectus dated May 28, 2021, the funds raised pursuant to the Company IPO and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions. There can be no assurance that the Company will be able to obtain adequate financing to complete a Qualifying Transaction.

Transactions with Related Parties

Related parties include the Company Board, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

The Proposed Qualifying Transaction does not constitute a related party transaction for any other individuals.

During the period from January 8, 2021 to December 31, 2021, 2,600,000 Common Shares were issued at a price of \$0.05 per share for gross proceeds of \$130,000 to directors, officer and companies related to directors and officer of the Company. There was no remuneration was paid to key management personnel during the period from January 8, 2021 to December 31, 2021. Share based payments attributed to the directors and officer of the Company was \$15,687 for the period from January 8, 2021 to December 31, 2021.

There was no remuneration paid to key management personnel during the year ended December 31, 2022.

On August 26, 2021, the Company granted 300,000 Company Options to directors and officers of the Company. The Company Options, which vested immediately, may be exercised at a price of \$0.10 per Common Share for a period of five (5) years from the date of the grant.

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets out a breakdown of material components of the general and administration costs of the Company for the year ended December 31, 2022.

	As at December 31, 2022 (audited) \$
Professional fees	12,575
Filing fees	13,250
Stock-based compensation	-

DESCRIPTION OF SECURITIES

Existing Shares

The Company is authorized to issue an unlimited number of voting Common Shares without par value, of which, as at the date hereof, 5,220,000 Common Shares are issued and outstanding as fully paid and non-assessable. Prior to the completion of the Proposed Qualifying Transaction, the Company intends, pending receipt of all required approvals, to consolidate the Common Shares on the basis of one (1) Company Consolidation Share for every 26.0903 issued and outstanding Common Shares. Thus, prior to the completion of the Proposed Qualifying Transition, a total of approximately 200,072 Company Consolidation Shares will be issued and outstanding.

The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Company Shareholders and are entitled to one (1) vote for each Common Share held. Shareholders are entitled to receive

dividends, if, as and when declared by the Company Board and to receive a proportionate share, on a per share basis, of the assets of the Company available for distribution in the event of a liquidation, dissolution or winding-up of the Company.

Provisions as to the modification, amendment or variation of the rights attached to the Common Shares are contained in the Company's by-laws.

Options

The Company has reserved an aggregate of up to 300,000 Common Shares at an exercise price of \$0.10 per Common Share pursuant to outstanding Company Options under the Company Option Plan.

Warrants

The Company has also reserved 177,600 Common Shares at an exercise price of \$0.10 per Common Share pursuant to the Haywood Warrants, expiring on August 26, 2026.

Proposed Securities Issuances

To complete the Proposed Qualifying Transaction, the Company proposes to issue to Holdco an aggregate of 11,850,446 Consideration Shares from treasury in exchange for all of the IHC Shares issued and outstanding immediately prior to closing of the Proposed Qualifying Transaction. All Consideration Shares which are to be outstanding after Completion of the Qualifying Transaction will be fully paid and non-assessable.

CONSOLIDATED CAPITALIZATION

For information regarding changes in the Company's consolidated capitalization as at December 31, 2022, that will result from the Proposed Qualifying Transaction, see "*Information Concerning the Resulting Issuer – Pro Forma Fully-Diluted Capitalization of the Resulting Issuer*".

OPTIONS TO PURCHASE SECURITIES

Since the date of incorporation, the Issuer has issued 300,000 Company Options and 177,600 Haywood Warrants, which are exercisable into Common Shares, as follows:

Name of Optionee	Type of Convertible Security	No. of Common Shares	Exercise Price	Expiry Date
Directors (who are also executive officers)	Options	300,000	\$0.10	August 26, 2026
Consultants	Warrants	177,600	\$0.10	August 26, 2026

PRIOR SALES

Since the date of incorporation, the Company has issued 5,220,000 Common Shares, as follows:

Date Issued	Number of Common Shares/Convertible Securities	Issue Price per Common Share/Convertible Securities	Aggregate Issue Price	Reason for Issuance
January 8, 2021	3,000,000	\$0.05	\$150,000	Private Placement ⁽¹⁾
August 26, 2021	2,220,000	\$0.10	\$222,000	Initial Public Offering ⁽²⁾
Total:	5,220,000			

Notes:

(1) Issued to directors (who are also executive officers) on a private placement basis.

- (2) Issued to certain subscribers pursuant to the Company IPO.

Trading Price and Volume

The Common Shares have been listed and posted for trading on the Exchange since August 26, 2021. The Common Shares were halted from trading on October 2, 2021 pending the announcement of Rickify LOI and on December 1, 2022 pending the announcement of the Proposed Qualifying Transaction.

The following table sets forth the high and low closing prices and the aggregate volume of trading of the Common Shares on the Exchange since the date trading commenced on August 26, 2021:

Month	High	Low	Average Daily Volume
March 2023	\$0.050	\$0.050	N/A
February 2023	\$0.050	\$0.050	N/A
January 2023	\$0.050	\$0.050	N/A
December 1, 2022 ⁽¹⁾	\$0.050	\$0.050	N/A
November 2022	\$0.050	\$0.050	N/A
October 2022	\$0.050	\$0.050	150
September 2022	\$0.080	\$0.050	1,000
August 2022	\$0.080	\$0.080	N/A
July 2022	\$0.080	\$0.080	N/A
June 2022	\$0.080	\$0.080	N/A
May 2022	\$0.080	\$0.080	N/A
April 2022	\$0.080	\$0.080	650
March 2022	\$0.080	\$0.080	1,000
February 2022	\$0.160	\$0.080	263
January 2022	\$0.160	\$0.160	N/A
December 2021	\$0.125	\$0.160	238
November 2021	\$0.125	\$0.125	N/A
October 2021 ⁽²⁾	\$0.125	\$0.125	N/A
September 2021	\$0.125	\$0.115	4,250
August 26-31 2021	N/A	N/A	N/A

Notes:

- (1) Trading of the Common Shares was halted on December 1, 2022 pending the announcement of the Proposed Qualifying Transaction.
(2) Trading of the Common Shares was halted on October 2, 2021 pending the announcement of the Rockify LOI.

ESCROWED SECURITIES

To the knowledge of the Company as of the date of this Prospectus, an aggregate of 3,000,000 Common Shares representing approximately 57.47% of the presently outstanding Common Shares are held in escrow with the CPC Escrow Agent under the terms of the CPC Escrow Agreement. See “*Information Concerning the Resulting Issuer*–

Escrowed Securities”.

The following table sets out, as at the date hereof, the number of Common Shares of the Company, which are held in escrow:

Name and Municipality of Residence of Shareholder	Number of Securities Held in Escrow	Percentage of Class
1282484 B.C. Ltd. ⁽¹⁾ <i>Vancouver, British Columbia</i>	Common Shares: 2,100,000 Company Options: 100,000 ⁽¹⁾	40.23% 33.3%
Brian Morales ⁽²⁾ <i>Mississauga, Ontario</i>	Common Shares: 250,000 Company Options: 100,000	4.79% 33.3%
Edward (Ted) Yew ⁽²⁾ <i>Toronto, Ontario</i>	Common Shares: 250,000 Company Options: 100,000	4.79% 33.3%
Oceanside Strategies Inc. ⁽³⁾ <i>Cayman Islands</i>	Common Shares: 200,000 Company Options: Nil	3.83% Nil%
Nauth Law Professional Corporation ⁽⁴⁾ <i>Toronto, Ontario</i>	Common Shares: 200,000 Company Options: Nil	3.83% Nil%

Notes:

- (1) A company owned and controlled by Jason Smart, CEO and director of the Company. 100,000 Company Options were issued to Jason Smart.
- (2) Independent director.
- (3) A company owned and controlled by Dain Currie.
- (4) A company owned and controlled by Daniel Nauth.

Where the Common Shares which are required to be held in escrow are held by a non-individual (a “**holding company**”), each holding company pursuant to the CPC Escrow Agreement has agreed, or will agree, not to carry out any transactions during the currency of the CPC Escrow Agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

Under the CPC Escrow Agreement, 25% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin, and an additional 25% will be released on the dates that are 6 months, 12 months and 18 months following the date of the Final Exchange Bulletin.

The Exchange’s prior consent must be obtained before a transfer within escrow of escrowed Common Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with the Proposed Qualifying Transaction.

If a Final Exchange Bulletin is not issued, the escrowed Common Shares will not be released. Under the CPC Escrow Agreement, each Non-Arm’s Length Party to the Company who holds escrowed Common Shares acquired at a price below the Offering Price under this Prospectus has irrevocably authorized and directed the Transfer Agent to immediately:

- (1) cancel all of those escrowed Common Shares upon the issuance by the Exchange of a bulletin delisting the Common Shares of the Company; or
- (2) if the Company lists on NEX, either:
 - a. cancel all seed shares purchased by Non-Arm’s Length Parties to the CPC at a discount from the IPO Price (as defined in the CPC Policy), in accordance with section 11.2(a) of the CPC Policy, or

- b. subject to majority shareholder approval, cancel an amount of seed shares purchased by Non-Arm's Length Parties to the CPC so that the average cost of the remaining seed shares is at least equal to the IPO Price.

PRINCIPAL SECURITYHOLDERS

The following table lists those persons who beneficially own, directly or indirectly or exercise control or direction over more than 10% or more of the issued and outstanding Common Shares of the Company as at the date hereof:

Name	Type of Ownership	Number of Common Shares	Percentage of Common Shares Owned Before Proposed Qualifying Transaction	Percentage of Resulting Issuer Shares Owned After Proposed Qualifying Transaction and assuming the minimum Concurrent Financing
1282484 B.C. Ltd.	Registered	2,100,000 ⁽¹⁾	40.2%	0.61% ⁽²⁾

Notes:

- (1) On a pre-Company Consolidation basis.
(2) Percentage based on 13,175,497 Resulting Issuer Shares outstanding on a pro forma basis after giving effect to the Proposed Qualifying Transaction and assuming the minimum Concurrent Financing, on an undiluted basis.

For information on principal holders of Resulting Issuer Shares after giving effect to the Concurrent Financing and the Proposed Qualifying Transaction, see "*The Resulting Issuer – Principal Securityholders*".

DIRECTORS AND EXECUTIVE OFFICERS

Name, Address, Occupation, Security Holdings and Involvement with Other Reporting Issuers

The Company Board consists of three persons. Each director will hold office until the next annual meeting of shareholders or until his successor is elected or appointed. An audit committee has been established as a subcommittee of the Company Board. The following are the names and municipalities of residence of the directors and officers of the Company, their current positions with the Company and their current principal occupation:

Name and Province or State and Country of Residence	Position	Director or Officer Since	Principal Occupation for Past Five Years	Number of Common Shares Owned or Controlled ⁽²⁾
Jason Smart ⁽¹⁾ <i>Toronto, Ontario</i>	CEO, CFO, Corporate Secretary and Director	January 8, 2021	Managing Director of Fairfax Capital BV from June 2013 to present; Managing Director of Tencap Medical Ltd.	2,100,000 40.23%
Brian Joseph Morales ⁽¹⁾ <i>Mississauga, Ontario</i>	Director	January 8, 2021	Finance consultant and CFO and Director of several reporting issuers	250,000 4.79%
Edward (Ted) Yew ⁽¹⁾ <i>Toronto, Ontario</i>	Director	January 8, 2021	Senior Partner of Blocktech Capital since January 2017	250,000 4.79%

Notes:

- (1) Member of the Audit Committee.
(2) The securities noted are on the pre-Company Consolidation basis.

The total aggregate number of Common Shares beneficially owned, directly or indirectly, by all directors and officers of the Company is 2,600,000, which is equal to 49.80% of the issued and outstanding Common Shares.

Biographies

Set forth below is a description of the background of the directors and officers of the Company, including a description of each individual's principal occupation(s) within the past five years.

Brian Joseph Morales, Director (Age: 45)

Mr. Morales is a CPA, CA has served as CFO and Corporate Secretary of several publicly listed mining exploration and development and financial technology companies from 2010 to 2017. He is currently a finance consultant and serves as a director of several reporting issuers. Mr. Morales also acts as the CFO of Waverly Resources Ltd. (formerly, Angus Mining Inc.) a reporting issuer, since August 2011. He has been involved with taking companies public on various exchanges including markets in Canada, the US and in England. Mr. Morales has had a twenty year finance career beginning his career with Ernst & Young LLP and has held finance positions of increasing seniority and complexity including as an equity research analyst with Credit Suisse.

Jason Smart, Chief Executive Officer, Chief Financial Officer, Secretary and Director (Age: 42)

Mr. Smart has been a seed investor and founder of numerous public and private companies in his almost 20 year career in the capital markets. He was a founder and managing director of a European Financial Services company which had clients all across the globe. Mr. Smart acted as the CEO and a director of Medical Makeover Corp. from 2008 until 2012. In addition, Mr. Smart has been involved and has extensive experience in taking companies public in both North American and European markets through his background involvement as a seed investor.

Edward (Ted) Yew, Director (Age: 49)

Mr. Yew has served as CEO, CFO and Corporate Secretary of several public and private companies as well having served on several boards. In addition, over the past decade, Mr. Yew has started two hedge funds focused on the technology industry. Mr. Yew began his finance career over 15 years ago after obtaining his MBA at Joseph Rotman at University of Toronto and started as an Equity Research Analyst at Credit Suisse Securities Ltd. covering the Metals & Mining Sector.

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, no director, officer, Insider or Promoter of the Company is, or within the 10 years prior to the date of this prospectus has been, a director, officer or promoter of any other Issuer that, while that person was acting in that capacity:

- a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or
- b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Brian Joseph Morales is the CFO of Waverley Resources Ltd. (formerly, Angus Mining Inc.) since August 2011, which was subject to a cease trade order resulting from failure to file financial statements as issued on May 8, 2015 by the Ontario Securities Commission, May 11, 2015 by the British Columbia Securities Commission and August 21, 2015 by the Alberta Securities Commission. These cease trade orders were revoked on September 18, 2020.

Penalties or Sanctions

No director, officer, insider or promoter of the Company or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor in

making an investment decision.

Personal Bankruptcies

No director, officer, insider or promoter of the Company or a shareholder holding sufficient securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons has, within the 10 years before the date of this prospectus, as applicable, become bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver or receiver manager or trustee appointed to hold the assets of that individual.

Conflict of Interests

There are potential conflicts of interest to which all of the directors, officers, Insiders and Promoters of the Company will be subject in connection with the operations of the Company. All of the directors, officers, Insiders and Promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Company for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where all of the directors, officers, Insiders and Promoters will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under the OBCA.

EXECUTIVE COMPENSATION

Overview

The Company has not yet completed a Qualifying Transaction pursuant to the CPC Policy. Accordingly, the executive officers of the Company were not paid any compensation from incorporation to the date of this Prospectus, as the CPC Policy prohibits directors and officers from receiving remuneration while the Company is a CPC.

Compensation Discussion and Analysis

Summary of Compensation

No compensation has been provided to executive officers, from the date of incorporation to the date of this Prospectus.

Long-Term Incentives

Company Options to purchase up to 300,000 Common Shares were granted to the executive officers and the directors of the Company in connection with the closing of the Company IPO on August 26, 2021. While the Company is a CPC, the total number of Common Shares reserved under option for issuance pursuant to the Company Option Plan may not exceed 10% of the Common Shares outstanding as at the closing of the Company IPO. The grant of the Company Options was approved by the Board. Company Options issued in connection with closing the Company IPO will expire on August 26, 2026 and as of the date hereof there are 300,000 Company Options outstanding.

Plan

The Company Option Plan originally received approval from the Board on January 8, 2021. Initial shareholder approval of the Company Option Plan was not required as the Company adopted the plan prior to completing its IPO and disclosed the details of the Company Option Plan in its (final) prospectus, dated May 28, 2021.

Under the Company Option Plan, the Board is authorized to grant incentive Company Options to directors, senior officers, employees and consultants of the Company entitling them to purchase Common Shares. The purpose of the Company Option Plan is to attract and retain employees, consultants, officers or directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through Company Options granted under the Company Option Plan to purchase Common Shares.

In connection with the Company IPO, the Company granted Company Options to purchase a total of 300,000 Common

Shares under the Company Option Plan, all of which were granted to directors and executive officers. All of the Company Options vested immediately upon their grant date and were exercisable at a price of \$0.10 per Common Share.

Compensation of Named Executive Officers

As a CPC, the Company does not have any paid employees or employment agreements. No compensation was paid to any executive officers. All of the Company Options granted to the executive officers vested upon their grant date and expire on August 26, 2026.

Incentive Plan Awards - Outstanding Option-Based Awards

The following table sets forth all option-based awards that the Company expects will be outstanding for the Named Executive Officer as at the date of this Prospectus. The Company has made no share-based awards.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Jason Smart Chief Executive and Director	100,000	\$0.10	August 26, 2026	\$5,000

Notes:

(1) Based upon a closing price of \$0.05 for the Common Shares on the Exchange on December 1, 2022, being the last trading date prior to the announcement of the Proposed Qualifying Transaction.

Incentive Plan Awards – Value Vested or Earned During the Year

During the year ended December 31, 2022, no incentive plan awards were vested or earned by any of the Named Executive Officers.

Employee Agreements, Termination and Change of Control Benefits

There is no employment contract, compensatory plan or other arrangement in place with the Named Executive Officers, nor is there any agreement between the Company and the Named Executive Officers that provides for payment to the Named Executive Officers in connection with any termination, resignation, retirement, change in control of the Company or change in responsibilities of the Named Executive Officers.

DIRECTOR COMPENSATION

Summary of Director Compensation

No cash compensation was paid to the directors of the Company in their capacity as directors during the financial year ended December 31, 2022. The directors of the Company are eligible to receive Company Options to purchase Common Shares pursuant to the terms of the Company Option Plan.

Outstanding Option-Based Awards

The fair value of the Company Options to purchase up to 300,000 Common Shares issued to each of the directors of the Company during the year ended December 31, 2021 was \$0.10, calculated using the Black-Scholes option pricing model and based on the following assumptions: risk-free interest rate of 0.50%; expected life of two years; and weighted expected stock price volatility of 100%.

Incentive Plan Awards - Outstanding Option-Based Awards

The following table sets forth all awards outstanding for each of the directors of the Company (other than Jason Smart, whose disclosure with respect to incentive plan awards is set out above) as of December 31, 2022. The Company has made no share-based awards.

Name	Number of securities underlying unexercised options ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽²⁾ (\$)
Brian Joseph Morales	100,000	\$0.10	August 26, 2026	5,000
Edward (Ted) Yew	100,000	\$0.10	August 26, 2026	5,000

Notes:

(1) On a pre-Company Consolidation basis.

(2) Based upon a closing price of \$0.05 for the Common Shares on the Exchange on December 1, 2022, being the last trading date prior to the announcement of the Proposed Qualifying Transaction.

Incentive Plan Awards – Value Vested or Earned During the Year

During the year ended December 31, 2022, no incentive plan awards were vested or earned by any director of the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed nominee for election as a director of the Company and no associate of such persons:

- is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries;
- in relation to a securities purchase program or other program.

Furthermore, none of such persons were indebted to a third party during such period where their indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries.

CORPORATE GOVERNANCE

Board of Director

The Board is currently composed of three directors: Jason Smart, Brian Joseph Morales, and Edward (Ted) Yew. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a director of the Company.

NI 58-101 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors, within the meaning set out under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Of the current directors, Jason Smart, the CEO and CFO of the Company, is an executive officer and accordingly is not considered to be “independent”. In assessing NI 58-101 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors. Both Brian Joseph Morales and Edward (Ted) Yew are considered to be independent since they are independent of management and free from any material relationship with the Company. In the event of a conflict of interest at a meeting of the Board, the conflicted director will, in accordance with corporate law and in accordance with his fiduciary obligations as a director of the

Company, disclose the nature and extent of his interest to the meeting and abstain from voting on or against the approval of such participation. In addition, the members of the Board who are not members of management of the Company are encouraged by the management members of the Board to communicate and obtain advice from such advisors and legal counsel as they may deem necessary in order to reach a conclusion with respect to issues brought before the Board.

Other Reporting Issuer Experience

The following table sets out the directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction (or the equivalent in a jurisdiction outside of Canada):

Name	Name of Reporting Issuer	Trading Market	Position	Term
Brian Joseph Morales	Waverley Resources Ltd. (formerly Angus Mining Inc.)	N/A	Officer	August 2011 to present
	Biolife Sciences Inc.	OTC	Director	December 2020 to present
	Woodbridge Resources Ltd.	N/A	Director	June 30, 2021 to present
	Talmine Resources Ltd.	N/A	Director	June 30 2021 to present

Nomination

The Board nominates candidates for director after carefully reviewing and assessing the professional qualifications and skills, personality and other qualifications of each candidate, including the time and energy that such candidate is able to devote to the task and the contribution he can make to the Board.

Compensation

As a CPC, no salaries have or will be paid until following a Qualifying Transaction. Given the Company's size, its stage of development as a CPC and the fact that no officers or directors receive any financial compensation, the Company has not appointed a compensation committee or formalized any guidelines with respect to compensation. If and when a Qualifying Transaction is completed the Board intends to appoint such a committee and adopt such guidelines.

Orientation and Continuing Education

The Company does not presently have a formal orientation and continuing education program for new directors. The Board encourages directors to pursue pertinent education programs offered by the various regulatory bodies and offers them the opportunity to develop their knowledge of the Company's business and activities. However, if the growth of the Company's operations warrants it, it is likely that a formal orientation process will be implemented.

Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. To date, the Board has not adopted a formal written code of business conduct and ethics. However, the current limited size of the Company's operations and the small number of officers allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. Should the Proposed Qualifying Transaction be completed, the Resulting Issuer Board will adopt additional policies and standards relating to ethical business conduct, which will be in line with industry standards and applicable laws.

Committees of the Board

Audit Committee Charter

The Audit Committee Charter is attached as Schedule “B” to this Prospectus. Following the completion of the Proposed Qualifying Transaction, the Resulting Issuer is expected to continue to use the audit committee charter of the Company.

Audit Committee

Exchange Policy 3.1 requires that the Company have an audit committee of at least three directors, the majority of whom are not employees, Control Persons or officers of the Company or any of its Associates or Affiliates. The audit committee will be responsible for overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company.

Given the current prescribed nature of the Company and its principal business being limited to identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction, the only committee of the Company Board is its Audit Committee, which consists of the following three directors: Brian Joseph Morales, Jason Smart, and Edward (Ted) Yew.

Relevant Education and Experience of Audit Committee Members

All current members of the Audit Committee have received relevant education in financial literacy and have been involved in enterprises which publicly report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements). See “*The Company – Directors and Executive Officers*”.

Further, each member has the requisite education and experience that has provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare the Company’s financial statements;
- (b) the ability to assess the general application of the above-noted principles in connection with estimates, accruals and reserves;
- © experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since January 1, 2022 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Company Board.

Reliance on Certain Exemptions

Since January 1, 2022, the Company has not relied on certain exemptions set out in NI 52-110, namely section 2.4 (De Minimis Non-Audit Services), subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), subsection 6.1.1(5) (Events Outside Control of Member), subsection 6.1.1(6) (Death, Incapacity or Resignation), and any exemption, in whole or in part, in Part 8 (Exemptions).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted formal policies and procedures for the engagement of non-audit services. Subject to the requirements of the NI 52-110, the engagement of non-audit services is considered by, as applicable, the Company Board and the Audit Committee, on a case by case basis.

External Auditor Service Fees (By Category)

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company:

Since January 8, 2021 (date of incorporation) to December 31, 2021	Audit Fees ⁽¹⁾	Audit-Related Fees (2)	Audit-Related Fees (3)	All Other Fees ⁽⁴⁾
	\$17,830	\$3,250	Nil	\$1,200
For the year ended December 31, 2022	\$9,630	Nil	Nil	\$1,200

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor since incorporation of the Company.
- (2) "Audited related fees" include the aggregate fees billed since incorporation of the Company for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the aggregate fees billed since incorporation of the Company for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed since incorporation of the Company for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

RISK FACTORS

An investment in the Company or the Resulting Issuer following completion of the Proposed Qualifying Transaction involves a high degree of risk. There are risks inherent with completion of the Proposed Qualifying Transaction and with respect to the business of the Resulting Issuer.

You should carefully consider the information in this prospectus and the information set out under "*Information Concerning the Resulting Issuer - Risk Factors*".

PROMOTER

No person who was a Promoter of the Issuer within the last two years:

1. received anything of value directly or indirectly from the Company or its subsidiaries;
2. sold or otherwise transferred any asset to the Company or its subsidiaries within the last 2 years;
3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
5. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be

likely to be considered important to a reasonable investor making an investment decision; or

6. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Since the beginning of the most recently completed financial year for which financial statements of the issuer are included, there are no legal proceedings outstanding, threatened or pending as of the date of this Prospectus by or against the Company or to which it is a party or its business or any of its assets is the subject of, nor to the knowledge of the Company are any such legal proceedings contemplated.

There have not been any penalties or sanctions imposed against the Company by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The directors and officers have all acquired Common Shares and have been granted Company Options. None of the directors, officers or principal shareholders of the Company, and no Associate or Affiliate of any of them, has or has had any material interest in any transaction that materially affects the Company. See “*Information Concerning the Company – Options to Purchase Securities*”, “*Information Concerning the Company – Escrowed Securities*” and “*Information Concerning the Company – Principal Securityholders*”.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditors

The Company’s auditor is MNP LLP, Chartered Professional Accountants, located at 50 Burnhamthorpe Road West, Mississauga, ON, L5B 3C2. MNP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Transfer Agent and Registrar

The Company’s transfer agent and registrar the TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1.

MATERIAL CONTRACTS

The following are the material contracts of the Company that are outstanding as of the date of this Prospectus:

1. The CPC Escrow Agreement. See “*Information Concerning the Company – Escrowed Securities*”;
2. The Agency Agreement. See “*Information Concerning the Company – Business of the Company*”; and
3. The Definitive Agreement. See “*The Proposed Qualifying Transaction – Definitive Agreement*”.

The material contracts described above may be inspected at the registered office of the Company, located at 2131 Lawrence Avenue East, Suite 207, Toronto, Ontario, M1R 5G4, Canada, during normal business hours during the period of the distribution of the Common Shares being distributed hereunder and for a period of 30 calendar days thereafter.

These documents have been filed electronically with the Canadian securities regulators through SEDAR and may be accessed through SEDAR's website at www.sedar.com.

EXPERTS

See "*Information Concerning the Resulting Issuer – Experts*".

INFORMATION CONCERNING IHC

CORPORATE STRUCTURE

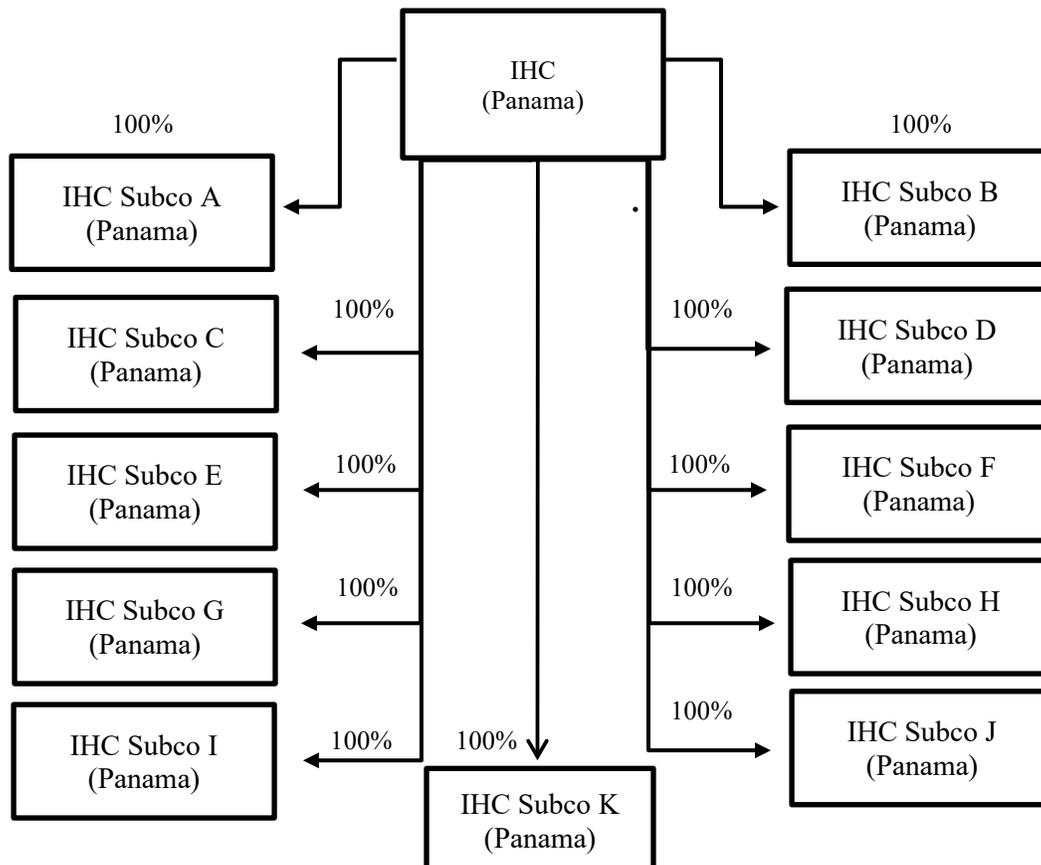
Name, Address, and Incorporation

The full corporate name of IHC is “Impact Housing Corporation”. IHC was incorporated on February 21, 2017 under the laws of the Republic of Panama. IHC is registered at (Mercantile) Folio No. 155645087. IHC’s head and registered office is located in Office 410, 4th Floor, Peninsula Center Building, Ave. Centenario, Costa del Este, Panama City, Republic of Panama.

IHC holds one hundred percent (100%) of the shares of the following subsidiaries:

Company	Date of Incorporation	Primary Business
Promotora Santiago Development Corp.	February 9, 2015	Real Estate Development
Promotora Sona, S.A.	February 27, 2013	Real Estate Development
Promotora Capellania, S.A.	December 4, 2020	Real Estate Development
Tekeros Santiago, S.A.	April 7, 2015	Construction Management
Tekeros Constructores, S.A.	February 27, 2013	Construction Management
Impact Santiago, S.A.	June 11, 2020	Construction Management
Impact Sona, S.A.	June 10, 2020	Construction Management
Impact Capellania, S.A.	December 4, 2020	Construction Management
Impact Housing Management Corporation	May 4, 2017	Administrative Services
Comercializadora Sona, S.A.	February 27, 2013	Administrative Services
Impact Equipos, S.A.	June 11, 2020	Machinery and Equipment Management

The following flow chart outlines IHC’s corporate structure:



HISTORY OF IHC

IHC Subco B is a Panamanian company incorporated on March 6, 2013. IHC Subco B is in the business of real estate development and focuses on acquiring land to build affordable housing, which it sells to eligible clients. IHC Subco B develops residential houses and plans to build commercial areas, amenities and facilities in each of its developments. The initial financing to fund the start-up of the business was provided by a certain significant investor of IHC (the “**Significant Investor**”) and other investors. On April 3, 2013, IHC Subco B entered into a purchase and sale agreement (the “**Los Sueños de Sona Agreement**”) with certain private vendors for the purchase of properties numbered No.6976, No.280, No.6440, and No.7432, representing 134 hectares located in the main road of Sona-Las Palmas, in Los Algarrobos, Quebrada de Oro, Sona District, Province of Veraguas (the “**Sona Property**”). Pursuant to the Los Sueños de Sona Agreement, IHC Subco B purchased the land for an aggregate of US\$1,349,821.40. The Sona Project is a masterplan design to build 2,200 social interest houses, a commercial area, a water storage tank, a park and a social area with a swimming pool. IHC Subco B started the construction of phase 1 of the Sona Project in October 2013, building the first 201 homes. In 2014, IHC Subco B started construction of phase 2 of the Sona Project which involved the construction 81 residential units. In April 2018, construction of phase 3 of the Sona Project commenced and included 103 homes under the same financing structure.

IHC Subco A is a Panamanian company incorporated on February 10, 2015. On March 26, 2015, IHC Subco A entered into a purchase and sale agreement with certain private vendors (the “**Finca Agreement**”) for the purchase of properties No. 6655, No. 16106, and No. 23369 which represent 108 hectares of land located in El Anon, Canto del Llano, Santiago District, Province of Veraguas (the “**Santiago Property**”). Pursuant to the Finca Agreement, IHC Subco A purchased the land for an aggregate of US\$2,474,178.96. IHC Subco A purchased the land for the purpose of building its second development of commercial buildings and residential housing. In keeping with its mission of providing affordable housing each of the housing units built and offered at the Los Sueños De Santiago Project were priced between US\$70,000 and US\$120,000 to allow homebuyers to qualify for the MIVIOT Subsidy. IHC Subco A started the construction of phase 1 of the Santiago Project in November 2015, building the first 137 homes. In July 2016, construction of phase 2 of the Santiago Project commenced and included 173 homes under the same financing structure. The Santiago Project was privately financed by the Significant Investor and various other investors.

On February 21, 2017, IHC was incorporated to consolidate all business activity and ownership of assets of IHC Subco A, IHC Subco B, IHC Subco D, IHC Subco E and IHC Subco J, with the intent to expand operations in both the Sona Project and the Santiago Project.

On September 6, 2017, the Significant Investor and IHC entered into a business combination agreement (the “**Holdco Agreement**”), pursuant to which, among other things, the parties incorporated a holding company under the laws of the Bahamas under the name, “Impact Housing Corporation Bahamas” (the “**Holdco**”), which became the parent company of IHC (the “**Holdco Combination**”). Pursuant to the Holdco Combination, Holdco was incorporated with the authorized share capital of 43,333,433 Holdco Shares consisting of 100 Holdco Management Shares and 43,333,333 Holdco Common Shares. As part of the Holdco Combination, a management company was incorporated under the laws of the Bahamas under the name “Impact Housing Management Corporation” (the “**Management Company**”), which was the sole shareholder of 100 Holdco Management Shares, for the purposes of managing the Holdco and the businesses of IHC. All of the issued and outstanding Holdco Common Shares were held by certain non-management investors (the “**Non-Managing Investors**”). As of the date hereof, there are nil Holdco Common Shares issued and outstanding. In addition, as part of the Holdco Combination, Holdco, Management Company and Non-Managing Investors entered into an investment and operating agreement (the “**Investment Agreement**”), which, among other things, (i) governed the terms of the management of Holdco by the Management Company, (ii) issuance of non-interest bearing Promissory Notes to be issued by Holdco to the Non-Managing Investors, which, pursuant to the terms of the Investment Agreement, would entitle the Non-Managing Investors to (a) participate in the dividends payments by IHC to Holdco and (b) receive Holdco Common Shares if and when the Promissory Notes are converted into Holdco Common Shares, in accordance with the terms of the Investment Agreement. Moreover, the Significant Investor transferred all of its ordinary shares of IHC to Holdco.

On September 11, 2017, IHC launched phase 3 of the Santiago Project wherein IHC built 161 housing units.

To finance its business operations and development projects, IHC through its subsidiaries entered into various credit facilities agreements with various banks for providing working capital for materials and construction in progress development activities.

On September 21, 2017, IHC Subco A, entered into a loan and credit facility agreement (the “**Global Bank Agreement**”) with Global Bank to fund 70% of the direct costs of infrastructure of phase 3 of the Santiago Project. Through the Global Bank Agreement, Global Bank commenced a loan facility of up to US\$1,060,000 (the “**GB Loan**”) available to IHC Subco A for a period of 24 months from the date of first drawdown on the GB Loan, being December 2, 2017. Pursuant to the terms of the Global Bank Agreement, the interest rate was 6.5% per annum. In addition, the Global Bank Agreement included a credit facility of up to US\$1,500,000.00 to fund 70% of the direct costs of the houses to be developed in phase 3 of the Santiago Project (“**GB Credit Facility**”). The amount owed on the GB Credit Facility was due 12 months from the date the first disbursement is made on the GB Credit Facility, renewable at the Global Bank’s option, and with an interest rate at 6.5% per annum. Both the GB Loan and GB Credit Facility were secured by a mortgage on the property No. 30225577, which was segregated from the principal properties owned by IHC Subco A at Santiago, Province of Veraguas to develop phase 3 of the Santiago Project, and a personal surety bond by the Significant Investor.

On February 19, 2018, IHC Subco A and Subco D entered into a commercial lease agreement (the “**Caterpillar Agreement**”) with Caterpillar, pursuant to which IHC Subco A and Subco D leased a Caterpillar brand, model 232D, No. KXC00449 mini-loader from Caterpillar for a total price of \$42,033.24 for a period ending on April 1, 2018.

On April 12, 2018, IHC Subco B, entered into a loan facility agreement (the “**Multibank Agreement**”) with Multibank to develop phase 3 of the Sona Project, which consisted of 103 housing units and the associated residential infrastructure. Through the Multibank Agreement, Multibank made a loan facility of up to US\$2,000,000 available to IHC Subco B, for a period of 24 months, renewable for an additional 12 month period, from the date of first drawdown on the loan, with an interest rate of 6.75% per annum. The facility was secured by a mortgage on the property No. 30178071, which was segregated from the principal properties owned by IHC Subco B at Sona, Province of Veraguas to develop specifically phase 3 of the Sona Project, and a personal surety bond by the Significant Investor.

On May 3, 2018, Global Bank approved an increase to the GB Credit Facility in the amount US\$450,000 to finance the construction of a wastewater treatment plant for sewage (the “**Treatment Plant**”) at the Santiago Project.

On August 18, 2018, IHC initially contracted Inisa Ambiental, S.A. to build a Treatment Plant that used aerobic wastewater treatment process and had the capacity to treat a flow of 1,149m³/3 for up to 760 houses. The contract with Inisa Ambiental, S.A. was suspended and subsequently assigned to Grupo Plodesa, S.A.” The design specifications for Treatment Plant changed as a result of the change in service provider and the Treatment Plant was completed in compliance with Dgniti-Copanit 35-200 and 47-2000 standards, with the capability to treat 1,500 gallons per day to support water waste management for approximately 500 houses. Grupo Plodesa, S.A. was paid US\$530,318 for completing this project.

On July 20, 2018, IHC, IHC Subco A and IHC Subco B, entered into a loan agreement (“**Panama Equities Agreement**”) with Panama Equities for US\$1,017,500 payable in 4 years from the date of the Panama Equities Agreement. The loan accrues an interest rate of 12% per annum calculated on the balance, payable in monthly interest payments of US\$10,175.

On September 28, 2018, IHC Subco A entered into a loan facility agreement (the “**Second Multibank Agreement**”) with Multibank to develop the fourth phase of the Santiago Project consisting of 199 housing units and the associated residential infrastructure. Through the Second Multibank Agreement, Multibank made a loan facility of up to US\$5,200,000 available to IHC Subco A, for a period of 24 months, renewable for an additional 12 month period, from the date of first drawdown on the loan, which is October 23, 2018, with an interest rate at 6.75% per annum. The facility was secured by a mortgage on the property No. 30252429, which is the land earmarked for phase 4 of the Santiago Project, and a personal surety bond by the Significant Investor. On May 10, 2019, Multibank increased the available capital on the Second Multibank Agreement by an additional US\$1,040,000 to enable IHC to pay letters of credit owing to vendors and make general supplier payments. Due to COVID-19, the execution of the work was extended more than 24 months. As of the date of this Prospectus, IHC Subco A, maintains a balance payable to Multibank of US\$4,228,565. IHC has completed 80% of the construction phase 4 of the Santiago Project with 41 houses finished and delivered, and 58 houses in the process of being delivered.

On January 2019, IHC Subco A, launched the Reserva Project consisting of 161 units and the associated residential infrastructure for the Reserva Project. In this stage of the plan, 161 units of single-family homes will be built on lots with an average area of three hundred and fifty square meters (350m²). La Reserva is an urban development project, with a target demographic of buyers of middle and high income families. The homes built at the Reserva Project

qualify for the Preferential Interest Program with a home price between US\$70,000 and US\$120,000. The phase 1 of the Reserva Project was financed using existing working capital and the capital available to IHC pursuant to the Global Bank Agreement.

On February 11, 2019, IHC Subco A, launched the phase 5 of the Santiago Project consisting of 131 housing units and the infrastructure pertaining to this project. IHC financed the start of this phase with existing working capital that IHC had at the beginning of the project.

On May 10, 2019, Multibank approved an increase to the amount of the loan and credit facility under the Multibank Agreement by US\$541,000, based on updated cost estimates resulting from setbacks associated with soil erosion at the Sona Project. As of the date of this Prospectus, there is no balance due to Multibank for this phase of the Sona Project and the construction activity that the Multibank Credit Facility was used for has been completed.

On September 5, 2019, Global Bank extended an additional, independent line of credit for up to US\$200,000 to IHC to cover short-term obligations with suppliers. As of the date of this prospectus, there is no balance due to Global Bank and the construction activity that the loan and credit facility were used for has been completed.

On July 27, 2020, IHC Subco A and IHC Subco B, entered into an amendment to the Panama Equities Agreement (“**Panama Equities Amendment**”) with Panama Equities, wherein the parties agreed to cancel the mortgage on certain lots of land in Sona, owned by IHC Subco B. At the maturity date, on July 20, 2022, IHC, IHC Subco A and IHC Subco B agreed with Panama Equities to extend the maturity term to February 2023 and to raise the interest rate per annum to 14% calculated on the balance. As of the date of this Prospectus, IHC owed US\$1,017,500 to Panama Equities Inc. As of March 8, 2023, IHC has entered into an informal agreement with Panama Equities whereby IHC will repay the loan in monthly installments of \$200,000 with the first payment having been made on March 8, 2023. IHC expects to have repaid the loan by the end of Q3 2023. Interest on the principal owed will continue to accrue and be payable on a monthly basis.

On December 31, 2020, IHC entered into a loan facility agreement with DV FZE (the “**DV FZE Agreement**”). Through the DV FZE Agreement, DV FZE made a loan facility of up to US\$16,000,000 available to IHC for a period of 36 months. The interest rate in the Agreement is 10% per annum. The amount outstanding under the DVE FZE Agreement, including interest, will be repaid by 84 months from the date of first drawdown on the loan. The funds from the DV FZE Agreement were used to finance the initial phase of the Reserva Project and the fifth phase of the Santiago Project. Under the DV FZE Agreement, the aggregate principal amount owing on the loan will not exceed 80% of the costs incurred by IHC in connection development of any of its properties. If the loan does exceed 80% of the costs incurred for IHC’s building costs, DV FZE is not obligated to release further funds pursuant to the DV FZE Agreement.

On December 31, 2020, IHC entered into a loan facility agreement (the “**Dale Agreement**”) with Dale Ventures. Through the Dale Agreement, Dale Ventures made a loan facility of up to US\$8,000,000.00 available to IHC for a period of 36 months from the date of the Dale Agreement, with an interest rate of 10% per annum. The amount owing on the Dale Agreement, including interest, will be repaid by 84 months from the date of the first drawdown on the loan. The Dale Agreement was entered into by IHC to finance the development of the Reserva Project and the fifth phase of the Santiago Project. Under the Dale Agreement, the aggregate principal amount owing on the loan will not exceed 80% of the costs incurred by IHC in connection development of any of its properties. If the loan does exceed 80% of the costs incurred for IHC’s building costs, Dale Ventures is not obligated to release further funds pursuant to the Dale Agreement.

On April 15, 2021, IHC Subco A, mortgaged various properties at the Santiago Property in favor of Fonestar in return for Fonestar to guarantee IHC’s obligations under the DV FZE Agreement (the “**Fonestar Agreement**”). Pursuant to the Fonestar Agreement, IHC Subco A mortgaged the Santiago Property, valued at US\$16,000,000 in favour of Fonestar.

On July 1, 2021, IHC entered into a loan facility agreement (the “**Global Axe Agreement**”) with Global Axe. Through the Global Axe Agreement, Global Axe made a loan facility of up to \$24,000,000 available to IHC for a period of 18 months from the date of the Global Axe Agreement, which bears interest at 10% per annum or 11% per annum if the loan is extended pursuant to the Global Axe Agreement. The amount owing on the loan pursuant to the Global Axe Agreement, including interest, will be assigned pursuant to the IHC Debt Assumption and converted pursuant to the Debt Conversion. The Global Axe Agreement was entered into by IHC to repay DV FZE and Dale Ventures the

money owed pursuant to the DV FZE Agreement and Dale Agreement.

On January 28, 2020, as part of its expansion strategy, IHC Subco A, entered into a land purchase agreement (the “**La Peana Agreement**”) with certain vendors to purchase in aggregate 118,681m². The land is located in La Peana, Canto del llano Jurisdiction, District of Santiago, Province of Veraguas. Pursuant to the La Peana Agreement, the vendors agreed to receive US\$356,045.55 from IHC Subco A through a payment schedule of 12 payments of US\$15,000, 8 payments of US\$20,000 and a last payment of US\$16,045.55.

On November 22, 2021, IHC through IHC Subco C, entered into a purchase and sale agreement with Compania Azucarera La Estrella, S.A to purchase 555,603.88m² of land in Las Guabas, Corregimiento de Capellania, District of Nata, Province of Cocle (the “**Capellania Agreement**”). Pursuant to the Capellania Agreement, IHC purchased the land for US\$877,000. As of the date of this Prospectus, IHC is conducting feasibility studies to determine the suitable use of the land.

On October 3, 2022, IHC Subco A and various vendors amended the Peana Agreement pursuant to which the payment terms of the Peana Agreement were extended until February 28, 2023. As of the date of this Prospectus, IHC Subco A there are no balance payable to the vendors pursuant to the Peana Agreement. The land purchased through the Peana Agreement is adjacent to the Santiago Project. IHC intends to develop the property and take advantage of the existing infrastructure Santiago Project.

Corporate History of Holdco

On September 6, 2017, Holdco issued Promissory Notes in the aggregate amount of US\$33,333,333 to certain creditors of Holdco. The Promissory Notes bear interest and are due on demand. Pursuant to the Promissory Notes, Holdco has an option to convert the principal amount of the Promissory Notes into Holdco Common Shares at a price of US\$15.00 per Holdco Common Share. See “*Proposed Qualifying Transaction - Notes Conversion*”.

BUSINESS OF IHC

Summary

IHC is a real estate development company providing affordable housing solutions supported by longstanding government subsidy programs. The principal business of IHC is to build and develop affordable, high quality subsidized homes in the Republic of Panama to support the emerging middle-class market. The vision of IHC is effectuated by a vertically integrated model which coordinates all services necessary to develop high-quality residential and commercial buildings; including to land acquisition, financing, architectural, engineering, off-site manufacturing, general contracting, property management, and administration.

Overview of the Business

Over the course of 10 years of operations, IHC has refined a vertically integrated go-to-market strategy consisting of four primary components to establish housing communities and deliver homes to prospective buyers:

1. IHC retains land ownership and controls the community master planning; all regulatory permitting and compliance; and architectural home designs that meet the affordable housing program requirements.
2. IHC builds homes in each phase of development using a unique, assembly line approach. Using an 11-step cast-in-place technique (as outlined below), which incorporates a custom mold design in the exact shape and style of home being built, IHC develops 1.5 homes per day when operating at peak production speed.
3. IHC markets and sells the homes that it builds to the growing class of Panamanian middle-income families. After pre-qualifying families, IHC allows, on average, 4-6 months, and up to 12 months in some cases, to gather down payment and closing costs.
4. IHC controls the delivery of the homes to the end customers, ensuring quality control. Subsequently, IHC remains heavily involved in the operation of community services post-sale (i.e. home warranty items, maintaining parks, community spaces, and white water infrastructure until transferred to the applicable municipality).

IHC's corporate structure is subdivided into three primary operating segments:

1. Administrative and Financial Management: This segment is responsible for advising, administering, executing, coordinating, and controlling the administrative and financial actions and procedures for the normal, effective, and efficient operation of IHC. This segment oversees the architectural design, permitting and regulatory compliance, financial budgetary, and administrative control of the organization. Further, it oversees the development of new strategic initiatives throughout the organization, the promotion and sale of real estate, the development of human resources and the creation of value for shareholders.
2. Operations Management: This segment maintains technical control of operations and project execution. Additionally, this segment oversees all operational, technical and project control activities.
3. Commercial Management: This segment is responsible for estimating the market potential for industry and the sales potential for IHC. This segment is instrument in developing a final sales forecast on which the remaining segments can base operational planning and budgets.

IHC executes the above-mentioned functions entirely through its wholly owned subsidiaries. See "*Information Concerning IHC – Corporate Structure – Name, Address, and Incorporation*". Each of the subsidiaries fulfills the functions real estate development, construction, administration, or machinery and equipment management.

IHC begins its process by acquiring and segregating viable land to develop residential communities. Once the land has been acquired and properly segregated, IHC utilizes community centric marketing techniques to engage potential customers. This includes a combination of traditional and digital marketing activities such as radio and print advertising, search engine optimization and paid lead generation, event and trade show activities, social media, and limited time incentive promotions in the local community and with bank partners that provide the final loans.

Once potential homebuyers have been identified and engaged, IHC requires that potential homebuyers undergo a diligent pre-qualification process to omit lower credit quality candidates early in the process. Due to IHC's thorough pre-qualification process, IHC can accurately determine if potential homebuyers have high credit quality and will be eligible for substantial government support. To date, the long-term default rate for approved buyers of IHC homes has been 2%.

To avoid overleveraging itself, IHC utilizes a staged approach to developing its properties. Properties are built in stages (phases) and based on demand to mitigate the risk of economic downturn or decrease in demand. Generally, IHC's construction process will often run concurrently to the sales process. As IHC can leverage its cast-in-place mold design to produce 1.5 homes per day, homes can be quickly built to satisfy demand.

IHC also uses the staged appropriate to manage supply chain providers and management of materials. IHC has developed a strong supply chain through its history and sources directly some materials for the project, which get delivered directly to the site as needed, as well as relies on subcontractors to provide certain materials as part of their contractual obligation. This is all coordinated to meet budget expectations and ensure adherence to overall budget cost and timeline goals.

Completed Projects

Los Sueños de Sona

The three-phase development at the Sona Property (the "**Sona Project**"), began in October 2013 and has been completed. At the Sona Property, IHC built and sold its entire inventory of 303 homes and has no current plans for the build out of additional phases. Each of the homes were priced at less than \$70,000 allowing purchasers to qualify for both aspects of the Republic of Panama's affordable housing program, the MIVIOT Subsidy and the Preferential Interest Program. The MIVIOT Subsidy is a \$10,000 grant by the government that is a direct contribution to the purchase price and is only available to homes priced less than \$70,000. In addition, the Sona Property homes were eligible to receive a discounted, subsidized interest rate through the Preferential Interest Program. All of these homes have been segregated and legally transferred to the end homeowners as part of the sale of the home.

Separately, IHC owns 117 hectares of undeveloped land in Sona that is part of the original master plan that is already permitted and can be allocated to new phases should there be an increase in consumer demand.

Current Projects

To date, IHC has construction of 1,217 homes in various phases at two separate properties, the Santiago Project and the Reserva Project.

Los Sueños de Santiago

The development at the Santiago Property (the “**Santiago Project**”) will include features such as: exclusive phases for people with higher income level, planned commercial areas of approximately 53,800 sqm and sports/leisure spaces, schools, internal transportation system network for the comfort of the community.

IHC began construction of the Santiago Project in November of 2015 and is currently completing phases 4 and 5. IHC has built 1,075 homes at the Santiago Property, of which 863 have been delivered. To date, IHC has built Sapphire Model homes at the Los Sueños De Santiago Project, which is a 2-bedroom, 1 bathroom home on a 250m² lot (the “**Sapphire Model**”). Each Sapphire Model home is priced from US\$61,500.

Subject to securing necessary capital, IHC intends to begin developing a new Perla Model home, which is a cost-effective house with 2-bedroom, 1 bathroom home on a 180m² lot (the “**Perla Model**”). Each Perla Model home is priced at US\$57,500, qualifying for both the MIVIOT Subsidy and the Preferential Interest Program. IHC expects Phases 6-7 to begin in June 2023 and culminate in the completion of 263 Perla Model homes.

La Reserva

La Reserva is located in El Anon, Canto del Llano, District of Santiago, Province of Veraguas, Republic of Panama (the “**Reserva Property**”) and began in January of 2019 and is currently in phase 1 of 2. The Reserva Property is a subdivided piece of land from the Santiago Property that is being developed with the intent to attract higher income families (the “**Reserva Project**”).

IHC has currently built 142 housing units through phase 1 of the Reserva Project of the 142 built, of which 123 have been sold. Phase 1 of the Reserva Project includes two housing models: (i) a 2-bedroom, 1 bathroom home on a 350m² lot with a sales price of US\$92,500; and (ii) a 3-bedroom, 2-bathroom home on a 350m² lot with a sales price of US\$103,000.

With the addition of phase 2 of the Reserva Project, IHC expects to add 265 housing units to the development by 2025. IHC will offer a new “Sevilla Model” home during phase 2 of the Reserva Project which will include 2 floors, totaling 70.85m², 3-bedroom, 2-bathroom, in a lot of an estimate size of 200m², in a gated community (the “**Sevilla Model**”). It is estimated that the Sevilla Model will be offered for a price of US\$87,500.

Growth Strategies

IHC has, in the past, pursued a policy of controlled organic growth and it intends to continue that policy in the future. IHC has grown both by expanding revenue of existing operations and through the acquisition of new development properties. IHC’s growth has historically been limited by the availability of financing rather than consumer demand. IHC’s policy of organic growth will continue to be founded on the following:

- Training and Recruitment of Personnel: One of the key components that could limit the growth of a real estate development company is the ability to secure professional staff. To address this issue, IHC has for many years focused on hiring new employees shortly following completion of their technical or engineering training. These employees become invested in IHC’s operations early in their careers and become logical candidates for upward movement into regional management positions. IHC will continue this practice of hiring and training new talent as its primary method of increasing its staff to support growth.
- Optimizing IHC’s supply chain: A key component that could limit the growth of a real estate development company is the ability to continue to rely on supply chain relationships for timely materials and qualified subcontractors to complete certain construction work activities. To address this issue, IHC has for many years continued to diversify the breadth and depth of its supply chain. As one of the largest

developers in the respective regions it operates, IHC continues to receive favorable pricing and bulk delivery to ensure construction timelines are achieved. In addition, IHC has for years, as appropriate, worked with credible subcontractors that are required to meet IHC stringent governance criteria. IHC qualifies vendors on the basis of entity good standing, licensing and regulatory, qualified work history, and appropriate bonding and insurance criteria.

- **Acquiring New Property:** Management has identified new land opportunities throughout Panama which it intends to acquire for the purpose of residential development. Similar to the Santiago property, this would include residential housing that qualifies for the current subsidy programs and would include mixed use commercial space.
- **Expanding Product Offering:** IHC plans to expand its operations from focusing solely on residential construction to commercial construction. Subject to necessary capital requirements, IHC has set aside land at the Santiago Property and the Reserva Property to develop commercial space.
- **Expanding Into New Markets:** IHC plans to expand beyond Panama to other Latin American jurisdictions that have subsidized programs similar to the core Panamanian market. IHC will evaluate new regional markets that fit its business model and strategy. If the management foresees sufficient demand in new geographic markets for IHC's services, the management will consider expanding into those markets.

IHC intends to continue its current business and operations in 2023. For additional information, see "*Information Concerning IHC - Business of IHC - Principal Uses of Available Funds*".

Industry Overview

The Panamanian residential construction sector is expected to grow in 2023. Over the remainder of the forecast period, growth in this sector will be supported by public and private sector investment to develop the housing sector, along with an increase in demand for homes due to the rising population.¹ Further, the Panamanian middle-class has grown substantially over the past decade. Middle-class growth has brought with it a demand for affordable, quality, housing with adequate room to accommodate families.

Panama is currently facing a growing housing deficit of over 200,000 homes, which represents an estimated \$3 billion market opportunity.² The COVID-19 pandemic influenced both the Panamanian economy and the Panamanian real estate market. As a result, Panamanian developers have reduced output following a complete shutdown of Panama in 2020. As reported by the World Bank, after the 2020 economic slowdown of 17% in Panama, the country's economy managed to recover in 2021, with a nearly 10% growth. Based on the YE 2022 results, the above tendency will continue, with the economic growth remaining at 7.8%.³

The middle class in Panama expanded from 50.8% of the population in 2015 to 56.9% in 2019. On average, this represents an increase of 1.5% per year. This is a positive indicator of the future of the country. The middle class has growing discretionary income to drive economic growth; educate their children, increasing the productivity of the workforce; and to invest for their economic future. Panama's economic growth is predicted to elevate Panama as a developing nation and join the ranks of first-world nations by 2030. Panama now has a relatively larger middle class than the United States. Panama's GDP per capita has risen from US\$4,099 in the year 2000 to US\$14,617 in 2021. This increase in GDP per capita represents 356% growth. In comparison, the United States has seen a much smaller GDP per capita growth of 193% in the same time frame.⁴

The Panamanian government has in place several subsidy programs to encourage home buyers to purchase residential properties priced below \$120,000. These subsidy programs are specifically targeted at affordable housing, to

¹ GlobalData, *Panama Construction Market Size, Trend Analysis by Section (Commercial, Industrial, Infrastructure, Energy and Utilities, Institutional and Residential) and Forecasts, 2022-2026*, December 29, 2022: <<https://www.globaldata.com/store/report/panama-construction-market-analysis-2/>>

² Association of Real Estate Brokers and Promoters (ACOBIR)

³ International Wealth, *Panama Real Estate Market – Development Trends and Investment Attractiveness in 2022*:

<<https://internationalwealth.info/en/offshore-real-estate/recent-developments-and-trends-on-panama-real-estate-market/>>

⁴ Overseas Property Alert, *Housing For Panama's Growing Middle Class*: <[39](https://www.overseaspropertyalert.com/housing-for-panamas-middle-class/#:~:text=Panama%20now%20has%20a%20relatively,in%20the%20same%20time%20frame.>></p></div><div data-bbox=)

incentivize lower- and middle-income Panamanian families to purchase homes. IHC’s target customers are generally eligible for the MIVIOT Subsidy, and the Preferential Interest Program. These subsidy programs have the effect of increasing the number of homebuyers who can purchase homes in the price range of up to \$120,000.

The Solidarity Fund

The Panamanian Ministry of Housing and Land Management, through the “Solidarity Housing Fund” (the “**MIVIOT Subsidy**”), provides a \$10,000 subsidy to low-income families who purchase homes for a price that does not exceed \$70,000. Economic contributions from the Solidarity Fund will be granted to those families whose ordinary monthly income does not exceed \$2,000.⁵

Preferential Interest Program

The Panamanian government has enacted a series of laws that have resulted in subsidy program that acts to reduce first time homebuyer’s mortgage interest rate (the “**Preferential Interest Program**”). This program allows eligible homebuyer’s to receive a subsidy of 2% off the market rate of their mortgage interest rate. To qualify for the Preferential Interest Program, homebuyers must meet the following criteria:

- the homebuyer must be a first time buyer;
- the property being bought must be new construction;
- the property must be for residential purposes;
- financing is not more than 95% of the appraised value; and
- the property must be a titled property.⁶

Industry Segments

IHC is engaged in developing housing residentials of single-family in the Republic of Panama. IHC housing construction is concentrated in the low- and middle-income brackets, building homes with sales prices between US\$61,500 and US\$103,000.

IHC was focused historically on residential construction projects, accordingly, its business is based 100% in residential construction. IHC’s principal market is middle-income Panamanian families. For the years ended December 2022, 2021 and 2020, sales of homes at the following properties account for 100% of IHC’s revenues:

2020	LA RESERVA (US\$)	LOS SUEÑOS DE SANTIAGO (US\$)	LOS SUEÑOS DE SONA (US\$)	TOTAL REVENUES (US\$)
January	1,391,356	51,050	541,000	1,983,406
February	436,516	0	733,000	1,169,516
March	606,784	0	489,000	1,095,784
April	0	0	0	0
May	185,800	0	100,000	285,800
June	528,510	155,900	0	684,410
July	82,900	105,900	198,000	386,800
August	358,813	0	0	358,813
September	518,510	200,000	393,000	1,111,510
October	251,700	50,000	197,000	498,700
November	366,700	50,000	0	416,700

⁵ Central America Data, *Financing for Social Housing*, August 3, 2020: <https://webmail.centralamericadata.com/en/article/home/Financing_for_Social_Housing>

⁶ International Relocation Firm, *Panama’s Preferential Interest Rate Law*: https://www.relofirm.com/panamas_preferential_interest_rate_law/

December	460,500	50,000	147,000	657,500
	5,188,119	662,850	2,798,000	8,648,939

2021	LA RESERVA (US\$)	LOS SUEÑOS DE SANTIAGO (US\$)	LOS SUEÑOS DE SONA (US\$)	TOTAL REVENUES (US\$)
January	178,800	100,000	249,000	527,800
February	192,800	351,020	349,000	892,820
March	560,106	111,800	201,000	872,906
April	189,800	633,500	304,900	1,128,200
May	379,900	281,600	314,900	976,400
June	289,300	1,443,641	218,821	1,951,762
July	179,400	511,900	0	691,300
August	302,300	547,400	61,900	911,600
September	552,490	325,700	59,900	938,090
October	463,350	512,500	109,900	1,085,750
November	0	1,081,120	0	1,081,120
December	100,900	1,188,100	55,900	1,344,900
	3,389,146	7,088,281	1,925,221	12,402,648

2022	LA RESERVA (US\$)	LOS SUEÑOS DE SANTIAGO (US\$)	LOS SUEÑOS DE SONA (US\$)	TOTAL REVENUES (US\$)
January	89,400	1,195,100		1,284,500
February	99,900	648,100	55,000	803,000
March	177,300	748,900	111,300	1,037,500
April	97,900	583,800	0	681,700
May	206,400	1,159,750	0	1,366,150
June	99,400	550,000	0	649,400
July	99,900	442,900	0	542,800
August	0	365,800	0	365,800
September	285,400	161,900	55,900	503,200
October	87,700	261,405	0	349,105
November	103,910	61,000	0	164,910
December	103,000	0	0	103,000
	1,450,210	6,178,655	222,200	7,851,065

Products and Services

IHC begins its process by acquiring and segregating viable land to develop residential communities. Once the land has been acquired and properly segregated, IHC utilizes community centric marketing techniques to engage potential customers. Once potential homebuyers have been identified and engaged, IHC requires that potential homebuyers undergo a diligent pre-qualification process to omit lower credit quality candidates early in the process. Due to IHC's thorough pre-qualification process, IHC can accurately determine if potential homebuyers have high credit quality and will be eligible for substantial government support. To date, the long-term default rate for approved buyers of IHC homes has been 2%. To avoid overleveraging itself, IHC utilizes a staged approach to developing its properties. Properties are built in stages (phases) and based on demand to mitigate the risk of economic downturn or decrease in demand. Generally, IHC's construction process will often run concurrently to the sales process. As IHC can leverage its cast-in-place mold design to produce 1.5 homes per day, homes can be quickly built to satisfy demand.

IHC's business is comprised of the sale of homes developed at (i) the Sona Property, and (ii) the Santiago Property. At each of these properties, IHC has built and sold hundreds of homes. IHC's unique construction method has played a pivotal role in increasing production speed and quality of homes sold by IHC. IHC has invested in the purchase of prefabricated aluminum molds in which a pure concrete casting is made in the exact dimensions of the housing designs. These custom-made systems are assembled in two hours, pumped with concrete, and smoothed for three and placed overnight to the point where they are removed the next day and repositioned for another pour.

IHC's construction procedure includes 11 steps to complete a home which include:

- Footings and grade beams are dug.
- Rebar reinforced, and mechanical, electrical and plumbing rough-ins are installed for the foundation piece of the structure.
- Footings, grade beams and slab are poured.
- Continuation of remaining structural rebar (walls, columns, & cross beams) and MEP rough-ins are installed readied for mold encapsulation.
- Aluminum mold is assembled around what is now a rebar "cage".
- Concrete is pumped into assembly, vibrated and left to cure until it achieves zero slump (~1.5 days).
- Aluminum mold is disassembled (continues to next unit).
- Roof structure assembled, and final cladding is applied.
- Finish team installs windows, doors, plaster, pain, and ceiling.
- Cabinets, and mechanical, electrical and plumbing fixtures are installed.
- Punch list items are cured.

Special Skills and Knowledge

IHC's team is comprised of employees who specialize in project design, engineering, construction, project management, and real estate development.

Due to the increase in the price of construction materials and the necessity to save costs, new construction technologies have entered the market, which have made construction processes more efficient, which is why IHC is resorting to non-traditional construction methods such as the usage of precast molds custom designed and manufactured. Qualified professionals and trained people form part of the team that lead the construction using precast concrete molds, which play an important role in the construction site as they are a fundamental link for an efficient and controlled production.

IHC's management team is comprised of individuals who hold degrees and certifications in the fields of business administration and operations, civil engineering, construction, and architectural design. It is critical to IHC's vertically integrated delivery model that its management team have practical knowledge and expertise in the industry in which it operates.

The team is supported using CRM systems with new information technologies to get to know their customers and customers' needs and potential buyers in order to manage better sales and operational processes, with which to maximize investment in advertising media and achieve better management of prospects and customers.

Competitive Conditions

The residential property development industry in the Republic of Panama, specifically in the province of Veraguas, is relatively non-competitive. As IHC's current projects are based in the province of Veraguas, its primary competition is domestic and foreign developers who have operations in the province. The competitive landscape specific to the province of Veraguas is primarily limited to small, local players.

IHC's main competitors that provide comparable quality of homes at comparable prices include:

- 1) *Grupo Sucasa*⁷ - Grupo Sucasa has been in the business since 1967, accumulating 47 years of experience in the design, development, construction, and sale of affordable housing. The company has established numerous urban communities, initially focusing on single-family homes and gradually incorporating smaller-scale apartments and condominiums. Grupo Sucasa is building several housing developments in different areas of the city of Panama, East Sector, Las Cumbres and West Sector.
- 2) *Grupo Provivienda - Cusezar Group*⁸ - Grupo Provivienda has 22 years in the real estate development industry, and has been involved in several commercial infrastructure and housing builds. Grupo Provivienda

⁷ Website: <<https://gruposucasa.com/>>

⁸ Website: <<https://gprovivienda.com/>>

works builds primarily in Panama City, East and West Sector. Grupo Provienda’s focuses on both residential real estate development as well as commercial projects, offices and institutional buildings.

- 3) *Grupo Roble*⁹ - Grupo Roble is a subsidiary of the transnational conglomerate Grupo Poma. It began operations in 1962 in Panama, establishing its corporate offices in its capital city. Since then, Grupo Roble has built more than 50,000 homes for all socio-economic demographics.
- 4) *Santiago Park*¹⁰ - Santiago Park is a Panamanian company with extensive experience in the world of residential and commercial construction, with satisfactory project delivery policies and 2,500 housing units delivered in the area of Santiago, Province of Veraguas.
- 5) *Promotora Vivencia*¹¹ - Promotora Vivencia is a Panamanian company with experience in developing social interests houses in Santiago, Veraguas. The company focuses primarily on lower income housing.

IHC differentiates itself from the competition primarily through its specialized construction method. See “*Information Concerning IHC – Business of IHC – Products and Services*”. IHC’s process allows it to deliver completed homes at a faster rate than its competitors and generally at a lower cost for comparable quality of homes.

New Products

IHC is introducing novel housing designs in its upcoming developments for both preferred and social interest groups. One of the new housing models, the Perla Model, is geared toward the latter and offers a cost-effective 2-bedroom, 1-bathroom house on a 180m² lot. Each Perla Model home is priced at US\$57,500. Another housing model catering to the preferential interest group is named “Sevilla” and consists of two floors with a total area of 70.85m², three bedrooms, and two bathrooms, located within an enclosed community occupying an estimated 200m² lot. The price for this new development is estimated at US\$87,500 per unit.

Components

For the construction and development of the new phases, IHC is its vertically integrated supply chain, along with a subcontracting method in order to favor specialization. Both suppliers and specialized subcontractors are selected depending on the activity of the development to guarantee high performance and excellent quality. The system also seeks to promote accountability and compliance with the construction schedule. To avoid risk, IHC diversifies the subcontractors so as to always have several subcontractors in each of the areas under development.

Intangible Properties

The following table contains details of the material intellectual property owned by, or licensed for use by IHC.

IP	How it is used	Importance of the operating of the business of the Resulting Issuer	Registered or Unregistered	Protected or unprotected by intellectual property registrations
Website: www.ihcpanama.com	Used to promote IHC’s services and brands online	Low	Unregistered	No
Website: https://suenosdesona.com/	Used to promote IHC’s services and brands online	Low	Unregistered	No
Website: https://suenosdesantiago.com/	Used to acquire users and promote IHC’s services and brands online	Low	Unregistered	No

Cycles and Seasonality

⁹ Website: <<https://www.gruporable.com/>>

¹⁰ Website: <<https://santiagopark.com.pa/>>

¹¹ Website<<http://promotoravivencia.com/>>

IHC's business is not usually influenced by cyclical or seasonal trends.

Economic Dependence

IHC is economically dependent on the Panama Equities Agreement, the Second Multibank Agreement, and the Fonestar Agreement. These contracts have provided IHC with the necessary capital to finance and maintain its operations from 2018 onwards. If these agreements were to be terminated, or if the creditors under the agreements demanded immediate repayment in full, IHC would need to locate a source of funding to repay the loans as it does not have enough cash on hand to repay the loans immediately. For more information pertaining to the Panama Equities Agreement, the Second Multibank Agreement and the Fonestar Agreement, see "*Information Concerning IHC – History of IHC*".

Change to Contracts

IHC does not expect any aspect of its business to be affected in the current financial year by renegotiation or termination of contracts or subcontracts and the likely affects.

Environmental Protection

IHC is committed to high environmental standards. IHC carries out its activities and operations in compliance with all relevant and applicable environmental regulations and best industry practices in the Republic of Panama. At present, the IHC believes it has included appropriate amounts in its capital expenditure budget to continue to meet its environmental obligations. See "*Information Concerning the Resulting Issuer – Risk Factors – Environmental Liability*".

All the projects of IHC have Environmental Management Plans approved by the Ministry of Environment in compliance with the *General Environmental Law (Law 41)* (Panama) and *Executive Decree 123 of August 14, 2009* (Panama), modified in 2011.

Technical studies are carried out at each phase of a development to determine the quality of water treated by the wastewater treatment system. All studies are carried out by qualified laboratories recognized by the Panamanian Ministry of the Environment. As part of the procedure, physical, chemical, and bacteriological parameters are evaluated in two samples and the status or quality of the water in the neighboring streams is determined, which must remain with total coliform levels below the standard.

For the evaluation of possible environmental impacts, an evaluation matrix is developed, which allows IHC to identify the potential negative or positive impacts of its operations. The evaluation matrix also assists management of IHC to identify the results of the development of the project activities in the phases of planning, construction and operation.

All the companies of the group and their subcontractors ensure compliance with the mitigation measures established in the EMPs approved for each phase. In addition, there are qualified personnel and consultants to attend environmental matters and continuous training in environmental perspectives is maintained.

Employees

IHC has a direct labour force of 27 employees as of December 31, 2022 and contracts with independent subcontractors for all of its construction projects. IHC provides multiple labour and non-labour benefits including but not limited to production performance bonuses, home sales commissions, life insurance, health insurance, per diems, among others.

All our executive officers have signed or will sign, following the Listing, non-competition, and non-solicitation undertakings in favor of the Resulting Issuer.

Foreign Operations

IHC's operations, which include land acquisition, construction, and sales is based entirely in the Republic of Panama. The raw materials used for construction projects, which include timber, concrete, steel, and aluminum are sourced primarily from Panama. Currently, IHC operates in solely in Panama. As such, IHC's business is exposed to various

degrees of political, economic, and other risks and uncertainties. See “*Information Concerning the Resulting Issuer - Risk Factors*”.

Regulatory Requirements

As per *Cabinet Decree No. 90 of March 25, 1971* (Panama), all businesses involved in construction activities must obtain a license issued by the Panamanian Ministry of Commerce and Industry to carry out real estate activities with their owned or leased property (the “**Industrial License**”). IHC Subco A operates under license 155593973-2-2015-2016-517132 obtained on January 2016, and IHC Subco B operates under license 2343310-1-796620-2016-513693 obtained on July 2016.

As part of IHC’s vertically integrated business model, its architects prepare the designs for each of the housing units IHC builds. In Panama, pursuant to *Law 15 of January 26, 1959* (Panama) those individuals engaged in architectural design and civil engineering must be registered with the Technical Board of Engineering and Architecture. IHC’s head architect is licensed under Certificate 9-98-406 and Suitability No. 85-001-003 as an authorized architect and civil engineer to oversee architectural design and engineering works. IHC Subco E was registered according to Resolution #0912, IHC Subco D according to Resolution #0911, IHC Subco F according to Resolution #0913 and IHC Subco G according to Resolution #0910, all from July 18, 2022.

The Panamanian government has in place certain laws to ensure real estate development activities in the private sector align with the public’s best interests. While IHC is engaged in real estate development it must comply with the mandates outlined in *Law No. 6 of February 1, 2006* (Panama), which sets out the regulatory framework for territorial planning of urban developments. Generally, these mandates require that developments provide access to basic amenities such as clean water, sewage treatment and electricity. Further, *Law No. 6 of February 1, 2006* (Panama) affords the Panamanian government the discretion to allow development of residential properties.

Developments of social interest are governed by Executive Decree No. 306 (of July 31, 2020) Official Gazette No. 29081-A that subrogates Executive Decree No. 10 of January 15, 2019, pursuant to which the MIVIOT Subsidy was created. Through this rule for the RBS (Residential Solidarity Bonus) zone code, the sale price for the housing unit and the lot may not exceed the sum of US\$70,000 in the Republic of Panama. Previously it was US\$60,000, for some provincial capitals.

The Preferential Interest Program is governed by *Law 3 of May 20, 1985* (Panama) as amended from time to time, the most recent amendment being *Executive Decree No. 554 of 2019* (Panama). The objective of the Preferential Interest Program is to incentivize low to middle class families to purchase homes in Panama by decreasing the interest rate associated with the participants’ mortgage. Most recently the following changes were implemented in the Preferential Interest Program:

- The mortgage rate granted through the Preferential Interest Program will be between 1.75% and 4% and will not be extended to the mortgagor for more than 15 years.
- Repossessed homes are excluded from the program.
- Subject properties must be new builds.
- Participants can offer various other assets as collateral.

Ensuring that IHC’s customers are eligible for the MIVIOT Subsidy and the Preferential Interest Program is crucial to IHC’s business strategy of attracting middle-income families to purchase housing units. Accordingly, changes to the eligible recipient class of both subsidy programs will affect IHC’s pricing model for future sales of homes.

Bankruptcy and Similar Procedures

As at the two most recently completed financial years of IHC, IHC was not a party to any bankruptcy, receivership or similar proceedings against IHC or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by IHC or any of its subsidiaries.

Reorganizations

For more information pertaining to IHC’s reorganizations in the three most recently completed financial years see

“Proposed Qualifying Transaction”.

Emerging Markets Disclosure

As at the date of this Prospectus, the 100% of IHC’s revenues are generated in the Republic of Panama. Accordingly, Resulting Issuer will provide disclosure in accordance with OSC Staff Notice 51-720 – *Issuer Guide for Companies Operating in Emerging Markets* in its prospective continuous disclosure filings.

DIVIDENDS OR DISTRIBUTIONS

To date, IHC has not declared any dividends or distributions on the IHC Shares although there are no restrictions (other than according to applicable Panamanian law) precluding IHC from declaring any such dividends. IHC intends to direct its cash towards the development of its business, and does not expect to declare or pay any dividends or distributions in the foreseeable future.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS

Selected Annual Financial Information

The following table sets forth selected financial information for IHC for the years ended December 31, 2022, 2021 and 2020, and should be read in conjunction with IHC’s audited financial statements and related notes for such periods included in this Prospectus. See Schedule “A” - Index to the Financial Statements and MD&A.

The following information has been prepared in accordance with IFRS and is expressed in US dollars.

	As at December 31, 2022 <u>(audited)</u> <u>US\$</u>	As at December 31, 2021 <u>(audited)</u> <u>US\$</u>	As at December 31, 2020 <u>(audited)</u> <u>US\$</u>
Total assets	28,487,280	35,064,258	38,278,060
Total liabilities	43,857,363	39,878,774	36,535,885
Total shareholders’ equity (deficit)	(15,370,083)	(4,814,516)	1,742,175

The following table shows the comprehensive income of IHC for the financial years ended December 31, 2022, 2021 and 2020.

	Year ended December 31, 2022 <u>(audited)</u> <u>US\$</u>	Year ended December 31, 2021 <u>(audited)</u> <u>US\$</u>	Year ended December 31, 2020 <u>(audited)</u> <u>US\$</u>
Income statement data:			
Revenue	7,892,890	12,421,832	8,780,494
Cost of revenues	(10,167,708)	(17,578,702)	(12,240,040)
Gross (loss)	(2,274,818)	(5,156,870)	(3,459,546)
Financial expenses	(1,145,149)	(1,179,890)	(1,330,260)
Loss contingencies	(862,396)	-	-
Extraordinary cost of disposal	(6,140,936)	-	-
Net (loss) before tax	(10,423,299)	(6,336,760)	(4,789,806)

Income tax expense	(132,268)	(219,931)	(180,017)
Net loss and total comprehensive loss	(10,555,567)	(6,556,691)	(4,969,823)
Basic and Diluted (loss) per Common Share	(0.32)	(0.20)	(0.15)
Weighted Average Number of Shares Outstanding	33,333,433	33,333,433	33,333,433

Management’s Discussion and Analysis

IHC’s MD&A for the years ended December 31, 2022 and 2021 are included in Schedule “A.” The MD&A should be read in conjunction with the IHC Financial Statements and related notes, which have been prepared in accordance with IFRS.

DESCRIPTION OF SECURITIES

IHC Shares

IHC is authorized to issue 100 IHC Shares. Each IHC Share is entitled to vote one vote per share at meetings of IHC Shareholders, to receive an equal share of any dividends and disbursements (whether payable in cash or otherwise) as may be declared from time to time, and, in the event of any liquidation, dissolution or winding-up of IHC (whether voluntary or involuntary), to receive in equal amounts the assets of IHC. As at the date of this Prospectus, 100 IHC Shares issued and outstanding.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of IHC as at December 31, 2022. The table should be read in conjunction with the IHC Financial Statements and the notes thereto included in this Prospectus. See Schedule “A” - Index to the Financial Statements and MD&A.

As at December 31, 2022

IHC Shares	100 ⁽¹⁾
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For information regarding changes in IHC and Holdco’s consolidated capitalization since December 31, 2022 that will result from the Proposed Qualifying Transaction, see “*Information Concerning the Resulting Issuer – Pro Forma Fully-Diluted Capitalization of the Resulting Issuer*”.

OPTIONS TO PURCHASE SECURITIES

IHC does not have any convertible securities currently outstanding. In the event any convertible securities are issued as part of the Proposed Qualifying Transaction, such convertible securities will be exchanged for convertible securities of the Resulting Issuer on equivalent terms and conditions.

See “*The Proposed Qualifying Transaction – Definitive Agreement*”, “*– Effect of the Proposed Qualifying Transaction and Concurrent Financing*”, and “*Information Concerning the Resulting Issuer – Options to Purchase Securities*”.

PRIOR SALES

The following table sets out information regarding each issuance by IHC of IHC Shares and securities convertible or exchangeable into IHC Shares during the 12-month period before the date of this Prospectus.

Date of Issue	Security	Number of Securities	Price per Security
February 21, 2017	IHC Shares	100 ⁽¹⁾	\$100

Notes:

(1) Issued to Holdco as the sole shareholder of IHC.

No securities of IHC has been listed for trading on any securities exchange.

ESCROWED SECURITIES

None of securities of IHC are subject to escrow or contractual restriction on transfer. See “*Information Concerning the Resulting Issuer– Escrowed Securities*”.

PRINCIPAL SECURITYHOLDERS

The following table lists those persons who beneficially own, directly or indirectly or exercise control or direction over more than 10% of the issued and outstanding IHC Shares as at the date hereof:

Name	Type of Ownership	Number of IHC Shares	Percentage of IHC Shares Owned Before Proposed Qualifying Transaction
Holdco	Registered	100	100%

For information on principal holders of Resulting Issuer Shares after giving effect to the Concurrent Financing and the Proposed Qualifying Transaction, see “*Information Concerning the Resulting Issuer – Principal Securityholders*”.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The following table sets out, for each director and executive officer of IHC, the person’s name, province or state and country of residence, position(s) with IHC, the date on which the person became a director and/or an executive officer, and principal occupation. IHC directors are appointed by IHC Shareholders and may be removed by the IHC Shareholders with or without cause.

Name and Province or State and Country of Residence	Position	Director or Officer Since	Principal Occupation for Past Five Years	Number of IHC Shares Owned or Controlled
Israel Atencio Espino <i>Santiago, Republic of Panama</i>	President and Director	March 8, 2023	Owner of A&A Infinity Corp., Panamanian Company (2012 to present)	Nil
Rafael Guerra Gomez <i>Baru District, Republic of Panama</i>	Secretary and Director	March 8, 2023	Secretary and director of IHC (March 2023 to present); retired (2018 to present)	Nil
Amparo Espino <i>Santiago, Republic of Panama</i>	Treasurer and Director	March 8, 2023	Housekeeper (2018 to present)	Nil

The directors and executive officers of IHC beneficially own, or exercise control or direction over, directly or indirectly,

nil IHC Shares, representing nil% of the issued and outstanding IHC Shares on the date of this Prospectus.

Set forth below is a description of the background of the directors and officers of IHC, including a description of each individual's principal occupation(s) within the past five years.

Israel Atencio Espino, President and Director (Age 47)

Mr. Espino is owner of A&A Infinity Corp., a Panamanian company incorporated on March 20, 2012. Mr. Espino provides consulting services for IT solutions. Mr. Espino holds a Professional Engineering license (PE) in Networks and Telecommunications from the Technological University of Panama.

Rafael Guerra Gomez, Secretary and Director (Age 76)

Mr. Gomez is a retired lieutenant of the National Police of Panama with more than twenty years of experience in active service. Mr. Gomez studied at the 'Police Academy President Belisario Porras', Panama's national police academy. He has decades of experience in program management, and planning and executing training and military operations.

Amparo Espino, Treasurer and Director (Age 71)

Ms. Atencio graduated from the Juan Demóstenes Arosemena Normal School, located in Veraguas, Republic of Panama, where she studied Elementary Education. She did not pursue a career, but she retired very young to dedicate herself to her family.

Cease Trade Orders or Bankruptcies

None of the directors, officers or Insiders of IHC, or a shareholder holding a sufficient number of securities of IHC to affect materially the control of IHC is, or within 10 years before the date of this Prospectus, has been, a director, officer or insider of any other issuer that, while that person was acting in that capacity:

- a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or
- b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

None of the directors, officers or Insiders of IHC or a shareholder holding a sufficient number of securities of IHC to affect materially the control of IHC has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the reasonable knowledge of management, none of the directors, officers or Insiders of IHC or a shareholder holding a sufficient number of securities of IHC to affect materially the control of IHC is, or within the 10 years before the date of this Prospectus, has been declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following disclosure relates to the compensation provided by IHC to its directors and executive officers.

The IHC Board is responsible for setting the overall compensation strategy of IHC and evaluating and making determinations for the compensation of its directors and executive officers. The IHC Board annually reviews and determines base salary, incentive compensation and long-term compensation for IHC directors and executive officers.

In determining the total compensation of any member of senior management, the directors of IHC consider all elements of compensation in total rather than one element in isolation. The directors of IHC also examine the competitive positioning of total compensation and the mix of fixed, incentive and share-based compensation.

It is the objective of IHC's compensation program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value. It is the goal of the IHC Board to endeavor to ensure that the compensation of executive officers is sufficiently competitive to achieve the objectives of the executive compensation program. The IHC Board gives consideration to IHC's performance as well to the qualitative aspects of the individual's performance and achievements.

Other than the use of leased company cars and statutory pension benefits that are required under Panamanian laws, no personal benefits are granted to the executive officers of IHC, and no objective or subjective bonus has been contemplated. IHC offers employees short-term employee benefits and post-employment benefits.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth information concerning the compensation, other than securities-based compensation, paid to the directors and Named Executive Officers of IHC during the financial years ended December 31, 2022 and 2021.

	Year	Salary, Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Perquisites	Value of all Other Compensation	Total Compensation
Name and Position ⁽¹⁾		(US\$)	(US\$)	(US\$)	(US\$)	(US\$)	(US\$)
Israel Atencio Espino <i>President and Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Rafael Guerra Gomez <i>Secretary and Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil
Amparo Espino <i>Treasurer and Director</i>	2022	Nil	Nil	Nil	Nil	Nil	Nil
	2021	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- 100% of the compensation paid to persons who were both directors and Named Executive Officers was paid in respect of their positions as executive officers of IHC.

Stock Options and Other Compensation Securities

IHC does not have any form of equity compensation plan in place. To date, there have been no securities-based awards granted or issued to the directors and Named Executive Officers of IHC.

Employment, Consulting, and Management Agreements

Except as described below, IHC is not party to any employment, consulting or management agreements, except through IHC Subco A.

On January 1, 2020, IHC Subco A entered into a professional service contract (the “**Wenz Agreement**”) with TNTR, a company wholly owned by Thomas Wenz. Pursuant to the Wenz Agreement, IHC Subco A engaged TNTR to provide CEO services through Thomas Wenz. IHC Subco A engaged Mr. Wenz at-will and agreed to pay TNTR a monthly amount of US\$20,834. Either party may terminate the Wenz Agreement by providing not less than 15 days’ written notice.

On April 1, 2020, IHC Subco A entered into a professional service contract (the “**Jaramillo Agreement**”) with Delia Jaramillo. Pursuant to the Jaramillo Agreement, IHC Subco A engaged Ms. Jaramillo to provide services as a financial manager to IHC Subco A for a monthly amount of US\$9,000 paid in two bi-weekly instalments of \$4,500. Either party may terminate the Jaramillo Agreement by providing not less than 15 days’ written notice.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Prospectus, no director or officer of IHC, or any Associate or Affiliate of any of them is indebted to IHC, nor is any indebtedness of any such person the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by IHC.

CORPORATE GOVERNANCE

Audit Committee and corporate Governance

As of the date hereof, the IHC Board is comprised of three directors, and does not have a formal audit committee. After the completion of the Proposed Qualifying Transaction, the Resulting Issuer will implement the appropriate provisions of NI 52-110. See “*Information Concerning the Resulting Issuer – Corporate Governance – Audit Committee and Corporate Governance*”.

RISK FACTORS

The business of IHC, which will be the business of the Resulting Issuer, is subject to a number of risks. You should carefully consider the information in this prospectus and the information set out under. See “*Information Concerning the Resulting Issuer – Risk Factors*”.

PROMOTER

Oscar Hilt Tatum IV, a proposed director of the Resulting Issuer and a debtholder of Holdco, may be considered a Promoter of IHC. Information about Mr. Tatum IV is disclosed elsewhere in this Prospectus in connection with his role of a proposed director of the Resulting Issuer. Mr. Tatum IV does not hold directly or indirectly any securities of Holdco or IHC. Following the completion of the Proposed Qualifying Transaction as currently contemplated, Mr. Tatum IV is expected to beneficially own, or control or direct, directly or indirectly, an aggregate of 2,305,470 Resulting Issuer Shares, representing approximately 17.52% of the issued and outstanding Resulting Issuer Shares immediately following the Closing.

Other than as disclosed in this section, under “Executive Compensation” or elsewhere in this Prospectus, no person who was a Promoter of the Issuer within the last two years:

1. received anything of value directly or indirectly from IHC or its subsidiaries;
2. sold or otherwise transferred any asset to IHC or its subsidiaries within the last 2 years;
3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings,

arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;

4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
5. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
6. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Since the beginning of the most recently completed financial year for which financial statements of IHC are included, there are no material legal proceedings involving IHC as at the date of this Prospectus and IHC knows of no such proceedings currently contemplated. There have been no material penalties, sanctions, or settlement agreements imposed by a court or regulatory body upon IHC as at the date of this Prospectus and IHC knows of no such proceedings currently contemplated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than disclosed below, none of the directors or executive officers of IHC, or persons or companies that beneficially own, or control or direct, directly or indirectly, more than 10% of the outstanding IHC Shares, or any Associate or Affiliate of any of the foregoing, has any material interest, direct or indirect, in any transactions in which IHC has participated within the three years before the date of this Prospectus, which has materially affected or is reasonably expected to materially affect IHC.

- Oscar Hilt Tatum IV, a debtholder of Holdco and a proposed director of the Resulting Issuer, assuming the completion of the Proposed Qualifying Transition as currently contemplated, is expected to beneficially own, or control or direct, directly or indirectly, an aggregate of 2,305,470 Resulting Issuer Shares, representing approximately 17.52% of the issued and outstanding Resulting Issuer Shares immediately following the Closing.

AUDITORS, TRANSFER AGENT AND REGISTRAR

IHC's auditors are Audutores Independientes S.A. with offices located at Ave. Balboa, PH Grand Bay Tower, (Unibank), Piso 4, Office 401, Panama City, Republic of Panama.

IHC has not appointed a transfer agent and registrar.

MATERIAL CONTRACTS OF IHC

The following are the only material contracts entered into by IHC within two years prior to the date of this Prospectus which are currently in effect and considered to be currently material:

1. The Panama Equities Agreement. See "*Information Concerning IHC - History of IHC*".
2. The Second Multibank Agreement. See "*Information Concerning IHC - History of IHC*".
3. The Panama Equities Amendment. See "*Information Concerning IHC - History of IHC*".

4. The DV FZE Agreement. See “*Information Concerning IHC - History of IHC*”.
5. The Dale Agreement. See “*Information Concerning IHC - History of IHC*”.
6. The Fonestar Agreement. See “*Information Concerning IHC - History of IHC*”.
7. The Definitive Agreement. See “*The Proposed Qualifying Transaction – Definitive Agreement*”.

Copies of material contracts will be available for inspection without charge at the business office of IHC at Office 410, 4th Floor, Peninsula Center Building, Ave. Centenario, Costa del Este, Panama City, Panama, or at the Toronto offices of Garfinkle Biderman LLP, counsel to IHC, at Suite 801, 1 Adelaide Street East, Toronto, Ontario, Canada, M4C 2V9, during ordinary business hours from the date hereof until the completion of the Proposed Qualifying Transaction.

Following the completion of the Proposed Qualifying Transaction, these documents will be filed electronically and may be accessed under the Resulting Issuer’s profile at www.sedar.com.

EXPERTS

See “*Information Concerning the Resulting Issuer – Experts*”.

INFORMATION CONCERNING THE PROPOSED QUALIFYING TRANSACTION

The Company has identified the Proposed Qualifying Transaction with IHC as an appropriate transaction for the purpose of completing its Qualifying Transaction as required under the CPC Policy. The Proposed Qualifying Transaction will be completed by way of the Share Exchange pursuant to the Definitive Agreement, pursuant to which the Company will acquire all issued and outstanding IHC Shares and IHC will become a wholly owned subsidiary of the Company. See “*The Proposed Qualifying Transaction – The Business Combination and the Definitive Agreement*”.

The completion of the Proposed Qualifying Transaction is subject to, among other things, prior satisfaction or waiver of a number of conditions, including the Exchange’s conditional acceptance of the Proposed Qualifying Transaction, completion of (i) the Company Consolidation, (ii) the Concurrent Financing, (iii) Amalgamation; (iv) the IHC Debt Assumption, (v) the Holdco Debt Conversion, (vi) the Notes Conversion, (vii) Share Exchange (viii) appointment of IHC Nominees, (ix) the Name Change, and (x) the satisfaction or waiver of other conditions in a transaction of similar nature. Upon completion of the Proposed Qualifying Transaction, the Resulting Issuer is expected to meet all of the Exchange’s minimum listing requirements for a Tier 2 issuer. See “*The Proposed Qualifying Transaction – Shareholder Approval*” and “*The Proposed Qualifying Transaction – Regulatory Approval*”.

The Proposed Qualifying Transaction does not constitute a Non-Arm’s Length Qualifying Transaction pursuant to the definition of such term in the CPC Policy. Consequently, the Proposed Qualifying Transaction does not require any approval of the Company Shareholders. However, the approval of the Company Shareholders of, among other things, the Name Change, the Company Consolidation, and the adoption of the Resulting Issuer Omnibus Plan are conditions to the Closing. See “*The Proposed Qualifying Transaction – The Business Combination and the Definitive Agreement*”.

THE BUSINESS COMBINATION AND THE DEFINITIVE AGREEMENT

The Proposed Qualifying Transaction is structured as the Share Exchange pursuant to the Definitive Agreement entered into April 14, 2023 among the Company, IHC and Holdco, pursuant to which the Company will acquire all of the issued and outstanding IHC Shares from Holdco and will issue to Holdco one Consideration Share for each one Holdco Common Share issued and outstanding as at immediately prior to the Closing, subject to any adjustments. Following which, Holdco will distribute the Consideration Shares to the Holdco Shareholders. As a result of the Share Exchange, the Resulting Issuer will become the sole shareholder of IHC Panama, Holdco Shareholders will become the majority shareholders of the Company and Holdco will dissolve.

Pursuant to the Definitive Agreement, the deemed value ascribed to each Consolidation Share shall be US\$3.62 (based on the issued and outstanding Common Shares post-Company Consolidation). Upon completion of the Business Combination, and subject to the seed share resale rules of the Exchange, it is expected that the Company Shareholders and former Holdco Shareholders will hold freely tradable shares of the Resulting Issuer listed on the Exchange, with the exception of Insiders of the Company and IHC and others who will be subject to escrow provisions under the TSXV Policies.

The Proposed Qualifying Transaction will occur sequentially in the following stages:

1. *Company Meeting.* Prior to the completion of, and as a condition to, the Proposed Qualifying Transaction, the Company will hold the Company Meeting to approve the Company Meeting Matters. See the “*Proposed Qualifying Transaction – Company Meeting*”.
2. *Company Consolidation.* Prior to the completion of, and as a condition to, the Proposed Qualifying Transaction, the Company will effect the Company Consolidation. See “*The Proposed Qualifying Transaction – Company Consolidation*”.
3. *Closing of the Concurrent Financing.* Finco and IHC will close the Concurrent Financing, satisfying a condition to completion of the Proposed Qualifying Transaction. For more information, see “*The Proposed Qualifying Transaction – Concurrent Financing*”.
4. *Company Amalgamation.* Prior to the completion of, and as a condition to, the Proposed Qualifying Transaction, the Company, Subco and Finco will complete the Amalgamation. See “*The Proposed*

Qualifying Transaction – Company Amalgamation”.

5. *IHC Debt Assumption.* Prior to the completion of, and as a condition to, the Proposed Qualifying Transaction, IHC and Holdco will effect the IHC Debt Assumption. See “*The Proposed Qualifying Transaction – IHC Debt Assumption.*”
6. *Holdco Debt Conversion.* Prior to the completion of, and as a condition to, the Proposed Qualifying Transaction, Holdco will complete the Holdco Debt Conversion. See “*The Proposed Qualifying Transaction – Holdco Debt Conversion*”.
7. *Notes Conversion.* Prior to the completion of, and as a condition to, the Proposed Qualifying Transaction, Holdco will complete the Notes Conversion. See “*The Proposed Qualifying Transaction – Notes Conversion*”.
8. *Name Change.* Immediately prior to the completion of (but after receiving the final receipt for the Prospectus from the Ontario Securities Commission, conditional listing letter from the Exchange, and satisfaction of other certain conditions of the Proposed Qualifying Transaction), and as a condition to, the Proposed Qualifying Transaction, the Company will change its name to “Impact Development Group Inc.” See “*The Proposed Qualifying Transaction – Name Change*” and “*The Proposed Qualifying Transaction – Conditions to the Proposed Qualifying Transaction Becoming Effective*”.
9. *Share Exchange.* Prior to the completion of, and as a condition to, the Proposed Qualifying Transaction, Holdco and the Company will complete the Share Exchange. Any convertible securities outstanding of IHC or Finco will be exchanged for an equivalent number of convertible securities of the Resulting Issuer on equivalent terms and conditions. See the “*Proposed Qualifying Transaction – Share Exchange*”.
10. *Completion of the Proposed Qualifying Transaction.* Once the Name Change and the Business Combination are complete, the Proposed Qualifying Transaction shall be deemed completed.

Definitive Agreement

The Definitive Agreement contains covenants, representations and warranties of and from each of the Company, IHC and Holdco and various conditions precedent, both mutual and with respect to each entity.

The following is a summary of certain provisions of the Definitive Agreement, which is qualified in its entirety by reference to the full text of the Definitive Agreement, a copy of which is will be filed under the Resulting Issuer’s profile on SEDAR.

Representations, Warranties, and Covenants

The Definitive Agreement contains customary representations and warranties made by each of the Company and IHC. Those representations and warranties were made solely for the purposes of the Definitive Agreement and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating its terms.

Moreover, some of the representations and warranties contained in the Definitive Agreement are qualified by knowledge or by reference to a contractual standard of materiality (including a Material Adverse Effect) that may be different from that generally applicable to public disclosure to shareholders, or those standards used for the purpose of allocating risk between parties to an agreement. The representations and warranties provided by each of the Company, IHC and Holdco relate to, among other things: their valid incorporation and existence authorized capital and outstanding securities, authority and capacity to enter into the Definitive Agreement, no material defaults under any contracts, agreements or licenses, and an absence of certain material changes and litigation.

Holdco provided certain representations and warranties regarding ownership of its IHC Shares and certain other matters consistent with agreements of this nature.

In addition, the Definitive Agreement contains customary affirmative and negative covenants whereby, among other things, each of the Company and IHC covenants to maintain their respective businesses and not take certain actions

outside the ordinary course until the Closing Date or the termination of the Definitive Agreement, and to use commercially reasonable efforts to satisfy certain conditions precedent to their respective obligations under the Definitive Agreement.

Conditions to the Proposed Qualifying Transaction Becoming Effective

The respective obligations of the Company and IHC to complete the Proposed Qualifying Transaction are subject to the satisfaction or waiver of certain conditions on or before the time of Closing, including the conditions described below.

Mutual Conditions

The completion of the Proposed Qualifying Transaction is subject to certain conditions given by each of the Company, IHC and Holdco for their respective benefit are as follows:

- (a) receipt by the other party of all corporate, shareholder, and regulatory approvals necessary in order for such party to perform its obligations under the Definitive Agreement and complete Proposed Qualifying Transaction;
- (b) completion of the Concurrent Financing including the satisfaction or waiver of the Escrow Release Conditions;
- (c) delivery of certain certificates by officers;
- (d) representations and warranties remaining true;
- (e) completion of (i) the Company Consolidation, (ii) the Concurrent Financing, (iii) Amalgamation; (iv) the IHC Debt Assumption, (v) the Holdco Debt Conversion, (vi) the Notes Conversion, (vii) Share Exchange, (viii) appointment of IHC Nominees, and (ix) the Name Change;
- (f) receipt of a conditional acceptance from the Exchange of the Proposed Qualifying Transaction, including that confirming that the Resulting Issuer satisfies the minimum listing requirements of the Exchange for a Tier 2 issuer, the acceptance of the Prospectus for filing and approval of the Listing;
- (g) receipt from the Ontario Securities Commission of the final Prospectus;
- (h) absence of legal or regulatory proceedings to restrict, prohibit, or enjoin the Business Combination; and
- (i) absence of termination of the Definitive Agreement pursuant to its terms.

Conditions in Favour of the Company

Conditions precedent for the benefit of the Company are as follows:

- a) Holdco shall have taken all necessary steps to complete the IHC Debt Assumption, the Holdco Debt Conversion, and the Notes Conversion prior to Closing;
- b) Holdco shall use all commercially reasonable efforts to have certain Holdco Shareholder to enter into the Value Securities Escrow Agreement;
- c) all representation and warranties of IHC and Holdco shall remain true;
- d) all covenants of IHC and Holdco shall be performed or complied with on or before the Closing Date;
- e) all compliance with the securities law in jurisdiction outside of Canada shall have been satisfied;
- f) IHC shall use all commercially reasonable efforts to maintain and preserve its business, affairs, financial

condition and operations;

- g) Holdco and IHC shall have delivered or cause to be delivered to the Company the share certificates representing IHC Shares, certified copies of resolutions of the board of directors of IHC and Holco approving the entering into and completion of the Proposed Qualifying Transaction, complete copies of the IHC Financial Statements, and consents to act as directors from the IHC Nominees;
- h) lack of Material Adverse Effect in the affairs of IHC;
- i) Holdco shall transfer of all of the issued and outstanding IHC Shares at the Closing Time;
- j) immediately following Closing, Holdco will have no outstanding convertible securities, agreements or obligations for the exercise, conversion or issuance of IHC Shares; and
- k) IHC shall not have taken any action which may interfere with or be inconsistent with the successful completion of the Qualifying Transaction.

Conditions in Favour of IHC and Holdco

Conditions precedent for the benefit of IHC and Holdco are as follows:

- a) the Company shall have taken all necessary steps to complete the Concurrent Financing, the Company Consolidation and the Amalgamation prior to Closing;
- b) all representation and warranties of the Company shall remain true;
- c) all covenants of the Company shall be performed or complied with on or before the Closing Date;
- d) the Company shall have taken all necessary steps to elect the five new directors to the Resulting Issuer Board, appoint the new executive officers and implement the Name Change;
- e) the Company shall have a minimum of \$75,000 of cash on the Closing Date;
- f) other than statute barred liabilities, on the Closing Date, the Company shall have no liabilities or indebtedness;
- g) the Company shall have delivered or cause to be delivered to the Company the share certificates representing IHC Shares, certified copies of resolutions of the board of directors of IHC and Holco approving the entering into and completion of the Proposed Qualifying Transaction, complete copies of the IHC Financial Statements, and consents to act as directors from the IHC Nominees.
- h) lack of Material Adverse Effect in the affairs of the Company; and
- i) the Company shall have taken all necessary steps to file the Prospectus.

Non-Solicitation and Standstill

From the date of the Definitive Agreement until the Closing Date or the earlier termination of the Definitive Agreement, each of the Company, IHC, and Holdco have agreed not to directly or indirectly, solicit, initiate, assist, facilitate, promote or encourage proposals or offers from, entertain or enter into discussions or negotiations with, or provide information relating to its securities or assets, business, operations, affairs or financial condition to any persons in connection with the acquisition or distribution of any securities of IHC, or the Company, or any amalgamation, merger, consolidation, arrangement, restructuring, refinancing, sale of any material assets of IHC or the Company, unless such action, matter or transaction is part of the transactions contemplated in the Definitive Agreement or is satisfactory to, and is approved in writing in advance by the parties thereto or is necessary to carry business in the normal course.

Termination

The Definitive Agreement may be terminated at any time prior to the Closing Date:

- (a) by mutual written consent of the parties;
- (b) by either IHC or the Company, if there has been a misrepresentation, breach or non-performance by the breaching party of any representation, warranty, covenant or obligation contained in the Definitive Agreement, which could reasonably be expected to have a Material Adverse Effect on the terminating party, provided the breaching party has been given notice of and 10 days to cure any such misrepresentation, breach or non-performance;
- (c) by either party, if its conditions to the Closing cannot be satisfied through no fault of the terminating party prior to the outside date; or
- (d) by either party, if another party: (i) neither satisfied nor has the terminating party waived each of the respective conditions precedent; or (ii) failed to deliver or cause to be delivered any of its respective documents required to be delivered, in each case prior to the Closing in accordance with the condition precedents provisions.

In the event of the termination of the Definitive Agreement in the circumstances set out above, the Definitive Agreement will forthwith become void and no party shall have any liability or further obligations to the other parties to the Definitive Agreement.

Initial Share Capitalization

Prior to the completion of the Proposed Qualifying Transaction, or any of the steps associated with it, there were 100 IHC Shares issued and outstanding. Meanwhile, Holdco had 100 Holdco Management Shares issued and outstanding.

Company Meeting

The Company will held a meeting of shareholders where the Company Shareholders will be asked to approve (i) the election of the IHC Nominees, subject to and effective as at completion of the Proposed Qualifying Transaction; (ii) the appointment of MNP LLP as the auditor of the Company; (iii) the Name Change, subject to and effective as at completion of the Proposed Qualifying Transaction; (iv) the adoption of Resulting Issuer Omnibus Plan, and (v) the Company Consolidation.

Company Consolidation

The Company will complete a consolidation whereby the Company will consolidate 5,220,000 Common Shares on a 1:26.0903 ratio (the “**Company Consolidation**”). Following the Company Consolidation, the capital structure of the Company is expected to be consisted of 220,079 Common Shares, inclusive of the Advisor A Shares discussed below. See “*The Proposed Qualifying Transaction – Advisor Fee*”.

Concurrent Financing

In connection with and as a condition of the Proposed Qualifying Transaction, Finco and IHC will complete the Concurrent Financing pursuant to which Finco and IHC are, respectively, expected to issue (i) Subscription Receipts at a price of US\$3.62 per Subscription Receipt (the “**Offering Price**”), and (ii) Convertible Notes.

Pursuant to the terms of the Subscription Receipt Agreement and immediately before the Closing Time, upon satisfaction of the Escrow Release Conditions, each Subscription Receipt will automatically be converted into one (1) unit consisting of one (1) Finco Shares and one (1) Finco Warrant. Each Finco Warrant is exercisable into one (1) Finco Share at a price of US\$4.34 which will expire two (2) years following the completion of the Proposed Qualifying Transaction. The gross proceeds of the Subscription Receipts will be deposited in escrow with the Subscription Receipt Agent on behalf of the purchasers of Subscription Receipts. If the Escrow Release Conditions are not satisfied within 180 days following the closing of the Concurrent Financing, the Subscription Receipts will be cancelled, and the gross

proceeds of the Subscription Receipts will be returned to the holders of Subscription Receipts.

The Convertible Notes to be issued pursuant to the Concurrent Financing will carry 8% interest per annum and will be either (i) repayable by Holdco or (ii) convertible into units of IHC or Holdco consisting of one (1) common share and one (1) common share purchase warrant at the closing of the Business Combination.

In connection with the Concurrent Financing, Finco may pay to certain Finders, for their assistance with facilitating the Concurrent Financing, the Finders' Fee comprising of (i) 7% in cash; and (ii) 7% Finder Warrants.

On Closing, each Finco Share, Finco Warrant and Finder Warrant issued in connection with the Concurrent Financing will be exchanged 1:1 basis for Resulting Issuer Shares and Resulting Issuer Warrants, respectively, with the Resulting Issuer Warrants having the equivalent terms as Finco Warrants and Finder Warrants. See "*The Proposed Qualifying Transaction – Securities Exchange*" and "*The Proposed Qualifying Transaction – Definitive Agreement*".

For greater clarity, the Resulting Issuer Shares received by purchasers of Subscription Receipts will not have any resale restrictions immediately after the Closing.

Following Completion of the Qualifying Transaction, the Resulting Issuer proposes to spend the net proceeds of the Concurrent Financing as disclosed in this Prospectus. See "*Information Concerning the Resulting Issuer – Available Funds and Principal Uses*".

Company Amalgamation

The Company, Finco, and Subco will complete the Amalgamation pursuant to the Amalgamation Agreement, with Amalco.

IHC Debt Assumption

Holdco and IHC will complete a debt assumption pursuant to which Holdco will assume approximately US\$23,619,348 of IHC's indebtedness to certain creditors (the "**IHC Debt Assumption**").

Holdco Debt Conversion

Holdco will complete a conversion of certain debt, whereby Holdco will settle approximately US\$34,661,821 of indebtedness with certain creditors by issuing an aggregate of 9,628,235 Holdco Common Shares at a deemed price of US\$3.60 per Holdco Common Share (the "**Holdco Debt Conversion**"). As part of the Holdco Debt Conversion, Holdco will cancel all of the issued and outstanding Holdco Management Shares. Prior to the Holdco Debt Conversion there are nil Holdco Common Shares issued and outstanding and 100 Holdco Management Shares issued and outstanding. Following the Holdco Debt Conversion, there will be 9,628,235 Holdco Common Shares issued and outstanding and nil Holdco Management Shares issued and outstanding.

Notes Conversion

Holdco will complete an unsecured notes conversion pursuant to which it is expected to convert certain Promissory Notes by issuing an aggregate of 2,222,211 Holdco Common Shares at a deemed price of US\$15.00 per Holdco Common Share (the "**Notes Conversion**"). Prior to the Notes Conversion and assuming the completion of the Holdco Debt Conversion, there will be 2,222,211 Holdco Common Shares issued and outstanding. Following the Notes Conversion, there will be 11,850,446 Holdco Common Shares issued and outstanding.

Share Exchange

Holdco will sell all of the issued and outstanding IHC Shares to the Company in consideration for such number of Company Consolidation Shares (the "**Consideration Shares**") as equal to the number of issued and outstanding Holdco Common Shares as at immediately prior to the Closing on the basis of 1:1 exchange ratio. The Holdco Common Shares and Consideration Shares are expected to be sold at a price of US\$3.62 per share. Following the Share Exchange, the Company will hold 100 IHC Shares, representing 100% of the issued and outstanding IHC Shares, Holdco Shareholders will hold nil IHC Shares and 11,850,446 Company Consolidation Shares representing

89.94% of the issued and outstanding Company Consolidation Shares.

Advisor Fee

In connection with the Proposed Qualifying Transaction, the Company anticipates paying a finder's fee to Advisor A representing an aggregate amount of \$100,000 (the "Advisor A Fee") through the issuance of 20,007 Company Consolidation Shares at a price of US\$3.62 per Company Consolidation Share in consideration for services provided by Advisor A to the Company for facilitating the Proposed Qualifying Transaction.

Name Change

Immediately prior to the Closing, it is expected that the Company will file Articles of Amendment to change its name to "Impact Development Group Inc.". The Name Change is subject to approval by the Company Shareholders and the Exchange. At the Company Meeting, the Company Shareholders will be asked to approve, among other things, the Name Change.

Shareholder Approval

The Proposed Qualifying Transaction does not constitute a Non-Arm's Length Qualifying Transaction (as defined by the CPC Policy) and does not require the approval of the Company Shareholders. However, IHC's obligations to complete the Business Combination are conditional upon approval of the Company Meeting Matters. The Company will hold the Company Meeting prior to the Closing, at which the Company Shareholders will be asked to approve the Company Meeting Matters.

Regulatory Approval

The Definitive Agreement provides that receipt of all regulatory, governmental and third-party approvals and consents as a condition precedent to the Business Combination becoming effective. The Proposed Qualifying Transaction (including the Name Change) are subject to the approval of the Exchange. Listing of the Resulting Issuer Shares to be issued in connection with the Proposed Qualifying Transaction is subject to the Company fulfilling all of the listing requirements of the Exchange. This Prospectus is also subject to the approval of certain provincial securities regulatory authorities.

Effect of the Proposed Qualifying Transaction and Concurrent Financing

In connection with the completion of the Proposed Qualifying Transaction:

1. all of the Subscription Receipts will be converted to Finco Shares and Finco Warrants, in accordance with their terms, resulting in the issuance of 1,104,972 Resulting Issuer Shares and 1,104,972 Resulting Issuer Warrants, assuming the minimum Concurrent Financing;
2. all of 11,850,446 Holdco Common Shares outstanding immediately prior to the Closing will be cancelled and in consideration therefore, each Holdco Shareholders will receive one (1) Resulting Issuer Share per one (1) Holdco Common Share;
3. all of 100 Holdco Management Shares outstanding immediately prior to the Closing will be cancelled;
4. there will be 13,175,497 Resulting Issuer Shares outstanding, on an undiluted basis, of which:
 - a. current Company Shareholders will hold 200,072 Resulting Issuer Shares, representing approximately 1.52% of the outstanding Resulting Issuer Shares;
 - b. former holders of Subscription Receipts will hold 1,104,972 Resulting Issuer Shares, representing approximately 8.39% of the outstanding Resulting Issuer Shares;
 - c. former Holdco Shareholders will hold 11,850,446 Resulting Issuer Shares, representing approximately 89.94% of the outstanding Resulting Issuer Shares; and

- d. Advisor A will hold 20,007 Resulting Issuer Shares, representing approximately 0.15% of the outstanding Resulting Issuer Shares;
5. each convertible security of Finco outstanding immediately prior to the Closing, including the Finder Warrants, and Finco Warrants, if any, will be exchanged for one comparable convertible security of the Resulting Issuer, and each such convertible security of Finco shall be cancelled upon exchange;
6. all of the directors of the Company will have resigned, and the IHC Nominees will become directors of the Resulting Issuer;
7. all of the officers of the Company will have resigned and been replaced by officers appointed by Resulting Issuer Board;
8. the Resulting Issuer Shares will be listed on the Exchange, and will be freely tradeable in Canada, except for: (i) Resulting Issuer Shares held by Insiders of the Company and Principals of the Resulting Issuer, which are subject to escrow pursuant to Exchange Policy 5.4; and (ii) Resulting Issuer Shares subject to escrow pursuant to the CPC Escrow Agreement; and
9. the corporate name of the Resulting Issuer will be “Impact Development Group Inc.”

INFORMATION CONCERNING THE RESULTING ISSUER

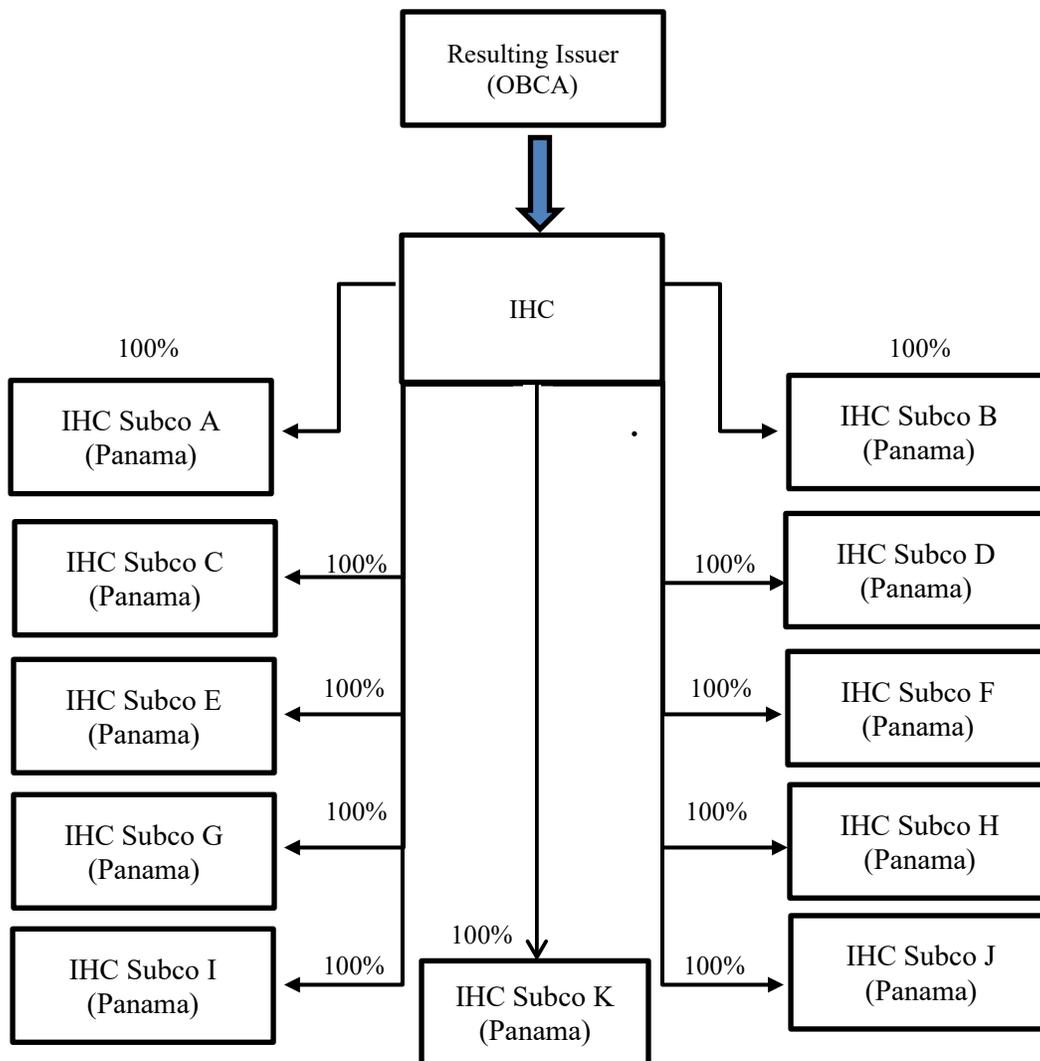
CORPORATE STRUCTURE

Name and Incorporation

The Resulting Issuer is expected to be named “Impact Development Group Inc.” or another name that is acceptable to IHC and to applicable regulatory authorities. It shall remain incorporated pursuant to the OBCA and will have its registered office at Suite 801, 1 Adelaide Street East, Toronto, Ontario, Canada, M5C 2V9, and its head office will be located at Office 410, 4th Floor, Peninsula Center Building, Ave. Centenario, Costa del Este, Panama City, Republic of Panama.

Intercorporate Relationships

The following chart displays the intercorporate relationships between the Resulting Issuer and its material subsidiaries following the Completion of the Qualifying Transaction.



BUSINESS OF THE RESULTING ISSUER

Following the completion of the Proposed Qualifying Transaction, the Resulting Issuer will carry on the business of IHC and use the funds available to it as stated in this Prospectus. The Resulting Issuer plans to continue with IHC's business plan. See "Information Concerning IHC – Narrative Description of the Business" and "Information Concerning the Resulting Issuer – Available Funds and Principal Uses".

AVAILABLE FUNDS AND PRINCIPAL USES

Available Funds

The funds that are expected to be available to the Resulting Issuer inclusive of proceeds raised from the minimum Concurrent Financing and giving effect to the Proposed Qualifying Transaction are described in the following table.

Source of funds	Amount (\$)
Estimated working capital of IHC ⁽¹⁾	10,045,978
Estimated working capital of the Company ⁽²⁾	189,000
Gross proceeds of Concurrent Financing, assuming the minimum Concurrent Financing ⁽³⁾	5,380,000
Estimated fees and expenses of the minimum Concurrent Financing and Proposed Qualifying Transaction ⁽⁴⁾	481,375
Total⁽⁵⁾	15,133,604

Notes:

- (1) Includes working capital (calculated as current assets less current liabilities) as at February 28, 2023, based on unaudited internal estimates prepared by the management of IHC, being US\$7,469,129 and converted to C\$ at the prevailing exchange rate of US\$1.00 = C\$1.3450.
- (2) Includes working capital (calculated as current assets less current liabilities) as at February 28, 2023, based on unaudited internal estimates prepared by the management of the Company.
- (3) Minimum Concurrent Financing of US\$4 million converted to C\$ at the prevailing exchange rate of US\$1.00 = C\$1.3450.
- (4) Includes expected fees, expenses, and cash commissions incurred in connection with the Concurrent Financing of approximately \$394,805, assuming listing, transfer agent, Subscription Receipt Agent, escrow, legal, and other miscellaneous fees. US\$357,900 converted to C\$ at the prevailing exchange rate of US\$1.00 = C\$1.3450.
- (5) Represents approximately US\$11,251,750 converted to C\$ at the prevailing exchange rate of US\$1.00 = C\$1.3450 for the purposes of Principal Use of Available Funds and Milestones.

Principal Uses of Available Funds

The following table sets forth the proposed use of available funds by the Resulting Issuer in order of priority following the completion of the Proposed Qualifying Transaction:

Use of funds	Amount (US\$)
Infrastructure ⁽¹⁾	2,550,000
Housing Development – Santiago phase 4 and 5 ⁽²⁾	3,140,000
Housing Development – Santiago phase 6/7 ⁽³⁾	830,000
Housing Development – Santiago phase 8 ⁽⁴⁾	1,870,000
Equipment ⁽⁵⁾	490,000
General Working Capital ⁽⁶⁾	2,371,750
	11,251,750

Notes:

- (1) Budgeted costs for the completion of key site infrastructure supporting the development of phase 6, Phase 7/8 and La Reserva 2 at the Santiago Project.
- (2) Budgeted costs attributable to complete the housing development in phase 4/5 at the Santiago Project through Q4 2023.
- (3) Budgeted costs for the initiation and initial build out of homes in phase 6/7 at the Santiago Project through Q2 2024.
- (4) Budgeted costs for the initiation and initial build out of homes in phase 8 at the Santiago Project through Q1 2024.
- (5) Equipment budget, including new molds, for existing and legacy project phases.
- (6) Reserved for talent acquisition, settlement of certain current liabilities including short term debt, exploration of international expansion opportunities and initial planning stages for commercial development at the Santiago project.
- (7) Reserved for talent acquisition and general working capital needs of IHC through Q4 2024.

Business Objectives

General

The Resulting Issuer intends to further the business objectives and pursue the growth strategy described in “IHC – Description of the Business”. Principal objectives include:

- Completion of construction of phase 4 and 5 at the Santiago Project.
- Completion of the sale of inventory at the existing development phases at the Santiago Project and Reserva Project by end of Q1 2024.
- Commence new development phases at existing properties.
- Design new phases at newly acquired property adjacent to the Santiago Project.
- Initial development of new model home designs.
- Expand operations to commercial real estate development, specifically, to complement IHC’s existing housing developments.

Milestones

The following significant events should occur for the stated business objectives disclosed above to be accomplished. The specific time periods in which each event is targeted to occur and the costs currently estimated concerning each event are listed below:

Milestone	Cost to Complete (US\$)	Target Completion Date
Infrastructure completion of phase 4 and phase 5 of the Santiago Project	654,478	Q2 2023
Initial Infrastructure completion of phase 6,7,8 of the Santiago Project	339,500	Q3 2023
		Q4 2023
Develop and complete housing buildout of phase 4 and phase 5 of the Santiago Project	3,568,822	Q2 2024
Initial development of housing buildout for phase 6,7 of the Santiago Project	1,116,350	
Initial development of housing buildout for phase 8 of the Santiago Project	2,515,150	Q1 2024
General infrastructure work	800,000	Q2 2024
	8,994,300	

DIVIDENDS OR DISTRIBUTIONS

The Resulting Issuer intends to direct its cash towards the development of its business and the identification and evaluation of assets or businesses, and does not expect to declare or pay any dividends or distributions in the foreseeable future. There will be no restrictions precluding the Resulting Issuer from declaring any dividends or distributions on the Resulting Issuer Shares.

DESCRIPTION OF SECURITIES

The attributes of the Resulting Issuer Common Shares will be the same as the Common Shares and will not change as a result of the Proposed Qualifying Transaction. See “The Company – Description of Securities”.

OPTIONS TO PURCHASE SECURITIES

Upon completion of the Proposed Qualifying Transaction, there will be 11,498 Resulting Issuer Options to purchase Resulting Issuer Shares outstanding. No grants of options are planned prior to or in connection with Closing of the Proposed Qualifying Transaction.

The following table describes the Resulting Issuer Options that will be held by the officers, directors, employees and

consultants of the Resulting Issuer upon completion of the Proposed Qualifying Transaction.

Holder	Number of Optionees	Resulting Issuer Shares Underlying Options	Exercise Price	Expiry Date
Executive Officers and Former Executive Officers ⁽¹⁾	1	3,833 ⁽¹⁾	\$0.10	August 26, 2026
Directors (other than those who are also Executive Officers) and Former Directors	2	7,666 ⁽²⁾	\$0.10	August 26, 2026
Other Current and Former Employees	Nil	Nil	Nil	Nil
Consultants	Nil	Nil	Nil	Nil
Total	3	11,499		

Notes:

(1) Held by Jason Smart, the former CEO, CFO, and director of the Company. Represented on a post-Company Consolidation basis.

(2) Both Edward (Ted) Yew and Brian Morales, former directors of the Company held 3,833 each, represented on a post-Company Consolidation basis.

Resulting Issuer Omnibus Plan

Upon Completion of the Qualifying Transaction, the Resulting Issuer will adopt the Resulting Issuer Omnibus Plan, subject to certain amendments which were approved at the Company Meeting. The maximum number of Resulting Issuer Shares that may be reserved for issuance under the Resulting Issuer Omnibus Plan is 10% of the Resulting Issuer Shares outstanding from time to time. The Resulting Issuer Omnibus Plan will be a 10% “rolling” maximum share equity incentive plan, and any increase or reduction in the number of outstanding Resulting Issuer Shares will result in an increase or reduction, respectively, in the number of Resulting Issuer Shares that are available to be issued under the Resulting Issuer Omnibus Plan. The material features of the Resulting Issuer Omnibus Plan are described below.

- If an award expires or otherwise terminates for any reason without having vested or exercised, the Resulting Issuer Shares that were reserved in respect of the expired or terminated award will again be available for new grants pursuant to the Resulting Issuer Omnibus Plan.
- The Resulting Issuer Omnibus Plan may be terminated by the Resulting Issuer Board at any time, but such termination will not alter the terms or conditions of any awards granted prior to the date of such termination. Any awards outstanding when the Resulting Issuer Omnibus Plan is terminated will remain in effect until they are exercised or expire or are otherwise terminated in accordance with the provisions of the Resulting Issuer Omnibus Plan.
- The Resulting Issuer Omnibus Plan provides that it is solely within the discretion of the Resulting Issuer Board to determine who should receive awards and in what amounts. The Resulting Issuer Board may issue a majority of the awards to Insiders of the Resulting Issuer. However, in no case will the issuance of Resulting Issuer Shares upon the exercise of awards granted under the Resulting Issuer Omnibus Plan result in:
 - The total number of awards granted to any one individual in any 12-month period shall not exceed 5% of the issued and outstanding Resulting Issuer Shares of the Resulting Issuer at the date of grant (unless the Resulting Issuer has obtained disinterested shareholder approval);
 - The total number of awards granted to any Insiders of the Resulting Issuer shall not exceed 10% of the issued and outstanding Resulting Issuer Shares in any 12-month period, calculated at the date of grant; and
 - The total number of awards granted to all persons who perform investor relations activities for the Resulting Issuer shall not exceed 2% of the issued and outstanding Resulting Issuer Shares in any 12-month period, calculated at the date of grant.
- The term of any Resulting Issuer Option will be fixed by the Resulting Issuer Board at the time of grant,

provided that such term shall not exceed 10 years from the grant date. Unless otherwise determined by the Resulting Issuer Board, if a holder of Resulting Issuer Options ceases to be a director, officer, employee or consultant of the resulting Issuer or a Subsidiary (a “Participant”) for any reason other than death, any unvested Resulting Issuer Options held by that person may be exercised within 90 days.

- The exercise price of Resulting Issuer Options shall be determined by the Resulting Issuer Board in its sole discretion and announced on the grant date, provided that it shall not be less than the Discounted Market Price (as defined in the Exchange policies) or, if the Resulting Issuer Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the Resulting Issuer Shares are listed or quoted for trading.
- In no case will a Resulting Issuer Option be exercisable at a price less than the minimum prescribed by each of the organized trading facilities or the applicable regulatory authorities that would apply to the award of the Resulting Issuer Option in question.
- Any awards granted under the Resulting Issuer Omnibus Plan may not be assigned or transferred.
- All certificates representing Resulting Issuer Options will be so legended, provided however that the personal representatives of a Participant may exercise the Resulting Issuer Option prior to the expiry date. Resulting Issuer Shares will not be issued pursuant to Resulting Issuer Options granted under the Resulting Issuer Omnibus Plan until they have been fully paid for.
- The Resulting Issuer Omnibus Plan will include provisions relevant to the treatment of awards granted under Panamanian tax laws.

PRO FORMA CONSOLIDATED CAPITALIZATION OF THE RESULTING ISSUER

The following table sets forth the pro forma consolidated capitalization of the Resulting Issuer before and after giving effect to the Proposed Qualifying Transaction, taking into account, the completed Company Consolidation, Holdco Debt Conversion, Notes Conversion, , and the Concurrent Financing. The table should be read in conjunction with the pro forma financial statements of the Resulting Issuer and the notes thereto included in this Prospectus. See “Financial Statements”.

Designation of security ⁽¹⁾	Amount authorized or to be authorized	Outstanding after giving effect to the Proposed Qualifying Transaction and assuming the minimum Concurrent Financing (unaudited)
Resulting Issuer Shares	Unlimited	13,175,497

Notes:

(1) Certain securities of the Resulting Issuer will be subject to escrow. See “Information Concerning the Resulting Issuer– Escrowed Securities”.

Pro Forma Fully-Diluted Capitalization of the Resulting Issuer

In addition to the information set out in the capitalization table above, the following table sets out the pro forma fully-diluted share capital of the Resulting Issuer after giving effect to the Business Combination and the Concurrent Financing:

Designation of security	Held After Giving Effect to the Business Combination and assuming the minimum Concurrent Financing ⁽¹⁾	
	Shares	% of fully-diluted total
Company Shareholders after giving effect to the Company Consolidation, the Concurrent Financing and payment of Advisor A Shares	1,325,051	8.04%
Holdco Shareholders after giving effect to the Holdco Debt Conversion, Notes Conversion and	11,850,446	75.18%

Share Exchange		
Total	13,750,497⁽²⁾	100%
Shares issuable upon exercise of the Resulting Issuer Warrants	1,111,779 ⁽³⁾	7.05%
Shares issuable upon exercise of the Resulting Issuer Options	11,499 ⁽⁴⁾	0.07%
Shares issuable upon exercise of the Resulting Issuer RSUs	1,463,944 ⁽⁵⁾	9.29%
Total Resulting Issuer Shares Reserved for Issuance	2,578,222	16.41%
Total Number of Fully Diluted Resulting Issuer Shares	15,762,719	100%

Notes:

- (1) Certain securities of the Resulting Issuer will be subject to escrow. See “*Information Concerning the Resulting Issuer– Escrowed Securities*”.
- (2) Includes: (i) 220,079 Company Consolidation Shares; (ii) 11,850,446 to be issued to the IHC Shareholder in exchange for the IHC Shares; (iii) 1,104,972 to be issued to the shareholders of Finco in exchange for Finco Shares; and (iv) 20,040 to be issued to Advisor A.
- (3) Includes (i) 1,104,972 Finco Warrants, (ii) 77,348 FINDER Warrants, and (iii) 6,820 Haywood Warrants.
- (4) Amount to be authorized under the Resulting Issuer Omnibus Plan. The aggregate number of Resulting Issuer Shares authorized for reservation pursuant to grants of the Resulting Issuer Options may not exceed 10% of the Resulting Issuer Shares at the time of grant;
- (5) Resulting Issuer RSUs under the Resulting Issuer Omnibus Plan may not exceed 10% of the Resulting Issuer Shares. Includes (i) 1,197,772 Resulting Issuer RSUs anticipated to be granted to the management of the Resulting Issuer and (ii) 266,172 anticipated to be granted to certain employees of the Resulting Issuer.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company and IHC, it is anticipated that no shareholders will beneficially own, or control or direct, directly or indirectly, voting securities carrying ten percent or more of the voting rights attached to any class of voting securities of the Resulting Issuer upon completion of the Business Combination except for the following:

Name and Municipality of Residence	Type of Ownership	After giving effect to the Proposed Qualifying Transaction and assuming the minimum Concurrent Financing	
		Number of Resulting Issuer Shares	Percentage of Resulting Issuer Shares ⁽¹⁾
Dale Ventures Pte Ltd. <i>Dubai, United Arab Emirates</i>	Registered	8,192,328 ⁽²⁾	62.25%
Oscar Hilt Tatum IV <i>Dubai, United Arab Emirates</i>	Registered	2,305,470 ⁽⁴⁾	17.52%

Notes:

- (1) See “*Information Concerning the Resulting Issuer – Pro Forma Fully-Diluted Capitalization of the Resulting Issuer*”. Percentage based on 13,175,497 Resulting Issuer Shares outstanding on a pro forma basis after giving effect to the Proposed Qualifying Transaction, assuming the minimum Concurrent Financing. See “*Information Concerning the Resulting Issuer – Pro Forma Fully-Diluted Capitalization of the Resulting Issuer*”.
- (2) Dale Ventures, a corporation controlled by Dale Wood, holds, directly or indirectly an aggregate of 8,192,328 Resulting Issuer Shares.
- (3) Oscar Hilt Tatum IV holds (i) 537,022 Resulting Issuer Shares through Quant Analytic Technologies, and (ii) 1,577,523 Resulting Issuer Shares through directly.

DIRECTORS AND EXECUTIVE OFFICERS OF THE RESULTING ISSUER

The following table sets out, for each proposed directors and executive officers of the Resulting Issuer, the person’s name, province or state and country of residence, proposed position(s), and principal occupation. Directors of the Resulting Issuer will hold office from the closing and, unless re-elected, will retire from office at the end of the next annual meeting of Resulting Issuer Shareholders.

Name and Province or State and Country of	Position to be held with the Resulting Issuer	Principal Occupation, Business or Employment	Number of Resulting Issuer Shares owned or
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Residence		for the Last Five Years	controlled, assuming completion of the Proposed Qualifying Transaction and minimum Concurrent Financing
Thomas Wenz <i>Denver, Colorado, USA</i>	Chief Executive Officer and Director	Thomas Wenz, CEO, IHC (2020-2023), prior to that was CFO of Clearas Water Recovery, Inc, (2017-2020)	Nil Nil%
Swapan Kakumanu <i>Calgary, Alberta, Canada</i>	Chief Financial Officer	Partner, RTB LLP (2012 – present)	Nil Nil%
Delia Jaramillo <i>Panama City, Republic of Panama</i>	Chief Operating Officer	Financial Manager, IHC, (2016-2022); COO, IHC (2022-present)	Nil Nil%
Joshua Lebovic⁽¹⁾ <i>Toronto, Ontario</i>	Director	CEO and director of Black Swan Strategy, (2020 – present); CFO and VP Finance, Cryptologic Corp., (2018 – 2020); CFO, Venzee (2017-2018)	20,007 0.15%
Raymond D. Harari⁽¹⁾ <i>Panama City, Republic of Panama</i>	Director	Principal of Canalis Capital Group, (2018 – Present); Analyst at Credicorp Securities, (2017 – 2018); Analyst at Regency Group, (2016 – 2017)	Nil Nil%
Sophie Galper-Komet⁽¹⁾ <i>Toronto, Ontario, Canada</i>	Director	Founder, Wisdom Star (2023-present); COO, BST Canada (2019-2022); Principal, Business Scope international (2009-2018)	Nil Nil%
Oscar Hilt Tatum IV⁽²⁾ <i>Dubai, United Arab Emirates</i>	Director	Managing Partner, Qwantiv Technology Trading LLC (2021 – Present); CEO, Dale Ventures FZE (2023 – Present); CEO Impact Housing Corporation (2017 – 2020)	2,305,470 17.52%

Notes:

- (1) Proposed member of the Audit Committee.
(2) Held indirectly through Quant Analytic Technologies.

Upon completion of the Proposed Qualifying Transaction, the proposed directors and executive officers of the Resulting Issuer are expected to beneficially own, or exercise control or direction over, directly or indirectly, 2,687,038 Resulting Issuer Shares, representing 20.39% of the outstanding Resulting Issuer Shares.

Set forth below is a description of the background of the directors and executive officers of the Resulting Issuer.

For the proposed directors and executive officers of the Resulting Issuer whom are not directors and executive officers of the Company or IHC, their respective appointment to as a director or officer the Resulting Issuer, as set forth below, are contingent upon the closing of the Proposed Qualifying Transaction. Since their respective appointments will not

occur until the closing of the Proposed Qualifying Transaction and the listing of the Resulting Issuer Shares on the Exchange, the Company does not believe that the following proposed directors and officers are liable under this Prospectus as there can be no assurance that these individuals will become a director or officer of the Resulting Issuer.

Thomas Wenz, Chief Executive Officer and Director (Age 46)

Mr. Wenz has over 15 years of executive level business management and operational experience with both the corporate level and entrepreneurial start-up companies. He has extensive experience in mergers, acquisitions, debt and equity corporate transactions and experience in managing and motivating teams within high growth organizations as well as board experience in developing and managing key customer and vendor relationships, company strategy, goals, business planning, technology development and budget allocation. Mr. Wenz obtained his MBA from the University of Montana (1999).

Swapan Kakumanu, Chief Financial Officer (Age 53)

Mr. Kakumanu brings senior finance and operations experience. He has served at senior executive management levels, both in public and private companies in high growth technology, blockchain, manufacturing, trading and oil field services industries. He has held senior management roles as President, CEO and CFO where he has played a role in raising over \$200 million through various financing vehicles, including debt, convertible debt, equity and other non-dilutive instruments both in the private and public markets. Mr. Kakumanu brings experience in public company reporting, investor relations, mergers and acquisitions, internal controls and general overall financial and operational management. Mr. Kakumanu obtained his Bachelors of Commerce from Osmania University (1989) and is a Chartered Professional Accountant.

Delia Jaramillo, Chief Operating Officer (Age 41)

Ms. Jaramillo has over 20 years of experience contributing to projects as a Financial Analyst, Business Developer and Project Manager. Prior to joining IHC, she was a Regional Manager for Titan Dol S.A. overseeing the manufacturing and sale of pressed beams and large format concrete elements. Ms. Jaramillo studied a Master's in Finance at Interamerican University of Panama (2008) and Construction Management at University of Louisville (Panama) (2018). Ms. Jaramillo is a Chartered Professional Accountant.

Grant Duthie, Proposed Corporate Secretary (Age 33)

Mr. Duthie is a Partner at Garfinkle Biderman LLP, where he focuses on securities, corporate finance and mergers and acquisitions. He acts for private and publicly traded companies, underwriters and dealers in both private and public offerings of debt and equity securities, mergers, and acquisitions. Mr. Duthie holds a J.D. from the University of Western Ontario.

Joshua Lebovic, Director (Age 38)

Mr. Lebovic brings more than ten years of experience managing public and private businesses from start-ups to multi-billion-dollar enterprises. Recently, Mr. Lebovic, acting as CFO, has successfully listed Mednow (MNOW:TSXV) and General Assembly (GA:TSXV) on the Exchange and Sprout AI (BYFM:CSX) on the Canadian Securities Exchange, helping secure financing in excess of CA\$50 million across all three companies. Mr. Lebovic was formerly interim CFO of Cryptologic Corp., a company specializing in mining of cryptocurrencies. Previously, he was CFO of Venzee Technologies, a software-as-a-service based technology platform specializing in data transformation. Mr. Lebovic holds a Bachelor of Commerce degree from McGill University (2007) and is a Chartered Professional Accountant.

Raymond D. Harari, Director (Age 29)

Mr. Harari is the founder of Canalis Capital, a merchant bank focused on disruptive industries. Prior to founding Canalis Capital, Mr. Harari worked at Credicorp Bank in its private wealth group in Panama and Nomura's consumer and retail investment banking group based in New York City. Mr. Harari graduated with honors from the University of Pennsylvania with a Bachelor of Science in systems engineering and a minor in engineering entrepreneurship and mathematics from the University of Pennsylvania (2014). Mr. Harari is an active angel investor across the mining, technology, fashion, cannabis, e-commerce, and energy sectors. Mr. Harari also serves as CEO of IM Exploration

(CSE:IM) and CEO of Momentous Capital Corp. (TSXV:MCC.P), a CPC which is in the process of completing its qualifying transaction. Mr. Harari also served as the deputy director of the Chamber of Commerce, Industry and Agriculture of Panama.

Sophie Galper-Komet, Director (Age 48)

Ms. Galper-Komet is a seasoned and highly motivated executive, financial expert and strategy consultant, with broad experience in the corporate, public, and start-up arenas. Sophie possesses over 20 years of experience working in various capacities in the capital markets and private equity sectors, and has expertise in developing diverse funding solutions for corporations, including initial public offerings, bond offerings, mergers and acquisitions and private equity solutions. Ms. Galper-Komet has been intimately involved with several mature and public companies as well as high-tech start-up ventures. Since the beginning of 2019, Ms. Galper-Komet has served as Chief Operating Officer of a private real estate investment company. Prior to this role, she served as the principal and owner of Business Scope International, a private consultancy firm focused on corporate strategy, funding solutions, business development, investment relations, and corporate governance services for an array of corporate clients. In addition, Ms. Galper-Komet's experience and past activities range from financial research through investor relations to business development and investment banking in a variety of industries. She has served on the board of directors of numerous public companies and financial institutions, both on the Exchange and Tel Aviv Stock Exchange, including serving several stints as the chair of several board committees. In addition to the foregoing, Ms. Galper-Komet has served on the advisory boards of numerous tech companies. Ms. Galper-Komet obtained her MBA from Tel Aviv University (2001).

Oscar Hilt Tatum IV (Age 42)

Mr. Tatum IV serves as CEO of iPoint Capital Partners, and is responsible for the private equity, venture capital and alternative investment branches of the firm. He presently serves on the executive committee and board of directors of over half a dozen portfolio companies. In addition, he has founded over a dozen companies in a number of business sectors, guiding them through all phases of growth and development. Mr. Tatum IV has managed over 3,000 employees in 20 countries and led the funding, acquisition and exit of multiple businesses. Mr. Tatum IV obtained his post graduate diploma in Global Business from the University of Oxford (2013).

Conflicts of Interest

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Proposed Qualifying Transaction are also directors and/or officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer. Directors and executive officers of the Resulting Issuer will be bound by the provisions of the OBCA to act at all times in good faith in the interest of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. Any conflicts of interest will be subject to the procedures and remedies provided under the OBCA.

OTHER REPORTING ISSUER EXPERIENCE

The following table sets out the proposed directors, executive officers, and Promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction (or the equivalent in a jurisdiction outside of Canada):

Name	Name of Reporting Issuer	Trading Market	Position	Term
Joshua Lebovic	CryptoLogic Corp.	CSE	Officer - CFO	June 2020 to May 2021
	Venzee Technologies Inc.	TSXV	Officer - CFO	June 2017 to June 2018
	General Assembly Holdings Limited	TSXV	Officer – CFO	May 2021 to May 2021
	Mednow Inc.	TSXV	Officer - CFO	October 2020 to June 2021
	Yooma Wellness Inc.	CSE	Officer – CFO	June 2021 to Present

	Sprout AI Inc.	CSE	Officer – CFO	May 2021 to July 2021
Raymond D. Harari	Westward Gold Inc.	CSE	Officer – CEO	February 2021 to March 2022
	Hercules Silver Corp. (formerly Bald Eagle Gold Corp.)	TSXV	Director	March 2021 to August 2022
	Bald Eagle Gold Corp.	TSXV	Officer – CEO	September 2021 to August 2022
	Momentous Capital Corp.	TSXV	Director	May 2021 to January 2022
	Momentous Capital Corp.	TSXV	Officer – CEO	May 2021 to January 2022
	Harmony Acquisitions Corp.	TSXV	Director	December 2021 to present
	Harmony Acquisitions Corp.	TSXV	Officer – CEO	December 2021 to present
	Aardvark 2 Capital Corp.	TSXV	Director	December 2021 to present
	Powerstone Metals Corp.	N/A	Director	June 2022 to present
	Powerstone Metals Corp.	N/A	Officer – CEO	June 2022 to present
	Astra Exploration Inc.	TSXV	Officer - CEO	April 2021 to January 2022
Swapan Kakumanu	Nurosene Health Inc.	CSE	Officer – CFO	July 2022 to present
	Pounce Technologies Inc.	TSXV/ NEX	Officer – CFO	July 2016 to July 2018
	Khiron Life Sciences Corp.	TSXV	Officer - CFO	October 2021 to May 2022
	TruTrace Technologies Inc.	CSE	Director and Officer - CFO	September 2018 to March 2020
	Intercept Energy Services Inc.	TSXV	Officer – CFO	June 2014 to July 2018
	Vogogo Inc.	CSE	Officer – CFO	August 2017 to April 2018
	MetaWorks Platforms Inc.	CSE/OTCQB	Officer – CFO, Treasurer, and Corporate Secretary	December 2018 to present
	VON Republic Holdings Inc.	N/A (intended to list on CSE)	Officer – CFO and Corporate Secretary	October 2021 to present
		Pounce Technologies Inc.	TSXV/ NEX	Officer – CFO
Grant Duthie	Jaguar Financial Corporation	N/A	Officer – Corporate Secretary	July 2020 to April 2022
	Jones Soda Co. (formerly, Pinestar Gold Inc.)	N/A	Officer – Corporate Secretary	November 2021 to February 2022
	1319743 B.C. Ltd.	N/A	Director	October 2021 to December 2021
	1319741 B.C. Ltd.	N/A	Director	October 2021 to December 2021
	1319651 B.C. Ltd.	N/A	Director	October 2021 to December 2021
	1319472 B.C. Ltd.	N/A	Director	October 2021 to December 2021
	1319738 B.C. Ltd.	N/A	Director	October 2021 to December 2021
	1319735 B.C. Ltd.	N/A	Director	October 2021 to December 2021
	1319732 B.C. Ltd.	N/A	Director	October 2021 to December 2021
Sophie Galper-Komet	Bitfarms Ltd.	TSX, NASDAQ	Director	June 12, 2019 to May 15, 2020

Corporate Cease Trade Orders or Bankruptcies

Except as set out below, no director, officer, insider or promoter of the Company is, or within the 10 years prior to the date of this prospectus has been, a director, officer or promoter of any other Issuer that, while that person was acting in that capacity:

- a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or
- b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No proposed director, officer or insider of the Resulting Issuer, or shareholder holding sufficient securities to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

No proposed director, officer or Insider of the Resulting Issuer, shareholder holding sufficient securities to affect materially the control of the Resulting Issuer, or personal holding company of any such persons has, within the 10 years before the date of this prospectus, as applicable, become bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver or receiver manager or trustee appointed to hold the assets of that individual.

CORPORATE GOVERNANCE OF THE RESULTING ISSUER

Set forth below is a description of the Resulting Issuer’s proposed corporate governance practices, which disclosure is provided pursuant to Form 58-101F2 - *Corporate Governance Disclosure (Venture Issuers)*, which is attached to NI 58-101. The Resulting Issuer will implement and adopt continuous disclosure policy and insider trading policy no later than the date on which the Resulting Issuer’s first set of financial statements must be filed following the Closing Date.

Board of Directors

The Resulting Issuer Board will be responsible for the general supervision of the management of the Resulting Issuer’s business and affairs with the objective of enhancing shareholder value. The Resulting Issuer Board will discharge its responsibilities directly and through its committees.

A director is considered independent within the meaning of NI 58-101 if he or she has no direct or indirect “material relationship” with the company. In addition to certain objective criteria, a “material relationship” is defined as a relationship which could, in the view of the board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Resulting Issuer Board will consist of five directors. Oscar Hilt Tatum IV will be the Chairman of the Board. Mr. Tatum IV will act as independent lead director and will assume the duties of the Chairman as and when required to address any actual or potential conflicts of interest. Of the proposed directors of the Resulting Issuer, Joshua Lebovic, Raymond D. Harari, and Sophie Galper-Komet will be considered “independent” as such term is defined in NP 58-

201. Thomas Wenz will not be considered independent by virtue of his management position and Oscar Hilt Tatum IV will not be considered independent by virtue of his material relationship with the Resulting Issuer.

Orientation and Continuing Education

It is not anticipated that the Resulting Issuer Board will adopt any formal policies with respect to the orientation of new directors, nor is it anticipated to provide continuing education for the directors. Formal policies with respect to director orientation and education will be implemented as and when warranted by growth of the Resulting Issuer's operations.

Ethical Business Conduct

The Resulting Issuer Board will adopt an anti-bribery and anti-corruption policy (the “**Anti-Bribery and Anti-Corruption Policy**”). The Anti-Bribery and Anti-Corruption Policy is intended to ensure that the business activities of the Resulting Issuer are conducted in an honest and ethical manner, with a zero-tolerance approach to bribery and corruption. The Anti-Bribery and Anti-Corruption Policy will apply to all directors, officers, employees, consultants and contractors of the Resulting Issuer and compliance with the Anti-Bribery and Anti-Corruption Policy will prohibit corrupt practices such as acceptance of bribes, inducements, advantages or kickbacks, and all directors, officers, employees, consultants and contractors of the Resulting Issuer will be required to comply with and report any violations of the Anti-Bribery and Anti-Corruption Policy. Violations of the Anti-Bribery and Anti-Corruption Policy will be investigated and, if violations are found to have occurred, could result in dismissal for gross misconduct.

Other than the implementation of an Anti-Corruption Policy described above, the Board of the Resulting Issuer does not intend to adopt a formal written “Code of Business Conduct and Ethics”. However, the Board of the Resulting Issuer will monitor the activities of management on an ongoing basis to ensure that the highest standard of ethical conduct is maintained. Should the Resulting Issuer's operations grow in size and scope or should the Board of the Resulting Issuer or a committee thereof consider it in the best interests of the Resulting Issuer, the Board of the Resulting Issuer will implement additional policies and standards relating to ethical business conduct, in line with industry standards and any requirements of applicable law.

Insider Trading Policy

The insider trading policy to be adopted by the Resulting Issuer shall provide for “blackout” periods or similar periods during which Insiders and other persons who are subject to the policy are prohibited from trading in securities of the Resulting Issuer during the restricted period.

No trades or other transactions in securities of the Resulting Issuer (including the exercise of stock options or transactions involving other forms of equity-based compensation) shall be carried out by directors and officers of the Resulting Issuer and all employees who receive notice from the Chief Executive Officer that they are designated blacked-out employees in respect of a given period during the period of time beginning two weeks before the end of each fiscal quarter until second trading day after the financial results have been disclosed by the Resulting Issuer by way of a news release. Trading black-out periods may also be prescribed from time to time as a result of special circumstances relating to the Resulting Issuer. All directors and officers and employees with knowledge of such special circumstances will be covered by the black-out. The board of directors of the Resulting Issuer will not approve the grant of stock options or other forms of equity-based compensation awards during the period of any trading black-out.

The board of directors of the Resulting Issuer will not approve the grant of stock options or other forms of equity-based compensation awards during the period of any trading black-out.

The following transactions by Insiders with respect to derivative-based transactions of the Resulting Issuer are also specifically prohibited:

- Short sales;
- Monetization of equity awards (such as stock options, deferred and restricted share units, and other equity-like securities);

- Transactions in derivatives on Resulting Issuer securities (such as put and call options); and
- Any other hedging or equity monetization transactions where the individual's economic interest and risk exposure in the Resulting Issuer's securities are changed (such as collars or forward sales contracts).

New directors and officers and employees of the Resulting Issuer will be provided a copy and required to read the insider trading policy as part of the hiring and on-boarding process.

Related Party Transaction Policy

The Resulting Issuer will adopt a policy for the review and assessment of related party transactions (the “**Related Party Transaction Policy**”). The purpose of the Related Party Transaction Policy is to ensure the proper approval and reporting of transactions between the Resulting Issuer and any of its related parties or Affiliates to ensure that such transactions are in the Resulting Issuer's and its shareholders' best interests. The Related Party Transaction Policy is intended to define and regulate the conduct of related parties of the Resulting Issuer in relation to related party transactions. Each director and senior officer is responsible for providing written notice to the Resulting Issuer of any potential related party transaction involving him or her. To review a related party transaction, the Board of the Resulting Issuer shall be provided with all relevant material information of the related party transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Resulting Issuer and to the related party, and any other material information. The Board of the Resulting Issuer will review and approve the related party transaction based on a number of enumerated factors. The Related Party Transaction Policy mandates that the directors and senior officers of the Resulting Issuer will complete a general declaration of interest that sets out, among other things: (i) any businesses or organizations in which such director or officer has a material interest; (ii) any contracts or commercial dealings between the applicable company (or any member of the group of companies) and those businesses or organizations set out in (i); and (iii) an undertaking to promptly advise the Board of the Resulting Issuer and the Resulting Issuer's general counsel of any updates to the foregoing as well as any interest the director/officer or any member of his/her immediate family may have in any proposed material contract or transaction with the applicable company.

Nomination of Directors

It is not anticipated that Resulting Issuer will adopt a formal process with respect to the appointment of new directors. Additional directors will be recruited by the Resulting Issuer Board, and the recruitment process will involve both formal and informal discussions the directors and management of the Resulting Issuer.

Compensation

It is not anticipated that the Resulting Issuer Board will receive cash compensation for acting in such capacity. However, directors will be eligible to receive security based compensation pursuant to the Resulting Issuer Omnibus Plan from time to time on a basis commensurate with industry standards, reflecting the responsibilities and risks involved in being a director of the Resulting Issuer. Non-management directors will also be reimbursed for transportation and other out-of-pocket expenses incurred in connection with attending meetings, and generally in discharging their director functions.

Compensation of executive officers will be determined by the Resulting Issuer Board as a whole, except for the compensation of the CEO, which will be determined by the independent members of the Resulting Issuer Board.

Other Board Committees

The Resulting Issuer Board may establish such other committees as it determines to be appropriate. The membership and duties of any such committee will be determined after Closing of the Proposed Qualifying Transaction.

Assessments

The Resulting Issuer will not have a formal process for assessing the effectiveness of the Resulting Issuer Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant.

Audit Committee of the Resulting Issuer

The Audit Committee

Under NI 41-101, the Company required to include in this Prospectus the disclosure required under Form 52-110F2 *Disclosure by Venture Issuers* with respect to the Audit Committee of the Resulting Issuer. The Company is relying on the exemption provided in Section 6.1 of NI 52-110 as the Resulting Issuer will be a “venture issuer”. As a result, the Resulting Issuer will be exempt from the requirements of Part 3 (Composition of Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

The audit committee of the Resulting Issuer will consist of Joshua Lebovic, Raymond D. Harari, and Sophia Galper-Komet. Each of the proposed members of the Resulting Issuer audit committee will be “independent” and “financially literate” as such terms are defined in NI 52-110 and all members of the audit committee are not executive officers, employees or Control Person of the Resulting Issuer or of an affiliate of the Resulting Issuer. Please refer to “*Information Concerning the Resulting Issuer – Directors and Executive Officers*” and “*IHC –Directors And Executive Officers*” for biographical information detailing the relevant education and experience of each audit committee member that would provide (a) an understanding of the accounting principles used by the Resulting Issuer to prepare its financial statements; (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions; (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth of and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Resulting Issuer’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and (d) an understanding of internal controls and procedures for financial reporting. The Resulting Issuer audit committee is not anticipated to adopt any specific policies and procedures for the engagement of non-audit services.

Conflict of Interest

As the Audit Committee is comprised of three directors of the Resulting Issuer, the CFO can abstain from voting or recuse himself from meetings where having management present may not be conducive to the Audit Committee in carrying out its mandate. Internal and external auditors are encouraged to seek “in camera” sessions without the presence of management with the Audit Committee should such auditors believe it in the best interest of the mandate they are tasked to carry out. These “in camera” sessions also extend to external advisors such as legal counsel.

Audit Committee Charter

Following the completion of the Proposed Qualifying Transaction, the Resulting Issuer is expected to continue to use the audit committee charter of the Company attached as Schedule “B” to this Prospectus.

PROPOSED EXECUTIVE COMPENSATION OF THE RESULTING ISSUER

Compensation Discussion and Analysis

The Resulting Issuer expects to provide a market-based blend of base salaries and bonuses, and equity incentive components in the form of Resulting Issuer Options or Resulting Issuer RSUs to align the interests of executive officers with the interests of the Resulting Issuer’s shareholders.

After Closing, the Resulting Issuer Board acting as a whole will determine the compensation of executive officers and directors, and grants of Resulting Issuer Options.

It is anticipated that historical executive compensation disclosure provided for the Company and IHC are indicative of the expected executive compensation disclosure for the Resulting Issuer.

Option-based Awards

The following table sets out the option-based compensation to the Resulting Issuer’s CEO, CFO, COO, executives, and Directors for the 12-month period after giving effect to the Business Combination:

Compensation Securities				
Name and position	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Thomas Wenz <i>Director, CEO</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Sawapan Kakumanu <i>CFO</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Delia Jaramillo <i>COO</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Joshua Lebovic <i>Director</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Raymond D. Harari <i>Director</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Sophie Galper-Komet <i>Director</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Oscar Hilt Tatum IV <i>Director</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Total	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

During the most recently completed financial year of the Company, none of the directors or NEO exercised their compensation securities.

Summary Compensation Table

It is anticipated that all compensation of NEOs of the Resulting Issuer will be determined following completion of the Proposed Qualifying Transaction.

Incentive Plan Awards

Grants under the Resulting Issuer Omnibus Plan will be used to align executive interests with those of the shareholders and will be based on the executive's performance, level of responsibility, as well as the number and exercise price of options previously issued to the executive as part of his or her overall aggregate total compensation package. Resulting Issuer Options or Resulting Issuer RSUs may be granted on a periodic basis in connection with the review of executive compensation packages, or upon hire or promotion and as special recognition for extraordinary performance and in accordance with the provisions of the Resulting Issuer Omnibus Plan.

In addition, no benefits are proposed to be paid to any of the executive officers of the Resulting Issuer or directors of Resulting Issuer under any pension or retirement plan or under any deferred compensation plan during the 12 months following completion of the Proposed Qualifying Transaction.

Compensation of Directors

Resulting Issuer Board as a whole will determine the compensation of directors of the Resulting Issuer. It is not anticipated that the Resulting Issuer will provide its directors with any compensation for attending meetings of the Resulting Issuer Board or any of its committees. However, directors will be eligible to receive grants of Resulting Issuer Options or Resulting Issuer RSUs pursuant to the Resulting Issuer Omnibus Plan from time to time on a basis commensurate with industry standards, reflecting the responsibilities and risks involved in being a director of the Resulting Issuer. Non-management directors will also be reimbursed for transportation and other out-of-pocket expenses incurred in connection with attending meetings, and generally in discharging their director functions.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Prospectus, no director or officer of the Resulting Issuer, or any Associate or Affiliate of any of them is indebted to the Resulting Issuer, nor is any indebtedness of any such person the subject of a guarantee, support

agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer.

INTERESTS OF PROPOSED MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed below, none of the directors or executive officers of the Resulting Issuer, or persons or companies that beneficially own, or control or direct, directly or indirectly, more than 10% of the outstanding Resulting Issuer Shares, or any Associate or Affiliate of any of the foregoing, has any material interest, direct or indirect, in any transactions in which the Resulting Issuer has participated within the three years before the date of this Prospectus, which has materially affected or is reasonably expected to materially affect the Resulting Issuer.

- Oscar Hilt Tatum IV, a debtholder of Holdco and a proposed director of the Resulting Issuer, assuming the Completion of the Proposed Qualifying Transition as currently contemplated, is expected to beneficially own, or control or direct, directly or indirectly, an aggregate of 2,305,470 Resulting Issuer Shares, representing approximately 17.52% of the issued and outstanding Resulting Issuer Shares immediately following the Closing.
- Dale Ventures, a significant investor and debtholder of Holdco, assuming the Completion of the Proposed Qualifying Transition as currently contemplated, is expected to beneficially own, or control or direct, directly or indirectly, an aggregate of 8,192,328 Resulting Issuer Shares, representing approximately 62.25% of the issued and outstanding Resulting Issuer Shares immediately following the Closing.
- Joshua Lebovic, a proposed director of the Resulting Issuer, assuming the Completion of the Proposed Qualifying Transition as currently contemplated, is expected to beneficially own, or control or direct, directly or indirectly, an aggregate of 20,007 Resulting Issuer Shares, representing approximately 0.15% of the issued and outstanding Resulting Issuer Shares immediately following the Closing.

See “*Information Concerning the Resulting Issuer – Escrowed Securities*”.

ESCROWED SECURITIES

CPC Escrow

The following table sets out, as of the date of this Prospectus, the Resulting Issuer Shares that will continue to be subject to the CPC Escrow Agreement:

Designation of class	Number of Escrowed Securities	Percentage of class prior to giving effect to the Proposed Qualifying Transaction and assuming the minimum Concurrent Financing	Percentage of class after giving effect to the Proposed Qualifying Transaction and assuming the minimum Concurrent Financing
Resulting Issuer Shares ⁽¹⁾	99,653	49.81%	0.76%
Resulting Issuer Options ⁽¹⁾	11,498	100%	100%

Notes:

(1) On a post-Company Consolidation basis.

Under the CPC Escrow Agreement, 25% of the CPC Escrow Shares will be released from escrow on the date of issuance of the Final Exchange Bulletin and an additional 25% will be released on each of the dates which are 6 months, 12 months and 18 months following the date of the Final Exchange Bulletin.

If the Resulting Issuer meets the Exchange's Tier 1 listing requirements either at the time the Final Exchange Bulletin is issued or subsequently, the release of the CPC Escrow Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange.

The Exchange's prior consent must be obtained before a transfer within escrow of CPC Escrow Shares. Generally, the Exchange will only permit a transfer within escrow to be made to incoming Principals in connection with a proposed

Qualifying Transaction.

Qualifying Transaction Escrow

All of the Resulting Issuer securities to be issued pursuant to the Proposed Qualifying Transaction to Principals of the Resulting Issuer, and certain other individuals as determined by the Exchange, will be subject to escrow restrictions, unless otherwise determined by the Exchange. Upon completion of the Proposed Qualifying Transaction, such persons will be required to place a certain number of their Resulting Issuer securities into escrow pursuant to the terms of a Value Security Escrow Agreement.

The Value Security Escrow Agreement restricts the ability of the Principals and certain other individuals to deal with the Resulting Issuer Shares while they are in escrow. The Value Security Escrow Agreement provides that the escrowed Resulting Issuer securities shall not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the written consent of the Exchange. An entity, controlled by one or more persons, that holds escrowed Resulting Issuer securities may not participate in a transaction that results in a change of its control or a change in the economic exposure of the persons to the risks of holding escrowed Resulting Issuer securities.

Generally, if at least 75% of the securities issued pursuant to the Proposed Qualifying Transaction are not securities issued pursuant to a transaction for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, then the securities will be deposited into a Value Security Escrow Agreement.

In the case of an issuer that will be a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a three year escrow release mechanism with 5% of the escrowed securities releasable at the time of the Final Exchange Bulletin, 5% on the date which is 6 months after the Final Exchange Bulletin, 10% on each of the dates which are 12 and 18 months after the Final Exchange Bulletin, 15% on each of the dates which are 24 and 30 months after the Final Exchange Bulletin and 40% on the date which is 36 months after the Final Exchange Bulletin.

In the case of an issuer that will be a Tier 1 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for an 18 month escrow release mechanism with 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin, 20% on the date which is 6 months after the Final Exchange Bulletin, 30% on the date which is 12 months after the Final Exchange Bulletin and 40% on the date which is 18 months after the Final Exchange Bulletin.

The following table lists the names of beneficial owners of the securities that will be subject to a Value Security Escrow Agreement, as applicable, and the number of securities held by each:

Name and Municipality of Residence of Securityholder	Designation of class	Number of escrowed securities	Percentage of class after giving effect to the Proposed Qualifying Transaction and assuming the minimum Concurrent Financing
Oscar Hilt Tatum IV <i>Dubai, United Arab Emirates</i>	Resulting Issuer Shares	2,305,470	17.52% ⁽¹⁾
	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	Nil	Nil%
Dale Ventures Pte Ltd. <i>Dubai, United Arab Emirates</i>	Resulting Issuer Shares	8,192,328	62.25% ⁽¹⁾
	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	Nil	Nil%
Thomas Wenz <i>Denver, Colorado, USA</i>	Resulting Issuer Shares	Nil	Nil%
	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	1,038,069	6.59% ⁽²⁾
Swapan Kakumanu <i>Calgary, Alberta, Canada</i>	Resulting Issuer Shares	Nil	Nil%
	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	159,703	1.01% ⁽²⁾
Raymond Harari	Resulting Issuer Shares	Nil	Nil%

<i>Panama City, Republic of Panama</i>	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	133,086	0.84% ⁽²⁾
Sophie Galper-Komet <i>Toronto, Ontario, Canada</i>	Resulting Issuer Shares	Nil	Nil%
	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	13,309	0.08% ⁽²⁾
Delia Jaramillo <i>Panama City, Republic of Panama</i>	Resulting Issuer Shares	Nil	Nil%
	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	66,543	0.42% ⁽²⁾
Joshua Lebovic <i>Toronto, Ontario</i>	Resulting Issuer Shares	20,007	0.15% ⁽¹⁾
	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	13,309	0.08% ⁽³⁾
Total	Resulting Issuer Shares	10,732,859	81.46%⁽¹⁾
	Resulting Issuer Options	Nil	Nil%
	Resulting Issuer RSUs	1,424,018	9.03%⁽²⁾

Notes:

(1) Calculated on a non-diluted basis.

(2) Calculated on a fully-diluted basis.

Transfers of Escrowed Securities

Where escrowed Resulting Issuer Shares are to be held by a person that is not an individual, such person will be required to agree not engage in any transaction that would result in the change of control of such person while its securities of the Resulting Issuer are held in escrow. Any such person will be required to further undertake to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities which could reasonably result in a change of control of the person.

All holders of escrowed securities must obtain Exchange consent to transfer securities held in escrow, other than in specified circumstances set out in the applicable escrow agreement.

PLAN OF DISTRIBUTION

The Resulting Issuer has applied to list the Resulting Issuer Shares on the Exchange. Listing will be subject to the Company fulfilling all of the listing requirements of the Exchange.

RISK FACTORS

The current business of IHC will be the business of the Resulting Issuer following the Completion of the Qualifying Transaction. Accordingly, risk factors relating to IHC's current business will be risk factors relating to the Resulting Issuer's business. Due to the nature of IHC's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, IHC is subject to significant risks. IHC's future development and actual operating results may be very different from those expected as at the date of this Prospectus. Readers should carefully consider all such risks, which include but are not limited to the following.

Risks Related to the Business and Industry

Limited Operating History and Uncertainty of Future Revenues

The Resulting Issuer has a limited operating history and, accordingly, potential investors will have a limited basis on which to evaluate the Company's ability to achieve its business objectives. The future success of the Company is dependent on management's ability to implement its strategy. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully make profitable acquisition of royalties, streams or other

interests. In particular, its future growth and prospects will depend on its ability to expand its operations and gain additional revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a Material Adverse Effect on the Company's business, financial condition and results of operations.

Risks related to health epidemics and pandemics

Unfavorable global conditions, including as a result of health and safety concerns related to the coronavirus outbreak, could adversely affect our business, financial condition or results of operations. IHC's operations could be adversely affected by general conditions in the global economy, including conditions that are outside of IHC's control, such as the impact of health and safety concerns from the current coronavirus (COVID-19) outbreak. The most recent global financial crisis caused by the coronavirus outbreak has resulted in extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to IHC's business, including weakened demand for our marketplaces and brand direct solutions and related products and services or delays in advertiser payments. A weak or declining economy could also strain IHC's supply channels.

Global financial conditions may destabilize

Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Resulting Issuer's ability, obtain equity or debt financing or make other suitable arrangements to finance its projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities could be adversely affected.

The Resulting Issuer may not be successful in completing the repayment of outstanding credit facilities

There can be no assurance that the Resulting Issuer will be able to repay the currently outstanding credit facilities or that the terms of such credit facilities may be amended or extended on the terms acceptable to and beneficial for the Resulting Issuer. Failure to repay such credit facilities within the prescribed times may result in a Material Adverse Effect of the Resulting Issuer's profitability, results of operations and financial conditions and the trending price of its securities.

Negative Cash Flow from Operations

IHC had negative cash flow for its most recently completed financial year for which financial statements have been included in the Prospectus. To the extent that the IHC has negative operating cash flow in future periods, it will need to allocate a portion of its cash to fund such negative cash flow. If the IHC experiences future negative cash flow, the Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that IHC will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favourable to IHC.

IHC may require additional capital to support its operations or the growth of its business, and it cannot be certain that this capital will be available on reasonable terms when required, or at all

From time to time, IHC may need additional financing to operate or grow its business. The ability to continue as a going concern may be dependent upon raising additional capital from time-to-time to fund operations. IHC's ability to obtain additional financing, if and when required, will depend on investor and lender willingness, its operating performance, the condition of the capital markets and other facts, and IHC cannot assure anyone that additional financing will be available to it on favorable terms when required, or at all. If IHC raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its current stock, and its existing stockholders may experience dilution. If IHC is unable to obtain adequate financing or financing on terms satisfactory to it when it requires it, its ability to continue to support the operation or growth of its business could be significantly impaired and its operating results may be harmed.

Growth forecasts included in this Prospectus may prove to be inaccurate and are subject to various assumptions and qualifications

Growth forecasts are based on assumptions and estimates which may not prove to be accurate. The third-party forecasts included in this Prospectus relating to the expected growth in the real estate market may prove to be inaccurate and are subject to various assumptions and qualifications.

IHC's growth strategy may not achieve the anticipated results

IHC's future success will depend on its ability to grow its business, including through commercialization of its products. Growth and innovation strategies require significant commitments of management resources and capital investments and IHC may not grow its revenues at the rate it expects or at all. As a result, IHC may not be able to recover the costs incurred in developing its technology and products or to realize their intended or projected benefits, which could materially adversely affect its business, financial condition or results of operations.

Potential Fluctuation in Quarterly Financial Results

IHC's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of, and competition for, new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the markets in which IHC operates; actions by governmental authorities including governmental demand for the services provided by IHC; governmental regulations and expenditures required to comply with them; labour unrest involving IHC's workers; seasonal weather conditions; and other conditions affecting revenue and expenses. IHC's operating expenses are incurred throughout the quarter. As a result, if expected revenues are not realized as anticipated, IHC's quarterly financial results could be materially adversely affected. Accordingly there may be significant variations in IHC's consolidated quarterly financial results.

Possible failure to realize anticipated benefits of future acquisitions could impact IHC's business

IHC may in the future complete acquisitions of new properties to strengthen its position in the real estate industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future land acquisitions depends, in part, on successfully developing and obtaining necessary permits and regulatory approval in a timely and efficient manner, as well as IHC's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect IHC's ability to achieve the anticipated benefits of these and future acquisitions.

Some of the developing properties of IHC may never achieve commercialization stage, and IHC may lose its entire investment

Some of the projects of IHC are currently at the construction and development stage. There can be no assurance that construction and development will be completed on a timely basis or at all. If such projects do not reach commercialization stage, IHC will not be able to secure repayment of any upfront deposit paid customers, which may have a Material Adverse Effect on IHC's profitability, results of operations and financial condition and the trading price of its securities.

Risks relating to the title of assets

In some countries in Latin America, there may be a history of corrupt or fraudulent practices related to the transfer of property ownership, such as falsified documents, illegal sales, or bribes to officials. This can lead to defects in the title to assets, and potentially result in the loss of ownership rights or legal disputes. In addition, there may be issues related to the proper registration and recording of property ownership, including errors or omissions in official records or delays in processing transactions. These issues can also lead to defects in the title to assets and increase the risk of losing ownership rights. Such issues may result in a Material Adverse Effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

Investors should be aware of the potential for fraudulent or improper transfers of property ownership, and should carefully review the company's title records and legal documentation to ensure that there are no significant risks or uncertainties related to the ownership of its assets. They should also be prepared to engage legal experts with specific expertise in local property laws to assist in mitigating these risks.

Competition in the real estate market

The real estate industry is highly competitive and rapidly changing. Specific factors upon which IHC competes include, but are not limited to, demand, construction time, quality of support and services, and price. IHC's potential competitors include other companies developing and selling residential properties. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than IHC has. Many of them also have longer operating histories, greater name recognition with potential buyers who use or might use a low-value-payment service. IHC may not be able to compete successfully with these competitors.

Ability to Attract Customers

IHC generally secures business by acquiring land, developing residential living space, and selling units to private clients. IHC operates in housing markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. The competitive dynamics of the markets where IHC currently operates are expected to continue for the foreseeable future. This presents significant challenges for IHC. If those competitive challenges are not met, IHC's client base could be eroded or it could experience an overall reduction in profits. IHC could also experience a decrease in activity from private clients in the event that general economic conditions deteriorate or interest rates increase as the decisions of private clients to pursue construction projects are largely driven by economic factors. A decline in demand for IHC's services could have an adverse impact on the Company.

Quality Assurance and Quality Control

IHC enters into pre-build contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, IHC would be exposed to additional costs for the correction of non-compliant work.

Ability to Hire and Retain Qualified & Capable Personnel

The success of IHC is highly influenced by the efforts of key members of management including the executive officers and the project managers. The loss of the services of any of IHC's key management personnel could negatively impact IHC. The future success of IHC also depends heavily on its ability to attract, retain and develop high performing personnel in all areas of its operations. Firms throughout the construction industry face this challenge and accordingly competition for professional staff is intense. If IHC ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of IHC and would limit its prospects and impair its future success.

Potential for Non-Payment

IHC sells pre-build houses as well completed houses by way of a mortgage. IHC also attempts to ensure that payments are collected from buyers. However, because of the nature of IHC's contracts and occasionally because of delays in customer payments, IHC may be required to utilize its working capital to fund construction costs temporarily. If a customer defaults in making its payments, IHC would generally have the right to foreclose on the property in order to ultimately realize what it is owed. However in these situations, IHC's ability to ultimately collect what it is owed is never assured. Payment default by a client could result in a financial loss to IHC that could have a material effect on IHC's operating results and financial position.

Maintaining Safe Work Sites

In spite of the best efforts of a contractor to minimize the risk of accidents, accidents can happen. When they do, the impacts on the contractor can be significant. IHC's success as a contractor is highly dependent on its ability to keep its construction worksites safe. Failure to do so can have serious impacts beyond the threat to the personal safety of its employees and others. It can expose IHC to fines, regulatory sanction or even criminal prosecution. IHC's safety

record and worksite safety practices also have a direct bearing on its ability to secure work. If the contractor has an unacceptably high incidence of safety infractions or accidents it could result in litigation, damage to IHC's reputation, or a breakdown in IHC's close working relationship with the Panamanian government. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of the IHC's operations, capital expenditure requirements or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents.

Compliance with Environmental Laws

IHC is subject to numerous federal, provincial and municipal environmental laws and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. IHC's projects can involve the handling of hazardous and environmentally sensitive materials, which, if improperly handled or disposed of, could subject IHC to civil and criminal penalties. While IHC strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond its control that could adversely affect IHC. Management is not aware of any pending environmental legislation that would be likely to have a material adverse impact on any of IHC's operations, capital expenditure requirements or competitive position, although there can be no assurance that future legislation will not be proposed and, if implemented, may have a material impact on IHC's operations.

Litigation/Potential Litigation

As part of the normal course of the construction business, disputes arise between parties to various contracts, including contracts pertaining to employment, leasing, purchase and sale of land, and more. While IHC does attempt to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time IHC may be involved with a number of disputes that could lead to litigation and there may be a number of disputes in various stages of litigation. Management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against IHC that would have a material adverse impact on the operations of IHC. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to IHC's reputation or reduction of prospects for future contract awards.

Force Majeure

Outside events beyond the reasonable control of IHC may cause the failure or delay in its performance for a period that such failure or delay is due to causes beyond its reasonable control, including but not limited to acts of God, war, strikes or labor disputes, embargoes, government orders or any other force majeure event.

Certain of directors of the Resulting Issuer serve in similar positions with other public companies, which could put them in a conflict position from time to time

Certain proposed directors of the Resulting Issuer also serve as directors or officers of, or have shareholdings in, other public companies which may put them in conflict of interest. Such conflicts of the directors and officers may result in a Material Adverse Effect on the Resulting Issuer's profitability, results of operations and financial condition and the trading price of its securities.

Risks Related to Emerging Markets

Currency exchange rates fluctuations could adversely affect IHC's operating results

IHC is exposed to the effects of fluctuations in currency exchange rates. Since IHC conducts some of its business in currencies other than US dollars but reports its operating results in US dollars, it faces exposure to fluctuations in currency exchange rates. Consequently, exchange rate fluctuations between the US dollar and other currencies could have a material impact on IHC's operating results. Downturns in general economic and market conditions may reduce demand for IHC's products and could negatively affect IHC's revenue, operating results and cash flow.

Recent events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to IHC or to IHC's industry could

materially adversely affect IHC over the course of time. Volatility in the market could hurt IHC's ability to raise capital. Potential price inflation caused by an excess of liquidity in countries where IHC conducts business may increase the costs incurred to sell IHC's products and may reduce IHC's profit margins. As a result of downturns in general economic and market conditions, potential customers may not be interested in purchasing IHC products. Any of these events, or other events caused by turmoil in world financial markets may have a Material Adverse Effect on IHC's business, operating results and financial conditions.

IHC has its core operations in an emerging market, which carries potential risks to its business

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of IHC's current operations are in Panama. While there is no current instability, this is subject to change in the future and could adversely affect IHC's business, financial condition and results of operations. In particular, fluctuations in the Panamanian economy and actions adopted by the government of Panama may have a significant impact on companies operating in Panama, including IHC. Specifically, IHC may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Panama and in other countries that may affect Panama. IHC's foreign operations involve substantial costs and are subject to certain risks as the real estate development industries Panama are less developed. The real estate development industry in Panama may not be as efficient or developed as the real estate development industry in Canada. As a result, the IHC's operating activities may take longer to complete and may be more expensive than similar operations in Canada. The availability of technical expertise, specific equipment and supplies may be more limited than in Canada. IHC expects that such factors will subject IHC's operations in Panama to economic and operating risks that may not be experienced in Canada.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Panama. Such events could materially and adversely affect the Resulting Issuer's business, financial condition and results of operations.

Risks Relating to Operations in Developing Economies

The Resulting Issuer's operations in Panama and in Latin America are subject to risks normally associated with the conduct of business in developing economies. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, nationalization of assets, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, empowerment of previously disadvantaged people, local ownership requirements, limitations on foreign ownership, power supply issues, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. The above risks may limit, disrupt or negatively impact the operator's business activities.

Risks Relating to Corruption and Anti-Bribery Law Violations

The Resulting Issuer's business is subject to Canadian laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Resulting Issuer is subject to the anti-bribery laws of any other countries in which it conducts business now or in the future. The Resulting Issuer's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Resulting Issuer's policies and procedures and anti-bribery laws for which the Resulting Issuer may be held responsible. The Resulting Issuer's policies, once adopted, will mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that the Resulting Issuer's internal control policies and procedures will always protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its affiliates, employees, contractors or agents. If the Resulting Issuer's employees or other agents are found to have engaged in such practices, the Resulting Issuer could suffer severe penalties and other consequences that may have a Material Adverse Effect on its business, financial condition and results of operations.

Differences Between the Canadian Law and Applicable Provisions of the Panamanian Law

The rights and responsibilities of the shareholders of companies governed by Panamanian law and differ in some respects from the rights and responsibilities of shareholders under Canadian law. IHC is incorporated under Panamanian law and thus the rights and responsibilities of holders of IHC's shares are, therefore, governed by the articles and by Panamanian law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical companies incorporated in Canada. In particular, a shareholder of IHC has a duty to act in good faith toward IHC and other shareholders and to refrain from abusing their powers in IHC, including, among other things, voting at a general meeting of shareholders on certain matters. Panamanian law provides that these duties are applicable in shareholder votes on, among other things, amendments to IHC's articles of association, increases in IHC's authorized share capital, mergers and interested party transactions requiring shareholder approval.

Difficulty in Enforcement of Judgments

The Resulting Issuer will have subsidiaries incorporated in Panama. Certain directors and officers of the Resulting Issuer will reside outside of Canada and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against the Resulting Issuer's directors and officers who are not resident in Canada. In the event a judgment is obtained in Canada against one or more of the directors or officers of the Resulting Issuer for violations of Canadian securities laws or otherwise, it may not be possible to enforce such judgment against those directors and officers not resident in Canada. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims or otherwise in original actions instituted in Panama. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws or otherwise on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a court in an international jurisdiction agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by the law in the relevant international jurisdiction.

IHC is heavily reliant on experts outside of Canada

IHC uses and relies upon a number of legal, financial and industry experts outside of Canada as required given its corporate and operational structure. Some of these industry professionals may not be subject to equivalent educational requirements, regulations, and rules of professional conduct or standards of care as they would be in Canada. IHC manages this risk through the use of reputable experts and review of past performance. In addition, IHC uses, where possible, experts and local advisers linked with firms also operating in Canada to provide any required support.

Certain facts and statistics contained in this Prospectus have come from official government sources or other industry publications, the reliability of which cannot be assumed or assured

Certain facts and statistics in this Prospectus related to Panama, its economy, and the real estate industry in which IHC operates, are derived directly or indirectly from official government sources generally believed to be reliable. While IHC has taken reasonable care to reproduce such information, IHC cannot guarantee the quality and reliability of such source material. These facts and statistics have not been independently verified by IHC, any of IHC's or its respective affiliates or advisors or any other parties involved in the making of this Prospectus and, therefore, IHC makes no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside of Panama and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this Prospectus may be inaccurate and the statistics may not be comparable to statistics produced for other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree or accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on all such facts and statistics.

Risks Related to the Proposed Qualifying Transaction and the Resulting Issuer

Regulatory Approval of the Proposed Qualifying Transaction may not be obtained.

The completion of the Qualifying Transaction is subject to the satisfaction of a number of conditions, including final acceptance of the Exchange. There can be no assurance that all of the necessary regulatory approvals will be obtained. If the Proposed Qualifying Transaction, as contemplated by the Definitive Agreement is not completed for these reasons or for any others, IHC and the Company will have incurred significant costs associated with the failed implementation of the Proposed Qualifying Transaction.

The Definitive Agreement may be terminated.

The Definitive Agreement specifies that the parties' obligation to effect the Proposed Qualifying Transaction is conditional upon the satisfaction of a number of conditions. If any of the conditions are not satisfied or waived, the Proposed Qualifying Transaction may not be completed. Each of the Company and IHC have the right, in certain circumstances, to terminate the Definitive Agreement. Accordingly, there can be no certainty that the Definitive Agreement will not be terminated by either party prior to the completion of the Qualifying Transaction.

Upon completion of the Qualifying Transaction, the proposed directors and executive officers of the Resulting Issuer are expected to beneficially own, or exercise control or direction over, directly or indirectly, 20.39% of the outstanding Resulting Issuer Shares. By virtue of their status as principal shareholders of Resulting Issuer, and by being director and officers of the Resulting Issuer, they will exert controlling influence over the Resulting Issuer's operations and business strategy. These matters may include the composition of the board of directors, which has the authority to direct the Resulting Issuer's business and to appoint and remove officers; approving or rejecting a merger, consolidation or other business combination; raising future capital; and amending the Resulting Issuer's articles of association, which govern the rights attached to the Resulting Issuer Shares. This concentration of ownership could delay or prevent proxy contests, mergers, tender offers, open-market purchase programs or other purchases of the Resulting Issuer Shares that might otherwise give shareholders the opportunity to realize a premium over the then-prevailing market price of the Resulting Issuer Shares. This concentration of ownership, and sales of a substantial number of Resulting Issuer Shares, could cause the market price of the Resulting Issuer Shares to decline.

It may be difficult to enforce civil liabilities under Canadian securities laws.

Most of the Resulting Issuer's assets, and assets of the directors and officers of the Resulting Issuer will be located outside of Canada. Therefore, a judgment obtained against the Resulting Issuer, or any of these persons, including a judgment based on the civil liability provisions of the Canadian securities laws, may not be collectible in Canada and may not be enforced by a Panamanian court. It also may be difficult to effect service of process on these persons in Canada or to assert Canadian securities law claims in original actions instituted in Panama. Panamanian courts may refuse to hear a claim based on an alleged violation of Canadian securities laws reasoning that Panama is not the most appropriate forum in which to bring such a claim. In addition, even if a Panamanian court agrees to hear a claim, it may determine that Panamanian law and not Canadian law is applicable to the claim. If the Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact by expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Panamanian law. There is little binding case law in Panama that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against the Resulting Issuer or the Resulting Issuer in Panama, it may be difficult to collect any damages awarded by either a Canadian or a foreign court.

Significant sales of Resulting Issuer Shares after the expiry of lock-up or escrow restrictions could adversely affect the market price of the Resulting Issuer Shares.

Although Common Shares held by existing shareholders and Resulting Issuer Shares issued in connection with the completion of the Qualifying Transaction will be freely tradable, the Resulting Issuer Shares held by certain directors, executive officers and Control Persons of the Resulting Issuer will be subject to escrow pursuant to the TSXV Policies. Sales of a substantial number of the Resulting Issuer Shares in the public market after the expiry of lock-up or escrow restrictions, or the perception that these sales could occur, could adversely affect the market price of the Resulting Issuer Shares, and may make it more difficult for investors to sell Resulting Issuer at a favorable time and price.

The requirements of being a public company may strain the Resulting Issuer's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members.

As a reporting issuer, the Resulting Issuer will be subject to the reporting requirements of applicable securities

legislation of the jurisdiction in which it is a reporting issuer, the listing requirements of the Exchange and other applicable securities rules and regulations. Compliance with those rules and regulations will increase the Resulting Issuer's legal and financial costs, make some activities more difficult, time consuming or costly and increase demand on its systems and resources.

There has been no prior public market for the Resulting Issuer Shares, and an active trading market may not develop.

Prior to the Proposed Qualifying Transaction, there has been no active public market for the Resulting Issuer Shares. An active trading market may not develop following completion of the Qualifying Transaction or, if developed, may not be sustained. The lack of an active market may impair an investor's ability to sell its shares at the time he or she wishes to sell them or at a price that he or she considers reasonable. The lack of an active market may also reduce the fair market value of the Resulting Issuer Shares. An inactive market may also impair an investor's ability to raise capital by selling its Resulting Issuer Shares and may impair the Resulting Issuer's ability to acquire other companies by using its Resulting Issuer Shares as consideration.

The Resulting Issuer will not have any control over the research and reports that securities or industry analysts publish about the Resulting Issuer or its business.

The trading market for the Resulting Issuer Shares will, to some extent, depend on the research and reports that securities or industry analysts publish about the Resulting Issuer or its business. The Resulting Issuer will not have any control over these analysts. If one or more of the analysts who covers the Resulting Issuer should downgrade the Resulting Issuer Shares or change their opinion of the Resulting Issuer's business prospects, the Resulting Issuer Share price would likely decline. If one or more of these analysts ceases coverage of the Resulting Issuer or fails to regularly publish reports on the Resulting Issuer, the Resulting Issuer could lose visibility in the financial markets, which could cause the Resulting Issuer's share price or trading volume to decline.

Investors' ability to exercise statutory rights and remedies under Canadian securities laws

The Company is incorporated under the laws of the Province of Ontario. However, the subsidiaries of the Resulting Issuer are organized under the laws of jurisdictions outside of Canada, in particular Panama, and certain of the officers and directors of the Company reside outside of Canada. This may limit an investor's ability to exercise statutory rights and remedies under Canadian laws. In particular, a Canadian court may determine that it does not have jurisdiction over a claim by an investor against one of the Company's subsidiaries and/or its officers and directors, or that another international jurisdiction is the more convenient forum to adjudicate the claim.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Resulting Issuer are expected to be MNP, Chartered Professional Accountants, located at 50 Burnhamthorpe Road West, Suite 900, Mississauga, ON, L5B 3C2. MNP is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Resulting Issuer Shares is expected to be the TSX Trust Company.

PROMOTERS

Oscar Hilt Tatum IV, a proposed director of the Resulting Issuer and a debtholder of Holdco, may be considered a Promoter of IHC. Information about Mr. Tatum IV is disclosed elsewhere in this Prospectus in connection with his role of a proposed director of the Resulting Issuer. Mr. Tatum IV does not hold directly or indirectly any securities of Holdco or IHC. Following the Completion of the Qualifying Transaction as currently contemplated, Mr. Tatum IV is expected to beneficially own, or control or direct, directly or indirectly, an aggregate of 2,305,470 Resulting Issuer Shares, representing approximately 17.52% of the issued and outstanding Resulting Issuer Shares immediately following the Closing.

MATERIAL CONTRACTS OF RESULTING ISSUER

Following the completion of the Proposed Qualifying Transaction, the material contracts of the Company and IHC will continue to be material contracts of the Resulting Issuer. Any material contracts of the Resulting Issuer will be filed on SEDAR under the Resulting Issuer's profile at www.sedar.com. See "*Information Concerning the Company – Material Contracts*" and "*Information Concerning IHC – Material Contracts*".

Copies of material contracts will be available for inspection without charge at the Toronto offices of Garfinkle Biderman LLP, counsel to IHC, at Suite 801, 1 Adelaide Street East, Toronto, Ontario, Canada, M5C 2V9, during ordinary business hours from the date hereof until the completion of the Proposed Qualifying Transaction.

EXPERTS

The following professional persons have prepared reports or have provided opinions that are either included in or referred to in this Prospectus: MNP LLP, Chartered Professional Accountants, as auditor of the Company, and ORG as auditor of IHC.

No person or company who is named as having prepared or certified a part of this Prospectus or prepared or certified a report or valuation described or included in this Prospectus has, or will have immediately following completion of the Proposed Qualifying Transaction, any direct or indirect interest in the Company or IHC.

Each of MNP LLP, Chartered Professional Accountants, the auditor of the Company, and ORG, the auditor of IHC, has have advised that they are independent of the Company and IHC within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in the province of Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In the province of Ontario, the securities legislation further provides a purchaser with remedies of rescission or damages, if this Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory, provided that the remedies for rescission, revisions of purchase price or damages are exercised by the purchaser within the time limit prescribed for by the securities legislation of the purchaser's province. However, in light of the fact that this is a non-offering prospectus and no securities are being purchased under this Prospectus, these rights and their associated remedies are not available to holders of Common Shares prior to the completion of the Proposed Qualifying Transaction, or holders of the Resulting Issuer Shares after the completion of the Proposed Qualifying Transaction. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

OTHER MATERIAL FACTS

There are no other material facts relating to the Company, IHC, the Proposed Qualifying Transaction, or the Concurrent Financing that are not disclosed in this Prospectus.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this prospectus. This is not an exhaustive list of defined terms used in this prospectus and additional terms are defined throughout. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**Advisor A Fee**" has the meaning ascribed to it in "*Proposed Qualifying Transaction – Advisors Fee*".

"**Advisor A**" means Joshua Lebovic.

"**Affiliate**" means a company that is affiliated with another company as described below:

A company is an "**Affiliate**" of another company if:

- i. one of them is the subsidiary of the other; or
- ii. each of them is controlled by the same Person.

A company is “**controlled**” by a person if:

- i. voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
- ii. the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- i. a company controlled by that Person; or
- ii. an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

“**Agency Agreement**” means the agency agreement dated May 28, 2021 among the Company and Haywood.

“**Amalco**” means a wholly owned subsidiary of the Company, resulting from the Amalgamation.

“**Amalgamation**” means a three-cornered amalgamation between the Company, Finco and Subco pursuant to the Amalgamation Agreement.

“**Amalgamation Agreement**” has the meaning ascribed to it in “*Information Concerning the Company – Business of the Company*”.

“**Anti-Bribery and Anti Corruption Policy**” has the meaning ascribed to it in “*Information Concerning Resulting Issuer – Corporate Governance of the Resulting Issuer*”.

“**Associate**” means, if used to indicate a relationship with a person or company, means: (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding securities of the issuer, (b) any partner, other than a limited partner, of the person or company, (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity, (d) in the case of a person, a relative of that person, including (i) that person’s spouse or child, or (ii) any relative of the person or of his spouse who has the same residence as that person; but (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D1.00 of the Exchange’s Rule Book and TSXV Policies with respect to that Member firm, Member corporation or holding company.

“**Audit Committee**” means the audit committee established by the Resulting Issuer Board.

“**Business Combination**” means the Share Exchange, and each of the transactions contemplated in relation thereto including, (i) the Company Consolidation, (ii) the Concurrent Financing, (iii) the Amalgamation, (iv) the IHC Debt Assumption, and (v) the Holdco Debt Conversion.

“**Capellania Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Caterpillar Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Caterpillar**” means Caterpillar Credito, S.A. de C.V. Sucursal Panama.

“**CEO**” means the chief executive officer.

“**CFO**” means chief financial officer.

“**Closing Time**” means 6:00 a.m. (Toronto time) on the Closing Date.

“**Closing**” or “**Closing Date**” means the closing of the Business Combination pursuant to the Definitive Agreement on September 30, 2023.

“**Company**” means Yubba Capital Corp., a corporation incorporated under the OBCA on January 8, 2021.

“**Company Board**” means the board of directors of the Company.

“**Company Consolidation Shares**” means the Common Shares on the post-Company Consolidation basis.

“**Company Consolidation**” has the meaning ascribed to it in “*Proposed Qualifying Transaction – Company Consolidation*”.

“**Company Financial Statements**” means the audited financial statements of the Company for the period from January 8, 2021 (date of incorporation) to December 31, 2021, audited financial statements of the Company for the year ended December 31, 2022, consisting of the Statement of Financial Position, Statement of Operations and Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and all notes thereto.

“**Company IPO**” means the Company’s initial public offering completed on August 26, 2021.

“**Company Meeting Matters**” means the following matters approved by the Company Shareholders at the Company Meeting: (i) the election of the IHC Nominees, subject to and effective as at completion of the Proposed Qualifying Transaction; (ii) the appointment of MNP LLP as the auditor of the Company; (iii) the Name Change, subject to and effective as at completion of the Proposed Qualifying Transaction; (iv) the adoption of Resulting Issuer Omnibus Plan, subject to and effective as at completion of the Proposed Qualifying Transaction, and (v) the Company Consolidation, subject to and effective as at completion of the Proposed Qualifying Transaction.

“**Company Meeting**” means the annual, general and special meeting of the Company Shareholders to be held to approve the Company Meeting Matters.

“**Company Option Plan**” means incentive stock option plan of the Company approved by the Company Board on January 8, 2021.

“**Company Options**” means incentive stock options to purchase Common Shares, issued pursuant to the Company Option Plan.

“**Company Shareholders**” means the holders of Common Shares and Company Consolidation Shares, as the case may be.

“**Common Shares**” means the common shares in the capital of the Company, on a pre-Company Consolidation basis.

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the Exchange.

“**Concurrent Financing**” means a non-brokered private placement of Finco and IHC to raise minimum aggregate gross proceeds of US\$4 million and maximum of US\$8 million through the issuance of (i) Subscription Receipts at a price of US\$3.62 per Subscription Receipt and (ii) Convertible Notes.

“**Consideration Shares**” has the meaning ascribed to it in “*Proposed Qualifying Transaction – Share Exchange*”.

“**Control Person**” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“**Convertible Notes**” means unsecured convertible promissory notes of IHC (or one of its subsidiaries, as the case may be) which will be either (i) repayable by Holdco or (ii) each convertible into units of IHC or Holdco with each unit consisting of one (1) common share and one (1) common share purchase warrant.

“**CPC Escrow Agent**” means TSX Trust Company.

“**CPC Escrow Agreement**” means the escrow agreement dated May 28, 2021, between the Company, the CPC Escrow Agent, and certain Company Shareholders.

“**CPC Escrow Shares**” means the 3,000,000 Common Shares held in escrow pursuant to the CPC Escrow Agreement in accordance with the CPC Policy.

“**CPC Policy**” means Exchange Policy 2.4 – *Capital Pool Companies*, as amended from time to time.

“**CPC**” means a corporation (a) that has been incorporated or organized in a jurisdiction of Canada, (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

“**Dale Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Dale Ventures**” means Dale Ventures Pte. Ltd.

“**Definitive Agreement**” means the securities exchange agreement between the Company, IHC and Holdco dated April 14, 2023, in respect of the Proposed Qualifying Transaction.

“**DV FZE Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Escrow Release Conditions**” means the following conditions:

- a) the satisfaction or waiver of all conditions precedent to the completion of the Proposed Qualifying Transaction, other than the release of the Escrowed Proceeds and the closing of the Proposed Qualifying Transaction, each of which will be completed forthwith upon release of the Escrowed Proceeds;
- b) the receipt of all required shareholder, regulatory and court approvals, including without limitation, the conditional approval of the Exchange for the Listing;
- c) the distribution of the Resulting Issuer Shares to be issued in exchange for the Finco Shares pursuant to the Proposed Qualifying Transaction being exempt from applicable prospectus requirements of applicable securities laws; and
- d) Finco, IHC, and the Company having delivered a joint direction to the Subscription Receipt Agent confirming that the conditions set forth above have been met or waived.

“**Escrowed Proceeds**” means the gross proceeds from the sale of the Subscription Receipts which will be deposited into escrow on the date of closing of the Concurrent Financing with the Subscription Receipt Agent.

“**Exchange Requirements**” means and includes the articles, by-laws, policies, circulars, rules, guidelines, orders, notices, rulings, forms, decisions and regulations of the Exchange as from time to time enacted, any instructions, decisions and directions of the Exchange (including those of any committee of the Exchange as appointed from time to time), the *Securities Act* (Ontario) and rules and regulations thereunder as amended, and any policies, rules, orders, rulings, forms or regulations from time to time enacted by the Ontario Securities Commission and all applicable provisions of the securities laws of any other jurisdiction.

“**Exchange**” means the TSX Venture Exchange Inc.

“**Final Exchange Bulletin**” means the exchange bulletin which is issued following closing of the Proposed Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Proposed Qualifying Transaction.

“**Finca Agreement**” has the meaning ascribed to it in “*Information Concerning IHC – History of IHC*”.

“**Finco**” means 1000469360 Ontario Inc., a corporation incorporated on March 9, 2023 pursuant to the OBCA for the sole purpose of undertaking the Concurrent Financing, and a wholly-owned subsidiary of the Company.

“**Finco Shares**” means common shares in the capital of Finco.

“**Finco Warrants**” means common share purchase warrants issuable upon the conversion of the Subscription Receipts in accordance with the terms and conditions contained in the Subscription Receipt Agreement, with each Finco Warrant being exercisable into one (1) additional Finco Share for a period of two (2) years from the completion of the Proposed Qualifying Transaction at an exercise price of US\$4.34 per Finco Share.

“**Finder Warrants**” means compensation warrants each entitling the holder thereof to purchase at a price of US\$3.62 into one (1) Finco Share and one (1) Finco Warrant.

“**Finders**” means those certain individuals or entities that have introduced investors to IHC and the Company in respect of the Concurrent Financing, and in respect of which Finco, as applicable, obligated to pay the Finders’ Fee.

“**Finders’ Fee**” means certain finders’ fee payable to Finders, if any, consisting of cash fee and Finder Warrants, as may be determined by the Company and IHC, acting reasonably.

“**Fonestar**” means Fonestar Investment Inc.

“**Fonestar Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**GB Credit Facility**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**GB Loan**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Global Axe**” means Global Axe Investment Holdings.

“**Global Axe Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Global Bank**” means Global Bank Corporation.

“**Global Bank Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Haywood**” means Haywood Securities Inc., the agent who acted for the Company as part of the Company IPO.

“**Haywood Warrants**” means broker warrants issued to Haywood by the Company exercisable into Common Shares for an exercise price of \$0.10 per Common Share and expiring on August 26, 2026.

“**Holdco**” means Impact Housing Corporation (Bahamas), the parent company of IHC, incorporated under the laws of the Bahamas on September 5, 2017.

“**Holdco Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Holdco Combination**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Holdco Common Shares**” means common shares in the capital of Holdco.

“**Holdco Debt Conversion**” has the meaning ascribed to it in “*Proposed Qualifying Transaction – Holdco Debt Conversion*”.

“**Holdco Management Shares**” means the management shares in the capital of Holdco which entitle the holder to vote at meetings of Holdco Shareholders, but do not entitle the holder to receive dividends and distributions (whether payable in cash or otherwise) as may be declared, nor in the event of any liquidation, dissolution or winding-up of Holdco (whether voluntary or involuntary).

“**Holdco Shareholders**” means all of the holders of the Holdco Shares.

“**Holdco Shares**” mean Holdco Common Shares and Holdco Management Shares.

“**IFRS**” means International Financial Reporting Standards.

“**IHC**” means Impact Housing Corporation, a corporation existing under the laws of the Republic of Panama, incorporated on February 15, 2017.

“**IHC Board**” means the board of directors of IHC.

“**IHC Debt Assumption**” has the meaning ascribed to in “*Proposed Qualifying Transaction – IHC Debt Assumption*”.

“**IHC Financial Statements**” means the audited financial statements of IHC for the years ended December 31, 2022, 2021 and 2020, consisting of the Statement of Financial Position, Statement of Operations and Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, and all notes thereto.

“**IHC Nominees**” means, subject to completion of the Business Combination, the reconstitution of the Company Board to consist of five directors, being Thomas Wenz, Raymond D. Harari, Joshua Lebovic, Oscar Tatum Hilt IV and Sophie Galper-Komet.

“**IHC Shareholder**” means the holder of IHC Shares, which immediately prior to the Completion of the Proposed Qualifying Transaction was Holdco.

“**IHC Shares**” mean common shares in the capital of IHC.

“**IHC Subco A**” means Promotora Santiago Development Corp., a wholly owned subsidiary of IHC.

“**IHC Subco B**” means Promotora Sona, S.A., a wholly owned subsidiary of IHC.

“**IHC Subco C**” means Promotora Capellania, S.A., a wholly owned subsidiary of IHC.

“**IHC Subco D**” means Tekeros Santiago, S.A., a wholly owned subsidiary of IHC.

“**IHC Subco E**” means Tekeros Constructores, S.A., a wholly owned subsidiary of IHC.

“**IHC Subco F**” means Impact Santiago, S.A., a wholly owned subsidiary of IHC.

“**IHC Subco G**” means Impact Sona, S.A., a wholly owned subsidiary of IHC.

“**IHC Subco H**” means Impact Capellania, S.A., a wholly owned subsidiary of IHC.

“**IHC Subco I**” means Impact Housing Management Corporation, a wholly owned subsidiary of IHC.

“**IHC Subco J**” means Comercializadora Sona, S.A., a wholly owned subsidiary of IHC.

“**IHC Subco K**” means Impact Equipos, S.A., a wholly owned subsidiary of IHC.

“**Industrial License**” has the meaning ascribed to it in “*Information Concerning IHC - Business of IHC – Industry Overview*”.

“**Insider**” if used in relation to an issuer, means (a) a director or senior officer of the issuer, (b) a director or senior officer of the corporation that is an Insider or subsidiary of the issuer, (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (d) the issuer itself if it holds any of its own securities.

“**Investment Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Jaramillo Agreement**” has the meaning ascribed to it in “*Information Concerning IHC – Executive Compensation*”.

“**La Peana Agreement**” “has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Law**” or “**Laws**” means all federal, provincial, state, municipal or local laws, rules, regulations, statutes, by-laws, ordinances, policies or orders of any federal, provincial, state, regional or local government or any subdivision thereof or any arbitrator, court, administrative or regulatory agency, commission, department, board or bureau or body or other government or authority or instrumentality or any entity or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Listing**” means the listing of the Resulting Issuer Shares on the Exchange.

“**Listing Date**” means the date the Resulting Issuer Shares are listed on the Exchange.

“**Los Sueños de Sona Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Management Company**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Material Adverse Effect**” means in respect of a Person means any change, effect, event, occurrence, condition or development that would have, individually or in the aggregate, a material and adverse impact on the business, operations, results of operations, assets, capitalization or financial condition of such Person, other than any change, effect, event, occurrence or state of facts relating to the global economy or securities markets in general.

“**MD&A**” means Management’s Discussion and Analysis.

“**Member**” has the meaning ascribed to it in the TSXV Policies.

“**MI 61-101**” means Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*.

“**MIVIOT Subsidy**” has the meaning ascribed to it in “*Information Concerning IHC - Business of IHC – Industry Overview*”.

“**MNP**” means MNP LLP, Chartered Professional Accountants auditor to the Company and anticipated auditor to the Resulting Issuer.

“**Multibank**” means Multibank Inc.

“**Multibank Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Name Change**” means the change of the Company’s names to “Impact Development Group Inc.” or such other name as may be approved by IHC and by the regulatory authorities.

“**Named Executive Officers**” or “**NEOs**” means the Company’s CEO and CFO and the next most highly compensated executive officers of the Company who are currently serving as executives officers, or the most highly compensate individuals acting in similar capacity.

“**NI 41-101**” means National Instrument 41-101 – *General Prospectus Requirements, of the Canadian Securities Administrators*.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees, of the Canadian Securities Administrators*.

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices, of the Canadian Securities Administrators*.

“**Non-Arm’s Length Qualifying Transaction**” has the meaning ascribed to it in the CPC Policy.

“**Non-Managing Investors**” has the meaning ascribed to it in “*Information Concerning IHC – History of IHC*”.

“**Notes Conversion**” has the meaning ascribed to it in “*Proposed Qualifying Transaction – Notes Conversion*”.

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time.

“**Offering Price**” has the meaning ascribed to it in “*The Proposed Qualifying Transaction – Concurrent Financing*”.

“**ORG**” means ORG Auditores Independientes S.A.

“**Panama Equities**” means Panama Equities Inc.

“**Panama Equities Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Panama Equities Amendment**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Participant**” has the meaning ascribed to it in “*Information Concerning the Resulting Issuer Options to Purchase Securities*”.

“**Perla Model**” has the meaning ascribed to it in “*Information Concerning IHC - Business of IHC – Current Projects*”.

“**Person**” includes an individual, partnership, corporation, association, trust, joint venture, unincorporated organization and any government, governmental department or agency or political subdivision thereof.

“**Preferential Interest Program**” has the meaning ascribed to it in “*Information Concerning IHC - Business of IHC – Industry Overview*”.

“**Principal**” has the meaning ascribed to it in Exchange Policy 1.1. – *Interpretation*.

“**Promissory Notes**” means convertible notes in the capital of Holdco in the aggregate amount of US\$33,333,333 plus any applicable interest issued to certain holders, which are convertible into Holdco Common Shares at a deemed price of US\$15.00 per Holdco Common Shares.

“**Promoter**” has the meaning set out in the *Securities Act* (Ontario).

“**Proposed Qualifying Transaction**” has the meaning ascribed to it in “*Prospectus Summary*”.

“**Prospectus**” means this non-offering amended and restated preliminary prospectus of the Company.

“**Qualifying Transaction**” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means, pursuant to the CPC Policy.

“**Related Party Transaction Policy**” has the meaning ascribed to it in “*Information Concerning the Resulting Issuer – Corporate Governance of the Resulting Issuer*”.

“**Reserva Project**” has the meaning ascribed to it in “*Information Concerning the Resulting Issuer – Business of IHC – Current Projects*”.

“**Reserva Property**” has the meaning ascribed to it in “*Information Concerning the Resulting Issuer – Business of IHC – Current Projects*”.

“**Resulting Issuer**” means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin, which, for the purposes of this Prospectus, shall mean the Company after Completion of the Proposed Qualifying Transaction.

“**Resulting Issuer Board**” means the board of directors of the Resulting Issuer.

“**Resulting Issuer Omnibus Plan**” means the omnibus equity incentive plan to be approved at the Company Meeting and to be adopted by the Resulting Issuer upon Completion of the Proposed Qualifying Transaction.

“**Resulting Issuer Options**” means the stock options to purchase Resulting Issuer Shares, pursuant to the Resulting Issuer Omnibus Plan.

“**Resulting Issuer RSUs**” means restricted share units under the Resulting Issuer Omnibus Plan.

“**Resulting Issuer Shares**” means common shares in the capital of the Resulting Issuer.

“**Resulting Issuer Warrants**” means common share purchase warrants exercisable to purchase Resulting Issuer Shares.

“**Ruckify**” has the meaning ascribed to it in “*Information Concerning IHC - Business of IHC – History of IHC*”.

“**Ruckify LOI**” has the meaning ascribed to it in “*Information Concerning IHC - Business of IHC – History of IHC*”.

“**Santiago Project**” has the meaning ascribed to it in “*Information Concerning IHC - Business of IHC – Current Projects*”.

“**Santiago Property**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Sapphire Model**” has the meaning ascribed to it in “*Information Concerning IHC - Business of IHC – Current Projects*”.

“**Second Multibank Agreement**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval.

“**Sevilla Model**” has the meaning ascribed to it in “*Information Concerning the Resulting Issuer – Business of IHC – Current Projects*”.

“**Share Exchange**” has the meaning ascribed to it in “*Prospectus Summary – Summary of Business Combination*”.

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by a CPC, together with any concurrent transactions, would result in a CPC meeting the minimum listing requirements of the Exchange.

“**Significant Investor**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**Sona Project**” has the meaning ascribed to it in “*Business of IHC – Completed Projects*”.

“**Sona Property**” has the meaning ascribed to it in “*Information Concerning IHC – History of IHC*”.

“**Subco**” means a wholly owned subsidiary of the Company, to be incorporated under the laws of the Province of Ontario on the Closing Date.

“**Subscription Receipt Agent**” means Garfinkle Biderman LLP (or other subscription receipt agent acceptable to the Company and Holdco, acting reasonably).

“**Subscription Receipt Agreement**” means the subscription receipt agreement governing the terms of the Subscription Receipt, to be entered into by Finco and the Subscription Receipt Agent as of the closing date of the Concurrent Financing and governing the Subscription Receipts.

“**Subscription Receipts**” means subscription receipts of Finco issued to subscribers pursuant to the Concurrent Financing, each, following the completion of the Concurrent Financing and the satisfaction of Escrow Release Conditions, entitle the holder to receive, without payment of additional consideration or taking of further action one (1) Finco Share and one (1) Finco Warrant.

“**TNTR**” means TNTR Investments Corp.

“**Treatment Plant**” has the meaning ascribed to it in “*Information Concerning IHC - History of IHC*”.

“**TSXV Policies**” means the policies of the Exchange, as amended from time to time.

“**TSXV**” means the TSX Venture Exchange.

“**United States**” or “**US**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

“**Value Securities**” means securities issued pursuant to a transaction, for which the deemed value of the securities at least equals the value ascribed to the asset, using a valuation method acceptable to the Exchange, or securities, which are otherwise determined by the Exchange to be Valued Securities and required to be placed in escrow under a Value Security Escrow Agreement.

“**Value Security Escrow Agreement**” means an escrow agreement in Form 5D to which Value Securities will be subject and which will include Schedule B(1) of Form 5D if the issuer is a Tier 1 issuer or Schedule B(2) of Form 5D if the issuer is a Tier 2 Issuer.

“**Wenz Agreement**” has the meaning ascribed to it in “*Information Concerning IHC – Executive Compensation*”.

SCHEDULE A

INDEX TO THE FINANCIAL STATEMENTS AND MD&A

The following financial statements and related management's discussion and analysis are included in this Prospectus:

1. Audited Financial Statements of Yubba Capital Corp. for the year ended December 31, 2022.
2. Management's Discussion and Analysis for Yubba Capital Corp. for the year ended December 31, 2022.
3. Audited Financial Statements of Yubba Capital Corp. for the period from January 8, 2021 (the date of incorporation) to December 31, 2021.
4. Management's Discussion and Analysis for Yubba Capital Corp. for the period from incorporation (January 8, 2021) to December 31, 2021.
5. Audited Financial Statements of Impact Housing Corporation for the year ended December 31, 2022.
6. Management's Discussion and Analysis for Impact Housing Corporation for the year ended December 31, 2022.
7. Audited Financial Statements of Impact Housing Corporation for the year ended December 31, 2021.
8. Management's Discussion and Analysis for Impact Housing Corporation for the years ended December 31, 2021.
9. Audited Financial Statements of Impact Housing Corporation for the year ended December 31, 2020.
10. Management's Discussion and Analysis for Impact Housing Corporation for the years ended December 31, 2020.
11. Pro Forma Consolidated Statement of Financial Position of Impact Development Group Inc. (formerly, Yubba Capital Corp.) as of December 31, 2022.

Yubba Capital Corp.

(A Capital Pool Corporation)

Financial Statements

**For the year ended December 31, 2022 and period from January 8, 2021
(date of incorporation) to December 31, 2021**

(In Canadian Dollars)

To the Shareholders of Yubba Capital Corp.:

Opinion

We have audited the financial statements of Yubba Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and December 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2022 and the period from January 8, 2021 (date of incorporation) to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the year ended December 31, 2022 and the period from January 8, 2021 (date of incorporation) to December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises 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 audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits 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 on this other information, 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 Blair Michael Mabee.

Mississauga, Ontario

March 27, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Yubba Capital Corp.

Statements of Financial Position (In Canadian Dollars) As at December 31, 2022 and 2021

	As at December 31, 2022	As at December 31, 2021
ASSETS		
Current		
Cash (note 4)	\$ 213,279	\$ 264,756
Total Assets	\$ 213,279	\$ 264,756
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 9,532	\$ 29,557
SHAREHOLDERS' EQUITY		
Share capital (note 5)	300,690	300,690
Contributed surplus (note 5)	24,974	24,974
Accumulated deficit	(121,917)	(90,465)
	203,747	235,199
Total Liabilities and Shareholders' Equity	\$ 213,279	\$ 264,756

Incorporation and nature of business (*note 1*)

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

Approved by the Board

Brian Morales
Director (Signed)

Edward (Ted) Yew
Director (Signed)

Yubba Capital Corp.

Statements of Loss and Comprehensive Loss

(In Canadian Dollars)

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

	For the year ended December 31, 2022	For the period from January 8 to December 31, 2021
Expenses		
Professional fees	\$ 12,575	\$ 30,551
Public company and transaction costs	13,250	43,218
Share based payments expense	-	15,687
Other	5,627	1,009
	31,452	90,465
Net loss and comprehensive loss for the year / period	(31,452)	(90,465)
Net loss per share - basic and diluted (note 5)	\$ (0.01)	\$ (0.02)
Weighted average shares outstanding - basic and diluted (note 5)	5,220,000	3,789,748

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

Yubba Capital Corp.

Statements of Cash Flows

(In Canadian Dollars)

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

	For the year ended December 31, 2022	From January 8, 2021 to December 31, 2021
Cash flow used in operating activities		
Net loss	\$ (31,452)	\$ (90,465)
Adjustments for non-cash items:		
Share based payments expense	-	15,687
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(20,025)	29,557
Net cash used in operating activities	(51,477)	(45,221)
Cash flow from financing activities		
Issuance of common shares for cash on Incorporation	-	149,500
Issuance of common shares, net	-	160,477
Net cash provided from financing activities	-	309,977
Net change in cash	(51,477)	264,756
Cash, beginning of year / period	264,756	-
Cash, end of year / period	\$ 213,279	\$ 264,756

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

Yubba Capital Corp.

Statements of Changes in Shareholders' Equity

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

(In Canadian Dollars)

	Number of shares	Share capital	Contributed surplus	Accumulated deficit	Shareholders' equity
Balance, January 8, 2021	-	\$ -	\$ -	\$ -	\$ -
Issuance of common shares, net	3,000,000	149,500	-	-	149,500
Issuance of common shares, net	2,220,000	151,190	9,287	-	160,477
Share based payment expense	-	-	15,687	-	15,687
Net loss for the period	-	-	-	(90,465)	(90,465)
Balance, December 31, 2021	5,220,000	\$ 300,690	\$ 24,974	\$ (90,465)	\$ 235,199
Net loss for the year	-	-	-	(31,452)	(31,452)
Balance, December 31, 2022	5,220,000	\$ 300,690	\$ 24,974	\$ (121,917)	\$ 203,747

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

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the year ended December 31, 2022 and for the period from January 8, 2021 (date of incorporation) to December 31, 2021

1. Incorporation and nature of business

Yubba Capital Corp. ("Yubba" or the "Company") was incorporated on January 8, 2021, under the Ontario Business Corporations Act. The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, subject to the requirements of the TSX Venture Exchange. These restrictions will apply until completion of a QT by the Company as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

The head office and the registered head office of the Company is located at 2131 Lawrence Avenue East, Suite 207, Toronto, ON, M1R 5G4.

These financial statements were authorized for issue in accordance with a resolution of the directors on March 27, 2023.

COVID-19

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. The Company does not believe the effects of COVID-19 will have an impact on operations.

2. Basis of preparation and statement of compliance

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the year ended December 31, 2022 and for the period from January 8, 2021 (date of incorporation) to December 31, 2021

2. Basis of preparation and statement of compliance (continued)

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

There were no key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. Significant accounting policies

Financial Instruments

Financial Instruments: IFRS 9 - Financial Instruments was issued by the IASB to establish principles for the financial reporting of financial assets and financial liabilities, including requirements for classification and measurement, impairment, and hedge accounting.

Classification

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 approach for the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements. The new model also results in a single impairment model being applied to all financial instruments.

Financial Assets

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated as fair value through profit or loss

Financial assets measured at FVTPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of loss and comprehensive loss.

Fair value through other comprehensive income

Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive (loss) income. Income arising in the form of interest, dividends, or similar, is recognized through profit and loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition).

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the year ended December 31, 2022 and for the period from January 8, 2021 (date of incorporation) to December 31, 2021

3. Significant accounting policies (continued)

Other financial liabilities

This category includes all other financial liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consist of the following:

<u>Financial assets</u>	<u>IFRS 9 Classification</u>
Cash	FVTPL

<u>Financial Liabilities</u>	<u>IFRS 9 Classification</u>
Accounts payable and accrued liabilities	Amortized cost

Fair value hierarchy

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

Cash is classified within level 1 of the fair value hierarchy.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method with interest expense being recognized on an effective yield basis. Accounts payable and accrued liabilities are measured in this category.

Share capital

Proceeds from the issuance of common shares are classified as equity in the statements of financial position. Incremental costs directly attributable to the issuance of shares are recognized as a deduction, net of any tax effects.

Share-based payments

The Company applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based payment expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the year ended December 31, 2022 and for the period from January 8, 2021 (date of incorporation) to December 31, 2021

3. Significant accounting policies (continued)

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

4. Cash

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than \$3,000 per month of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

5. Share capital and contributed surplus

Authorized: Unlimited number of voting Common Shares.

Issued: During the period from January 8, 2021 to February 28, 2021, the Company issued 3,000,000 common shares at a price of \$0.05 per share for gross cash proceeds of \$150,000.

All Common Shares: (a) issued at a price below the price of the Common Shares issued in the Corporation's initial public offering ("IPO"); and (b) all shares acquired from treasury after the IPO but before the date of the Final QT Exchange Bulletin (as defined in the Policy) which are, directly or indirectly, beneficially owned or controlled by Non-Arm's Length Parties (as defined in the Policy) to the Corporation, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow. Twenty five percent (25%) of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional twenty five percent (25%) will be released on each date which are 6 months, 12 months, and 18 months following the Initial Release.. As at December 31, 2022, there are 3,000,000 common shares in escrow (December 31, 2021 – 3,000,000).

On August 26, 2021, the Company completed its initial public offering (the "Offering") in British Columbia, Alberta and Ontario of an aggregate of 2,220,000 common shares ("Common Shares") at a price of \$0.10 per Common Share for aggregate gross proceeds of \$222,000.

The net proceeds of the Offering, together with the proceeds from prior sales of Common Shares will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the capital pool company program of the TSXV.

In connection with the Offering, the Company granted to the Agent warrants to acquire up to an aggregate of 177,600 Common Shares at a price of \$0.10 per share for a period of five years from the closing of the Offering. In connection with the Offering, the Agent also received a cash commission of \$17,760, representing 8% of the aggregate gross proceeds of the Offering.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the year ended December 31, 2022 and for the period from January 8, 2021 (date of incorporation) to December 31, 2021

5. Share capital and contributed surplus (continued)

Total transaction fees in respect of the Offering were \$71,810, including \$9,287 related to the value ascribed to the Agent options. The Agent warrants were valued using a Black-Scholes valuation methodology using the following assumptions: an estimated life of 5 years, a volatility of 100%, based on comparable companies, a risk free rate of 1%, a dividend yield of nil, and a share price of \$0.10.

The following table reflects the warrants outstanding as of December 31, 2022:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Warrants Outstanding	Number of Warrants Vested (Exercisable)
August 26, 2026	\$0.10	3.65	177,600	177,600

Stock option plan

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares.

The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

During the period ended December 31, 2021, the Company granted share options to purchase an aggregate up to 300,000 common shares at a price of \$0.10 for a period of 5 years from grant date to directors and officers under the Company's share option plan on closing of the Offering. During the period from January 8, 2021, to December 31, 2021, the Company recognized share based payment expense of \$15,687. The share based payment expense was measured using the Black Scholes valuation model assuming a share price of \$0.10 per share, an expected life of five years, a volatility of 100% and a risk free rate of 0.5%.

The following table reflects the stock options outstanding as at December 31, 2022:

Expiry Date	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Number of Options Outstanding	Number of Options Vested (Exercisable)
August 26, 2026	\$0.10	3.65	300,000	300,000

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the year ended December 31, 2022 and for the period from January 8, 2021 (date of incorporation) to December 31, 2021

6. Capital management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. The Company's objectives when managing capital are: i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and, ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that that not more than \$3,000 per month of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

The Company is not subject to any externally or internally imposed capital requirements at period-end apart from the capital requirements of the Exchange.

7. Income taxes

A reconciliation of combined federal and provincial corporate income taxes at statutory rates of 26.5% (2021 – 26.5%) to the Company's effective income tax expense is as follows:

	For the year ended December 31, 2022	For the period from January 8 to December 31, 2021
Net loss	\$ (31,452)	\$ (90,465)
Expected income tax recovery	\$ (8,335)	\$ (23,973)
Share based payment expense and other non-deductible items	-	4,193
Share issuance costs recorded in equity	-	(15,118)
Change in valuation allowance	8,335	34,898
Income tax recovery	\$ -	\$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
Non-capital losses carried forward	\$ 133,676	\$ 74,641
Share issuance costs	43,060	57,048
Total unrecognized deferred tax assets	\$ 176,736	\$ 131,689

The non-capital losses can be carried forward twenty years to be applied against future taxable income, with the balance expiring in 2042. Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the year ended December 31, 2022 and for the period from January 8, 2021 (date of incorporation) to December 31, 2021

8. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities. Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined on level 1 inputs. The carrying amount of accounts payable and accrued liabilities approximates its fair value due to the short-term maturities of these items.

9. Related party transactions

During the period from January 8, 2021 to December 31, 2021, 2,600,000 common shares were issued at a price of \$0.05 per share for gross proceeds of \$130,000 to Directors, Officer and companies related to directors and Officer of the Company.

There was no remuneration was paid to key management personnel during the year ended December 31, 2022. During the period from January 8, 2021 to December 31, 2021 the Company issued 300,000 stock options with a fair value of \$15,687 to the directors and officers.

10. Qualifying Transaction

On December 31, 2022, the Company and Impact Housing Corporation ("IHC") announced that they have entered into a letter of intent dated December 1, 2022 (the "LOI"), pursuant to which Yubba and IHC will complete a transaction that will result in a reverse take-over of Yubba by IHC (the "Proposed Transaction"). The Proposed Transaction, if completed, will constitute Yubba's "Qualifying Transaction" (as such term is defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV")).

IHC is a Panamanian based real estate developer, incorporated under the laws of the Republic of Panama on February 15, 2017, that provides affordable housing supported by a longstanding subsidized government program with multiple product offerings. The principal business of IHC is to build and develop affordable and high quality subsidized houses and in the Republic of Panama to support the middle class market. The vision of IHC is effectuated by a vertically integrated model which coordinates all services necessary to develop high-quality residential and commercial buildings; including but not limited to land acquisition, financing, architectural, engineering, off-site manufacturing, general contracting, property management, and administration. IHC is incorporated under the laws of the Republic of Panama.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the year ended December 31, 2022 and for the period from January 8, 2021 (date of incorporation) to December 31, 2021

10. Qualifying Transaction (continued)

In conjunction with, and prior to the closing of the Proposed Transaction, IHC intends to complete a private placement offering of a minimum USD\$6,000,000 of subscription receipts (the “Concurrent Offering”). Immediately prior to the completion of the Proposed Transaction, it is anticipated that each subscription receipt will be converted into (1) common share in the capital of IHC. The offering price (the “Offering Price”) for the Concurrent Financing shall be based on several factors, including general market conditions at the time of the Concurrent Financing. A comprehensive news release with further particulars and full terms will be provided prior to the closing of the Concurrent Offering, in accordance with the policies of the TSXV.

The Proposed Transaction is expected to be structured as a plan of arrangement, three-cornered amalgamation, merger, a share exchange or other mechanism deemed to be most effective, as determined by the mutual agreement of IHC and Yubba upon receipt of tax, corporate and securities law advice. Pursuant to the Proposed Transaction, holders of common shares in the capital of IHC (the “IHC Shares”), including those investors in the Concurrent Offering, will receive one (1) common share in the capital of Yubba (each, a “Yubba Share”) for each IHC Share held. In order to align the value of the Yubba Shares with the value per IHC Share at which the Proposed Transaction will be completed, it is anticipated that Yubba will complete either a share split or share consolidation (the “Share Capital Amendment”) on the basis of a ratio that results in the aggregate number of post-Share Capital Amendment Yubba Shares multiplied by the Offering Price being equal to C\$1,100,000, subject to customary adjustments.

Yubba Capital Corp.

Management's Discussion and Analysis

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

The following discussion of the results of operations, financial condition and cash flows of Yubba Capital Corp. (the "Company") was prepared as at March 27, 2023, and should be read in conjunction with the Company's financial statements for the year ended December 31, 2022 and period from January 8, 2021 to December 31, 2021, prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements are available at www.sedar.com. All amounts disclosed are in Canadian dollars unless otherwise stated.

Forward Looking Statements

This Management Discussion and Analysis contains "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company and its projects, capital and operating expenditures, costs and timing of the development of new acquisitions, and requirements for additional capital. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved. Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled "Business Environment and Risks". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of this management discussion and analysis. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements except as required by applicable securities laws.

Nature of operations

Yubba Capital Corp. ("Yubba" or the "Company") was incorporated on January 8, 2021, under the Ontario Business Corporations Act. The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, subject to the requirements of the TSX Venture Exchange. These restrictions will apply until completion of a QT by the Company as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

Private Placement

During the period from January 8, 2021 to February 28, 2021, the Company issued 3,000,000 common shares at a price of \$0.05 per share for gross cash proceeds of \$150,000.

All of the common shares issued are to be held in escrow. 25% of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin with the remainder released based on the TSX Venture Exchange rules following the completion of a successful completion of a Qualifying Transaction. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction.

Initial Public Offering

On August 26, 2021, the Company completed its initial public offering (the "Offering") in British Columbia, Alberta and Ontario of an aggregate of 2,220,000 common shares ("Common Shares") at a price of \$0.10 per Common Share for aggregate gross proceeds of \$222,000.

The net proceeds of the Offering, together with the proceeds from prior sales of Common Shares will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the capital pool company program of the TSXV.

In connection with the Offering, the Company granted to the Agent options to acquire up to an aggregate of 177,600 Common Shares at a price of \$0.10 per share for a period of five years from the closing of the Offering. In connection with the Offering, the Agent also received a cash commission of \$17,760, representing 8% of the aggregate gross proceeds of the Offering.

Total transaction fees in respect of the Offering were \$71,810, including \$9,287 related to the value ascribed to the Agent options.

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

During the year ended December 31, 2022, the Company incurred \$12,575 in professional fees compared with \$30,551 for the period ended December 31, 2021. Professional fees were lower as the Company incurred additional professional fees related to a potential acquisition during the prior period.

During the year ended December 31, 2022, public company and transaction costs were \$13,250 compared with \$43,218 for the period from January 8, 2021 to December 31, 2021. The decrease was primarily due to a decrease in corporate activity.

As at December 31, 2022, the Company had assets of \$213,279 (December 31, 2021 - \$264,756) and shareholders' equity of \$203,747 (December 31, 2021 - \$235,199). The Company had liabilities of \$9,532 (December 31, 2021 - \$29,557). The decrease was largely attributed to the net loss.

As at December 31, 2022, the Company has working capital of \$203,747 (December 31, 2021 - \$235,199). The Company had cash of \$213,279 (December 31, 2021 - \$264,756).

The Company has no source of revenue. There can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

The Company has no revenues, so its ability to ensure continuing operations is dependent on additional funding and the acquisition and development of an operating asset.

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

Net loss

For the year ended December 31, 2022, the Company had a net loss of \$31,452 and a net loss of \$90,465 for the period from January 8, 2021 to December 31, 2021.

A summary of selected information for the last eight quarters are as follows:

Three Month Periods Ended	Net Revenues (\$)	Net loss		Total Assets (\$)
		Total (\$)	Per Share (\$)	
2022 – December 31	-	\$(5,245)	0.00	213,279
2022 – September 30	-	(5,563)	0.00	214,850
2022 – June 30	-	(15,632)	0.00	227,302
2022 – March 31	-	(5,012) ⁽¹⁾	0.00	258,638
2021 – December 31	-	(20,802) ⁽¹⁾	(0.01)	264,756
2021 – September 30	-	(19,248) ⁽¹⁾	(0.01)	268,020
2021 – June 30	-	(18,376) ⁽¹⁾	(0.01)	126,355
From incorporation to 2021 – March 31	-	(32,039) ⁽¹⁾	(0.01)	144,731

Notes:

- ⁽¹⁾ The Company recognized a net loss largely due to the costs associated with the listing with the TSX Venture.

Selected data for the year ended December 31, 2022 and period from January 8, 2021 to December 31, 2021

	2022	2021
Revenue	-	-
Expenses	31,452	90,465
Net loss	(31,452)	(90,465)
Total assets	213,279	264,756

Liquidity and Capital Resources

As at December 31, 2022, Company had cash of \$213,279, compared with cash of \$264,756 as at December 31, 2021.

The Company's primary source of cash, beyond its own balance sheet, would be potential financing transactions. The Company's primary use of cash include general and administrative costs.

Operating Activities

Cash used by operating activities for the year ended December 31, 2022, was \$51,477 compared with

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

\$45,221 for period from January 8, 2021 to December 31, 2021. The increase was attributed to a lower net change in non-cash working capital items.

Financing Activities

The Company had no financing activities for the year ended December 31, 2022. During the period from January 8, 2021 to December 31, 2021, the Company raised \$149,500 as a result of a private placement, on incorporation and raised \$160,477 in net proceeds through the issuance of common shares.

Capital Resources

The has no outstanding commitments for capital expenditures. Other than cash on hand, the Company has no other ability to fund its working capital obligations.

Outlook

Initial Public Offering

On August 26, 2021, the Company completed its initial public offering (the "Offering") in British Columbia, Alberta and Ontario of an aggregate of 2,220,000 common shares ("Common Shares") at a price of \$0.10 per Common Share for aggregate gross proceeds of \$222,000.

The net proceeds of the Offering, together with the proceeds from prior sales of Common Shares will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the capital pool company program of the TSXV.

In connection with the Offering, the Company granted to the Agent options to acquire up to an aggregate of 177,600 Common Shares at a price of \$0.10 per share for a period of five years from the closing of the Offering. In connection with the Offering, the Agent also received a cash commission of \$17,760, representing 8% of the aggregate gross proceeds of the Offering.

Total transaction fees in respect of the Offering were \$71,810, including \$9,287 related to the value ascribed to the Agent options.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements at either December 31, 2022 and 2021.

Related party transactions

During the period from January 8, 2021 to December 31, 2021, 2,600,000 common shares were issued at a price of \$0.05 per share for gross proceeds of \$130,000 to Directors, Officer and companies related to directors and Officer of the Company.

There was no remuneration was paid to key management personnel during the year ended December 31, 2022. During the period from January 8, 2021 to December 31, 2021 the Company issued 300,000 stock options with a fair value of \$15,687 to the directors and officers.

Outstanding Share Data

As at March 27, 2022, the Company had 5,220,000 common shares and outstanding.

Financial risk management

The Company has exposure to liquidity risk, and fair value risk. The Company's risk management objective is to protect cash flow and, ultimately, shareholder value. Risk management strategies, as

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

discussed below, are designed and implemented to ensure the Company's risks and the related exposures are consistent with the business objectives and risk tolerance.

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 manages its liquidity by ensuring that there is sufficient capital to meet short and long-term business requirements, after taking into account cash flows for administration expenses from operations and the Company's holdings of cash. The Company also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances. As the Company is currently inactive, it has no outstanding commitments for capital expenditures. Other than cash on hand, the Company has no ability to fund its working capital obligations.

Management forecasts cash flows for its current and subsequent fiscal years to predict future financing requirements. Future requirements may be met through a combination of credit and access to capital markets. At December 31, 2022, the Company had \$213,279 (December 31, 2021 - \$264,756) in cash.

Fair Values: The Company's amounts payable and accrued liabilities, all had fair values which approximate their carrying values due to their short term maturities.

The Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborate by observable market data or other means. Level 3 inputs are unobservable. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company only classified cash as FVTPL, which is measured using Level 1 inputs.

Business Environment and Risks

Potential future financial requirements: In order to meet its liabilities additional financing will be required.

Current Global Financial Conditions: Current global financial conditions have been subject to increased volatility and as a result, access to financing may be negatively impacted. These factors may further impact the ability of the Company to obtain additional capital in the future. If these increased levels of volatility continue, the Company's operations could be adversely impacted and the value and the price of its common shares and other securities could continue to be adversely affected.

Negative Operating Cash flows: The Company currently does not have any revenues and as a result the Company has experienced negative operating cash flow. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed.

The Company expects to continue to incur losses unless and until such time that it acquires a business. to fund its operations. There can be no assurance that the Company will generate any revenues or achieve profitability nor can there be any assurance that the underlying assumed levels of expenses will prove to be accurate.

Key Executives and Directors: The Company is dependent on the services of its executives and directors. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled people may adversely affect its business and future operations.

Conflicts of Interest: Certain directors and officers of the Company may serve from time to time as directors, officers, promoters and members of management of other companies involved in other

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

companies and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest. The Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Company's Act* (Ontario) and the directors and officers will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

COVID-19: The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.

Critical Accounting Estimates

The Company's financial statements are prepared in accordance with IFRS and, in preparing these statements, management must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and assumptions are believed to be reasonable under the circumstances and are based on historical experience and current conditions. The use of other assumptions could result in different estimates, and actual results may vary from results based on these estimates. As events occur and additional information is obtained, these estimates may be subject to change. Estimates are deemed critical when the Company's financial condition or results of operations could be materially impacted by a change in estimate. The Company's significant accounting policies are discussed in its financial statements for the year ended December 31, 2022.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to, the provision for income taxes.

Disclosure Controls and Procedures

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence in that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the year ended December 31, 2022 and period from January 8, 2021 (date of incorporation) to December 31, 2021

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Yubba Capital Corp.

(A Capital Pool Corporation)

Financial Statements

**For the Period from January 8, 2021 (Date of Incorporation) to
December 31, 2021**

(In Canadian Dollars)

To the Shareholders of Yubba Capital Corp.:

Opinion

We have audited the financial statements of Yubba Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2021 and December 31, 2020, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from January 8, 2021 (date of incorporation) to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and December 31, 2020, and its financial performance and its cash flows for the period from January 8, 2021 (date of incorporation) to December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 audits 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.

Other Information

Management is responsible for the other information. The other information comprises 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 audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits 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 on this other information, 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

The engagement partner on the audit resulting in this independent auditor's report is Blair Michael Mabee.

Mississauga, Ontario

May 2, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Yubba Capital Corp.

Statements of Financial Position

(In Canadian Dollars)

As at December 31, 2021 and February 28, 2021

	As at		As at	
	December 31, 2021		February 28, 2021	
ASSETS				
Current				
Cash (note 4)	\$	264,756	\$	133,402
Deferred financing (note 5)		-		10,000
Total Assets	\$	264,756	\$	143,402
LIABILITIES				
Current				
Accounts payable and accrued liabilities	\$	29,557	\$	7,690
SHAREHOLDERS' EQUITY				
Share capital (note 6)		300,690		149,500
Contributed surplus (note 6)		24,974		-
Accumulated deficit		(90,465)		(13,788)
		235,199		135,712
Total Liabilities and Shareholders' Equity	\$	264,756	\$	143,402

Board

Brian Morales

Director (Signed)

Edward (Ted) Yew

Director (Signed)

Yubba Capital Corp.

Statement of Loss and Comprehensive Loss

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

	For the period from January 8 to December 31, 2021	
Expenses		
Professional fees	\$	30,551
Public company and transaction costs		43,218
Share based payments expense		15,687
Other		1,009
		<u>90,465</u>
Net loss and comprehensive loss for the period		<u>(90,465)</u>
Net loss per share - basic and diluted (note 6)	\$	(0.12)
Weighted average shares outstanding - basic and diluted (note 6)	\$	782,633

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

Yubba Capital Corp.

Statement of Cash Flows

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

	From January 8, to December 31, 2021
Cash flow used in operating activities	
Net loss	\$ (90,465)
Adjustments for non-cash items:	
Share based payments expense	15,687
Net change in non-cash working capital items:	
Accounts payable and accrued liabilities	29,557
Net cash used in operating activities	(45,221)
Cash flow from financing activities	
Issuance of common shares for cash on Incorporation	149,500
Issuance of common shares, net	160,477
Net cash provided from financing activities	309,977
Net change in cash	264,756
Cash, beginning of period	-
Cash, end of period	\$ 264,756

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

Yubba Capital Corp.

Statement of Changes in Shareholders' Equity

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

(In Canadian Dollars)

	Number of shares	Share capital	Contributed Surplus	Deficit	Shareholders' Equity
Balance, January 8, 2021	-	\$ -	\$ -	\$ -	\$ -
Issuance of common shares, net	3,000,000	149,500	-	-	149,500
Net loss for the period	-	-	-	(13,788)	(13,788)
Balance, February 28, 2021	3,000,000	149,500	-	(13,788)	135,712
Issuance of common shares, net	2,220,000	151,190	9,287	-	160,477
Share based payment expense	-	-	15,687	-	15,687
Net loss for the period	-	-	-	(76,677)	(76,677)
Balance, December 31, 2021	5,220,000	\$ 300,690	\$ 24,974	\$ (90,465)	\$ 235,199

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

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

1. Incorporation and nature of business

Yubba Capital Corp. ("Yubba" or the "Company") was incorporated on January 8, 2021, under the Ontario Business Corporations Act. The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, subject to the requirements of the TSX Venture Exchange. These restrictions will apply until completion of a QT by the Company as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

The head office and the registered head office of the Corporation is located at 2131 Lawrence Avenue East, Suite 207, Toronto, ON, M1R 5G4.

These financial statements were authorized for issue in accordance with a resolution of the directors on May 2, 2022.

COVID-19

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Basis of preparation and statement of compliance

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Basis of presentation

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

2. Basis of preparation and statement of compliance (continued from previous page)

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

There were no key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. Significant accounting policies

Financial Instruments

Financial Instruments: IFRS 9 - Financial Instruments was issued by the IASB to establish principles for the financial reporting of financial assets and financial liabilities, including requirements for classification and measurement, impairment, and hedge accounting.

Classification

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 approach for the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach replaces existing rule-based requirements. The new model also results in a single impairment model being applied to all financial instruments.

Financial Assets

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated as fair value through profit or loss

Financial assets measured at FVTPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVTPL are carried at fair value in the statement of financial position with changes in fair value recognized in other income or expense in the statement of loss and comprehensive loss.

Fair value through other comprehensive income

Changes in fair value after initial recognition, whether realized or not, are recognized through other comprehensive (loss) income. Income arising in the form of interest, dividends, or similar, is recognized through profit and loss when the right to receive payment is established, the economic benefits will flow to the Company, and the amount can be measured reliably.

Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition).

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

3. Significant accounting policies (continued from previous page)

Other financial liabilities

This category includes all other financial liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consist of the following:

Financial assets	IFRS 9 Classification
Cash	FVTPL

Financial Liabilities	IFRS 9 Classification
Accounts payable and accrued liabilities	Amortized cost

Fair value hierarchy

The Company classifies its financial instruments according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

Cash is classified within level 1 of the fair value hierarchy.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method with interest expense being recognized on an effective yield basis. Accounts payable and accrued liabilities are measured in this category.

Share capital

Proceeds from the issuance of common shares are classified as equity in the statements of financial position. Incremental costs directly attributable to the issuance of shares are recognized as a deduction, net of any tax effects.

Share-based payments

The Company applies a fair value based method of accounting to all share-based payments. Employee and director stock options are measured at their fair value of each tranche on the grant date and recognized over its respective vesting period. Non-employee stock options are measured based on the service provided to the reporting date and at their then-current fair values. The cost of stock options is presented as share-based payment expense when applicable with a corresponding credit to contributed surplus. On the exercise of stock options share capital is credited for consideration received and for fair value amounts previously credited to contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

3. Significant accounting policies (continued from previous page)

Income taxes (continued from previous page)

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

4. Cash

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than \$3,000 per month of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions may apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

5. Deferred financing costs

Deferred financing costs, consisting of professional and agency fees, were incurred for the initial public offering. They were charged against share capital upon the issuance of shares.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

6. Share capital

Authorized: Unlimited number of voting Common Shares.

Issued: During the period from January 8, 2021 to December 31, 2021, the Company issued 3,000,000 common shares at a price of \$0.05 per share for gross cash proceeds of \$150,000 less share issue costs of \$500.

All of the common shares issued are to be held in escrow. 25% of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin with the remainder released based on the TSX Venture Exchange rules following the completion of a successful completion of a Qualifying Transaction. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

On August 26, 2021, the Company completed its initial public offering (the "Offering") in British Columbia, Alberta and Ontario of an aggregate of 2,220,000 common shares ("Common Shares") at a price of \$0.10 per Common Share for aggregate gross proceeds of \$222,000.

The net proceeds of the Offering, together with the proceeds from prior sales of Common Shares will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the capital pool company program of the TSXV.

In connection with the Offering, the Company granted to the Agent options to acquire up to an aggregate of 177,600 Common Shares at a price of \$0.10 per share for a period of five years from the closing of the Offering. In connection with the Offering, the Agent also received a cash commission of \$17,760, representing 8% of the aggregate gross proceeds of the Offering.

Total transaction fees in respect of the Offering were \$71,810, including \$9,287 related to the value ascribed to the Agent options. The Agent options were valued using a Black-Scholes valuation methodology using the following assumptions: an estimated life of 5 years, a volatility of 100%, based on comparable companies, a risk free rate of 1%, a dividend yield of nil, and a share price of \$0.10.

Stock option plan

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX Venture Exchange (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. The options are exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares.

The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

During the period ended December 31, 2021, the Company granted share options to purchase an aggregate up to 300,000 common shares at a price of \$0.10 for a period of 5 years from grant date to directors and officers under the Company's share option plan on closing of the Offering. During the period from January 8, 2021, to December 31, 2021, the Company recognized share based payment expense of \$15,687. The share based payment expense was measured using the Black Scholes valuation model assuming a share price of \$0.10 per share, an expected life of two years, a volatility of 100% and a risk free rate of 0.5%.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

7. Income taxes

A reconciliation of combined federal and provincial corporate income taxes at statutory rates of 26.5% to the Company's effective income tax expense is as follows:

Net loss for the period	\$ (90,465)
Expected income tax recovery at 26.5%	\$ (23,973)
Share based payment expense and other non-deductible items	4,193
Share issuance costs recorded in equity	(15,118)
Change in valuation allowance	34,898
Income tax recovery	\$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following items:

Non-capital losses carry forward	\$74,641
Share issuance costs	57,048
Total unrecognized deferred tax assets	\$131,689

The non-capital losses can be carried forward twenty years to be applied against future taxable income, with the balance expiring in 2041. Deferred tax assets have not been recognized in respect of this item because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

8. Capital management

The Company's capital consists of share capital. The Company's objective for managing capital is to maintain sufficient capital to identify, evaluate and complete an acquisition or other transaction as disclosed in Note 1.

The Company sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. The Company's objectives when managing capital are: i. to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk; and, ii. to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that that not more than \$3,000 per month of the gross proceeds may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange policy 2.4.

The Company is not subject to any externally or internally imposed capital requirements at period-end apart from the capital requirements of the Exchange.

Yubba Capital Corp.

Notes to the Financial Statements

(In Canadian Dollars)

For the Period from January 8, 2021 (Date of Incorporation) to December 31, 2021

9. Financial instruments

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument. Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities. Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices). Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined on level 1 inputs. The carrying amount of accounts payable and accrued liabilities approximates its fair value due to the short-term maturities of these items.

10. Related party transactions

During the period ended December 31, 2021, 2,600,000 common shares were issued at a price of \$0.05 per share for gross proceeds of \$130,000 to companies related to directors of the Company.

Other than share based payment expense of \$15,687, there were no other transactions with related parties and no remuneration was paid to key management personnel during the period ended December 31, 2021.

11. Qualifying Transaction

On October 2, 2021, the Company and Ruckify Inc. ("Ruckify") entered into a binding letter of intent dated October 2, 2021 (the "LOI"), which outlined the terms and conditions pursuant to which Yubba and Ruckify would complete a transaction that would result in a reverse take-over of Yubba by Ruckify (the "Proposed Transaction"). The Proposed Transaction was to be an arm's length transaction, and, would constitute Yubba's "Qualifying Transaction" (as such term is defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV")).

Proposed Transaction Summary

The Proposed Transaction was expected to be structured as a three-cornered amalgamation, whereby a wholly-owned subsidiary of Yubba will amalgamate with Ruckify (the "Amalgamation") to form a newly amalgamated company ("Amalco"). Pursuant to the Amalgamation, holders of Ruckify Shares will receive one common share in the capital of Yubba (each, a "Yubba Share") for each Ruckify Share held. In addition, pursuant to the Amalgamation, each Ruckify stock option and each Ruckify warrant will be exchanged for a Yubba stock option or Yubba warrant, as applicable, on substantially the same terms and conditions, except that such securities will thereafter be exercisable to receive one Yubba Share.

On December, 6, 2021, it was announced that the LOI was terminated.

Yubba Capital Corp.

Management's Discussion and Analysis

For the period from January 8, 2021 to December 31, 2021

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the period from January 8, 2021 to December 31, 2021

The following discussion of the results of operations, financial condition and cash flows of Yubba Capital Corp. (the "Company") was prepared as at May 2, 2022, and should be read in conjunction with the Company's financial statements for the period from January 8, 2021 to December 31, 2021, prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements are available at www.sedar.com. All amounts disclosed are in Canadian dollars unless otherwise stated.

Forward Looking Statements

This Management Discussion and Analysis contains "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company and its projects, capital and operating expenditures, costs and timing of the development of new acquisitions, and requirements for additional capital. Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved. Forward-looking statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled "Business Environment and Risks". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as at the date of this management discussion and analysis. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements except as required by applicable securities laws.

Nature of operations

Yubba Capital Corp. ("Yubba" or the "Company") was incorporated on January 8, 2021, under the Ontario Business Corporations Act. The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The principal business of the Company will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT"). The Company has not commenced commercial operations and has no assets other than cash. Given the nature of the activities, no separate segmented information is reported. The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, subject to the requirements of the TSX Venture Exchange. These restrictions will apply until completion of a QT by the Company as defined under the policies of the Exchange. The Company is required to complete its QT on or before two years from the date the Company receives regulatory approval.

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the period from January 8, 2021 to December 31, 2021

Private Placement

During the period from January 8, 2021 to December 31, 2021, the Company issued 3,000,000 common shares at a price of \$0.05 per share for gross cash proceeds of \$150,000.

All of the common shares issued are to be held in escrow. 25% of the common shares held in escrow will be released on the issuance of the Final Exchange Bulletin with the remainder released based on the TSX Venture Exchange rules following the completion of a successful completion of a Qualifying Transaction. These common shares, which are considered contingently issuable until the Company completes a Qualifying Transaction, are not considered to be outstanding for the purpose of the loss per share calculation.

Initial Public Offering

On August 26, 2021, the Company completed its initial public offering (the "Offering") in British Columbia, Alberta and Ontario of an aggregate of 2,220,000 common shares ("Common Shares") at a price of \$0.10 per Common Share for aggregate gross proceeds of \$222,000.

The net proceeds of the Offering, together with the proceeds from prior sales of Common Shares will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the capital pool company program of the TSXV.

In connection with the Offering, the Company granted to the Agent options to acquire up to an aggregate of 177,600 Common Shares at a price of \$0.10 per share for a period of five years from the closing of the Offering. In connection with the Offering, the Agent also received a cash commission of \$17,760, representing 8% of the aggregate gross proceeds of the Offering.

Total transaction fees in respect of the Offering were \$71,810, including \$9,287 related to the value ascribed to the Agent options.

For the period from January 8, 2021 to December 31, 2021

During the period from January 8, 2021 to December 31, 2021, the Company incurred \$30,551 in professional fees largely related to accountant and lawyer expenses.

The Company incurred public company costs of \$43,218 in public company costs as well as \$15,687 in share based payment expenses for the period from January 8, 2021 to December 31, 2021.

As at December 31, 2021, the Company had assets of \$264,756 and shareholders' equity of \$235,199. This compares with assets of \$143,402 and a shareholders' equity of \$135,712 as at February 28, 2021. The Company had liabilities of \$29,557 compared with \$7,690 as at February 28, 2021.

As at December 31, 2021, the Company had working capital of \$235,199 compared with a working capital of \$135,712 at February 28, 2021. The Company had cash of \$264,756 as at December 31, 2021 compared with cash of \$133,402 as at February 28, 2021.

The Company has no source of revenue. There can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

The Company has no revenues, so its ability to ensure continuing operations is dependent on additional funding and the acquisition and development of an operating asset.

Net loss

For the period from January 8, 2021 to December 31, 2021, the Company had a net loss of \$90,465 or \$0.12 per share.

YUBBA CAPITAL CORP.
Management's Discussion and Analysis
For the period from January 8, 2021 to December 31, 2021

A summary of selected information for the last eight quarters are as follows:

Three Month Periods Ended	Net Revenues (\$)	Net income (loss)		Total Assets (\$)
		Total (\$)	Per Share (\$)	
2021 – December 31	-	(20,802) ⁽¹⁾	0.01	264,756
2021 – September 30	-	(19,248) ⁽¹⁾	0.00	268,020
2021 – June 30	-	(18,376) ⁽¹⁾	0.00	126,355
From incorporation to 2021 – March 31	-	(32,039) ⁽¹⁾	0.00	144,731

Notes:

- (1) The Company recognized a net loss largely due to the costs associated with the listing with the TSX Venture.

Selected data from January 8, 2021 to December 31, 2021

	2021
Revenue	-
Expenses	90,465
Net loss	(90,465)
Total assets	264,756

Liquidity and Capital Resources

As at December 31, 2021 the Company had cash of \$264,756, compared with cash of \$133,402 as at February 28, 2021.

The Company's primary source of cash, beyond its own balance sheet, would be potential financing transactions. The Company's primary use of cash include general and administrative costs.

Operating Activities

Cash used by operating activities for period from January 8, 2021 to December 31, 2021 \$45,221 primarily due to the net loss.

Financing Activities

During the period from January 8, 2021 to December 31, 2021, the Company raised \$149,500 as a result of a private placement, on incorporation. Additionally, the Company raised \$160,477 from the issuance of common shares, net of transaction costs.

Capital Resources

The has no outstanding commitments for capital expenditures. Other than cash on hand, the Company has no other ability to fund its working capital obligations.

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the period from January 8, 2021 to December 31, 2021

Outlook

Initial Public Offering

On August 26, 2021, the Company completed its initial public offering (the "Offering") in British Columbia, Alberta and Ontario of an aggregate of 2,220,000 common shares ("Common Shares") at a price of \$0.10 per Common Share for aggregate gross proceeds of \$222,000.

The net proceeds of the Offering, together with the proceeds from prior sales of Common Shares will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the capital pool company program of the TSXV.

In connection with the Offering, the Company granted to the Agent options to acquire up to an aggregate of 177,600 Common Shares at a price of \$0.10 per share for a period of five years from the closing of the Offering. In connection with the Offering, the Agent also received a cash commission of \$17,760, representing 8% of the aggregate gross proceeds of the Offering.

Total transaction fees in respect of the Offering were \$71,810, including \$9,287 related to the value ascribed to the Agent options.

Proposed Transaction Summary

On October 2, 2021, the Company and Ruckify Inc. ("Ruckify") entered into a binding letter of intent dated October 2, 2021 (the "LOI"), which outlined the terms and conditions pursuant to which Yubba and Ruckify would complete a transaction that would result in a reverse take-over of Yubba by Ruckify (the "Proposed Transaction"). The Proposed Transaction was to be an arm's length transaction, and, would constitute Yubba's "Qualifying Transaction" (as such term is defined in Policy 2.4 of the TSX Venture Exchange (the "TSXV")).

The Proposed Transaction was expected to be structured as a three-cornered amalgamation, whereby a wholly-owned subsidiary of Yubba will amalgamate with Ruckify (the "Amalgamation") to form a newly amalgamated company ("Amalco"). Pursuant to the Amalgamation, holders of Ruckify Shares will receive one common share in the capital of Yubba (each, a "Yubba Share") for each Ruckify Share held. In addition, pursuant to the Amalgamation, each Ruckify stock option and each Ruckify warrant will be exchanged for a Yubba stock option or Yubba warrant, as applicable, on substantially the same terms and conditions, except that such securities will thereafter be exercisable to receive one Yubba Share.

On December, 6, 2021, it was announced that the LOI was terminated.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements as at December 31, 2021.

Related party transactions

During the period from January 8, 2021 to December 31, 2021, 2,600,000 common shares were issued at a price of \$0.05 per share for gross proceeds of \$130,000 to Directors, Officer and companies related to directors and Officer of the Company.

There was no remuneration was paid to key management personnel during the period from January 8, 2021 to December 31, 2021. Share based payments attributed to the Directors and Officer of the Company was \$15,687 for the period from January 8, 2021 to December 31, 2021.

Outstanding Share Data

As at May 2, 2022, the Company had 5,220,000 common shares and outstanding.

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the period from January 8, 2021 to December 31, 2021

Financial risk management

The Company has exposure to liquidity risk, and and fair value risk. The Company's risk management objective is to protect cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Company's risks and the related exposures are consistent with the business objectives and risk tolerance.

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 manages its liquidity by ensuring that there is sufficient capital to meet short and long-term business requirements, after taking into account cash flows for administration expenses from operations and the Company's holdings of cash. The Company also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances. As the Company is currently inactive, it has no outstanding commitments for capital expenditures. Other than cash on hand, the Company has no ability to fund its working capital obligations.

Management forecasts cash flows for its current and subsequent fiscal years to predict future financing requirements. Future requirements may be met through a combination of credit and access to capital markets. At December 31, 2021, the Company had \$264,756 (February 28, 2021 - \$133,402) in cash.

Fair Values: The Company's amounts receivable, amounts payable and accrued liabilities, all had fair values which approximate their carrying values due to their short term maturities.

The Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborate by observable market data or other means. Level 3 inputs are unobservable. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company only classified cash as FVTPL, which is measured using Level 1 inputs.

Business Environment and Risks

Potential future financial requirements: In order to meet its liabilities additional financing will be required.

Current Global Financial Conditions: Current global financial conditions have been subject to increased volatility and as a result, access to financing may be negatively impacted. These factors may further impact the ability of the Company to obtain additional capital in the future. If these increased levels of volatility continue, the Company's operations could be adversely impacted and the value and the price of its common shares and other securities could continue to be adversely affected.

Negative Operating Cash flows: The Company currently does not have any revenues and as a result the Company has experienced negative operating cash flow. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed.

The Company expects to continue to incur losses unless and until such time that it acquires a business. to fund its operations. There can be no assurance that the Company will generate any revenues or achieve profitability nor can there be any assurance that the underlying assumed levels of expenses will prove to be accurate.

Key Executives and Directors: The Company is dependent on the services of its executives and directors. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled people may adversely affect its business and future

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the period from January 8, 2021 to December 31, 2021

operations.

Conflicts of Interest: Certain directors and officers of the Company may serve from time to time as directors, officers, promoters and members of management of other companies involved in other companies and therefore it is possible that a conflict may arise between their duties as a director or officers of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest. The Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the *Business Company's Act (Ontario)* and the directors and officers will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

COVID-19: The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.

Critical Accounting Estimates

The Company's financial statements are prepared in accordance with IFRS and, in preparing these statements, management must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and assumptions are believed to be reasonable under the circumstances and are based on historical experience and current conditions. The use of other assumptions could result in different estimates, and actual results may vary from results based on these estimates. As events occur and additional information is obtained, these estimates may be subject to change. Estimates are deemed critical when the Company's financial condition or results of operations could be materially impacted by a change in estimate. The Company's significant accounting policies are discussed in its financial statements for the period from January 8, 2021 to December 31, 2021.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to, the provision for income taxes.

Disclosure Controls and Procedures

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence in that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic

YUBBA CAPITAL CORP.

Management's Discussion and Analysis

For the period from January 8, 2021 to December 31, 2021

Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Impact Housing Corporation and Subsidiaries

(With Independent Auditors' Report)

Consolidated Financial Statements

December 31, 2022



Impact Housing Corporation and Subsidiaries

(With Independent Auditors' Report)

**Consolidated
Financial Statements**

December 31, 2022

Impact Housing Corporation and Subsidiaries

CONTENTS

REPORT OF INDEPENDENT AUDITORS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	1
Consolidated Statement of Profit or Loss	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5 - 28

ADDITIONAL INFORMATION

ANNEX

Consolidating Information of Statement of Financial Position	I
Consolidation Information of Statement of Profit or Loss	II
Consolidation Information of Statement of Changes in Equity	III



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

Opinion

We have audited the consolidated financial statements of **Impact Housing Corporation and Subsidiaries** ("the company") that comprise the consolidated statements of financial position as of December 31, 2022, and related statements of profit or loss, changes in equity and cash flows for the period ended on that date, and notes, which comprise a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements reasonably present, in all important respects, the financial position of **Impact Housing Corporation and Subsidiaries** as of December 31, 2022, as well as its financial performance and cash flows for the year ended at that date, in accordance with International Financial Reporting Standards (IFRS).

Basis of Opinion

We have conducted our audit in accordance with International Audit Standards (IAS). Our responsibilities in accordance with these rules are further described in the auditor's responsibilities section regarding the audit of the consolidated financial statements of this report. We are independent of the company, in accordance with the professional Code of Ethics of the accounting of the Council of international Standards of Ethics for Accountants (Code of Ethics of the IESBA) together with the requirements of ethics that are relevant to our audit of the financial statements in the Republic of Panama, and we have fulfilled the responsibilities of ethics in accordance with those requirements and with the Code of Ethics of the IESBA. We believe that the auditing evidence we have obtained provides a sufficient and adequate basis for our opinion.

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

Responsibilities of the Administration and those responsible for the Government of the entity in relation to the consolidated financial statements

The Administration is responsible for the preparation and reasonable presentation of the financial statements, in accordance with International Financial Reporting Standards and internal control that the Administration determines that it is necessary to allow the preparation of financial statements free of relative importance, due either to fraud or error.

In the preparation of the consolidated financial statements, the Administration is responsible for evaluating the company's ability to continue as a running business, revealing, if necessary, matters relating to the condition of business in progress and using the accounting principle of business in progress, unless the Administration intends to liquidate the company or to cease operations, or there is no more realistic alternative.

The entity's government managers are responsible for the supervision of the company's financial reporting process.

Auditor's responsibilities in connection with the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free of errors of relative importance, due either to fraud or error, and to issue an audit report containing our opinion. Reasonable security is a high level of security, but it does not guarantee that an audit performed in compliance with the IAS always detects an error of relative importance when it exists. Errors may be due to fraud or error and are considered of relative importance if, individually or in aggregate form, it may reasonably be expected to influence the economic decisions that users take on the basis of these consolidated financial statements.

As part of an audit in accordance with International Audit Standards, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and value the risks of relative importance in the consolidated financial statements, due to fraud or error, we design and apply audit procedures to respond to these risks and obtain sufficient and adequate audit evidence to provide a basis for our qualified opinion. The risk of not detecting an error of relative importance due to fraud is higher than in the case of an error of relative importance due to error, since the fraud can imply collusion, falsification, deliberate omissions, intentional erroneous manifestations or the evasion of the internal control.

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances and not in order to express an opinion on the effectiveness of the internal control of the company.
- We evaluated the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by the administration.
- We conclude on the appropriateness of the use, by the administration, the accounting principle of running business and, with the evidence of audit obtained, we conclude whether or not there is an uncertainty of relative importance related to events or conditions that can generate significant doubts about the company's ability to continue as a running business. If we conclude that there is an uncertainty of relative importance, we need to draw attention to our audit report on the relevant information disclosed in the financial statements or, if such revelations are inadequate, that we amend our opinion. Our findings are based on the audit evidence obtained until the date of our audit report. However, future facts or conditions may cause the company to cease to be a running business.
- We evaluate as a whole the presentation, structure and content of the consolidated financial statements, including the information revealed, and whether the financial statements represent the transactions and underlying facts in a manner that achieves reasonable presentation.

We communicate with corporate governance in relation to, among other issues, the planned scope and timing of the audit and the significant findings of the audit, as well as any significant shortcomings in the internal control that we identify in the course of the audit.

Other legal and regulatory requirements

In compliance with Law 280 of December 30, 2021, which regulates the profession of the authorized public accountant in the Republic of Panama, we declare the following:

- That the Direction, Execution and Supervision of this audit work has been carried out physically in Panamanian territory.
- The partner of the firm that has prepared this report of the independent auditors is Angel Pinzón, with suitability number of the authorized public accountant 6126.
- The work team that has participated in the audit to which this report refers is made up of Angel Pinzon, Partner, Jaime Wignall Manager Auditor Aldo Guevara, Senior Auditor.



Panama, Republic of Panama
March 30, 2023



Impact Housing Corporation and Subsidiaries
Consolidated Statement of Financial Position

For the year ended 31 December 2022

(Stated in US\$)

	Note	<u>2022</u>	<u>2021</u>
Assets			
Non-current			
Property, plant and equipment	6	13,898,201	13,298,248
Leases	7	268,699	621,248
Non-current assets		<u>14,166,900</u>	<u>13,919,496</u>
Current			
Property and other inventories	8	12,400,980	16,883,497
Prepayments and other short-terms assets	9	847,101	2,096,780
Other accounts receivables	10	1,057,389	1,199,587
Cash and cash equivalents	11	14,910	964,898
Current assets		<u>14,320,380</u>	<u>21,144,762</u>
Total assets		<u>28,487,280</u>	<u>35,064,258</u>
Deficiency in net asset and liabilities			
Deficiency in net asset			
Equity instrument by convertible notes	12	33,333,433	33,333,433
Deficit		(48,567,911)	(38,012,344)
Complementary tax		(135,605)	(135,605)
Total deficiency in net asset		<u>(15,370,083)</u>	<u>(4,814,516)</u>
Liabilities			
Non - current			
Provisions for employee benefits		61,639	118,682
Borrowings	13	34,785,143	30,615,184
Lease liabilities	7	93,023	250,082
Non-current liabilities		<u>34,939,805</u>	<u>30,983,948</u>
Current			
Borrowings	13	6,563,102	7,877,384
Lease liabilities	7	131,658	291,477
Other account payables		1,357,899	574,332
Advances received from customers		864,899	151,633
Current liabilities		<u>8,917,558</u>	<u>8,894,826</u>
Total liabilities		<u>43,857,363</u>	<u>39,878,774</u>
Total deficiency in net asset and liabilities		<u>28,487,280</u>	<u>35,064,258</u>

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation and Subsidiaries
Consolidated Statement of Profit or Loss

For the year ended 31 December 2022
(Stated in US\$)

	Note	2022	2021
Sales		7,851,065	12,402,649
Other income		41,825	19,183
Cost of sales (includes depreciation cost)		(6,926,393)	(14,619,326)
Employee benefits expense		(713,653)	(477,002)
Collections expenses		(255,496)	(468,390)
Sales expenses		(418,849)	(282,059)
Overhead and administrative expenses		(1,853,317)	(1,731,925)
Operating loss		(2,274,818)	(5,156,870)
Finance cost		(1,145,149)	(1,179,890)
Loss contingencies	17	(862,396)	-
Extraordinary cost of disposal		(6,140,936)	-
Loss		(10,423,299)	(6,336,760)
Tax expense	14	(132,268)	(219,931)
Loss		(10,555,567)	(6,556,691)

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation
Consolidated Statement of Changes in Equity

For the year ended 31 December 2022
(Stated in US\$)

	Note	Equity instrument by convertible notes	Deficit	Complementary tax	Deficiency in net asset
Balance at 1 January 2022	12	33,333,433	(38,012,344)	(135,605)	(4,814,516)
Loss			(10,555,567)	-	(10,555,567)
Balance at 31 December 2022		33,333,433	(48,567,911)	(135,605)	(15,370,083)
Balance at 1 January 2021	12	33,333,433	(31,455,653)	(135,605)	1,742,175
Loss			(6,556,691)	-	(6,556,691)
Balance at 31 December 2021	12	33,333,433	(38,012,344)	(135,605)	(4,814,516)

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation
Consolidated Statement of Cash Flows

For the year ended 31 December 2022
(Stated in US\$)

	Note	2022	2021
Operating activities			
Loss		(10,555,567)	(6,556,691)
Depreciation cost		607,131	647,370
Net changes in inventories		4,482,517	5,123,191
Net changes in prepayment and other short-terms assets		1,249,679	(1,282,393)
Net changes in other account receivables		142,198	(355,056)
Net changes in other account payables		783,667	(818,219)
Net changes in advances received from customers		713,266	93,791
Net used in operating activities		(2,577,109)	(3,148,007)
Investing activities			
Purchase of property, plant and equipment	6	(877,000)	(96,644)
Proceeds from disposal of property, plant and equipment	6	22,465	10,000
Net cash used in investing activities		(854,535)	(86,644)
Financing activities			
Proceeds from borrowings		4,166,033	7,087,539
Payments to bank's borrowings		(1,310,456)	(2,495,470)
Payment to and received of leasing liabilities		(316,878)	(386,448)
Net changes in provision for employee benefits		(57,043)	(138,307)
Net changes from financing activities		2,481,656	4,067,314
Net change in cash and equivalents		(949,988)	832,663
Cash and cash equivalents, beginning of year		964,898	132,235
Cash and cash equivalents, end of year	11	14,910	964,898

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

1. General information

Impact Housing Corporation (hereinafter, "the Company") was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017, under the International Business Companies Act 2000. The Company controls and holds 100% of the capital stock of several companies engaged in the real estate and construction industry in the Republic of Panama.

The Company's main office is located on the 4th floor of the P.H. Peninsula, Costa del Este, Panama City, Republic of Panama.

The Company is owned by Impact Housing Management Corporation who is the ultimate controlling entity of the Company (hereinafter "IHMC"). IHMC is incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5, 2017, under the International Business Companies Act 2000. Its main objective is to own the shares of the holding company and manage the business of the subsidiaries.

The consolidated financial statements of Impact Housing Corporation and subsidiaries (hereinafter, the "Group") were authorized for issuance by the Board of Directors held on January 27, 2023.

Participation in subsidiaries

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

<u>Name of Subsidiary</u>	<u>Main activity</u>
Impact Housing Management Corp.	Management
Promotora Santiago Development Corp.	Project Developer
Promotora Soná, S. A.	Project Developer
Promotora Capellania, S. A.	Project Developer
Tekeros Santiago, S. A.	Construction manager
Tekeros Constructores, S. A.	Construction manager
Impact Equipos, S. A.	Machinery and Equipment manager
Comercializadora Soná, S. A.	Payroll manager
Impact Santiago, S. A.	Payroll manager
Impact Sona, S. A.	Payroll manger
Impact Capellania, S. A.	Payroll manager

The Group has no interests in unconsolidated structured entities.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

2. Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Measuring base

The consolidated financial statements of the Group have been prepared under the assumption that the Group operates on a going concern basis, applying the accrual basis and under the historical cost assumption.

Consolidation basis

The Group's financial statements consolidate the financial information of all its subsidiaries. All subsidiaries have a reporting date of December 31.

All transactions and balances between Group companies are eliminated in consolidation, including unrealized gains and losses on transactions between Group companies. In cases where there are unrealized losses on the sale of assets between the group, a reversal is made in consolidation, so that the asset involved is also tested for impairment from a group perspective. The amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the Group's accounting policies.

Profit or loss and other comprehensive income items of subsidiaries acquired or sold during the year are recognized as of the effective date of the acquisition or until the effective date of the disposal, as applicable.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control of the Group exists when it is exposed, or has the right, to variable returns from its involvement with the entity and has the ability to influence those returns through its power over that entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and the carrying amount of all non-controlling interests and other components of equity. Any gain or loss resulting from the loss of control is recognized in profit or loss for the period. If the Group retains any interest in the subsidiary, that interest is recognized at fair value on the date on which control is lost.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Functional and presentation currency

The financial statements are presented in Dollar (US\$), the monetary unit of the Republic of Panama, which is at par and freely exchangeable with the United States Dollar (USD). It is also the functional currency of the Company.

3. Changes in significant accounting policies

There were no new standards adopted in the year ended December 31, 2022, which would have significant impact on the Group's results or financial position.

Standards, amendments, and interpretations to existing standards that are not yet in force and have not been early adopted by the Group

At the date of authorization of these consolidated financial statements, several new standards and amendments to existing standards and interpretations have been issued by the IASB. None of which have been early adopted by the Group. Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, amendments, and interpretations, which have not been adopted have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

4. Significant accounting policies

Property inventory

Properties acquired or being constructed for sale in the normal course of business, rather than being held for rental or capital appreciation, are recognized as property inventory and are measured at the lower of cost and net realizable value (NPV). These are primarily residential properties that the Group develops and intends to sell prior to or upon completion of development.

The cost of property inventory, being an asset produced and segregated for specific projects, is determined through the specific identification of its individual costs.

The cost incurred to bring each property to its current location and condition includes:

- Freehold land rights
- Disbursements paid to contractors for development
- Planning and design costs, site preparation costs, construction, professional fees for legal services, property transfer taxes, development overhead and other related costs.

Net realizable value is the estimated selling price in the normal course of business, based on market prices at the reporting date, less estimated costs of completion and costs necessary to make the sale.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

When an inventory property is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of the inventory property recognized in profit or loss is determined by reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Financial instruments

Recognition, initial measurement and derecognition of financial instruments

Financial assets and liabilities are recognized when the Group is a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the asset and substantially all its risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, canceled or expires.

Classification and initial measurement of financial assets

Except for trade receivables that do not contain a significant financing component and are measured at transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (if applicable). Financial assets are classified in the amortized cost category.

Subsequent measurement

Financial assets are measured at amortized cost if the assets (1) are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows; (2) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the outstanding principal balance. After initial recognition, they are measured at amortized cost using the effective interest method. Discounting is omitted when the effect of discounting is not material.

Impairment of financial assets

For trade and other receivables, the Group applies a simplified approach to calculate impairment as expected credit loss. Therefore, the Group does not monitor changes in credit risk, but recognizes a loss allowance based on the impairment allowance as expected credit losses over the lifetime. The Group has established a provisioning matrix that is based on its historical credit loss experience, adjusted for prospective factors specific to the debtors and the economic environment.

The Group assesses trade receivables for impairment on a collective basis, as they have shared credit risk characteristics that have been grouped based on days past due. In addition, the Group considers a financial asset to be non-performing when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual amounts in full before considering the credit enhancements maintained by the Group.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

A financial asset is derecognized when there is no reasonable expectation of recovering the contractual cash flows.

Classification and measurement of financial liabilities

The Group's financial liabilities include loans from related parties and financial obligations, suppliers and other accounts payable.

Financial liabilities are initially measured at fair value and, when applicable, adjusted for transaction costs, unless the Group has designated the financial liability at fair value through profit or loss. In the case of accounts payable to related parties with immediate availability to pay characteristics, their fair value is not less than the amount payable immediately due, discounted from the first date on which the amount could be required to be paid.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

All interest-related charges and, if applicable, changes in the fair value of an instrument are recognized in income and are included in financing costs or revenues.

Cash and cash equivalents

Comprises short-term, highly liquid bank deposits with an original maturity of three months or less and are subject to insignificant risk of changes in value.

Property, plant and equipment

Items of property plant and equipment are recorded at acquisition cost including any directly attributable cost of bringing the assets to the location and condition necessary to operate in the manner intended by the Group's management. Furniture and other equipment are measured at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to recognize the cost less the estimated residual value of furniture and equipment. The estimated useful lives of these furniture and other equipment are 5 years.

Gains or losses arising from the disposal of property, plant and equipment are determined as differences between the proceeds from disposal and the recorded value of the assets and are recognized in income as part of other income or other expenses.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases, except for short-term leases and leases of low-value assets.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Other intangible

The intellectual property, which was technically evaluated at the time, has the characteristics detailed in the standard, since the value the characteristics detailed in the standard, since the value supported is identified in books based on its initial measurement.

The entity maintains control of this due to the fact that the techniques, skills and capacity to develop the project is its own and is strictly confidential. the project is proprietary and is strictly confidential. Also, the advantages of these proprietary techniques and know-how are the ones the company relies on to generate future economic benefits either in the future economic benefits either in customer acquisition or in quality and cost optimization.

These characteristics were evaluated based on management's plan for the creation of this intangible.

Provisions, contingent liabilities, and contingent assets

Provisions for product warranties, legal matters, onerous contracts, and other claims are recognized when the Group has a present or constructive obligation as a result of a past event that is likely to lead to an outflow of economic resources by the Group and the amounts can be reliably estimated. The timing or amount of that outflow may still be uncertain.

Provisions for restructuring are recognized only if a detailed formal plan for the restructuring has been developed and implemented and management has announced at least the main features of the plan to those affected or has begun implementation. No provisions are recognized for future operating losses.

Provisions are measured based on the estimated expenditure required to settle the present obligation, considering the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. In cases where a similar number of obligations exist, the likelihood that an outflow will be required for settlement is determined by considering that class of obligations as a whole. Provisions are discounted to their present values where the time value of money is material.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Any reimbursement that the Group believes will be collected from a third party in respect of an obligation is recognized as a separate asset. However, this asset cannot exceed the amount of the related provision.

No liability is recognized in those cases in which a possible outflow of resources as a result of a present obligation is considered unlikely, these situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Provision for guarantees

Contracts for the sale of property include certain warranties covering a period of up to one year after completion of the property and up to ten years on hidden defects. These conditions represent "insurance-type" warranties that legally must be provided as quality warranties. Minor repairs are expensed immediately and included in other operating expenses of the property.

The inputs used to calculate the warranty provision are based on the sales levels of the property and current and historical information available on major repairs based on the warranty period of any property sold. These costs are expected to be incurred over the next twelve months from the date of sale. The amount of the warranty provision is not required to be discounted as the effect of the time value of money is not considered material.

Equity instrument by convertible notes

Equity instrument by convertible notes represents the par value of the common shares that have been issued. Any operating costs associated with the issuance of shares are deducted from the issuance of the share, net of any related tax benefit.

When dividend distributions are payable to shareholders, they are recognized in other liabilities when the dividends have been approved at a general meeting prior to the reporting date.

Revenue recognition

Revenues from ordinary activities from contracts with customers originate primarily from the sale of inventory of finished properties and properties in the process of construction or development.

Income from sale of finished goods inventory

The sale of completed properties constitutes a one-time performance obligation and the Group has determined that it satisfies the performance obligation at the point in time at which control is transferred. For unconditional exchange of contracts, this generally occurs when legal title to the property is transferred to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

The Group is not required to adjust the amount that has been committed as consideration to account for the effects of a significant financing component, because it is expected, at the inception of the contract, that the period between the time the Group transfers legal title to the property and the time the customer pays for that property is a period of less than 12 months.

Income from sale of inventory of properties in process of construction or development
The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price should be allocated.

For contracts related to the sale of properties under construction or development, the Group is responsible either directly or indirectly for the overall management of the project and identifies the various goods and services to be provided. These include design work, procurement of materials, site preparation and pouring of foundations, mechanical and electrical work, installation of furnishings and finishing work. The Group recognizes these items as a single performance obligation because it provides a significant service of integrating the goods and services into the finished property that the customer has contracted to purchase. Therefore, for the sale of properties under construction or development, the Group has determined that it generally does not meet the criteria for recognizing revenue over time. Therefore, it is at the point in time at which control is transferred that revenue is recognized.

Other considerations in the sale of property inventory

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financial components, non-cash consideration and consideration payable to the customer (if applicable).

For some contracts involving the sale of properties, the Group is entitled to receive an initial deposit. This is not considered a significant financing component because it is for reasons other than providing financing to the Group. Initial deposits are used to protect the Group against the other party's failure to properly perform some or all of its obligations under the contract. In addition, for certain contracts for the purchase and sale of inventory of properties under construction or development, the Group may require customers to make payments (credits) on account of a certain percentage of the sales price as the work progresses that gives rise to a significant financing component. For contracts where revenue is recognized at a specified time (i.e., upon delivery of the property), the Group adjusts the transaction price for the effects of the significant financing component by discounting it using the rate reflecting the separate financing component between the Group and its customers at the inception of the contract. However, the Group has concluded that the impact of this adjustment is immaterial to the financial statements.

The Group has determined that contracts involving the sale of finished properties do not contain significant financing components. In addition, there is no established non-cash consideration or consideration payable to customers.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Current income and complementary tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Complementary tax is the tax paid in advance, related to withholding tax on dividends to shareholders. In the Fiscal Code of the Republic of Panama, in the fiscal periods that the companies obtain profits and do not distribute and liquidate the dividend tax, it is obliged to pay 40% of the tax in advance on behalf of the shareholders.

At the time of distributing the profits (if any), the total dividend tax is withheld from the shareholders and the outstanding 60% is paid to the tax authority.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization begins when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group performs activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs are interest and other costs incurred by the Group in connection with borrowed funds. Finance costs incurred in connection with real estate investments under development are expensed as incurred.

To the extent that the Group's funds are derived from generic borrowings and used for a specific real estate development (qualifying asset), the Group determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the disbursements made on that asset. The capitalization rate will be the weighted average of the borrowing costs applicable to all loans received by the Group that are outstanding during the period. However, the Group excludes from this calculation the borrowing costs applicable to loans specifically taken out to finance a specific real estate development (qualifying asset), until substantially all the activities necessary to prepare that asset for its intended use or sale are completed.

The amount of borrowing costs capitalized by the Group during the period does not exceed the total borrowing costs incurred during the same period.

The capitalization of borrowing costs is suspended during the periods in which the development of activities of the qualifying asset has been suspended if these periods are extended in time. Borrowing costs incurred while land or property is being prepared for its intended use or sale are capitalized in the periods in which such preparation takes place. However, borrowing costs that are incurred while land acquired for construction purposes is held idle, without any preparation work being performed on it, are not capitalized.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Extraordinary Cost of Disposal

Extraordinary costs of disposal correspond to the cost of materials, labor, and administrative expenses incurred in the construction of the inventories which did not meet the quality and design criteria due to an extraordinary and non-recurring event(s). Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

5. Critical accounting judgments, assumptions and estimates

In preparing the consolidated financial statements, management makes various judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, revenues and expenses.

Significant judgments in the application of accounting policies

- Revenue from contracts with customers: the Group has applied judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers. These judgments relate to (1) the determination of the performance obligation on the sale of inventory of properties under construction or development; (2) the determination of the timing of revenue recognition for finished properties and properties under construction or development; and (3) the consideration of the significant financing component in contracts and guarantees. These judgments have been described in Note 4 in the accounting policy for revenue recognition and contingent liabilities.

Critical accounting assumptions and estimates

- Estimated net realizable value of property inventory: the net realizable value of finished property inventory is assessed by reference to market conditions and prices existing at the end of the reporting period and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographic sector and serving the same real estate market segment. In relation to the inventory of properties under construction or development, the net realizable value is assessed by reference to market prices at the reporting date of similar completed properties, less the estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money if material.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

6. Property, plant and equipment

Detail of the Group's property, plant and equipment and their carrying amounts are as follows:

2022	Lands	Heavy equipment	Rolling equipment	Machinery	Molds	Total
Gross carrying amount						
Balance at 1 January 2022	12,664,131	893,125	367,600	380,539	69,895	14,375,290
Additions	877,000	-	-	-	-	877,000
Disposals	-	-	(95,806)	-	-	(95,806)
Balance at 31 December 2022	13,541,131	893,125	271,794	380,539	69,895	15,156,484
Depreciation and impairment						
Balance at 1 January 1 2022	-	(510,532)	(270,099)	(289,422)	(6,989)	(1,077,042)
Disposals	-	-	73,341	-	-	73,341
Depreciation	-	(160,455)	(36,707)	(40,645)	(16,775)	(254,582)
Balance at 31 December 2022	-	(670,987)	(380,147)	(330,067)	(23,764)	(1,258,283)
Carrying amount at 31 December 2022	13,541,131	222,138	38,329	50,472	46,131	13,898,201
2021						
Gross carrying amount						
Balance 1 January 2021	12,664,131	903,125	367,600	353,789	-	14,288,645
Additions	-	-	-	26,750	69,895	96,645
Disposals	-	(10,000)	-	-	-	(10,000)
Balance at 31 December 2021	12,664,131	893,125	367,600	380,539	69,895	14,375,290
Depreciation and impairment						
Balance at 1 January 2021	-	(338,907)	(221,046)	(249,670)	0	(809,623)
Depreciation	-	(171,625)	(49,053)	(39,752)	(6,989)	(267,419)
Balance 31 December 2021	-	(510,532)	(270,099)	(289,422)	(6,989)	(1,077,042)
Carrying amount at 31 December 2021	12,664,131	382,593	97,501	91,117	62,906	13,298,248

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

7. Leases

The Group has leases for the rolling equipment and machinery, each lease is reflected in the consolidated statement of financial position as a right of use asset and a lease liability.

Right of Use assets

2022	Heavy equipment	Rolling equipment	Machinery	Total
Gross carrying amount				
Balance 1 January 2022	1,620,515	149,000	135,237	1,904,752
Balance at december 31st 2022	1,620,515	149,000	135,237	1,904,752
Depreciation and impairment				
Balance at 1 January 2022	(1,114,243)	(86,805)	(82,456)	(1,283,504)
Depreciation	(295,702)	(29,800)	(27,047)	(352,549)
Balance 31 December 2022	(1,409,945)	(116,605)	(109,503)	(1,636,053)
Carrying amount 31 December 2022	210,570	32,395	25,734	268,699

2021	Heavy equipment	Rolling equipment	Machinery	Total
Gross carrying amount				
Balance 1 January 2021	1,620,515	149,000	135,237	1,904,752
Additions	-	-	-	-
Balance at 31 December 2021	1,620,515	149,000	135,237	1,904,752
Depreciation and impairment				
Balance at 1 January 2021	(791,140)	(57,005)	(55,408)	(903,553)
Depreciation	(323,103)	(29,800)	(27,048)	(379,951)
Balance 31 December 2021	(1,114,243)	(86,805)	(82,456)	(1,283,504)
Carrying amount 31 December 2021	506,272	62,195	52,781	621,248

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	31 December	
	2022	2021
Current	131,658	291,477
Non-current	93,023	250,082
	224,681	912,725

8. Property and other inventories

The following is a detail of the amount of property and other inventories:

	31 December	
Finished	2022	2021
La Reserva de Santiago – Phase 1	515,625	211,663
Sueños de Santiago – Phase 5	378,461	-
La Reserva – Social Interest	263,484	-
Sueños de Santiago – Phase 4	33,118	668,080
Sueños de Santiago – Phase 3	-	519,557
Sueños de Sona – Phase 3	-	411,518
	1,190,688	1,810,818
Under construction or development		
Sueños de Santiago – Phase 5	4,598,308	4,879,170
Sueños de Santiago – Phase 4	4,458,818	4,649,214
La Reserva de Santiago – Phase 1	1,699,390	4,132,245
La Reserva – Social Interest	161,229	-
Sueños de Santiago – Phase 3	-	793,364
Sueños de Santiago – Phase 6 & 7	-	180
	10,917,744	14,454,354
Materials	292,548	618,325
Total property and other inventories	12,400,980	16,883,497

For the year ended December 31, 2022, the Company's management decided to recognize a one- time extraordinary expense of \$6,140,936 relating to costs due to time lost, damage, and waste following the impact of COVID-19. As at December 31, 2021, majority of these costs were recognized as under construction and development inventories.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

9. Prepayments and other short- terms assets

Prepayment and other short-terms assets are presented below:

	31 December	
	2022	2021
Prepaid land – La Peana	295,000	1,072,000
Electrical infrastructure	291,114	324,031
Advances on expenses	255,462	694,824
Others	5,525	5,925
	<u>847,101</u>	<u>2,096,780</u>

10. Other account receivables

	31 December	
	2022	2021
Solidarity bonus subsidy	880,000	680,000
Advances to contractors	-	381,400
Homeowners' association	177,389	94,676
Proceeds from contracts with customers	-	39,543
Other account receivables	-	3,968
	<u>1,057,389</u>	<u>1,199,587</u>

In general, account receivables from contracts with customers and other account receivables are written off if they are overdue for more than one year and are not subject to any type of collateral enforcement activity, since the legal title to the asset has not been transferred to the debtor's name in cases of purchase and sale agreements on properties. During the year ended December 31, 2022 the Group recognized in the consolidated statement of profit or loss a bad debt expense of \$398,062 (2021 - \$nil).

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets disclosed above.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

11. Cash and cash equivalents

	31 December	
	2022	2021
Cash on hand	19	543
Deposits in banks	14,891	964,355
Total	<u>14,910</u>	<u>964,898</u>

As of December 31, 2022, and December 31, 2021, the Group had no restrictions on its cash placed in bank deposits.

12. Equity instrument by convertible notes

The Equity instrument by convertible notes of the holding company consists of US\$43,333,433.00 divided in two types of shares:

- (i) 100 management shares with right to vote in meetings of shareholders but no rights to receive dividends or assets in case of liquidation of the company (the "Management Shares"), and
- (ii) 43,333,333 ordinary non-voting shares with no right to vote in meetings of shareholders but with rights to receive dividends or assets in case of liquidation of the Company (the "Dividend Shares").

As of December 31, 2022 the issued and paid shares are as follows:

	31 December	
	2022	2021
Common stock		
Authorized	<u>43,333,433</u>	<u>43,333,433</u>
Issued and paid as of January 1 and December 31	<u>33,333,433</u>	<u>33,333,433</u>
Par value per share B/.1	<u>33,333,433</u>	<u>33,333,433</u>

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

13. Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	31 December		31 December	
	2022	2021	2022	2021
At amortized cost:				
Facility agreement	1,000,000	-	22,257,480	21,469,348
Banks' borrowings	4,318,040	5,628,496		5,628,496
Private Loans	-	-	6,849,490	6,849,490
Shareholder loans	-	982,266	5,679,113	3,278,612
Other loans	1,244,622	1,266,622	-	1,266,622
	6,563,102	7,877,384	34,785,143	38,492,568

Borrowing are presented in the consolidated statement of financial position as follows:

	31 December	
	2022	2021
Current	6,563,102	7,877,384
Non-current	34,785,143	30,615,184
	41,348,245	38,492,568

Facility agreement

Agreement entered in December 31, 2020, between DV FZE, a company incorporated in the Ajman Free Zone, UAE with company number 20977 whose registered office address is at BC1300367, Block C1, Ajman, UAE (Lender); and DALE VENTURES PTE. LTD, a company incorporated in the Singapore with company number 201725181N whose registered office address is at 10 Marina Boulevard, #39-00, Marina Bay Financial Centre, Singapore (018983) (Lender) with The Company to carry out the Developments.

The facility agreement is secured with a mortgage by the Santiago Subsidiary (Promotora Santiago Development Corp.) in favor of the Lender. Current interest rates are 10% per annum.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Banks' borrowings

Bank's borrowing corresponds to a credit facility gave by Multibank Inc. to finance the Project Sueños de Santiago – Phase 4 as follows:

Description	Starting Date	Financed Amount	Interest Rate	Balance as of 31 December 2022
Houses Credit Line	August 24, 2019	4,141,787	Libor (3M) + 4.25%	2,828,063
Infrastructure Credit Line	August 24, 2019	2,459,291	Libor (3M) + 4.25%	1,074,799
Interests Capitalization	April 9, 2021	446,741	Libor (3M) + 4.25%	415,178
				4,318,040

Private Loans

Private Loans correspond to Promissory Notes by where the Company unconditionally and irrevocably promises to pay to the Lenders the principal sum, in a maximum term of months as of the date of execution of the facility (September 6, 2017).

	Principal	Months
Dale Ventures	2,500,000	100
Shore View Consulting Ltd	1,975,240	80
DCIF Investment Fund	1,624,250	80
Anders Axelsson	500,000	80
Conley Forey	250,000	60
	6,849,490	

Shareholder loans

The shareholder loans do not have a maturity date, nor stipulated payments, and do not accrue interest.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Other loans

Other loans correspond to the following:

- Promissory Note No. 1 signed on March 12th, 202, between Robert Edward Oneill, male, American, holder of passport number No. 573884381; for the sum of **B/.61,527**, for the term of 9 months, renewable.
- Promissory Note No. 2 signed on June 4th, 2021, between Dos Hijos Family Foundation, a Panamanian Interest Foundation duly registered with Folio 25038722 for **B/.166,782**, for the term of 6 months, renewable.
- Loan Agreement entered between Panama Equities, Inc. and Promotora Sona S.A. and Promotora Santiago Development Corp.in the amount of **B/.1,017,500** registered in the Public Registry under the number of entry 436838, with an interest of 12% per annum.

14. Tax expense

At the date of the financial statements, the income affidavits of the companies for the last three fiscal years, including the year ended December 31, 2019, are subject to review by the Tax Authority. In addition, the Companies records are subject to review by the tax authority to determine compliance with the Stamps Tax and Tax on the Transfer of Movable Corporate Property and the Provision of Services (ITBMS). In accordance with current legislation, the Company is responsible for any additional tax resulting from the review.

By Law No. 6 of Fiscal Equity of February 2, 2005, it was established that legal persons will pay the income tax at a rate of 25% on the amount that is higher between:

Taxable income resulting from the taxable income of the taxpayer, the sales granted through development or production regimes, and legally authorized loss trawls, this calculation will be known as the traditional (MT) method.

Taxable net income resulting from deducting from total taxable income, 95.33%; Which will be known as the Alternate Calculation of Income Tax (CAIR).

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

As established in article 701 of the Panamanian Tax Code, companies whose ordinary line of business is the sale of property (homes or commercial premises) are required to pay income tax based on the following table:

Properties values	Rate
Up to B/. 35,000	0.50%
From B/. 35,001 to B/. 80,000	1.50%
More than B/. 80,001	2.50%
Commercial buildings	4.50%

Nine month ended December 31, 2022

Section	Tax Rate	Amount of Sales	Income tax
From B/. 35 to B/. 80,000	1.50%	6,400,855	96,013
More than B/. 80,001	2.50%	1,450,210	36,255
		<u>7,851,065</u>	<u>132,268</u>

Year ended December 31, 2021

Section	Tax Rate	Amount of Sales	Income tax
From B/. 35 to B/. 80,000	1.50%	9,013,503	135,203
More than B/. 80,001	2.50%	3,389,146	84,729
		<u>12,402,649</u>	<u>219,931</u>

15. Financial instruments - risk management

The Group's main financial liabilities are bank loans and other financing components such as funds received from its shareholders as accounts payable with immediate availability for payment and advances received from customers (contract liabilities). These funds have been used for the primary purpose of developing and managing the Group's real estate projects. In addition, the Group maintains accounts receivable, trade accounts payable and short-term bank deposits arising directly from its operations.

The Group is exposed to liquidity, market and credit risk. The Group's senior management oversees the management of these risks. Management and control of the Group's risks falls mainly on the Board of Directors, which is initially responsible for establishing and shaping the strategic direction of the Group. It receives the support of the Corporate Governance of the Economic Group to which it belongs. It guarantees its shareholders, investors, customers, and bank creditors a system of good corporate governance.

The Group does not actively participate in the business of financial assets for speculative purposes.

Liquidity risk

Liquidity risk refers to the possibility that the Group will not meet its contractual obligations, mainly in its commitment to repay principal and interest on bank loans.

The Group manages its liquidity needs by monitoring scheduled payments defined in the terms and conditions of each financing contract, as well as forecasts of cash inflows and outflows on a day-to-day basis. Long-term liquidity needs for a 180-day and 360-day monitoring period are identified monthly. The Group's objective is to maintain cash to meet its liquidity requirements for periods of at least 30 days.

In the event of requiring additional contributions to its real estate development projects, the Group may choose to seek access to bank financing or shareholder contributions. Additionally, it may be able to sell long-term non-financial assets.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

The following is information on the contractual maturities (including interest payments when applicable) of the Group's main non-derivative financial liabilities:

2022	Carrying amount	Contractual cash flows			
		Total	In 6 months	7 to 12 months	More than 1 year up to 5 years
Bank loans	4,318,040	(4,318,480)	(914,548)	(3,403,932)	-
Facility agreement	23,257,480	(23,257,480)	(1,000,000)	-	(22,257,480)
Private loans	6,849,490	(6,849,490)	-	-	(6,849,490)
Other loans	1,244,622	(1,244,622)	(261,527)	(983,095)	-

The above amounts reflect contractual undiscounted cash flows, which may differ from the recorded values of the liabilities at the reporting date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Group's market risks may arise from open positions in interest-bearing financial assets and liabilities, to the extent that they are exposed to general and specific market movements.

The Group does not have operations and transactions in foreign currencies and therefore is not exposed to foreign exchange risk from fluctuations in its functional currency with respect to a different currency. In addition, the Group does not have any significant exposure to price risk as it does not hold any equity instruments.

Since the Group's interest-bearing financial assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's results. Additionally, the Group does not hold financial assets and financial liabilities measured at fair value through profit or loss and/or other comprehensive income that could influence the statement of profit or loss and other comprehensive income.

The Group's interest rate risk arises mainly from long-term debt resulting from bank loans. However, for the year ended December 31, 2022, and the year ended December 31, 2021, the terms and conditions established for these financial liabilities are based on a fixed interest rate policy, mitigating the cash flow interest rate risk.

Trade accounts payable and accounts receivable are interest-free and with a term of less than one year. The Group has determined that there is no interest rate risk associated with these financial assets and liabilities.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, resulting in a financial loss. The Company is exposed to credit risk primarily from its financing activities, including bank deposits.

The credit risk of accounts receivable arising from the sale of property inventory is managed by requiring customers to make advance payments or account credits prior to the transfer of the property, thus substantially eliminating the Group's credit risk in this regard. Likewise, the Group has the backing of the bank letters of promise to pay managed to obtain the differential not covered directly by the customers. The Company maintains current bank accounts of less than 1 year, with local banks with a minimum credit rating of "A". Although bank deposits are subject to the impairment requirements of IFRS 9, the impairment loss identified is not material.

Capital management policies and procedures

The objectives of capital management are to ensure the Group's ability to continue as a going concern and provide an adequate return to shareholders, as well as to maintain an optimal capital structure that reduces the costs of raising capital.

The Group monitors capital based on the recorded amount of stockholders' equity plus its debt commitments, as presented in the consolidated statement of financial position. In addition, it determines its capital requirements to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the assets involved.

16. Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observation of measurement-relevant items as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: items other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable items for assets or liabilities.

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are shown below. The following table does not include information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Impact Housing Corporation and Subsidiaries
Notes to the consolidated financial statements
For the year ended December 31, 2022
(Stated in US\$)

2022	Carrying amount	Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Total
Financial liabilities - not measured at fair value					
Bank loans	4,318,040	-	4,318,040	-	4,318,040
Facility agreement	23,257,480	-		23,257,480	23,257,480
Private loans	6,849,490	-		6,849,490	6,849,490
Other loans	1,244,622	-		1,244,622	1,244,622
	35,669,632	-	4,318,040	31,351,592	35,669,632

2021	Carrying amount	Fair Value Hierarchy			
		Level 1	Level 2	Level 3	Total
Financial liabilities - not measured at fair value					
Bank loans	5,628,496	-	5,628,496	-	5,628,496
Facility agreement	21,469,348	-		21,469,348	21,469,348
Private loans	6,849,490	-		6,849,490	6,849,490
Other loans	1,266,622	-		1,266,622	1,266,622
	35,213,956	-	5,628,496	29,585,460	35,213,956

In 2022 and 2021, no transfers were made between Level 1 and Level 2.

Valuation techniques

Bank loans: the fair value is estimated using discounted cash flow techniques, applying interest rates in effect for debts with similar remaining maturities.

17. Loss contingencies

During the year ended December 31, 2022, the Group has recognized a loss for \$862,396 on advance payments to contracts relating to two lawsuits for damages for non-compliance of contractual commitments and quality standards. The management reasonably believes the recognized loss is maximum exposure to losses based on the status of the ongoing litigation.

18. Subsequent event

On December 31, 2022, the Group and Yubba Capital Corp. (“Yubba”) announced that they have entered into a letter of intent dated December 1, 2022, (the “LOI”), pursuant to which the Group and Yubba will complete a transaction that will result in a reverse take-over of Yubba by the Group (the “Proposed Transaction”). The Proposed Transaction, if completed, will constitute Yubba’s “Qualifying Transaction” (as such term is defined in Policy 2.4 of the TSX Venture Exchange (the “TSXV”).

In conjunction with, and prior to the closing of the Proposed Transaction, the Group intends to complete a private placement offering of a minimum of USD \$5,000,000 of subscription receipts (the “Concurrent Offering”). Immediately prior to the completion of the Proposed Transaction, it is anticipated that each subscription receipt will be converted into (1) common share in the capital of IHC. The offering price (the “Offering Price”) for the Concurrent Financing shall be based on several factors, including general market conditions at the time of the Concurrent financing.

The Proposed Transaction is expected to be structured as a plan of arrangement, three-cornered amalgamation, merger, a share exchange or other mechanism deemed to be most effective, as determined by the mutual agreement of the Group and Yubba upon receipt of tax, corporate and securities law advice. Pursuant to the Proposed Transaction, holders of common shares in the capital of the Group (the “IHC Shares”), including these investors in the Concurrent Offering, will receive one (1) common share in the capital of Yubba (each, a “Yubba Share”) for each IHC share held. In order to align the value of Yubba Shares with the value per IHC Share at which the Proposed Transaction will be complete, it is anticipated that Yubba will complete either a share split or share consolidation (the “Share Capital Amendment”) on the basis of a ratio that results in the aggregate number of post-Share Capital Amendment Yubba Shares multiplied by the Offering price equal to \$1,100,000 Canadian dollars subject to customary adjustments.

ADDITIONAL INFORMATION

Impact Housing Corporation and Subsidiaries
Consolidation of Statement of Financial Position

Annex
I

For the year ended 31 December 2022
(Stated in US\$)

	Consolidation	Eliminations	Impact Housing Corporation Bahamas	Impact Housing Corporation Panamá	Impact Housing Management Corp.	Promotora Santiago Development Corp.	Promotora Sona, S. A.	Tekeros Santiago, S. A.	Tekeros Constructores, S. A.	Comercializadora Sona, S. A.	Impact Santiago, S. A.	Impact Sona, S. A.	Impact Equipos, S. A.	Promotora Capellania, S. A.	Impact Capellania, S. A.
Assets															
Non-current															
Related companies	-	- 75,469,591	65,487,741	59,136	9,080	3,105,780	1,206,844	2,383,734	404,053	1,591,440	768,594	191,845	241,344	10,000	10,000
Property, plant and equipment	13,898,201	-	-	-	-	1,457,547	11,346,198	52,830	-	-	-	-	164,626	877,000	-
Leases	268,699	-	-	-	-	200,609	24,411	43,679	-	-	-	-	-	-	-
Investments	-	- 120,000	120,000	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets	14,166,900	- 75,589,591	65,607,741	59,136	9,080	4,763,936	12,577,453	2,480,243	404,053	1,591,440	768,594	191,845	405,970	887,000	10,000
Current															
Property and other inventories	12,400,980	-	-	-	-	12,400,980	-	-	-	-	-	-	-	-	-
Prepayments and other short-terms assets	847,101	-	-	-	30,310	814,038	30	769	1,954	-	-	-	-	-	-
Other account receivables	1,057,389	-	-	-	-	971,344	86,045	-	-	-	-	-	-	-	-
Cash and cash equivalents	14,910	-	1,473	1,553	1,524	4,490	3,284	-	-	1,528	508	550	-	-	-
Current assets	14,320,380	-	1,473	1,553	31,834	14,190,852	89,359	769	1,954	1,528	508	550	-	-	-
Total assets	28,487,280	- 75,589,591	65,609,214	60,689	40,914	18,954,788	12,666,812	2,481,012	406,007	1,592,968	769,102	192,395	405,970	887,000	10,000
Deficiency in net asset and liabilities															
Deficiency in net asset															
Equity instrument by convertible notes	33,333,433	120,000	33,333,433	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Accumulated deficit	(48,567,911)	-	(4,018,642)	(19,707)	(1,041,145)	(17,086,340)	(25,409,038)	94,853	(1,013,587)	(46,699)	(1,977)	(2,362)	(650)	(21,967)	(650)
Complementary tax	(135,605)	-	-	-	-	(122,043)	(13,562)	-	-	-	-	-	-	-	-
Total equity	(15,370,083)	120,000	29,314,791	(9,707)	(1,031,145)	(17,198,383)	(25,412,600)	104,853	(1,003,587)	(36,699)	8,023	7,638	9,350	(11,967)	9,350
Liabilities															
Non - current															
Provisions for employee benefits	61,639	-	-	-	28,224	-	-	13,580	-	12,795	2,777	4,263	-	-	-
Borrowings	34,785,143	75,469,591	33,956,294	52,976	965,567	30,669,516	38,029,812	2,018,111	1,409,594	1,590,280	231,994	171,130	265,760	893,350	350
Lease liabilities	93,023	-	-	-	-	93,023	-	-	-	-	-	-	-	-	-
Non-current liabilities	34,939,805	75,469,591	33,956,294	52,976	993,791	30,762,539	38,029,812	2,031,691	1,409,594	1,603,075	234,771	175,393	265,760	893,350	350
Current															
Borrowings	6,563,102	-	2,244,622	-	-	4,318,480	-	-	-	-	-	-	-	-	-
Lease liabilities	131,658	-	-	-	-	9,163	47,523	74,972	-	-	-	-	-	-	-
Trade and other payables	1,357,899	-	93,507	17,420	25,851	535,867	2,077	114,996	-	26,592	526,308	9,364	-	5,617	300
Advances received from customers	864,899	-	-	-	52,417	527,122	-	154,500	-	-	-	-	130,860	-	-
Current liabilities	8,917,558	-	2,338,129	17,420	78,268	5,390,632	49,600	344,468	-	26,592	526,308	9,364	130,860	5,617	300
Total liabilities	43,857,363	75,469,591	36,294,423	70,396	1,072,059	36,153,171	38,079,412	2,376,159	1,409,594	1,629,667	761,079	184,757	396,620	898,967	650
Total equity and liabilities	28,487,280	75,589,591	65,609,214	60,689	40,914	18,954,788	12,666,812	2,481,012	406,007	1,592,968	769,102	192,395	405,970	887,000	10,000

Impact Housing Corporation and Subsidiaries
Consolidation of Statement of Profit or Loss

Annex
II

For the year ended 31 December 2022
(Stated in US\$)

	Consolidation	Eliminations	Impact Housing Corporation (Bahamas)	Impact Housing Corporation (Panamá)	Impact Housing Management Corp.	Promotora Santiago Development Corp.	Promotora Sona, S. A.	Tekeros Santiago, S. A.	Tekeros Constructores, S. A.	Comercializadora Sona, S. A.	Impact Santiago, S. A.	Impact Sona, S. A.	Impact Equipos, S. A.	Promotora Capellania, S. A.	Impact Capellania, S. A.
Sales	7,851,065	-	-	-	-	7,628,865	222,200	-	-	-	-	-	-	-	-
Other income	41,825	-	-	-	24,219	17,566	40	-	-	-	-	-	-	-	-
Cost of sales (includes depreciation cost)	(6,926,393)	-	-	-	-	(6,509,194)	(417,199)	-	-	-	-	-	-	-	-
Employee benefits expense	(713,653)	-	-	-	(256,468)	(442,351)	(14,834)	-	-	-	-	-	-	-	-
Collections expenses	(255,496)	-	-	-	-	(250,117)	(5,379)	-	-	-	-	-	-	-	-
Sales expenses	(418,849)	-	-	-	-	(336,731)	(82,118)	-	-	-	-	-	-	-	-
Overhead and administrative expenses	(1,853,317)	-	(330,032)	(18,851)	(227,170)	(1,104,351)	(144,372)	(822)	(300)	(1,313)	(1,677)	(2,062)	(350)	(21,667)	(350)
Operating loss	(2,274,818)		(330,032)	(18,851)	(459,419)	(996,313)	(441,662)	(822)	(300)	(1,313)	(1,677)	(2,062)	(350)	(21,667)	(350)
Finance cost	(1,145,149)	-	(961,491)	-	-	(179,130)	(4,528)	-	-	-	-	-	-	-	-
Loss contingencies	(862,396)	-	-	-	-	(862,396)	-	-	-	-	-	-	-	-	-
Extraordinary cost of disposal	(6,140,936)	-	-	-	-	(6,140,936)	-	-	-	-	-	-	-	-	-
Loss before tax	(10,423,299)		(1,291,523)	(18,851)	(459,419)	(8,178,775)	(446,190)	(822)	(300)	(1,313)	(1,677)	(2,062)	(350)	(21,667)	(350)
Tax expense	(132,268)	-	-	-	-	(128,935)	(3,333)	-	-	-	-	-	-	-	-
Net loss	(10,555,567)		(1,291,523)	(18,851)	(459,419)	(8,307,710)	(449,523)	(822)	(300)	(1,313)	(1,677)	(2,062)	(350)	(21,667)	(350)

Impact Housing Corporation and Subsidiaries
Consolidation of Statement of Changes in Equity

Annex
III

For the year ended 31 December 2022
(Stated in US\$)

	Consolidation	Eliminations	Impact Housing Corporation (Bahamas)	Impact Housing Corporation (Panamá)	Impact Housing Management Corp.	Promotora Santiago Development Corp.	Promotora Sona, S. A.	Tekeros Santiago, S. A.	Tekeros Constructores, S. A.	Comercializadora Sona, S. A.	Impact Santiago, S. A.	Impact Sona, S. A.	Impact Equipos, S. A.	Promotora Capellania, S. A.	Impact Capellania, S. A.
Equity instrument by convertible notes															
At the beginning of the year	33,333,433	120,000	33,333,433	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Increased capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of the year	33,333,433	-	33,333,433	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Retained earnings															
At the beginning of the year	(38,012,344)	-	(2,727,119)	(856)	(581,726)	(8,778,630)	(24,959,515)	95,675	(1,013,287)	(45,386)	(300)	(300)	(300)	(300)	(300)
Net loss of the year	(10,555,567)	-	(1,291,523)	(18,851)	(459,419)	(8,307,710)	(449,523)	(822)	(300)	(1,313)	(1,677)	(2,062)	(350)	(21,667)	(350)
At the end of the year	(48,567,911)	-	(4,018,642)	(19,707)	(1,041,145)	(17,086,340)	(25,409,038)	94,853	(1,013,587)	(46,699)	(1,977)	(2,362)	(650)	(21,967)	(650)
Supplementary tax															
At the beginning and end of the year	(135,605)	-	-	-	-	(122,043)	(13,562)	-	-	-	-	-	-	-	-
Total equity	(15,370,083)	120,000	29,314,791	(9,707)	(1,031,145)	(17,198,383)	(25,412,600)	104,853	(1,003,587)	(36,699)	8,023	7,638	9,350	(11,967)	9,350

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022

This Management's Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows for Impact Housing Corporation and Subsidiaries ("IHC" or the "Company"), on a consolidated basis, for the year ended December 31, 2022. The Company's audited consolidated financial statements have been prepared on the "going concern" basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

This document should be read in conjunction with the information contained in the Company's audited consolidated financial statements and related notes for the year ended December 31, 2022. Unless otherwise indicated, all amounts and references in this MD&A are in US dollars, unless otherwise stated.

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, March 30, 2023, being the date the Company's board of directors (the "Board") approved this MD&A.

Cautionary Note Regarding Forward Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors that are discussed in greater detail under "Business risks".

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions have been made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on the business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Core Business and Strategy

The Company was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017, under the International Business Companies Act 2000. The Company controls and holds 100% of the capital stock of several companies engaged in the real estate and construction industry in the Republic of Panama. The Company's main office is located on the 4th floor of the P.H. Peninsula, Costa del Este, Panama City, Republic of Panama.

IHC is a real estate development company providing affordable housing solutions supported by longstanding government subsidy programs. The principal business of IHC is to build and develop affordable, high quality subsidized homes in the

**Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022**

Republic of Panama to support the emerging middle-class market. The vision of IHC is effectuated by a vertically integrated model which coordinates all services necessary to develop high-quality residential and commercial buildings; including but not limited to land acquisition, financing, architectural, engineering, off-site manufacturing, general contracting, property management, and administration.

IHC holds one hundred percent (100%) of the shares of the following subsidiaries:

Company	Date of Incorporation	Primary Business
Promotora Santiago Development Corp.	February 9, 2015	Real Estate Development
Promotora Sona, S.A.	February 27, 2013	Real Estate Development
Promotora Capellania, S.A.	December 4, 2020	Real Estate Development
Tekeros Santiago, S.A.	April 7, 2015	Construction Management
Tekeros Constructores, S.A.	February 27, 2013	Construction Management
Impact Santiago, S.A.	June 11, 2020	Construction Management
Impact Sona, S.A.	June 10, 2020	Construction Management
Impact Capellania, S.A.	December 4, 2020	Construction Management
Impact Housing Management Corporation	May 4, 2017	Administrative Services
Comercializadora Sona, S.A.	February 27, 2013	Administrative Services
Impact Equipos, S.A.	June 11, 2020	Machinery and Equipment Management

Over the course of 10 years of operations, IHC has refined a vertically integrated go-to-market strategy consisting of four primary components to establish housing communities and deliver homes to prospective buyers:

1. IHC retains land ownership and controls the community master planning; all regulatory permitting and compliance; and architectural home designs that meet the affordable housing program requirements.
2. IHC builds homes in each phase of development using a unique, assembly line approach. Using an 11-step cast-in-place technique, which incorporates a custom mold design in the exact shape and style of home being built, IHC develops 1.5 homes per day when operating at peak production speed.
3. IHC markets and sells the homes that it builds to the growing class of Panamanian middle-income families. After pre-qualifying families, IHC allows, on average, 4-6 months, and up to 12 months in some cases, to gather down payment and closing costs.
4. IHC controls the delivery of the homes to the end customers, ensuring quality control. Subsequently, IHC remains heavily involved in the operation of community services post-sale (i.e. home warranty items, maintaining parks, community spaces, and white water infrastructure until transferred to the applicable municipality).

IHC begins its process by acquiring and segregating viable land to develop residential communities. Once the land has been acquired and properly segregated, IHC utilizes community centric marketing techniques to engage potential customers. Once potential homebuyers have been identified and engaged, IHC requires that potential homebuyers undergo a diligent pre-qualification process to omit lower credit quality candidates early in the process. Due to IHC's thorough pre-qualification process, IHC can accurately determine if potential homebuyers have high credit quality and will be eligible for substantial government support. To date, the long-term default rate for approved buyers of IHC homes has been 2%.

To avoid overleveraging itself, IHC utilizes a staged approach to developing its properties. Properties are built in stages (phases) and based on demand to mitigate the risk of economic downturn or decrease in demand.

IHC has, in the past, pursued a policy of controlled organic growth and it intends to continue that policy in the future. IHC has grown both by expanding revenue of existing operations and through the acquisition of new development properties. IHC's growth has historically been limited by the availability of financing rather than consumer demand. IHC's policy of organic growth will continue to be founded on the following:

- **Training and Recruitment of Personnel:** One of the key components that could limit the growth of a real estate development company is the ability to secure professional staff. To address this issue, IHC has for many years focused on hiring new employees shortly following completion of their technical or engineering training. These employees become invested in IHC's operations early in their careers and become logical candidates for upward movement into regional management positions. IHC will continue this practice of hiring and training new talent as its primary method of increasing its staff to support growth.
- **Optimizing IHC's supply chain:** A key component that could limit the growth of a real estate development company is the ability to continue to rely on supply chain relationships for timely materials and qualified subcontractors to complete certain construction work activities. To address this issue, IHC has for many years continued to diversify the breadth and depth of its supply chain. As one of the largest developers in the respective regions it operates, IHC continues to receive favorable pricing and bulk delivery to ensure construction timelines are achieved. In addition, IHC has for years, as appropriate, worked with creditable subcontractors that are required to meet IHC stringent governance criteria. IHC qualifies vendors on the basis of entity good standing, licensing and regulatory, qualified work history, and appropriate bonding and insurance criteria.
- **Acquiring New Property:** Management has identified new land opportunities throughout Panama which it intends to acquire for the purpose of residential development, similar to the Santiago property. This would include residential housing that qualifies for the current subsidy programs and would include mixed use commercial space.
- **Expanding Product Offering:** IHC plans to expand its operations from focusing solely on residential construction to commercial construction. Subject to necessary capital requirements, IHC has set aside land at the Santiago Property and the Reserva Property to develop commercial space.
- **Expanding Into New Markets:** IHC plans to expand beyond Panama to other Latin American jurisdictions that have subsidized programs similar to the core Panamanian market. IHC will evaluate new regional markets that fit its business model and strategy. If management foresees sufficient demand in new geographic markets for IHC's services, management will consider expanding into those markets.

2022 Highlights and Results of Operations

Operational highlights for 2022 - In 2022 the Company made considerable progress on recovering from the challenging COVID-19 years of 2020 and 2021. In the Company's first development community of Sona, IHC sold and delivered the remaining available homes in Phase 3 after completing all planned developments and construction activity at the Sona project. IHC retains a considerable amount of developable land at Sona that can be allocated to future development phases should there be an increase in consumer demand. The region in which the Sona project is located has been slower to economically recover post-COVID relative to the rest of Panama, therefore, the Company has no immediate plans to begin new development phases in 2023.

In the development community in Santiago, the Company delivered and closed out Phase 3. Additionally, IHC made considerable progress in the sales and delivery of Phase 4 and Phase 5 social interest homes. There was considerable progress made in the sales and delivery of the preferential interest home model, La Reserva.

During 2022, IHC advanced key restructuring initiatives that started in 2021. As a result, the Company optimized and reduced head count and affiliated costs by 85% from pre-pandemic levels. IHC reorganized all aspects of construction operations to a very precise and sequential work plan that increased operational efficiency by over 400%. The reorganization efforts resulted in increased sales and delivery volumes back in line with its 5-year averages, with an improved cost structure.

During 2022, IHC began evaluating longer term strategic initiatives and value creation events for shareholders, including

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022

pathways to liquidity. In Q3 2022, IHC decided a public listing option would be the primary path forward and engaged advisors in Canada to pursue merging IHC into a publicly listed Canadian entity looking for an operating business. On December 1st, 2022, IHC signed a letter of intent with Yubba Capital Corporation, a Toronto Stock Exchange Venture listed company, to work towards a public listing of IHC.

- **2022 sales of \$7,851,065 a decrease of \$4,551,584 or 36.7% compared to 2021 sales.** This is primarily due to 124 completed housing units delivered to customers in 2022 compared to 203 homes delivered in 2021 notably with an increase in deliveries of Phase 4 and Phase 5 of Santiago development offset by decreases in deliveries of Phase 3 of Santiago development, La Reserva and Sona projects. The number of houses delivered in second half of 2021 were higher compared to 2022 as the Company cleared the backlog inventory from 2020 and first half of 2021. In 2022, the Company implemented a new operational strategy to match production to delivery schedule and no new construction phases were launched. Due to these factors, the sales volume in 2022 represented only the sale of remaining available Phase 3 of Santiago and Sona projects. The decrease in sales volume in 2022 compared to 2021 was partially offset by delivery of higher priced houses in 2022 compared to 2021.
- **Cost of sales (including depreciation cost) decreased by \$7,692,933 or 52.6% in 2022 compared to 2021.** This is primarily driven by fewer home deliveries in 2022 compared to 2021.
- **Property and other inventories decreased by \$4,482,517 or 36.2% at December 31, 2022 compared to December 31, 2021.** The decrease is primarily due to one-time extraordinary expense of \$6,140,936 partly offset by \$3,306,238 of costs incurred in development of property and inventory. The one-time extraordinary expense relates to costs incurred due to time lost, damage, and waste following the impact of COVID-19.
- **Borrowings increased by \$2,855,677 at December 31, 2022 compared to December 31, 2021.** This was primarily attributable to increase in the shareholder loan of \$2,400,401 to fund capital expenditures, an increase in withdrawals on facility agreements used to fund Phase 5 of Santiago and La Reserva partly offset by repayment of \$1,310,355 on the credit file used to fund Phase 4 of Santiago.

The following selected financial data has been extracted from the audited condensed consolidated financial statements, prepared in accordance with International Financial Reporting Standards, for the fiscal years indicated and should be read in conjunction with the audited condensed consolidated financial statements.

For the year ended December 31,	2022	2021
Sales revenues	\$ 7,851,065	\$ 12,402,649
Santiago	7,628,865	10,477,428
Sona	222,200	1,925,649
Cost of goods sold (includes depreciation cost)	(6,926,393)	(14,619,326)
Net loss	(10,555,567)	(6,556,691)

Sales revenue for the year ended December 31, 2022 decreased by \$4,551,584 or 36.7% compared to 2021. The decrease in revenue is largely due to 28 homes delivered under Phase 3 Santiago project in 2022 compared to 124 homes delivered in 2021, 15 homes delivered in 2022 under La Reserva project compared to 36 houses delivered in 2021, partly offset by 80 homes delivered under Phase 4 and 5 of Santiago project in 2022 compared to only 6 homes delivered in 2021.

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022

Operating Expenses

For the year ended December 31,	2022		2021	
Professional services	\$	1,156,347	\$	1,462,744
Collection expenses		255,496		468,390
Bonus and Commissions		143,677		260,230
Salaries and employee expenses		327,092		443,153
Office and Miscellaneous		1,358,703		324,859
Finance cost		1,145,149		1,179,890
Loss contingencies		862,396		-
Total	\$	5,248,860	\$	4,139,266

For the year ended December 31, 2022, operating expenses in 2022 increased by 26.8%, from \$4,139,266 in 2021 to \$5,248,860 in 2022. The largest contributor to the increase is office and miscellaneous and loss contingencies. Office and miscellaneous expenses increased in 2022 by \$1,033,844 compared to 2021 primarily attributable to bad debt expenses of \$385,312 which related to outstanding balances owed by customers that are no longer considered recoverable, higher customer guarantees and claims of \$190,265 in 2022 related to all the necessary works to correct structural and/or other defects discovered during the maintenance period, and increase in other fees of \$255,248 attributable to fees payable to advisors and service providers hired for supporting the public listing of the Company. Loss contingencies of \$862,396 represented losses on advance payments on contracts and costs relating to two lawsuits for damages for non-compliance of contractual commitments and quality standards.

As at December 31,	2022		2021	
Total assets	\$	28,487,280	\$	35,064,258
Working capital		5,402,822		12,249,936
Property and other inventories		12,400,980		16,883,497
Total non-current liabilities		34,939,805		30,983,948
Shareholders' equity (deficiency)	\$	(15,370,083)	\$	(4,814,516)
Number of shares outstanding		33,333,433		33,333,433

At December 31, 2022 the property and other inventories decreased significantly to \$12,400,980 from \$16,883,497 at December 31, 2021 principally due to recognition of a one-time extraordinary expense of \$6,140,936.

Summary of Quarterly Results

The following selected quarterly financial data has been extracted from the financial statements, prepared in accordance with International Financial Reporting Standards. The table below summarizes the quarterly results over the past eight fiscal quarters.

	2022 Q4		2022 Q3		2022 Q2		2022 Q1	
Revenue	\$	617,015	\$	1,411,800	\$	2,697,250	\$	3,125,000
Cost of goods sold		575,923		1,406,497		2,186,103		2,757,870
Operating expenses		2,916,561		640,066		758,517		933,716
Net loss		(8,260,803)		(918,810)		(526,429)		(849,525)
Total assets		28,487,280		43,425,905		43,709,600		41,933,410
Working capital		5,402,822		18,522,059		18,321,410		18,551,838
Total non-current liabilities		34,939,805		49,128,605		48,341,870		46,620,020

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022

	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Revenue	\$ 3,511,770	\$ 2,540,990	\$ 4,056,363	\$ 2,293,526
Cost of goods sold	3,953,107	3,251,622	4,399,211	3,015,386
Operating expenses	858,972	1,062,978	1,265,260	952,056
Net loss	(1,511,706)	(1,771,922)	(1,604,895)	(1,668,168)
Total assets	35,064,258	41,513,778	41,203,653	40,761,950
Working capital	12,249,936	31,252,176	20,031,579	21,127,198
Total non-current liabilities	30,983,948	42,920,191	40,540,128	38,251,782

Liquidity and Capital Resources

The Company's liquidity risk is derived from its loans, accounts payable, and accrued liabilities, as it may encounter difficulty discharging those obligations, but the Company endeavors to mitigate that risk through the careful management of its debt holders and the assertive pursuit of capital inflow for its operations. The Company had working capital of \$5,402,822 as at December 31, 2022 compared to \$12,249,936 as at December 31, 2021.

Management intends to finance operating costs over the next twelve months predominantly with available working capital and proceeds generated ongoing operations. Further, in order to maintain or adjust its capital structure, the Company may issue new shares, enter into new debt, or scale back the size and nature of its operations. The Company is not subject to any externally imposed capital requirements. As at December 31, 2022, shareholders' total deficiency in net asset was \$15,370,083 compared to \$4,814,516 as at December 31, 2021.

Working capital

As at December 31,	2022	2021
Current Assets	\$ 14,320,380	\$ 21,144,762
Current Liabilities	8,917,558	8,894,826
Working Capital	\$ 5,402,822	\$ 12,249,936

Current Assets

Current assets of \$14,320,380 as at December 31, 2022 were comprised primarily of \$12,400,980 of property and other inventories and solidarity bonus subsidy. Current assets of \$21,144,762 as at December 31, 2021 were comprised primarily of \$16,883,497 of property and other inventories, cash and cash equivalents, solidarity bonus subsidy, advances to contractors, prepaid land and advances on expenses.

Current Liabilities

Current liabilities on December 31, 2022 amounted to \$8,917,558 compared to \$8,894,826 on December 31, 2021 and were comprised primarily of short-term borrowings, lease liabilities, advances from customers and employee expenses payable.

Cash Flow

For the year ended December 31,	2022	2021
Net cash used in operating activities	\$ (2,577,109)	\$ (3,148,007)
Net cash used in investing activities	(854,535)	(86,644)
Net cash provided by financing activities	2,481,656	4,067,314
Net changes in cash and cash equivalents	\$ (949,988)	\$ 832,663

Net cash used in operating activities

Cash used in operating activities of \$2,577,109 and \$3,148,007 for the years ended December 31, 2022 and 2021 respectively, principally reflect the net losses incurred in each year partly offset by increase in property and other inventories.

Net cash provided by financing activities

The net cash provided by financing activities of \$2,481,656 was primarily due to proceeds from borrowings for the year ended December 31, 2022 including withdrawals of \$2,400,401 on the shareholder loans and \$1,788,130 on the facility agreement respectively, which is partly offset by a repayment of \$1,310,456 on bank credit lines taken for Phase 4 Santiago project. The net cash provided by financing activities of \$4,067,314 in 2021 was primarily due to withdrawals of \$6,000,000 on the facility agreement partly offset by a repayment of \$2,590,083 on bank credit lines taken for Phase 4 Santiago project.

Share capital

Authorized share capital

The maximum authorized share capital of \$43,333,433 consists of convertible notes classified as an equity instrument and consists of two types of shares:

1. 100 management shares with right to vote in meetings of shareholders but no rights to receive dividends or assets in case of liquidation of the company (the "Management Shares"), and
2. 43,333,333 ordinary non-voting shares with no right to vote in meetings of shareholders but with rights to receive dividends or assets in case of liquidation of the Company (the "Dividend Shares").

The convertible notes shall be repaid and redeemed on or before September 6, 2027 or later date agreed upon by the Company and the note investor.

Issued share capital

At December 31, 2022, the Company has issued 33,333,333 Dividend Shares and 100 Management Shares with par value of \$1 per share.

Off-Balance Sheet Arrangements

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

Contractual Obligations

As of December 31, 2022, and as of the date of this MD&A, and in the normal course of business, the following is a summary of the Company's material obligations to make future payments, representing contracts, and other commitments that are known and committed.

Lease liabilities

The Company has lease agreements for heavy equipment, rolling equipment and machinery directly used in construction and development projects. The total right of use assets and lease liabilities related to this construction equipment are presented in the consolidated statement of financial position. For details, please see note 7 (Leases) in the consolidated financial statements for the year ended December 31, 2022.

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022

The lease liabilities are secured by the related underlying assets. Future lease payments at December 31, 2022 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
As at December 31, 2022					
Lease payments	\$ 216,052	26,344	-	-	242,396
Finance charges	(13,705)	(4,010)	-	-	(17,715)
Net present values	\$ 202,347	22,334	-	-	224,681

Financing loans and arrangements

The table below shows the Company's main financial liabilities and reflect contractual undiscounted cash flows. The Company monitors the scheduled payments defined in the terms and conditions of each financing contract and has objective to maintain cash to meet its liquidity requirements for at least 30 days.

As at December 31, 2022	Within 1 year	1-5 years	Total
Bank loans	\$ 4,318,480	-	4,318,480
Facility agreement	1,000,000	22,257,480	23,257,480
Private loans	-	6,849,490	6,849,490
Other loans	1,244,622	-	1,244,622
Total	\$ 6,563,102	29,106,970	35,670,072

Critical Accounting Policies and Estimates

Measurement Uncertainty (Use of Estimates)

The preparation of the consolidated financial statements in conformity with IFRS requires management to make 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 revenues and expenses during the reporting period. Estimates and judgments 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.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

- Revenue from contract with customers – The Company makes judgement that can significantly affect the determination of the amount and timing of revenue from contract with customers. These judgments relate to (1) the determination of the performance obligation on the sale of inventory of properties under construction or development; (2) the determination of the timing of revenue recognition for finished properties and properties under construction or development; and (3) the consideration of the significant financing component in contracts and guarantees.
- Net realizable value of property inventory - the net realizable value of finished property inventory is assessed by reference to market conditions and prices existing at the end of the reporting period and is based on comparable transactions identified by the Company. The net realizable value of inventory of property under construction or development is assessed by reference to market conditions of similar completed properties, less the estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money if material.

Business Risks

In the normal course of business, the Company's operations are influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition and operating results. Due to the nature of IHC's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, IHC is subject to significant risks. IHC's future development and actual operating results may be very different from those expected as at the date of this MD&A. Readers should carefully consider all such risks, which include but are not limited to the following.

Risks Related to the Business and Industry

Uncertainty of Future Revenues

The future success of the Company is dependent on management's ability to implement its strategy. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully make profitable acquisition of royalties, streams or other interests. In particular, its future growth and prospects will depend on its ability to expand its operations and gain additional revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company's business, financial condition and results of operations.

Risks related to health epidemics and pandemics

Unfavorable global conditions, including health and safety concerns related to the coronavirus outbreak, could adversely affect IHC's business, financial condition or results of operations. IHC's operations could be adversely affected by general conditions in the global economy, including conditions that are outside of IHC's control, such as the impact of health and safety concerns from the current coronavirus (COVID-19) outbreak. The most recent global financial crisis caused by the coronavirus outbreak has resulted in extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to IHC's business, including weakened demand for our marketplaces and brand direct solutions and related products and services or delays in customer payments. A weak or declining economy could also strain IHC's supply channels.

Global financial conditions may destabilize

Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Company's ability to obtain equity or debt financing or make other suitable arrangements to finance its projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Company's profitability, results of operations and financial condition and the trading price of its securities could be adversely affected.

The Company may not be successful in completing the repayment of outstanding credit facilities

There can be no assurance that the Company will be able to repay the currently outstanding credit facilities or that the terms of such credit facilities may be amended or extended on the terms acceptable to and beneficial for the Company. Failure to repay such credit facilities within the prescribed times may result in a material adverse effect of the Company's profitability, results of operations and financial conditions and the trending price of its securities.

Negative Cash Flow from Operations

IHC had negative cash flow for its most recently completed financial year for which financial statements. To the extent that IHC has negative operating cash flow in future periods, it will need to allocate a portion of its cash to fund such negative cash flow. If IHC experiences future negative cash flow, the Company may also be required to raise additional funds through the

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022

issuance of equity or debt securities. There can be no assurance that IHC will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favorable to IHC.

IHC may require additional capital to support its operations or the growth of its business, and it cannot be certain that this capital will be available on reasonable terms when required, or at all

From time to time, IHC may need additional financing to operate or grow its business. The ability to continue as a going concern may be dependent upon raising additional capital from time-to-time to fund operations. IHC's ability to obtain additional financing, if and when required, will depend on investor and lender willingness, its operating performance, the condition of the capital markets and other factors, and IHC cannot assure that additional financing will be available to it on favorable terms when required, or at all. If IHC raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its current stock, and its existing stockholders may experience dilution. If IHC is unable to obtain adequate financing or financing on terms satisfactory to it when it requires it, its ability to continue to support the operation or growth of its business could be significantly impaired and its operating results may be harmed.

IHC's growth strategy may not achieve the anticipated results

IHC's future success will depend on its ability to grow its business, including through commercialization of its products. Growth and innovation strategies require significant commitments of management resources and capital investments and IHC may not grow its revenues at the rate it expects or at all. As a result, IHC may not be able to recover the costs incurred in developing its technology and products or to realize their intended or projected benefits, which could materially adversely affect its business, financial condition or results of operations.

Potential Fluctuation in Quarterly Financial Results

IHC's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of, and competition for, new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the markets in which IHC operates; actions by governmental authorities including governmental demand for the services provided by IHC; governmental regulations and expenditures required to comply with them; labour unrest involving IHC's workers; seasonal weather conditions; and other conditions affecting revenue and expenses. IHC's operating expenses are incurred throughout the quarter and as a result, if expected revenues are not realized as anticipated, IHC's quarterly financial results could be materially adversely affected. Accordingly there may be significant variations in IHC's consolidated quarterly financial results.

Possible failure to realize anticipated benefits of future acquisitions could impact IHC's business

IHC may in the future complete acquisitions of new properties to strengthen its position in the real estate industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future land acquisitions depends, in part, on successfully developing and obtaining necessary permits and regulatory approval in a timely and efficient manner, as well as IHC's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect IHC's ability to achieve the anticipated benefits of these and future acquisitions.

Some of the developing properties of IHC may never achieve commercialization stage, and IHC may lose its entire investment

Some of IHC's projects are currently at the construction and development stage. There can be no assurance that construction and development will be completed on a timely basis or at all. If such projects do not reach commercialization stage, IHC will

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2022

not be able to secure repayment of any upfront deposit paid customers, which may have a material adverse effect on IHC's profitability, results of operations and financial condition and the trading price of its securities.

Risks relating to the title of assets

In some countries in Latin America, there may be a history of corrupt or fraudulent practices related to the transfer of property ownership, such as falsified documents, illegal sales, or bribes to officials. This can lead to defects in the title to assets, and potentially result in the loss of ownership rights or legal disputes. In addition, there may be issues related to the proper registration and recording of property ownership, including errors or omissions in official records or delays in processing transactions. These issues can also lead to defects in the title to assets and increase the risk of losing ownership rights. Such issues may result in a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Investors should be aware of the potential for fraudulent or improper transfers of property ownership and should carefully review the company's title records and legal documentation to ensure that there are no significant risks or uncertainties related to the ownership of its assets. They should also be prepared to engage legal experts with specific expertise in local property laws to assist in mitigating these risks.

Competition in the real estate market

The real estate industry is highly competitive and rapidly changing. Specific factors upon which IHC competes include, but are not limited to, demand, construction time, quality of support and services, and price. IHC's potential competitors include other companies developing and selling residential properties. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than IHC has. Many of them also have longer operating histories, greater name recognition with potential buyers who use or might use a low- value-payment service. IHC may not be able to compete successfully with these competitors.

Ability to Attract Customers

IHC generally secures business by acquiring land, developing residential living space, and selling units to private clients. IHC operates in housing markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. The competitive dynamics of the markets where IHC currently operates are expected to continue for the foreseeable future. This presents significant challenges for IHC. If those competitive challenges are not met, IHC's client base could be eroded, or it could experience an overall reduction in profits. IHC could also experience a decrease in activity from private clients in the event that general economic conditions deteriorate, or interest rates increase as the decisions of private clients to pursue construction projects are largely driven by economic factors. A decline in demand for IHC's services could have an adverse impact on the Company.

Quality Assurance and Quality Control

IHC enters into pre-build contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, IHC would be exposed to additional costs for the correction of non-compliant work.

Ability to Hire and Retain Qualified & Capable Personnel

The success of IHC is highly influenced by the efforts of key members of management including the executive officers and the project managers. The loss of the services of any of IHC's key management personnel could negatively impact IHC. The future success of IHC also depends heavily on its ability to attract, retain and develop high performing personnel in all areas of its operations. Firms throughout the construction industry face this challenge and accordingly competition for professional staff is intense. If IHC ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of IHC and would limit its prospects and impair its future success.

Potential for Non-Payment

IHC sells pre-build houses as well completed houses by way of a mortgage. IHC also attempts to ensure that payments are collected from buyers. However, because of the nature of IHC's contracts and occasionally because of delays in customer payments, IHC may be required to utilize its working capital to fund construction costs temporarily. If a customer defaults in making its payments, IHC would generally have the right to foreclose on the property in order to ultimately realize what it is owed. However in these situations, IHC's ability to ultimately collect what it is owed is never assured. Payment default by a client could result in a financial loss to IHC that could have a material effect on IHC's operating results and financial position.

Maintaining Safe Work Sites

In spite of the best efforts of a contractor to minimize the risk of accidents, accidents can happen. When they do, the impacts on the contractor can be significant. IHC's success as a contractor is highly dependent on its ability to keep its construction worksites safe. Failure to do so can have serious impacts beyond the threat to the personal safety of its employees and others. It can expose IHC to fines, regulatory sanction or even criminal prosecution. IHC's safety record and worksite safety practices also have a direct bearing on its ability to secure future work. If a contractor has an unacceptably high incidence of safety infractions or accidents it could result in litigation, damage to IHC's reputation, or a breakdown in IHC's close working relationship with the Panamanian government. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of the IHC's operations, capital expenditure requirements or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents.

Compliance with Environmental Laws

IHC is subject to numerous federal, regional and municipal environmental laws and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. IHC's projects can involve the handling of hazardous and environmentally sensitive materials, which, if improperly handled or disposed of, could subject IHC to civil and criminal penalties. While IHC strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond its control that could adversely affect IHC. Management is not aware of any pending environmental legislation that would be likely to have a material adverse impact on any of IHC's operations, capital expenditure requirements or competitive position, although there can be no assurance that future legislation will not be proposed and, if implemented, may have a material impact on IHC's operations.

Litigation/Potential Litigation

As part of the normal course of the construction business, disputes arise between parties to various contracts, including contracts pertaining to employment, leasing, purchase and sale of land, and more. While IHC does attempt to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time IHC may be involved with a number of disputes that could lead to litigation and there may be a number of disputes in various stages of litigation. Management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against IHC that would have a material adverse impact on the operations of IHC. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to IHC's reputation or reduction of prospects for future contract awards.

Force Majeure

Outside events beyond the reasonable control of IHC may cause the failure or delay in its performance for a period that such failure or delay is due to causes beyond its reasonable control, including but not limited to acts of God, war, strikes or labor disputes, embargoes, government orders or any other force majeure event.

IHC has its core operations in an emerging market, which carries potential risks to its business

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and

international developments.

All of IHC's current operations are in Panama. While there is no current instability, this is subject to change in the future and could adversely affect IHC's business, financial condition and results of operations. In particular, fluctuations in the Panamanian economy and actions adopted by the government of Panama may have a significant impact on companies operating in Panama, including IHC. Specifically, IHC may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Panama and in other countries that may affect Panama. IHC's foreign operations involve substantial costs and are subject to certain risks as the real estate development industries Panama are less developed. IHC expects that such factors will subject IHC's operations in Panama to economic and operating risks.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Panama. Such events could materially and adversely affect the Company's business, financial condition and results of operations.

Risks Relating to Operations in Developing Economies

The Company's operations in Panama and in Latin America are subject to risks normally associated with the conduct of business in developing economies. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, nationalization of assets, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, empowerment of previously disadvantaged people, local ownership requirements, limitations on foreign ownership, power supply issues, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. The above risks may limit, disrupt or negatively impact the operator's business activities.

REGULATORY POLICIES

Internal Controls over Financial Reporting

The CEO and CFO, along with participation from other members of management, are responsible for establishing and maintaining adequate Internal Control over Financial Reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial statements prepared in accordance with IFRS. The Company's CEO and CFO, with support of management have assessed the design and operating effectiveness of the Company's ICFR as at December 31, 2022 based on criteria described in "Internal Control - Integrated Framework" issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this assessment, it was concluded that the design and operation of the Company's ICFR are effective as at December 31, 2022. During the year ended December 31, 2022, there has been no change in the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Limitations of Controls and Procedures

The Company's management, including its CEO and CFO, believe that any ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Outlook

The Company expects 2023 to be a foundational year in stabilizing operations and establishing the growth plan for the upcoming three to five years.

The Company's primary objective for 2023 is to sell, deliver and close out all legacy phases of the Santiago development, including Phase 4 Santiago (existing development), Phase 5 Santiago (existing development) and Phase 1 La Reserva (existing development). Most of the homes in the legacy phases have been sold and have qualification letters in place. The Company expects to have all remaining homes sold by Q2 of 2023.

IHC's second priority will be to launch three new phases (6,7,8) of the Santiago development, for delivery starting in late 2023. In early 2022, as part of finishing the post COVID-19 recovery, IHC hired a new architect that has tremendous experience in the Panamanian affordable housing program to redesign product offerings to be fresh and relevant with an improved cost structure. These will include 2 and 3 bedroom social and preferential interest homes with brand new designs that are attractive to new home buyers and have unit economics above industry standards. The Company plans to complete construction of 308 houses and deliver 382 houses in 2023 and 2024.

The third priority for IHC in 2023 is to finalize a long-term strategic plan. In addition to the new residential home designs, IHC has designed a 5,000 square metre commercial area that has already been permitted in the Santiago master plan. This commercial area will be a mixed use of space with green areas, small businesses, community activities, and anchor commercial tenants. Construction of the commercial space is expected to commence in 2024.

The Company has also completed land purchases of a 12-hectare parcel that adjoins the existing land in Santiago, as well as a 50-hectare land parcel in Aguadulce - a growing area between Santiago and Panama City. IHC expects to begin master planning on these parcels in 2023.

Subsequent event

On December 31, 2022, the Company and Yubba Capital Corp. ("Yubba") announced that they have entered into a letter of intent dated December 1, 2022 (the "LOI"), pursuant to which the Company and Yubba will complete a transaction that will result in a reverse take-over of Yubba by the Company (the "Proposed Transaction"). The Proposed Transaction, if completed, will constitute Yubba's "Qualifying Transaction" (as such term is defined in Policy 2.4 of the TSX Venture Exchange).

In conjunction with, and prior to the closing of the Proposed Transaction, the Company intends to complete a private placement offering of a minimum of USD \$5,000,000 of subscription receipts (the "Concurrent Offering"). Immediately prior to the completion of the Proposed Transaction, it is anticipated that each subscription receipt will be converted into (1) common share in the capital of IHC. The offering price for the Concurrent Financing shall be based on several factors, including general market conditions at the time of the Concurrent financing.

The Proposed Transaction is expected to be structured as a plan of arrangement, three-cornered amalgamation, merger, a share exchange or other mechanism deemed to be most effective, as determined by the mutual agreement of the Company and Yubba upon receipt of tax, corporate and securities law advice. Pursuant to the Proposed Transaction, holders of common shares in the capital of the Company (the "IHC Shares"), including the investors in the Concurrent Offering, will receive one common share in the capital of Yubba each, (a "Yubba Share") for each IHC share held. In order to align the value of the Yubba Shares with the value per IHC Share at which the Proposed Transaction will be complete, it is anticipated that Yubba will complete either a share split or share consolidation (the "Share Capital Amendment") on the basis of a ratio that results in the aggregate number of post-Share Capital Amendment Yubba Shares multiplied by the Offering price equal to \$1,100,000 Canadian dollars subject to customary adjustments.

Approval

This MD&A is authorized for issue by the Board on March 30, 2023.

Impact Housing Corporation and Subsidiaries

(With Independent Auditors' Report)

Consolidated Financial Statements

December 31, 2021



Impact Housing Corporation and Subsidiaries

(With Independent Auditors' Report)

**Consolidated
Financial Statements**

December 31, 2021

Impact Housing Corporation and subsidiaries

CONTENTS

REPORT OF INDEPENDENT AUDITORS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	1
Consolidated Statement of Profit or Loss	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5 - 29

ADDITIONAL INFORMATION

ANNEX

Consolidating Information of Statement of Financial Position	I
Consolidation Information of Statement of Profit or Loss	II
Consolidation Information of Statement of Changes in Equity	III



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

Opinion

We have audited the consolidated financial statements of **Impact Housing Corporation and Subsidiaries** ("the company") that comprise the consolidated statements of financial position as of December 31, 2021, and related statements of profit or loss, changes in equity and cash flows for the period ended on that date, and notes, which comprise a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements reasonably present, in all important respects, the financial position of **Impact Housing Corporation and Subsidiaries** as of December 31, 2021, as well as its financial performance and cash flows for the year ended at that date, in accordance with International Financial Reporting Standards (IFRS).

Basis of Opinion

We have conducted our audit in accordance with International Audit Standards (IAS). Our responsibilities in accordance with these rules are further described in the auditor's responsibilities section regarding the audit of the consolidated financial statements of this report. We are independent of the company, in accordance with the professional Code of Ethics of the accounting of the Council of international Standards of Ethics for Accountants (Code of Ethics of the IESBA) together with the requirements of ethics that are relevant to our audit of the financial statements in the Republic of Panama, and we have fulfilled the responsibilities of ethics in accordance with those requirements and with the Code of Ethics of the IESBA. We believe that the auditing evidence we have obtained provides a sufficient and adequate basis for our opinion.

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

Responsibilities of the Administration and those responsible for the Government of the entity in relation to the consolidated financial statements

The Administration is responsible for the preparation and reasonable presentation of the financial statements, in accordance with International Financial Reporting Standards and internal control that the Administration determines that it is necessary to allow the preparation of financial statements free of relative importance, due either to fraud or error.

In the preparation of the consolidated financial statements, the Administration is responsible for evaluating the company's ability to continue as a running business, revealing, if necessary, matters relating to the condition of business in progress and using the accounting principle of business in progress, unless the Administration intends to liquidate the company or to cease operations, or there is no more realistic alternative.

The entity's government managers are responsible for the supervision of the company's financial reporting process.

Auditor's responsibilities in connection with the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free of errors of relative importance, due either to fraud or error, and to issue an audit report containing our opinion. Reasonable security is a high level of security, but it does not guarantee that an audit performed in compliance with the IAS always detects an error of relative importance when it exists. Errors may be due to fraud or error and are considered of relative importance if, individually or in aggregate form, it may reasonably be expected to influence the economic decisions that users take on the basis of these consolidated financial statements.

As part of an audit in accordance with International Audit Standards, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and value the risks of relative importance in the consolidated financial statements, due to fraud or error, we design and apply audit procedures to respond to these risks and obtain sufficient and adequate audit evidence to provide a basis for our qualified opinion. The risk of not detecting an error of relative importance due to fraud is higher than in the case of an error of relative importance due to error, since the fraud can imply collusion, falsification, deliberate omissions, intentional erroneous manifestations or the evasion of the internal control.

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances and not in order to express an opinion on the effectiveness of the internal control of the company.
- We evaluated the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by the administration.
- We conclude on the appropriateness of the use, by the administration, the accounting principle of running business and, with the evidence of audit obtained, we conclude whether or not there is an uncertainty of relative importance related to events or conditions that can generate significant doubts about the company's ability to continue as a running business. If we conclude that there is an uncertainty of relative importance, we need to draw attention to our audit report on the relevant information disclosed in the financial statements or, if such revelations are inadequate, that we amend our opinion. Our findings are based on the audit evidence obtained until the date of our audit report. However, future facts or conditions may cause the company to cease to be a running business.
- We evaluate as a whole the presentation, structure and content of the consolidated financial statements, including the information revealed, and whether the financial statements represent the transactions and underlying facts in a manner that achieves reasonable presentation.

We communicate with corporate governance in relation to, among other issues, the planned scope and timing of the audit and the significant findings of the audit, as well as any significant shortcomings in the internal control that we identify in the course of the audit.

Other legal and regulatory requirements

In compliance with Law 280 of December 30, 2021, which regulates the profession of the authorized public accountant in the Republic of Panama, we declare the following:

- That the Direction, Execution and Supervision of this audit work has been carried out physically in Panamanian territory.
- The partner of the firm that has prepared this report of the independent auditors is Angel Pinzón, with suitability number of the authorized public accountant 6126.
- The work team that has participated in the audit to which this report refers is made up of Angel Pinzón, Partner, Jaime Wignall Manager Auditor Aldo Guevera, Senior Auditor.



Panama, Republic of Panama:
October 31, 2022



Impact Housing Corporation
Consolidated Statement of Financial Position

For the year ended 31 December 2021

(Stated in US\$)

	Notes	<u>2021</u>	<u>2020</u>
Assets			
Non-current			
Property, plant and Equipment	6	13,298,248	13,479,023
Leases	7	621,248	1,001,199
Non-current assets		<u>13,919,496</u>	<u>14,480,222</u>
Current			
Property and other inventories	8	16,883,497	22,006,688
Prepayments and other short-terms assets	9	2,096,780	814,384
Other accounts receivables	10	1,199,587	844,531
Cash and cash equivalents	11	964,898	132,235
Current assets		<u>21,144,762</u>	<u>23,797,838</u>
Total assets		<u><u>35,064,258</u></u>	<u><u>38,278,060</u></u>
Deficiency in net asset and liabilities			
Deficiency in net asset			
Equity instrument by convertible notes	12	33,333,433	33,333,433
Deficit		(38,012,344)	(31,455,653)
Complementary tax		(135,605)	(135,605)
Total deficiency in net asset		<u>(4,814,516)</u>	<u>1,742,175</u>
Liabilities			
Non - current			
Provisions for employee benefits		118,682	257,631
Borrowings	13	30,615,184	31,405,027
Lease liabilities	7	250,082	581,410
Non-current liabilities		<u>30,983,948</u>	<u>32,244,068</u>
Current			
Borrowings	13	7,877,384	2,494,829
Lease liabilities	7	291,477	346,597
Other accounts payables		574,332	1,392,549
Advances received from customers		151,633	57,842
Current liabilities		<u>8,894,826</u>	<u>4,291,817</u>
Total liabilities		<u>39,878,774</u>	<u>36,535,885</u>
Total Deficiency in net asset and liabilities		<u><u>35,064,258</u></u>	<u><u>38,278,060</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation
Consolidated Statement of Profit or Loss

For the year ended 31 December 2021
(Stated in US\$)

	Note	2021	2020
Sales		12,402,649	8,648,939
Other income		19,183	131,555
Cost of sales (includes depreciation cost)		(14,619,326)	(9,706,929)
Employee benefits expense		(477,002)	(373,713)
Collections expenses		(468,390)	(358,211)
Sales expenses		(282,059)	(156,921)
Overhead and administrative expenses		(1,731,925)	(1,644,266)
Operating loss		(5,156,870)	(3,459,546)
Finance cost		(1,179,890)	(1,330,260)
Loss		(6,336,760)	(4,789,806)
Tax expense	14	(219,931)	(180,017)
Loss		(6,556,691)	(4,969,823)

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation
Consolidated Statement of Changes in Equity

For the year ended 31 December 2021
(Stated in US\$)

	Note	Equity instrument by convertible notes	Deficit	Complementary tax	Deficiency in net asset
Balance at 1 January 2021	12	33,333,433	(31,455,653)	(135,605)	1,742,175
Loss			(6,556,691)	-	(6,556,691)
Balance at 31 december 2021		33,333,433	(38,012,344)	(135,605)	(4,814,516)
Balance at 1 January 2020	12	33,333,433	(26,485,830)	(135,605)	6,711,998
Loss			(4,969,823)	-	(4,969,823)
Balance at 31 december 2020	12	33,333,433	(31,455,653)	(135,605)	1,742,175

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation
Consolidated Statement of Cash Flows

For the year ended 31 December 2021
(Stated in US\$)

	Notes	2021	2020
Operating activities			
Loss		(6,556,691)	(4,969,823)
Depreciation cost		647,370	832,582
Net changes in inventories		5,123,191	1,670,909
Net changes in prepayment and other short terms assets		(1,282,393)	(691,137)
Net changes in trade and other receivables		(355,056)	316,581
Net changes in trade and other payables		(818,219)	(1,044,806)
Net changes in current tax liabilities		-	(114,514)
Net changes in advanced recieved from customers		93,791	15,134
Net used in operating activities		(3,148,007)	(3,985,074)
Investing activities			
Purchase of property, plant and equipment	6	(96,644)	(265,760)
Proceeds from disposal of property, plant and equipment	6	10,000	127,837
Net cash used in investing activities		(86,644)	(137,923)
Financing activities			
Proceeds from borrowings		4,592,069	4,447,122
Repaymen to and recieved of leasing liabilities		(386,448)	(260,543)
Net changes in porvision for emplyee benefits		(138,307)	(3,067)
Net changes from financing activities		4,067,314	4,183,512
Net change in cash and equivalentents		832,663	60,515
Cash and cash equivalentents, beginning of year		132,235	71,720
Cash and cash equivalentents, end of year	11	964,898	132,235

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

1. General information

Impact Housing Corporation (hereinafter, "the Company") was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017, under the International Business Companies Act 2000. The Company controls and holds 100% of the capital stock of several companies engaged in the real estate and construction industry in the Republic of Panama.

The Company's main office is located on the 4th floor of the P.H. Peninsula, Costa del Este, Panama City, Republic of Panama.

The Company is owned by Impact Housing Management Corporation who is the ultimate controlling entity of the Company (hereinafter "IHMC"). IHMC is incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017, under the International Business Companies Act 2000. Its main objective is to own the shares of the holding company and manage the business of the subsidiaries.

The consolidated financial statements of Impact Housing Corporation and subsidiaries (hereinafter, the "Group") were authorized for issuance by the Board of Directors held on September 30, 2022.

Participation in subsidiaries

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

<u>Name of Subsidiary</u>	<u>Main activity</u>
Impact Housing Management Corp.	Management
Promotora Santiago Development Corp.	Project Developer
Promotora Soná, S. A.	Project Developer
Promotora Capellania, S. A.	Project Developer
Tekeros Santiago, S. A.	Construction manager
Tekeros Constructores, S. A.	Construction manager
	Machinery and Equipment
Impact Equipos, S. A.	manager
Comercializadora Soná, S. A.	Payroll manager
Impact Santiago, S. A.	Payroll manager
Impact Sona, S. A.	Payroll manger
Impact Capellania, S. A.	Payroll manager

The Group has no interests in unconsolidated structured entities.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Ongoing strategic initiatives are building optionality:

Scaling of social interest – preferential interest type of developments

Continue to develop existing land in Santiago to maximize efficiency and working capital contributions. In the short term, the company expects to develop social interest phases 6-7 and 8, launching a totally new housing model, with an improved design where costs are optimized and sales volume is expected to increase, selling the product at a lower price than the housing solution currently offered. Additionally, in the medium term, the construction and sale of a commercial area of approximately 5,000 m² is planned, which will be located at the entrance of the project, and will include sports and cultural spaces, soccer fields, a restaurant area, a supermarket and a pedestrian patio. Once the completion of these commercial spaces, the construction of a second phase of the La Reserva housing development is planned to be developed.

Ongoing cost synergies

Monetize historical investment through the transition of existing projects to either government authorities or homeowner associations.

Opportunistic land acquisitions

Recycle existing capital into new projects at a preferential land price; as for example in cases where previous developers have completed permits but failed to develop the property.

Alternate land usage

Optionality to develop solar assets or other infrastructure on underutilized/undeveloped parcels of land inventory as for example Capellania.

ESG framework implementation

Engaged to develop an industry-leading ESG program to benefit all stakeholders and attract new investor

2. Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Measuring base

The consolidated financial statements of the Group have been prepared under the assumption that the Group operates on a going concern basis, applying the accrual basis and under the historical cost assumption.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Consolidation basis

The Group's financial statements consolidate the financial information of all its subsidiaries. All subsidiaries have a reporting date of December 31.

All transactions and balances between Group companies are eliminated in consolidation, including unrealized gains and losses on transactions between Group companies. In cases where there are unrealized losses on the sale of assets between the group, a reversal is made in consolidation, so that the asset involved is also tested for impairment from a group perspective. The amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the Group's accounting policies.

Profit or loss and other comprehensive income items of subsidiaries acquired or sold during the year are recognized as of the effective date of the acquisition or until the effective date of the disposal, as applicable.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control of the Group exists when it is exposed, or has the right, to variable returns from its involvement with the entity and has the ability to influence those returns through its power over that entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and the carrying amount of all non-controlling interests and other components of equity. Any gain or loss resulting from the loss of control is recognized in profit or loss for the period. If the Group retains any interest in the subsidiary, that interest is recognized at fair value on the date on which control is lost.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Functional and presentation currency

The financial statements are presented in Dollar (US\$), the monetary unit of the Republic of Panama, which is at par and freely exchangeable with the United States Dollar (USD). It is also the functional currency of the Company.

3. Changes in significant accounting policies

New standards adopted as of January 1, 2021

Accounting pronouncements that have become effective as of January 1, 2021 and, therefore, have been adopted, do not have a significant impact on the Group's results or financial position. Some of these pronouncements include:

Phase 2 of the Reference Interest Rate Reform Project

This document includes the following guidelines that have been evaluated by management:

- Clarifications on changes in the basis used for the determination of contractual cash flows.
- Exemptions to practices applicable to the existing criteria for the reestimation of financial assets and liabilities at variable interest rates to account for changes arising as a result of the Reform.
- Exemptions to practices that allow modifications to be made to the initial documentation of coverage relationships.
- Waivers to hedges of groups of hedged items and interest rate risk portfolios when the designated group items are subject to contractual amendments arising from the Reform.
- Adds additional requirements when there are changes in the basis used to determine the contractual cash flows of the financial asset or liability that gave rise to the designation of a hedge.
- Provides temporary waiver in the designation of risk components.
- New disclosure and disclosure requirements are included in the financial statements.

The Group is reviewing and endeavoring not to use rates not referenced to LIBOR in its new loan commitments payable and other debt, in order to reduce the number of transactions that will need to be amended when LIBOR ceases to exist.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Standards, amendments, and interpretations to existing standards that are not yet in force and have not been early adopted by the Group

At the date of authorization of these consolidated financial statements, several new standards and amendments to existing standards and interpretations have been issued by the IASB. None of which have been early adopted by the Group. Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, amendments, and interpretations, which have not been adopted have not been disclosed as they are not expected to have a material impact on the Group's consolidated financial statements.

4. Significant accounting policies

Property inventory

Properties acquired or being constructed for sale in the normal course of business, rather than being held for rental or capital appreciation, are recognized as property inventory and are measured at the lower of cost and net realizable value (NPV). These are primarily residential properties that the Group develops and intends to sell prior to or upon completion of development.

The cost of property inventory, being an asset produced and segregated for specific projects, is determined through the specific identification of its individual costs.

The cost incurred to bring each property to its current location and condition includes:

- Freehold land rights
- Disbursements paid to contractors for development
- Planning and design costs, site preparation costs, construction, professional fees for legal services, property transfer taxes, development overhead and other related costs.

Net realizable value is the estimated selling price in the normal course of business, based on market prices at the reporting date, less estimated costs of completion and costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of the inventory property recognized in profit or loss is determined by reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Financial instruments

Recognition, initial measurement and derecognition of financial instruments

Financial assets and liabilities are recognized when the Group is a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the asset and substantially all its risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, canceled or expires.

Classification and initial measurement of financial assets

Except for trade receivables that do not contain a significant financing component and are measured at transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (if applicable). Financial assets are classified in the amortized cost category.

Subsequent measurement

Financial assets are measured at amortized cost if the assets (1) are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows; (2) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the outstanding principal balance. After initial recognition, they are measured at amortized cost using the effective interest method. Discounting is omitted when the effect of discounting is not material.

Impairment of financial assets

For trade and other receivables, the Group applies a simplified approach to calculate impairment as expected credit loss. Therefore, the Group does not monitor changes in credit risk, but recognizes a loss allowance based on the impairment allowance as expected credit losses over the lifetime. The Group has established a provisioning matrix that is based on its historical credit loss experience, adjusted for prospective factors specific to the debtors and the economic environment.

The Group assesses trade receivables for impairment on a collective basis, as they have shared credit risk characteristics that have been grouped based on days past due. In addition, the Group considers a financial asset to be non-performing when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual amounts in full before considering the credit enhancements maintained by the Group. A financial asset is derecognized when there is no reasonable expectation of recovering the contractual cash flows.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Classification and measurement of financial liabilities

The Group's financial liabilities include loans from related parties and financial obligations, suppliers and other accounts payable.

Financial liabilities are initially measured at fair value and, when applicable, adjusted for transaction costs, unless the Group has designated the financial liability at fair value through profit or loss. In the case of accounts payable to related parties with immediate availability to pay characteristics, their fair value is not less than the amount payable immediately due, discounted from the first date on which the amount could be required to be paid.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

All interest-related charges and, if applicable, changes in the fair value of an instrument are recognized in income and are included in financing costs or revenues.

Cash and cash equivalents

Comprises short-term, highly liquid bank deposits with an original maturity of three months or less and are subject to insignificant risk of changes in value.

Property, plant and equipment

Items of property plant and equipment are recorded at acquisition cost including any directly attributable cost of bringing the assets to the location and condition necessary to operate in the manner intended by the Group's management. Furniture and other equipment are measured at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to recognize the cost less the estimated residual value of furniture and equipment. The estimated useful lives of these furniture and other equipment are 5 years.

Gains or losses arising from the disposal of property, plant and equipment are determined as differences between the proceeds from disposal and the recorded value of the assets and are recognized in income as part of other income or other expenses.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases, except for short-term leases and leases of low-value assets.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Other intangible

The intellectual property, which was technically evaluated at the time, has the characteristics detailed in the standard, since the value the characteristics detailed in the standard, since the value supported is identified in books based on its initial measurement.

The entity maintains control of this due to the fact that the techniques, skills and capacity to develop the project is its own and is strictly confidential. the project is proprietary and is strictly confidential. Also, the The advantages of these proprietary techniques and know-how are the ones the company relies on to generate future economic benefits either in the future economic benefits either in customer acquisition or in quality and cost optimization.

These characteristics were evaluated based on management's plan for the creation of this intangible.

Provisions, contingent liabilities, and contingent assets

Provisions for product warranties, legal matters, onerous contracts, and other claims are recognized when the Group has a present or constructive obligation as a result of a past event that is likely to lead to an outflow of economic resources by the Group and the amounts can be reliably estimated. The timing or amount of that outflow may still be uncertain.

Provisions for restructuring are recognized only if a detailed formal plan for the restructuring has been developed and implemented and management has announced at least the main features of the plan to those affected or has begun implementation. No provisions are recognized for future operating losses.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Provisions are measured based on the estimated expenditure required to settle the present obligation, in light of the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. In cases where a similar number of obligations exist, the likelihood that an outflow will be required for settlement is determined by considering that class of obligations as a whole. Provisions are discounted to their present values where the time value of money is material.

Any reimbursement that the Group believes will be collected from a third party in respect of an obligation is recognized as a separate asset. However, this asset cannot exceed the amount of the related provision.

No liability is recognized in those cases in which a possible outflow of resources as a result of a present obligation is considered unlikely, these situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Provision for guarantees

Contracts for the sale of property include certain warranties covering a period of up to one year after completion of the property and up to ten years on hidden defects. These conditions represent "insurance-type" warranties that legally must be provided as quality warranties. Minor repairs are expensed immediately and included in other operating expenses of the property.

The inputs used to calculate the warranty provision are based on the sales levels of the property and current and historical information available on major repairs based on the warranty period of any property sold. These costs are expected to be incurred over the next twelve months from the date of sale. The amount of the warranty provision is not required to be discounted as the effect of the time value of money is not considered material.

Equity instrument by convertible notes

Equity instrument by convertible notes represents the par value of the common shares that have been issued. Any operating costs associated with the issuance of shares are deducted from the issuance of the share, net of any related tax benefit.

When dividend distributions are payable to shareholders, they are recognized in other liabilities when the dividends have been approved at a general meeting prior to the reporting date.

Revenue recognition

Revenues from ordinary activities from contracts with customers originate primarily from the sale of inventory of finished properties. and properties in the process of construction or development.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Income from sale of finished goods inventory

The sale of completed properties constitutes a one-time performance obligation and the Group has determined that it satisfies the performance obligation at the point in time at which control is transferred. For unconditional exchange of contracts, this generally occurs when legal title to the property is transferred to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

The Group is not required to adjust the amount that has been committed as consideration to account for the effects of a significant financing component, because it is expected, at the inception of the contract, that the period between the time the Group transfers legal title to the property and the time the customer pays for that property is a period of less than 12 months.

Income from sale of inventory of properties in process of construction or development

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price should be allocated.

For contracts related to the sale of properties under construction or development, the Group is responsible either directly or indirectly for the overall management of the project and identifies the various goods and services to be provided. These include design work, procurement of materials, site preparation and pouring of foundations, mechanical and electrical work, installation of furnishings and finishing work. The Group recognizes these items as a single performance obligation because it provides a significant service of integrating the goods and services into the finished property that the customer has contracted to purchase. Therefore, for the sale of properties under construction or development, the Group has determined that it generally does not meet the criteria for recognizing revenue over time. Therefore, it is at the point in time at which control is transferred that revenue is recognized.

Other considerations in the sale of property inventory

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financial components, non-cash consideration and consideration payable to the customer (if applicable).

For some contracts involving the sale of properties, the Group is entitled to receive an initial deposit. This is not considered a significant financing component because it is for reasons other than providing financing to the Group. Initial deposits are used to protect the Group against the other party's failure to properly perform some or all of its obligations under the contract. In addition, for certain contracts for the purchase and sale of inventory of properties under construction or development, the Group may require customers to make payments (credits) on account of a certain percentage of the sales price as the work progresses that gives rise to a significant financing component. For contracts where revenue is recognized at a specified time (i.e., upon delivery of the property), the Group adjusts the transaction price for the effects of the

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

significant financing component by discounting it using the rate reflecting the separate financing component between the Group and its customers at the inception of the contract. However, the Group has concluded that the impact of this adjustment is immaterial to the financial statements.

The Group has determined that contracts involving the sale of finished properties do not contain significant financing components. In addition, there is no established non-cash consideration or consideration payable to customers.

Current income and complementary tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Complementary tax is the tax paid in advance, related to withholding tax on dividends to shareholders. In the Fiscal Code of the Republic of Panama, in the fiscal periods that the companies obtain profits and do not distribute and liquidate the dividend tax, it is obliged to pay 40% of the tax in advance on behalf of the shareholders.

At the time of distributing the profits (if any), the total dividend tax is withheld from the shareholders and the outstanding 60% is paid to the tax authority.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization begins when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group performs activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs are interest and other costs incurred by the Group in connection with borrowed funds. Finance costs incurred in connection with real estate investments under development are expensed as incurred.

To the extent that the Group's funds are derived from generic borrowings and used for a specific real estate development (qualifying asset), the Group determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the disbursements made on that asset. The capitalization rate will be the weighted average of the borrowing costs applicable to all loans received by the Group that are outstanding during the period. However, the Group excludes from this calculation the borrowing costs applicable to loans specifically taken out to finance a specific real estate development (qualifying asset), until substantially all the activities necessary to prepare that asset for its intended use or sale are completed.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

The amount of borrowing costs capitalized by the Group during the period does not exceed the total borrowing costs incurred during the same period.

The capitalization of borrowing costs is suspended during the periods in which the development of activities of the qualifying asset has been suspended if these periods are extended in time. Borrowing costs incurred while land or property is being prepared for its intended use or sale are capitalized in the periods in which such preparation takes place. However, borrowing costs that are incurred while land acquired for construction purposes is held idle, without any preparation work being performed on it, are not capitalized.

5. Critical accounting judgments, assumptions and estimates

In preparing the consolidated financial statements, management makes various judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, revenues and expenses.

Significant judgments in the application of accounting policies

- Revenue from contracts with customers: the Group has applied judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers. These judgments relate to (1) the determination of the performance obligation on the sale of inventory of properties under construction or development; (2) the determination of the timing of revenue recognition for finished properties and properties under construction or development; and (3) the consideration of the significant financing component in contracts and guarantees. These judgments have been described in Note 4 in the accounting policy for revenue recognition and contingent liabilities.

Critical accounting assumptions and estimates

- Estimated net realizable value of property inventory: the net realizable value of finished property inventory is assessed by reference to market conditions and prices existing at the end of the reporting period and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographic sector and serving the same real estate market segment.

In relation to the inventory of properties under construction or development, the net realizable value is assessed by reference to market prices at the reporting date of similar completed properties, less the estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money if material.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

6. Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

	Lands	Heavy equipment	Rolling equipment	Machinery	Molds	Total
Gross carrying amount						
Balance 1 January 2021	12,664,131	903,125	367,600	353,789	0	14,288,645
Additions	-	0	0	26,750	69,895	96,645
Disposals	-	(10,000)	0	0		(10,000)
Balance at 31 December 2021	12,664,131	893,125	367,600	380,539	69,895	14,375,290
Depreciation and impairment						
Balance at 1 January 2021	-	(338,907)	(221,046)	(249,670)	0	(809,623)
Disposals	-	0	0	0		0
Depreciation	-	(171,625)	(49,053)	(39,752)	(6,989)	(267,419)
Balance 31 December 2021	-	(510,532)	(270,099)	(289,422)	(6,989)	(1,077,042)
Carrying amount 31 December 2021	12,664,131	382,593	97,501	91,117	62,906	13,298,248
	Lands	Heavy equipment	Rolling equipment	Machinery	Molds	Total
Gross carrying amount						
Balance 1 January 2020	12,664,131	2,056,565	367,600	353,789	0	15,442,085
Additions	-	265,760	0	0	0	265,760
Disposals	-	(1,419,200)	0	0		(1,419,200)
Balance at 31 December 2020	12,664,131	903,125	367,600	353,789	0	14,288,645
Depreciation and impairment						
Balance at 1 January 2020	-	(1,272,440)	(179,061)	(223,833)	0	(1,675,334)
Disposals	-	1,280,790	27,115	9,457		1,317,362
Depreciation	-	(347,257)	(69,100)	(35,294)	0	(451,650)
Balance 31 December 2020	-	(338,907)	(221,046)	(249,670)	0	(809,623)
Carrying amount 31 December 2020	12,664,131	564,218	146,554	104,119	0	13,479,023

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

7. Leases

Right of use assets

2021	Heavy equipment	Rolling equipment	Machinery	Total
Gross carrying amount				
Balance 1 January 2021	1,620,515	149,000	135,237	1,904,752
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 December 2021	1,620,515	149,000	135,237	1,904,752
Depreciation and impairment				
Balance at 1 January 2021	(791,140)	(57,005)	(55,408)	(903,553)
Disposals	-	-	-	-
Depreciation	(323,103)	(29,800)	(27,048)	(379,951)
Balance 31 December 2021	(1,114,243)	(86,805)	(82,456)	(1,283,504)
Carrying amount 31 December 2021	506,272	62,195	52,781	621,248
2020				
	Heavy equipment	Rolling equipment	Machinery	Total
Gross carrying amount				
Balance 1 January 2020	1,620,515	149,000	135,237	1,904,752
Additions	0	0	0	0
Disposals	0	0	0	0
Balance at 31 December 2020	1,620,515	149,000	135,237	1,904,752
Depreciation and impairment				
Balance at 1 January 2020	(468,037)	(26,225)	(28,360)	(522,622)
Disposals	0	0	0	0
Depreciation	(323,103)	(30,780)	(27,048)	(380,931)
Balance 31 December 2020	(791,140)	(57,005)	(55,408)	(903,553)
Carrying amount 31 December 2020	829,375	91,995	79,829	1,001,199

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	31 Dec 2021	31 Dec 2020
Current	291,477	346,597
Non-current	250,082	581,410
	541,559	928,007

The Group has leases for the rolling equipment and machinery, each lease is reflected in the consolidated statement of financial position as a right of use asset and a lease liability.

The lease liabilities are secure by the related underlying assets. Future lease payments at 31 December 2021 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
31 December 2021					
Lease payments	314,040	157,963	97,155	-	569,158
Finance charges	(22,563)	(4,979)	(57)	-	(27,599)
Net present values	291,477	152,984	97,098	-	541,559
	Within 1 year	1-2 years	2-3 years	3-4 years	Total
31 December 2020					
Lease payments	393,759	314,040	157,963	137,004	1,002,766
Finance charges	(47,160)	(22,563)	(4,979)	(57)	(74,759)
Net present values	346,599	291,477	152,984	136,947	928,007

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

8. Property and other inventories

The following is a detail of the amount of property and other inventories:

Finished	Houses	2021	2020
Sueños de Santiago – Phase 4	22	668,080	-
Sueños de Santiago – Phase 3	11	519,557	505,004
Sueños de Sona – Phase 3	4	411,518	2,824,065
La Reserva de Santiago – Phase 1	2	211,663	460,297
		1,810,818	3,789,366
Under construction or development			
Sueños de Santiago – Phase 5	124	4,879,170	3,903,330
Sueños de Santiago – Phase 4	177	4,649,575	3,975,637
La Reserva de Santiago – Phase 1	41	4,132,245	5,352,222
Sueños de Santiago – Phase 3	17	793,364	4,564,874
Sueños de Santiago – Phase 6 & 7	0	-	-
Sueños de Sona – Phase 3	0	-	265,744
		14,454,354	18,061,807
Materials		618,325	155,515
Total property inventory		16,883,497	22,006,688

The inventory of homes available for sale has a list price of B/.25,558,486 composed as follows:

Sueños de Santiago – Phase 3	1,532,044
Sueños de Santiago – Phase 4	11,749,595
Sueños de Santiago – Phase 5	7,873,597
Sueños de Sona – Phase 3	200,000
La Reserva – Phase 1	4,203,250

As of December 31, 2021, sales contracts have been signed for up to B/.10,403,369 (2020: B/.5,165,200), which the Group expects to realize in the next twelve months after the reporting date.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

A summary of the movement in property and others inventory is presented below:

	2021	2020
As of January 1	22,006,688	23,677,597
Costs incurred in development	9,496,135	8,036,020
Write-down of cost to net realizable value	<u>(14,619,326)</u>	<u>(9,706,929)</u>
As of December 31	<u>16,883,497</u>	<u>22,006,688</u>

9. Prepayments and other short- terms assets

Prepayment and other short terms assets are presented below:

	2021	2020
Prepaid land	1,072,000	312,700
Advances on expenses	694,824	228,690
Electrical infrastructure	324,031	248,802
Others	<u>5,925</u>	<u>24,192</u>
	<u>2,096,780</u>	<u>814,384</u>

10. Other account receivables

	2021	2020
Solidarity bonus subsidy	680,000	390,000
Advances to contractors	381,400	381,400
Homeowners' association- expenses	94,677	38,373
Proceeds from contracts with customers	39,544	21,163
Other accounts receivable	<u>3,966</u>	<u>13,595</u>
	<u>1,199,587</u>	<u>844,531</u>

In general, accounts receivable from contracts with customers and other accounts receivable are written off if they are overdue for more than one year and are not subject to any type of collateral enforcement activity, since the legal title to the asset has not been transferred to the debtor's name in cases of purchase and sale agreements on properties.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets disclosed above.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

11. Cash and cash equivalents

	2021	2020
Cash on hand	543	152
Deposits in banks	964,355	132,083
Total	<u>964,898</u>	<u>132,235</u>

As of December 31, 2021 and 2020, the Group had no restrictions on its cash placed in bank deposits.

12. Equity instrument by convertible notes

The Equity instrument by convertible notes of the holding company consists of US\$43,333,433.00 divided in two types of shares:

- (i) 100 management shares with right to vote in meetings of shareholders but no rights to receive dividends or assets in case of liquidation of the company (the "Management Shares"), and
- (ii) 43,333,333 ordinary non-voting shares with no right to vote in meetings of shareholders but with rights to receive dividends or assets in case of liquidation of the Company (the "Dividend Shares").

As of December 31, 2021 the issued and paid shares are as follows:

	2021	2020
Common stock		
Authorized	<u>43,333,433</u>	<u>43,333,433</u>
Issued and paid as of January 1 and Dec 31	<u>33,333,433</u>	<u>33,333,433</u>
Par value per share B/.1	<u>33,333,433</u>	<u>33,333,433</u>

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

13. Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
At amortized cost:				
Facility agreement	0	0	21,469,348	15,469,348
Banks' borrowings	0	641	5,628,496	8,123,324
Private Loans	0	0	6,849,490	6,849,490
Shareholder loans	0	0	3,278,612	2,440,194
Other loans	0	0	1,266,622	1,017,500
	0	641	38,492,568	33,899,856

Borrowing are presented in the consolidated statement of financial position as follows:

	31 Dec 2021	31 Dec 2020
Current	7,877,384	2,494,829
Non-current	30,615,184	31,405,027
	38,492,568	33,899,856

Facility agreement

Agreement entered in December 31, 2020 between DV FZE, a company incorporated in the Ajman Free Zone, UAE with company number 20977 whose registered office address is at BC1300367, Block C1, Ajman, UAE (Lender); and DALE VENTURES PTE. LTD, a company incorporated in the Singapore with company number 201725181N whose registered office address is at 10 Marina Boulevard, #39-00, Marina Bay Financial Centre, Singapore (018983) (Lender) with The Company to carry out the Developments.

The facility agreement is secured with a mortgage by the Santiago Subsidiary (Promotora Santiago Development Corp.) in favour of the Lender. Current interest reats are 10% per annum.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Banks' borrowings

Bank's borrowing corresponds to a credit facility gave by Global bank Corporation, and Multibank Inc. to finance the Project Sueños de Santiago – Phase 3 and 4 as follows:

Description	Starting Date	Financed Amount	Interest Rate	Balance as of December 31, 2021
Houses Credit Line	August 24, 2019	4,141,787	Libor (3M) + 4.25%	3,470,091
Infraestructure Credit Line	August 24, 2019	2,459,291	Libor (3M) + 4.25%	1,711,664
Interests Capitalization	April 9, 2021	446,741	Libor (3M) + 4.25%	446,741
				5,628,496

Private Loans

Private Loans correspond to Promissory Notes by where the Company unconditionally and irrevocably promises to pay to the Lenders the principal sum, in a maximum term of months as of the date of execution of the facility (September 6, 2017).

	Principal	Months
Anders Axelsson	500,000	80
		60
Conley Forey	250,000	
Dale Ventures	2,500,000	100
DCIF Investment Fund	1,624,250	80
Shore View Consulting Ltd	1,975,240	80
	6,849,490	

Shareholder loans

The shareholder loans do not have a maturity date, nor stipulated payments, and do not accrue interest.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Other loans

Other loans correspond to the following:

- Promissory Note No. 1 signed on March 12th, 2021 between Robert Edward Oneill, male, American, holder of passport number No. 573884381; for the sum of **B/.61,528**, for the term of 9 months, renewable.
- Promissory Note No. 2 signed on June 4th, 2021 between Dos Hijos Family Foundation, a Panamanian Interest Foundation duly registered with Folio 25038722 for **B/.166,783**, for the term of 6 months, renewable.
- Loan Agreement entered between Panama Equities, Inc. and Promotora Sona S.A. and Promotora Santiago Development Corp.in the amount of **B/.1,017,500** registered in the Public Registry under the number of entry 436838, with an interest of 12% per annum.

14. Tax expenses

At the date of the financial statements, the income affidavits of these Companies For the last three fiscal years, including the year ended December 31, 2019, are subject to review by the Direccion General de Ingresos. In Addition, the Company's records are subject to review by the tax authorities to determine compliance with the Tax of Timbres and Tax on the Transfer of movable Corporeal Property and the Provision of Services (ITBMS). In accordance with current legislation, the Company is responsible for any additional tax resulting from the review.

By Law No. 6 of Fiscal Equity of February 2, 2005 it was established that legal persons will pay the income tax at a rate of 25% on the amount that is higher between:

Taxable income resulting from the taxable income of the taxpayer, the sales granted through development or production regimes, and legally authorized loss trawls, this calculation will be known as the traditional (MT) method.

Taxable net income resulting from deducting from total taxable income, 95.33%; Which will be known as the Alternate Calculation of Income Tax (CAIR).

As established in article 701 of the Panamanian Tax Code, companies whose ordinary line of business is the sale of property (homes or commercial premises) are required to pay income tax based on the following table;

Properties values	Rate
Up to B/. 35,000	0.50%
From B/. 35,001 to B/. 80,000	1.50%
More than B/. 80,001	2.50%
Commercial buildings	4.50%

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

The Group as of the date of the financial statements, I settled sales taxes as follows

Year ended December 31, 2021			
Section	Tax Rate	Amount of Sales	Income tax
From B/. 35 to B/. 80,000	1.50%	9,013,503	135,202
More than B/. 80,001	2.50%	3,389,146	84,729
		<u>12,402,649</u>	<u>219,931</u>

Year ended December 31, 2020			
Section	Tax Rate	Amount of Sales	Income tax
From B/. 35 to B/. 80,000	1.50%	3,620,620	54,309
More than B/. 80,001	2.50%	5,028,319	125,708
		<u>8,648,939</u>	<u>180,017</u>

15. Financial instruments - risk management

The Group's main financial liabilities are bank loans and other financing components such as funds received from its shareholders as accounts payable with immediate availability for payment and advances received from customers (contract liabilities). These funds have been used for the primary purpose of developing and managing the Group's real estate projects. In addition, the Group maintains accounts receivable, trade accounts payable and short-term bank deposits arising directly from its operations.

The Group is exposed to liquidity, market and credit risk. The Group's senior management oversees the management of these risks. Management and control of the Group's risks falls mainly on the Board of Directors, which is initially responsible for establishing and shaping the strategic direction of the Group. It receives the support of the Corporate Governance of the Economic Group to which it belongs. It guarantees its shareholders, investors, customers, and bank creditors a system of good corporate governance.

The Group does not actively participate in the business of financial assets for speculative purposes.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Liquidity risk

Liquidity risk refers to the possibility that the Group will not meet its contractual obligations, mainly in its commitment to repay principal and interest on bank loans.

The Group manages its liquidity needs by monitoring scheduled payments defined in the terms and conditions of each financing contract, as well as forecasts of cash inflows and outflows on a day-to-day basis. Long-term liquidity needs for a 180-day and 360-day monitoring period are identified monthly. The Group's objective is to maintain cash to meet its liquidity requirements for periods of at least 30 days.

In the event of requiring additional contributions to its real estate development projects, the Group may choose to seek access to bank financing or shareholder contributions. Additionally, it may be able to sell long-term non-financial assets.

The following is information on the contractual maturities (including interest payments when applicable) of the Group's main non-derivative financial liabilities:

2021	Carrying amount	Contractual cash flows			
		Total	In 6 months	7 to 12 months	More than 1 year up to 5 years
Bank loans	5,628,496	(5,628,496)	(914,548)	(360,400)	(4,353,548)
Facility agreement	21,469,348	(21,469,348)	(1,178,813)	-	(20,290,535)
Private loans	6,849,490	(9,778,206)	(480,745)	(480,745)	(8,816,716)
Other loans	1,266,622	(1,266,622)	-	-	(1,266,622)

The above amounts reflect contractual undiscounted cash flows, which may differ from the recorded values of the liabilities at the reporting date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Group's market risks may arise from open positions in interest-bearing financial assets and liabilities, to the extent that they are exposed to general and specific market movements.

The Group does not have operations and transactions in foreign currencies and therefore is not exposed to foreign exchange risk from fluctuations in its functional currency with respect to a different currency. In addition, the Group does not have any significant exposure to price risk as it does not hold any equity instruments.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

Since the Group's interest-bearing financial assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's results. Additionally, the Group does not hold financial assets and financial liabilities measured at fair value through profit or loss and/or other comprehensive income that could have an effect on the statement of profit or loss and other comprehensive income.

The Group's interest rate risk arises mainly from long-term debt resulting from bank loans. However, for the years ended December 31, 2021 and 2020, the terms and conditions established for these financial liabilities are based on a fixed interest rate policy, mitigating the cash flow interest rate risk.

Trade accounts payable and accounts receivable are interest-free and with a term of less than one year. The Group has determined that there is no interest rate risk associated with these financial assets and liabilities.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, resulting in a financial loss. The Company is exposed to credit risk primarily from its financing activities, including bank deposits.

The credit risk of accounts receivable arising from the sale of property inventory is managed by requiring customers to make advance payments or account credits prior to the transfer of the property, thus substantially eliminating the Group's credit risk in this regard. Likewise, the Group has the backing of the bank letters of promise to pay managed to obtain the differential not covered directly by the customers.

The Company maintains current bank accounts of less than 1 year, with local banks with a minimum credit rating of "A". Although bank deposits are subject to the impairment requirements of IFRS 9, the impairment loss identified is not material.

Capital management policies and procedures

The objectives of capital management are to ensure the Group's ability to continue as a going concern and provide an adequate return to shareholders, as well as to maintain an optimal capital structure that reduces the costs of raising capital.

The Group monitors capital based on the recorded amount of stockholders' equity plus its debt commitments, as presented in the consolidated statement of financial position. In addition, it determines its capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the assets involved.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2021

(Stated in US\$)

16. Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observation of measurement-relevant items as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: items other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable items for assets or liabilities.

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are shown below. The following table does not include information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
2021					
Financial liabilities - not measured at fair value					
Bank loans	5,628,496	-	5,628,496	-	5,628,496
Facility agreement	21,469,348	-		21,463,171	21,463,171
Private loans	6,849,490	-		6,751,390	6,751,390
Other loans	1,266,622	-		1,232,545	1,232,545
	35,213,956		5,628,496	29,447,106	35,075,602

In 2021 and 2020 no transfers were made between Level 1 and Level 2.

Valuation techniques

Bank loans: the fair value is estimated using discounted cash flow techniques, applying interest rates in effect for debts with similar remaining maturities.

Impact Housing Corporation
Consolidation of Statement of Financial Position

Annex
I

For the year ended 31 December 2021
(Stated in US\$)

	Consolidation	Eliminations	Impact Housing Corporation Bahamas	Impact Housing Corporation Panamá	Impact Housing Management Corp.	Promotora Santiago Development Corp.	Promotora Sona, S. A.	Tekeros Santiago, S. A.	Tekeros Constructores, S. A.	Comercializador a Sona, S. A.	Impact Santiago, S. A.	Impact Sona, S. A.	Impact Equipos, S. A.	Promotora Capellania, S. A.	Impact Capellania, S. A.
Assets															
Non-current															
Related companies	-	- 68,513,327	62,506,476	18,448	-	1,512,508	1,171,593	1,329,021	420,376	1,247,741	174,967	41,045	71,152	10,000	10,000
Property, plant and Equipment	13,298,248	-	-	-	-	1,556,763	11,368,662	168,215	-	-	-	-	204,608	-	-
Leases	621,248	-	-	-	-	362,790	46,841	211,617	-	-	-	-	-	-	-
Investments	-	- 120,000	120,000	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets	13,919,496	- 68,633,327	62,626,476	18,448	-	3,432,061	12,587,096	1,708,853	420,376	1,247,741	174,967	41,045	275,760	10,000	10,000
Current															
Property and other inventories	16,883,497	-	-	-	-	16,471,979	411,518	-	-	-	-	-	-	-	-
Prepayments and other short-terms assets	2,096,780	-	-	-	-	1,612,369	30	482,427	1,954	-	-	-	-	-	-
Other accounts receivables	1,199,587	-	-	-	-	724,150	94,037	381,400	-	-	-	-	-	-	-
Cash and cash equivalents	964,898	-	15,019	435,840	2,550	482,981	17,768	2,206	6,210	803	784	737	-	-	-
Current assets	21,144,762	-	15,019	435,840	2,550	19,291,479	523,353	866,033	8,164	803	784	737	-	-	-
Total assets	35,064,258	- 68,633,327	62,641,495	454,288	2,550	22,723,540	13,110,449	2,574,886	428,540	1,248,544	175,751	41,782	275,760	10,000	10,000
Deficiency in net asset and liabilities															
Deficiency in net asset															
Equity instrument by convertible notes	33,333,433	120,000	33,333,433	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Deficit	(38,012,344)	-	(2,727,119)	(856)	(581,726)	(8,778,630)	(24,959,515)	95,675	(1,013,287)	(45,386)	(300)	(300)	(300)	(300)	(300)
Complementary tax	(135,605)	-	-	-	-	(122,043)	(13,562)	-	-	-	-	-	-	-	-
Total deficiency in net asset	(4,814,516)	120,000	30,606,314	9,144	(571,726)	(8,890,673)	(24,963,077)	105,675	(1,003,287)	(35,386)	9,700	9,700	9,700	9,700	9,700
Liabilities															
Non - current															
Provisions for employee benefits	118,682	-	-	-	26,298	-	-	48,270	19,500	19,059	4,333	1,222	-	-	-
Borrowings	38,492,568	68,513,327	32,035,181	444,979	532,438	31,035,232	38,007,809	1,920,998	1,372,510	1,225,805	143,989	20,894	265,760	300	-
Lease liabilities	250,082	-	-	-	-	155,309	34,043	60,730	-	-	-	-	-	-	-
Non-current liabilities	38,861,332	68,513,327	32,035,181	444,979	558,736	31,190,541	38,041,852	2,029,998	1,392,010	1,244,864	148,322	22,116	265,760	300	-
Current															
Lease liabilities	291,477	-	-	-	-	94,956	31,674	164,847	-	-	-	-	-	-	-
Other accounts payables	574,332	-	-	165	15,540	177,083	-	274,366	39,817	39,066	17,729	9,966	300	-	300
Advances received from customers	151,633	-	-	-	-	151,633	-	-	-	-	-	-	-	-	-
Current liabilities	1,017,442	-	-	165	15,540	423,672	31,674	439,213	39,817	39,066	17,729	9,966	300	-	300
Total liabilities	39,878,774	68,513,327	32,035,181	445,144	574,276	31,614,213	38,073,526	2,469,211	1,431,827	1,283,930	166,051	32,082	266,060	300	300
Total Deficiency in net asset and liabilities	35,064,258	68,633,327	62,641,495	454,288	2,550	22,723,540	13,110,449	2,574,886	428,540	1,248,544	175,751	41,782	275,760	10,000	10,000

Impact Housing Corporation
Consolidation of Statement of Changes in Equity

Annex
III

For the year ended 31 December 2021
(Stated in US\$)

	Consolidation	Eliminations	Impact Housing Corporation	Impact Housing Corporation	Impact Housing Management Corp.	Promotora Santiago Development Corp.	Promotora Sona, S. A.	Tekeros Santiago, S. A.	Tekeros Constructores, S. A.	Comercializadora Sona, S. A.	Impact Santiago, S. A.	Impact Sona, S. A.	Impact Equipos, S. A.	Promotora Capellania, S. A.	Impact Capellania, S. A.
			(Bahamas)	(Panamá)											
Equity instrument by convertible notes															
At the beginning of the year	33,333,433	120,000	33,333,433	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Increased capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At the end of the year	33,333,433	-	33,333,433	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Retained earnings															
At the beginning of the year	(31,455,653)	-	(1,490,023)	-	(408,274)	(5,041,295)	(23,553,963)	95,975	(1,012,987)	(45,086)	-	-	-	-	-
Net loss of the year	(6,556,691)	-	(1,237,096)	(856)	(173,452)	(3,737,335)	(1,405,552)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)
At the end of the year	(38,012,344)	-	(2,727,119)	(856)	(581,726)	(8,778,630)	(24,959,515)	95,675	(1,013,287)	(45,386)	(300)	(300)	(300)	(300)	(300)
Supplementary tax															
At the beginning and end of the year	(135,605)	-	-	-	-	(122,043)	(13,562)	-	-	-	-	-	-	-	-
Total equity	(4,814,516)	120,000	-	30,606,314	9,144	(571,726)	(8,890,673)	(24,963,077)	105,675	(1,003,287)	(35,386)	9,700	9,700	9,700	9,700

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

This Management's Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows for Impact Housing Corporation and Subsidiaries ("IHC" or the "Company"), on a consolidated basis, for the year ended December 31, 2021. The Company's audited consolidated financial statements have been prepared on the "going concern" basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

This document should be read in conjunction with the information contained in the Company's audited consolidated financial statements and related notes for the year ended December 31, 2021. Unless otherwise indicated, all amounts and references in this MD&A are in US dollars.

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, October 31, 2022, being the date the Company's board of directors (the "Board") approved this MD&A.

Cautionary Note Regarding Forward Looking Information

This MD&A contains forward-looking information within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors that are discussed in greater detail under "Business risks".

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions have been made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on the business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Core Business and Strategy

The Company was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017, under the International Business Companies Act 2000. The Company controls and holds 100% of the capital stock of several companies engaged in the real estate and construction industry in the Republic of Panama. The Company's main office is located on the 4th floor of the P.H. Peninsula, Costa del Este, Panama City, Republic of Panama.

IHC is a real estate development company providing affordable housing solutions supported by longstanding government subsidy programs. The principal business of IHC is to build and develop affordable, high quality subsidized homes in the

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

Republic of Panama to support the emerging middle-class market. The vision of IHC is effectuated by a vertically integrated model which coordinates all services necessary to develop high-quality residential and commercial buildings; including but not limited to land acquisition, financing, architectural, engineering, off-site manufacturing, general contracting, property management, and administration.

IHC holds one hundred percent (100%) of the shares of the following subsidiaries:

Company	Date of Incorporation	Primary Business
Promotora Santiago Development Corp.	February 9, 2015	Real Estate Development
Promotora Sona, S.A.	February 27, 2013	Real Estate Development
Promotora Capellania, S.A.	December 4, 2020	Real Estate Development
Tekeros Santiago, S.A.	April 7, 2015	Construction Management
Tekeros Constructores, S.A.	February 27, 2013	Construction Management
Impact Santiago, S.A.	June 11, 2020	Construction Management
Impact Sona, S.A.	June 10, 2020	Construction Management
Impact Capellania, S.A.	December 4, 2020	Construction Management
Impact Housing Management Corporation	May 4, 2017	Administrative Services
Comercializadora Sona, S.A.	February 27, 2013	Administrative Services
Impact Equipos, S.A.	June 11, 2020	Machinery and Equipment Management

Over the course of operations, IHC has refined a vertically integrated go-to-market strategy consisting of four primary components to establish housing communities and deliver homes to prospective buyers:

1. IHC retains land ownership and controls the community master planning; all regulatory permitting and compliance; and architectural home designs that meet the affordable housing program requirements.
2. IHC builds homes in each phase of development using a unique, assembly line approach. Using an 11-step cast-in-place technique, which incorporates a custom mold design in the exact shape and style of home being built, IHC develops 1.5 homes per day when operating at peak production speed.
3. IHC markets and sells the homes that it builds to the growing class of Panamanian middle-income families. After pre-qualifying families, IHC allows, on average, 4-6 months, and up to 12 months in some cases, to gather down payment and closing costs.
4. IHC controls the delivery of the homes to the end customers, ensuring quality control. Subsequently, IHC remains heavily involved in the operation of community services post-sale (i.e. home warranty items, maintaining parks, community spaces, and white water infrastructure until transferred to the applicable municipality).

IHC begins its process by acquiring and segregating viable land to develop residential communities. Once the land has been acquired and properly segregated, IHC utilizes community centric marketing techniques to engage potential customers. Once potential homebuyers have been identified and engaged, IHC requires that potential homebuyers undergo a diligent pre-qualification process to omit lower credit quality candidates early in the process. Due to IHC's thorough pre-qualification process, IHC can accurately determine if potential homebuyers have high credit quality and will be eligible for substantial government support. To date, the long-term default rate for approved buyers of IHC homes has been 2%.

To avoid overleveraging itself, IHC utilizes a staged approach to developing its properties. Properties are built in stages (phases) and based on demand to mitigate the risk of economic downturn or decrease in demand.

IHC has, in the past, pursued a policy of controlled organic growth and it intends to continue that policy in the future. IHC has grown both by expanding revenue of existing operations and through the acquisition of new development properties. IHC's growth has historically been limited by the availability of financing rather than consumer demand. IHC's policy of organic growth will continue to be founded on the following:

- Training and Recruitment of Personnel: One of the key components that could limit the growth of a real estate development company is the ability to secure professional staff. To address this issue, IHC has for many years focused on hiring new employees shortly following completion of their technical or engineering training. These employees become invested in IHC's operations early in their careers and become logical candidates for upward movement into regional management positions. IHC will continue this practice of hiring and training new talent as its primary method of increasing its staff to support growth.
- Optimizing IHC's supply chain: A key component that could limit the growth of a real estate development company is the ability to continue to rely on supply chain relationships for timely materials and qualified subcontractors to complete certain construction work activities. To address this issue, IHC has for many years continued to diversify the breadth and depth of its supply chain. As one of the largest developers in the respective regions it operates, IHC continues to receive favorable pricing and bulk delivery to ensure construction timelines are achieved. In addition, IHC has for years, as appropriate, worked with creditable subcontractors that are required to meet IHC stringent governance criteria. IHC qualifies vendors on the basis of entity good standing, licensing and regulatory, qualified work history, and appropriate bonding and insurance criteria.
- Acquiring New Property: Management has identified new land opportunities throughout Panama which it intends to acquire for the purpose of residential development, similar to the Santiago property. This would include residential housing that qualifies for the current subsidy programs and would include mixed use commercial space.
- Expanding Product Offering: IHC plans to expand its operations from focusing solely on residential construction to commercial construction. Subject to necessary capital requirements, IHC has set aside land at the Santiago Property and the Reserva Property to develop commercial space.
- Expanding Into New Markets: IHC plans to expand beyond Panama to other Latin American jurisdictions that have subsidized programs similar to the core Panamanian market. IHC will evaluate new regional markets that fit its business model and strategy. If management foresees sufficient demand in new geographic markets for IHC's services, management will consider expanding into those markets.

2021 Highlights and Results of Operations

- **Operational highlights for 2021** –The Government of Panama followed a cautionary approach to lifting COVID-19 restrictions and curfews at the beginning of 2021. With restrictions remaining in effect through the first half of 2021, businesses were slowly able to resume operations in very limited capacity. During the year ended December 31, 2021, COVID-19 had a material impact on the Company's operational and financial performance. To navigate the economic impact from COVID-19, the Company, with critical ongoing financial support from a key international financing partner, focused on finalizing a full restructuring of the Company's cost and operating model. IHC restructured its debt facility which extended the repayment schedule to the financial partner by approximately 18 months assisting in cash flow management.

In February of 2020, IHC had organizationally restructured and added more experience to its management team to ensure the Company had the leadership necessary for the next phase of growth. The new management team and enacted difficult cost cutting measures including a permanent reduction in head count by 80% compared to pre COVID-19 levels. The impact of the cost saving measures allowed for IHC to continue to meet its financial obligations and operate as a going concern 2021. With a focus on continuous improvement, the Company reorganized all aspects of construction operations to a very precise and sequential work plan resulting in increased efficiency by over 300%.

By the middle of the second quarter of 2021, the Company had resumed delivery of finished homes. By June 2021, the Company delivered and collected revenues on the largest number of homes in one month since the Company's inception, totaling 33 deliveries in a combination of social and reserve homes. The Company resumed construction operations for

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

the first time in August 2021 following the complete curtailment of activities imposed in March 2020 due to COVID-19 restrictions. The Company continued to deliver homes monthly and in the fourth quarter of 2021 delivered \$3,520,303 in revenue from home sales, compared to \$1,703,899 in the fourth quarter of 2020.

In 2021, the Government of Panama announced increase support for the subsidized housing program and increase the ceiling purchase price from \$60,000 to \$70,000 that qualifies for the \$10,000 bonus paid by the Government. Capitalizing on this opportunity, in the fourth quarter of 2021, the Company launched pre-sales for its newest product offering: a 3-bedroom social home that will be priced at \$69,000, with a development project of 56 three-bedroom units

- **2021 sales of \$12,402,649; an increase of \$3,753,710 or 43.4% compared to 2020 sales.** This is primarily due to 203 completed housing units delivered to customers in 2021 compared to 129 in 2020 notably with an increase in deliveries of Phase 3 of Santiago development partly offset by decrease in deliveries of La Reserva and Sona projects. The delay in deliveries in 2020, primarily for Phase 3 of Santiago development, was driven by COVID-19 restrictions and subsequent construction delays and backlog in deliveries.
- **Cost of sales (including depreciation cost) increased by \$4,912,397 or 50.6% in 2021 compared to 2020.** This is primarily driven by higher number of homes delivered in 2021 compared to 2020.
- **Property and other inventories decreased by \$5,123,191 or 23.1% at December 31, 2021 compared to December 31, 2020.** This is due to increased deliveries in 2021 which depleted built up construction in progress in 2020.
- **Borrowings increased by \$4,592,712 at December 31, 2021 compared to December 31, 2020.** This was primarily due to an increase in withdrawals on the facility agreement of \$6,000,000 to fund Phase 3 and Phase 4 of Sona and Santiago and Phase 5 of La Reserva. In addition, the Company increased withdrawals on the shareholder loans for \$838,417 and signed new promissory notes for \$249,122, dated March 12, 2021 and June 4, 2021, to fund working capital requirements. The Company made repayments of \$2,590,083 on its bank borrowings.

The following selected financial data has been extracted from the audited condensed consolidated financial statements, prepared in accordance with International Financial Reporting Standards, for the fiscal years indicated and should be read in conjunction with the audited condensed consolidated financial statements.

For the year ended December 31,	2021	2020
Sales revenues	\$ 12,402,649	\$ 8,648,939
Santiago	10,477,428	5,850,939
Sona	1,925,649	2,798,000
Cost of goods sold (includes depreciation cost)	(14,619,326)	(9,706,929)
Net loss	(6,556,691)	(4,969,823)

Sales revenue for the year ended December 31, 2021 increased by \$3,753,710 or 43.4% as compared to 2020. The increase in revenue is largely due to 124 homes delivered under Phase 3 Santiago project compared to only 12 homes delivered in 2020, partly offset by 73 homes delivered under La Reserva and Sona project compared to 116 homes delivered in 2020.

Operating Expenses

For the year ended December 31,	2021	2020
Professional services	\$ 1,462,744	\$ 1,261,801
Collection expenses	468,390	358,211
Bonus and Commissions	260,230	135,725
Salaries and employee expenses	443,153	237,988
Office and Miscellaneous	324,859	539,386
Finance cost	1,179,890	1,330,260
Total	\$ 4,139,266	\$ 3,863,371

For the year ended December 31, 2021, operating expenses increased by 7.1%, from \$3,863,371 in 2020 to \$4,139,266 in 2021. The largest contributor to the increase is professional services, bonus and commissions, which was partly offset by a

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

decrease in finance cost. Professional services expenses and collection expenses increased in 2021 by \$211,122 compared to 2020 largely due to a reduction in personnel in 2020 due to the impact of COVID-19 restrictions. Finance costs decreased in 2021 by \$150,370 compared to 2020 due to the repayment of \$2,590,083 in bank borrowings used to fund the Sona project and Phase 3 of Santiago, partly offset by higher withdrawals on the facility agreement.

As at December 31,	2021	2020
Total assets	\$ 35,064,258	\$ 38,278,060
Working capital	12,249,936	19,506,021
Property and other inventories	16,883,497	22,006,688
Total non-current liabilities	30,983,948	32,244,068
Shareholders' equity (deficiency)	(4,814,516)	1,742,175
Number of shares outstanding	33,333,433	33,333,433

At December 31, 2021 the property and other inventories decreased to \$16,883,497 from \$22,006,688 at December 31, 2020 principally due to decrease in homes under construction or development in 2021 as backlog from 2020, affected by COVID-19 delays, was delivered in 2021.

Summary of Quarterly Results

The following selected quarterly financial data has been extracted from the financial statements, prepared in accordance with International Financial Reporting Standards. The table below summarizes the quarterly results over the past eight fiscal quarters.

	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Revenue	\$ 3,511,770	\$ 2,540,990	\$ 4,056,363	\$ 2,293,526
Cost of goods sold	3,953,107	3,251,622	4,399,211	3,015,386
Operating expenses	858,972	1,062,978	1,265,260	952,056
Net loss	(1,511,706)	(1,771,922)	(1,604,895)	(1,668,168)
Total assets	35,064,258	41,513,778	41,203,653	40,761,950
Working capital	12,249,936	31,252,176	20,031,579	21,127,198
Total non-current liabilities	30,983,948	42,920,191	40,540,128	38,251,782

	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Revenue	\$ 1,572,900	\$ 1,857,123	\$ 969,710	\$ 4,249,206
Cost of goods sold	2,222,535	2,122,826	928,820	4,432,943
Operating expenses	1,088,680	733,761	715,181	1,325,749
Net loss	(1,787,333)	(999,266)	(673,790)	(1,509,431)
Total assets	38,278,060	39,952,072	40,746,117	40,720,422
Working capital	19,506,021	21,004,933	21,274,337	20,389,314
Total non-current liabilities	32,244,068	33,653,901	32,904,144	31,236,423

Liquidity and Capital Resources

The Company's liquidity risk is derived from its loans, accounts payable, and accrued liabilities, as it may encounter difficulty discharging those obligations, but the Company endeavors to mitigate that risk through the careful management of its debt holders and the assertive pursuit of capital inflow for its operations. The Company had working capital of \$12,249,936 as at December 31, 2021 compared to \$19,506,021 as at December 31, 2020.

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

Management intends to finance operating costs over the next twelve months predominantly with available working capital. Further, in order to maintain or adjust its capital structure, the Company may issue new shares, enter into new debt, or scale back the size and nature of its operations. The Company is not subject to any externally imposed capital requirements. As at December 31, 2021, shareholders' total deficiency in net asset was \$4,814,516 and at December 31, 2020 the shareholders' equity was \$1,742,175.

Working capital

As at December 31,	2021		2020
Current Assets	\$	21,144,762	\$ 23,797,838
Current Liabilities		8,894,826	4,291,817
Working Capital	\$	12,249,936	\$ 19,506,021

Current Assets

Current assets of \$21,144,762 as at December 31, 2021 and \$23,797,838 as at December 31, 2021 were comprised primarily of cash and cash equivalents, solidarity bonus subsidy, advances to contractors, prepaid land, advances on expenses, and property and other inventories.

Current Liabilities

Current liabilities on December 31, 2021 amounted to \$8,894,826 compared to \$4,291,817 on December 31, 2020 and were comprised primarily of borrowings, lease liabilities, advances from customers and employee expenses payable. The majority of the significant increase at December 31, 2021 compared to December 31, 2020 relates to increase in withdrawals on the facility agreement, partly offset by a decrease in payments to suppliers and lower employee expenses payable driven by significantly lower headcount in 2021 from 2020.

Cash Flow

For the year ended December 31,	2021		2020
Net cash used in operating activities	\$	(3,148,007)	\$ (3,985,074)
Net cash used in investing activities		(86,644)	(137,923)
Net cash provided by financing activities		4,067,314	4,183,512
Net changes in cash and cash equivalents	\$	832,663	\$ 60,515

Net cash used in operating activities

Cash used in operating activities of \$3,148,007 and \$3,985,074 for the year ended December 31, 2021 and December 31, 2020 respectively principally reflect net losses incurred in each year partly offset by an increase in property and other inventories.

Net cash provided by financing activities

The net cash provided by financing activities of \$4,067,314 in 2021 was primarily due to withdrawals of \$6,000,000 on the facility agreement partly offset by repayment of \$2,590,083 on bank credit lines taken for Phase 4 Santiago project. The net cash provided by financing activities of \$4,183,512 in 2020 was primarily due to proceeds from borrowings of Phase 3 Santiago project to Multibank.

Share capital

Authorized share capital

The maximum authorized share capital of \$43,333,433 consists of convertible notes classified as an equity instrument and consists of two types of shares:

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

1. 100 management shares with right to vote in meetings of shareholders but no rights to receive dividends or assets in case of liquidation of the company (the "Management Shares"), and
2. 43,333,333 ordinary non-voting shares with no right to vote in meetings of shareholders but with rights to receive dividends or assets in case of liquidation of the Company (the "Dividend Shares").

The convertible notes shall be repaid and redeemed on or before September 6, 2027 or later date agreed upon by the Company and the note investor.

Issued share capital

At December 31, 2021, the Company has issued 33,333,333 Dividend Shares and 100 Management Shares with par value of \$1 per share.

Off-Balance Sheet Arrangements

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

Contractual Obligations

As of December 31, 2021, and as of the date of this MD&A, and in the normal course of business, the following is a summary of the Company's material obligations to make future payments, representing contracts, and other commitments that are known and committed.

Lease liabilities

The Company has lease agreements for heavy equipment, rolling equipment and machinery directly used in construction and development projects. The total right of use assets and lease liabilities related to this construction equipment are presented in the consolidated statement of financial position. For details, please see note 7 (Leases) in the consolidated financial statements for the year ended December 31, 2021.

The lease liabilities are secured by the related underlying assets. Future lease payments at December 31, 2021 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
As at December 31, 2021					
Lease payments	\$ 314,040	157,963	97,155	-	569,158
Finance charges	(22,563)	(4,979)	(957)	-	(27,599)
Net present values	\$ 291,477	152,984	97,098	-	541,559

Financing loans and arrangements

The table below shows the Company's main financial liabilities and reflect contractual undiscounted cash flows. The Company monitors the scheduled payments defined in the terms and conditions of each financing contract and has objective to maintain cash to meet its liquidity requirements for at least 30 days.

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

As at December 31, 2021	Within 1 year	1-5 years	Total
Bank loans	\$ 1,274,948	4,353,548	5,628,496
Facility agreement	-	20,290,535	21,469,348
Private loans	-	8,816,716	9,297,461
Other loans	-	1,266,622	1,266,622
Total	\$ 1,274,948	34,727,421	37,661,927

Critical Accounting Policies and Estimates

Measurement Uncertainty (Use of Estimates)

The preparation of the consolidated financial statements in conformity with IFRS requires management to make 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 revenues and expenses during the reporting period. Estimates and judgments 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.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

- Revenue from contract with customers – The Company makes judgement that can significantly affect the determination of the amount and timing of revenue from contract with customers. These judgments relate to (1) the determination of the performance obligation on the sale of inventory of properties under construction or development; (2) the determination of the timing of revenue recognition for finished properties and properties under construction or development; and (3) the consideration of the significant financing component in contracts and guarantees.
- Net realizable value of property inventory - the net realizable value of finished property inventory is assessed by reference to market conditions and prices existing at the end of the reporting period and is based on comparable transactions identified by the Company. The net realizable value of inventory of property under construction or development is assessed by reference to market conditions of similar completed properties, less the estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money if material.

Business Risks

In the normal course of business, the Company's operations are influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition and operating results. Due to the nature of IHC's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, IHC is subject to significant risks. IHC's future development and actual operating results may be very different from those expected as at the date of this MD&A. Readers should carefully consider all such risks, which include but are not limited to the following.

Risks Related to the Business and Industry

Uncertainty of Future Revenues

The future success of the Company is dependent on management's ability to implement its strategy. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully make profitable acquisition of royalties, streams or other interests. In particular, its future growth and prospects will depend on its ability to expand its operations and gain additional revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

a material adverse effect on the Company's business, financial condition and results of operations.

Risks related to health epidemics and pandemics

Unfavorable global conditions, including health and safety concerns related to the coronavirus outbreak, could adversely affect IHC's business, financial condition or results of operations. IHC's operations could be adversely affected by general conditions in the global economy, including conditions that are outside of IHC's control, such as the impact of health and safety concerns from the current coronavirus (COVID-19) outbreak. The most recent global financial crisis caused by the coronavirus outbreak has resulted in extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to IHC's business, including weakened demand for our marketplaces and brand direct solutions and related products and services or delays in customer payments. A weak or declining economy could also strain IHC's supply channels.

Global financial conditions may destabilize

Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Company's ability to obtain equity or debt financing or make other suitable arrangements to finance its projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions, the Company's profitability, results of operations and financial condition and the trading price of its securities could be adversely affected.

The Company may not be successful in completing the repayment of outstanding credit facilities

There can be no assurance that the Company will be able to repay the currently outstanding credit facilities or that the terms of such credit facilities may be amended or extended on the terms acceptable to and beneficial for the Company. Failure to repay such credit facilities within the prescribed times may result in a material adverse effect of the Company's profitability, results of operations and financial conditions and the trending price of its securities.

Negative Cash Flow from Operations

IHC had negative cash flow for its most recently completed financial year for which financial statements. To the extent that IHC has negative operating cash flows in future periods, it will need to allocate a portion of its cash to fund such negative cash flows. If IHC experiences future negative cash flow, the Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that IHC will be able to generate positive cash flows from its operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favorable to IHC.

IHC may require additional capital to support its operations or the growth of its business, and it cannot be certain that this capital will be available on reasonable terms when required, or at all

From time to time, IHC may need additional financing to operate or grow its business. The ability to continue as a going concern may be dependent upon raising additional capital from time-to-time to fund operations. IHC's ability to obtain additional financing, if and when required, will depend on investor and lender willingness, its operating performance, the condition of the capital markets and other factors, and IHC cannot assure that additional financing will be available to it on favorable terms when required, or at all. If IHC raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its current stock, and its existing stockholders may experience dilution. If IHC is unable to obtain adequate financing or financing on terms satisfactory to it when it requires it, its ability to continue to support the operation or growth of its business could be significantly impaired and its operating results may be harmed.

IHC's growth strategy may not achieve the anticipated results

IHC's future success will depend on its ability to grow its business, including through commercialization of its products. Growth and innovation strategies require significant commitments of management resources and capital investments and IHC may not grow its revenues at the rate it expects or at all. As a result, IHC may not be able to recover the costs incurred in developing its technology and products or to realize their intended or projected benefits, which could materially adversely affect its business, financial condition or results of operations.

Potential Fluctuation in Quarterly Financial Results

IHC's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of, and competition for, new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the markets in which IHC operates; actions by governmental authorities including governmental demand for the services provided by IHC; governmental regulations and expenditures required to comply with them; labour unrest involving IHC's workers; seasonal weather conditions; and other conditions affecting revenue and expenses. IHC's operating expenses are incurred throughout the quarter and as a result, if expected revenues are not realized as anticipated, IHC's quarterly financial results could be materially adversely affected. Accordingly there may be significant variations in IHC's consolidated quarterly financial results.

Possible failure to realize anticipated benefits of future acquisitions could impact IHC's business

IHC may in the future complete acquisitions of new properties to strengthen its position in the real estate industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future land acquisitions depends, in part, on successfully developing and obtaining necessary permits and regulatory approval in a timely and efficient manner, as well as IHC's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect IHC's ability to achieve the anticipated benefits of these and future acquisitions.

Some of the developing properties of IHC may never achieve commercialization stage, and IHC may lose its entire investment

Some of IHC's projects are currently at the construction and development stage. There can be no assurance that construction and development will be completed on a timely basis or at all. If such projects do not reach commercialization stage, IHC will not be able to secure repayment of any upfront deposit paid customers, which may have a material adverse effect on IHC's profitability, results of operations and financial condition and the trading price of its securities.

Risks relating to the title of assets

In some countries in Latin America, there may be a history of corrupt or fraudulent practices related to the transfer of property ownership, such as falsified documents, illegal sales, or bribes to officials. This can lead to defects in the title to assets, and potentially result in the loss of ownership rights or legal disputes. In addition, there may be issues related to the proper registration and recording of property ownership, including errors or omissions in official records or delays in processing transactions. These issues can also lead to defects in the title to assets and increase the risk of losing ownership rights. Such issues may result in a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Investors should be aware of the potential for fraudulent or improper transfers of property ownership, and should carefully review the company's title records and legal documentation to ensure that there are no significant risks or uncertainties related to the ownership of its assets. They should also be prepared to engage legal experts with specific expertise in local property laws to assist in mitigating these risks.

Competition in the real estate market

The real estate industry is highly competitive and rapidly changing. Specific factors upon which IHC competes include, but are not limited to, demand, construction time, quality of support and services, and price. IHC's potential competitors include other companies developing and selling residential properties. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than IHC has. Many of them also have longer operating histories, greater name recognition with potential buyers who use or might use a low-value-payment service. IHC may not be able to compete successfully with these competitors.

Ability to Attract Customers

IHC generally secures business by acquiring land, developing residential living space, and selling units to private clients. IHC operates in housing markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. The competitive dynamics of the markets where IHC currently operates are expected to continue for the foreseeable future. This presents significant challenges for IHC. If those competitive challenges are not met, IHC's client base could be eroded, or it could experience an overall reduction in profits. IHC could also experience a decrease in activity from private clients in the event that general economic conditions deteriorate, or interest rates increase as the decisions of private clients to pursue construction projects are largely driven by economic factors. A decline in demand for IHC's services could have an adverse impact on the Company.

Quality Assurance and Quality Control

IHC enters into pre-build contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, IHC would be exposed to additional costs for the correction of non-compliant work.

Ability to Hire and Retain Qualified & Capable Personnel

The success of IHC is highly influenced by the efforts of key members of management including the executive officers and the project managers. The loss of the services of any of IHC's key management personnel could negatively impact IHC. The future success of IHC also depends heavily on its ability to attract, retain and develop high performing personnel in all areas of its operations. Firms throughout the construction industry face this challenge and accordingly competition for professional staff is intense. If IHC ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of IHC and would limit its prospects and impair its future success.

Potential for Non-Payment

IHC sells pre-build houses as well completed houses by way of a mortgage. IHC also attempts to ensure that payments are collected from buyers. However, because of the nature of IHC's contracts and occasionally because of delays in customer payments, IHC may be required to utilize its working capital to fund construction costs temporarily. If a customer defaults in making its payments, IHC would generally have the right to foreclose on the property in order to ultimately realize what it is owed. However in these situations, IHC's ability to ultimately collect what it is owed is never assured. Payment default by a client could result in a financial loss to IHC that could have a material effect on IHC's operating results and financial position.

Maintaining Safe Work Sites

In spite of the best efforts of a contractor to minimize the risk of accidents, accidents can happen. When they do, the impacts on the contractor can be significant. IHC's success as a contractor is highly dependent on its ability to keep its construction worksites safe. Failure to do so can have serious impacts beyond the threat to the personal safety of its employees and others. It can expose IHC to fines, regulatory sanction or even criminal prosecution. IHC's safety record and worksite safety practices also have a direct bearing on its ability to secure future work. If a contractor has an unacceptably high incidence of safety infractions or accidents it could result in litigation, damage to IHC's reputation, or a breakdown in IHC's close working relationship with the Panamanian government. Management is not aware of any pending health and safety legislation or

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

prior incidents which would be likely to have a material impact on any of the IHC's operations, capital expenditure requirements or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents.

Compliance with Environmental Laws

IHC is subject to numerous federal, regional and municipal environmental laws and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. IHC's projects can involve the handling of hazardous and environmentally sensitive materials, which, if improperly handled or disposed of, could subject IHC to civil and criminal penalties. While IHC strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond its control that could adversely affect IHC. Management is not aware of any pending environmental legislation that would be likely to have a material adverse impact on any of IHC's operations, capital expenditure requirements or competitive position, although there can be no assurance that future legislation will not be proposed and, if implemented, may have a material impact on IHC's operations.

Litigation/Potential Litigation

As part of the normal course of the construction business, disputes arise between parties to various contracts, including contracts pertaining to employment, leasing, purchase and sale of land, and more. While IHC does attempt to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time IHC may be involved with a number of disputes that could lead to litigation and there may be a number of disputes in various stages of litigation. Management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against IHC that would have a material adverse impact on the operations of IHC. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to IHC's reputation or reduction of prospects for future contract awards.

Force Majeure

Outside events beyond the reasonable control of IHC may cause the failure or delay in its performance for a period that such failure or delay is due to causes beyond its reasonable control, including but not limited to acts of God, war, strikes or labor disputes, embargoes, government orders or any other force majeure event.

IHC has its core operations in an emerging market, which carries potential risks to its business

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of IHC's current operations are in Panama. While there is no current instability, this is subject to change in the future and could adversely affect IHC's business, financial condition and results of operations. In particular, fluctuations in the Panamanian economy and actions adopted by the government of Panama may have a significant impact on companies operating in Panama, including IHC. Specifically, IHC may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Panama and in other countries that may affect Panama. IHC's foreign operations involve substantial costs and are subject to certain risks as the real estate development industries Panama are less developed. IHC expects that such factors will subject IHC's operations in Panama to economic and operating risks.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Panama. Such events could materially and adversely affect the Company's business, financial condition and results of operations.

Risks Relating to Operations in Developing Economies

The Company's operations in Panama and in Latin America are subject to risks normally associated with the conduct of

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2021

business in developing economies. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, nationalization of assets, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, empowerment of previously disadvantaged people, local ownership requirements, limitations on foreign ownership, power supply issues, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. The above risks may limit, disrupt or negatively impact the operator's business activities.

REGULATORY POLICIES

Internal Controls over Financial Reporting

The CEO and CFO, along with participation from other members of management, are responsible for establishing and maintaining adequate Internal Control over Financial Reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial statements prepared in accordance with IFRS. The Company's CEO and CFO, with support of management have assessed the design and operating effectiveness of the Company's ICFR as at December 31, 2021 based on criteria described in "Internal Control - Integrated Framework" issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this assessment, it was concluded that the design and operation of the Company's ICFR are effective as at December 31, 2021. During the year ended December 31, 2021, there has been no change in the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Limitations of Controls and Procedures

The Company's management, including its CEO and CFO, believe that any ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Outlook

Although the period starting March 2020 to December 2021 was an extremely challenging time for the Company due to significant impacts from COVID-19, the core of the Company and the market opportunity remained intact. While the Company has experienced significant losses due to COVID-19, and the timeline of business plan execution has shifted by approximately 24 months, the management has made sweeping operational changes and efficiencies to adapt to changing macro conditions and environment.

In 2022 the Company will continue to refine its business strategy to realize higher margins and operational efficiencies. This will include absorbing the remaining cost savings from labor adjustments in 2021 and leveraging of support from the Government of Panama as it broadens the subsidized housing programs.

The Company's management is focused in making considerable operational and funding progress in 2022 positioning the organization to further evaluate debt restructuring and liquidity opportunities moving into 2023.

Approval

This MD&A is authorized for issue by the Board on October 31, 2022.

Impact Housing Corporation and Subsidiaries

(With Independent Auditors' Report)

Consolidated Financial Statements

December 31, 2020



Impact Housing Corporation and Subsidiaries

(With Independent Auditors' Report)

**Consolidated
Financial Statements**

December 31, 2020

Impact Housing Corporation and subsidiaries

CONTENTS

REPORT OF INDEPENDENT AUDITORS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	1
Consolidated Statement of Profit or Loss	2
Consolidated Statement of Changes in Equity	3
Consolidated Statement of Cash Flows	4
Notes to the Consolidated Financial Statements	5 - 26

ADDITIONAL INFORMATION

ANNEX

Consolidating Information of Statement of Financial Position	I
Consolidation Information of Statement of Profit or Loss	II
Consolidation Information of Statement of Changes in Equity	III



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

Opinion

We have audited the consolidated financial statements of **Impact Housing Corporation and Subsidiaries** ("the company") that comprise the consolidated statements of financial position as of December 31, 2020, and related statements of profit or loss, changes in equity and cash flows for the period ended on that date, and notes, which comprise a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements reasonably present, in all important respects, the financial position of **Impact Housing Corporation and Subsidiaries** as of December 31, 2020, as well as its financial performance and cash flows for the year ended at that date, in accordance with International Financial Reporting Standards (IFRS).

Basis of Opinion

We have conducted our audit in accordance with International Audit Standards (IAS). Our responsibilities in accordance with these rules are further described in the auditor's responsibilities section regarding the audit of the consolidated financial statements of this report. We are independent of the company, in accordance with the professional Code of Ethics of the accounting of the Council of international Standards of Ethics for Accountants (Code of Ethics of the IESBA) together with the requirements of ethics that are relevant to our audit of the financial statements in the Republic of Panama, and we have fulfilled the responsibilities of ethics in accordance with those requirements and with the Code of Ethics of the IESBA. We believe that the auditing evidence we have obtained provides a sufficient and adequate basis for our opinion.

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

Responsibilities of the Administration and those responsible for the Government of the entity in relation to the consolidated financial statements

The Administration is responsible for the preparation and reasonable presentation of the financial statements, in accordance with International Financial Reporting Standards and internal control that the Administration determines that it is necessary to allow the preparation of financial statements free of relative importance, due either to fraud or error.

In the preparation of the consolidated financial statements, the Administration is responsible for evaluating the company's ability to continue as a running business, revealing, if necessary, matters relating to the condition of business in progress and using the accounting principle of business in progress, unless the Administration intends to liquidate the company or to cease operations, or there is no more realistic alternative.

The entity's government managers are responsible for the supervision of the company's financial reporting process.

Auditor's responsibilities in connection with the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free of errors of relative importance, due either to fraud or error, and to issue an audit report containing our opinion. Reasonable security is a high level of security, but it does not guarantee that an audit performed in compliance with the IAS always detects an error of relative importance when it exists. Errors may be due to fraud or error and are considered of relative importance if, individually or in aggregate form, it may reasonably be expected to influence the economic decisions that users take on the basis of these consolidated financial statements.

As part of an audit in accordance with International Audit Standards, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and value the risks of relative importance in the consolidated financial statements, due to fraud or error, we design and apply audit procedures to respond to these risks and obtain sufficient and adequate audit evidence to provide a basis for our qualified opinion. The risk of not detecting an error of relative importance due to fraud is higher than in the case of an error of relative importance due to error, since the fraud can imply collusion, falsification, deliberate omissions, intentional erroneous manifestations or the evasion of the internal control.

To the Board of Directors of
Impact Housing Corporation and Subsidiaries
Panama, Republic of Panama

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances and not in order to express an opinion on the effectiveness of the internal control of the company.
- We evaluated the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by the administration.
- We conclude on the appropriateness of the use, by the administration, the accounting principle of running business and, with the evidence of audit obtained, we conclude whether or not there is an uncertainty of relative importance related to events or conditions that can generate significant doubts about the company's ability to continue as a running business. If we conclude that there is an uncertainty of relative importance, we need to draw attention to our audit report on the relevant information disclosed in the financial statements or, if such revelations are inadequate, that we amend our opinion. Our findings are based on the audit evidence obtained until the date of our audit report. However, future facts or conditions may cause the company to cease to be a running business.
- We evaluate as a whole the presentation, structure and content of the consolidated financial statements, including the information revealed, and whether the financial statements represent the transactions and underlying facts in a manner that achieves reasonable presentation.

We communicate with corporate governance in relation to, among other issues, the planned scope and timing of the audit and the significant findings of the audit, as well as any significant shortcomings in the internal control that we identify in the course of the audit.

Other legal and regulatory requirements

In compliance with Law 280 of December 30, 2021, which regulates the profession of the authorized public accountant in the Republic of Panama, we declare the following:

- That the Direction, Execution and Supervision of this audit work has been carried out physically in Panamanian territory.
- The partner of the firm that has prepared this report of the independent auditors is Angel Pinzón, with suitability number of the authorized public accountant 6126.
- The work team that has participated in the audit to which this report refers is made up of Angel Pinzón, Partner, Jaime Wignall Manager Auditor Aldo Guevera, Senior Auditor.


Panama, Republic of Panama
October 17, 2022
C.P.A. 6126



Impact Housing Corporation
Consolidated Statement of Financial Position

For the year ended 31 December 2020
(Stated in US\$)

	Notes	2020	2019
Assets			
Non-current			
Property, plant and equipment	6	13,479,023	13,792,752
Leases	7	1,001,199	1,382,130
Non-current assets		14,480,222	15,174,882
Current			
Property and other inventories	8	22,006,688	23,677,597
Prepayments and other short-terms assets	9	814,384	123,248
Other accounts receivables	10	844,531	1,161,112
Cash and cash equivalents	11	132,235	71,720
Current assets		23,797,838	25,033,677
Total assets		38,278,060	40,208,559
Equity and liabilities			
Equity			
Equity attributable to owners of the parent			
Equity instrument by convertible notes	12	33,333,433	33,333,433
Deficit		(31,455,653)	(26,485,830)
Complementary tax		(135,605)	(135,605)
Total equity		1,742,175	6,711,998
Liabilities			
Non - current			
Provisions for employee benefits		257,631	260,056
Borrowings	13	31,405,027	29,385,705
Lease liabilities		581,410	831,474
Non-current liabilities		32,244,068	30,477,235
Current			
Borrowings	13	2,494,829	67,671
Lease liabilities	7	346,597	357,077
Other accounts payables		1,392,549	2,437,356
Current tax liabilities		-	114,514
Advances received from customers		57,842	42,708
Current liabilities		4,291,817	3,019,326
Total liabilities		36,535,885	33,496,561
Total equity and liabilities		38,278,060	40,208,559

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation
Consolidated Statement of Profit or Loss

For the year ended 31 December 2020
(Stated in US\$)

	Note	<u>2020</u>	<u>2019</u>
Sales		8,648,939	3,206,113
Other income		131,555	-
Cost of sales (includes depreciation cost)		(9,706,929)	(2,420,425)
Employee benefits expense		(373,713)	-
Collections expenses		(358,211)	-
Sales expenses		(156,921)	-
Overhead and administrative expenses		(1,644,266)	-
Operating loss		(3,459,546)	<u>785,688</u>
Finance cost		(1,330,260)	<u>(1,418,733)</u>
Loss before tax		(4,789,806)	<u>(633,045)</u>
Tax expense	14	(180,017)	<u>(60,810)</u>
Loss		(4,969,823)	<u><u>(693,855)</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation
Consolidated Statement of Changes in Equity

For the year ended 31 December 2020
(Stated in US\$)

	Note	Equity instrument by convertible notes	Deficit	Complementary tax	Total equity
Balance at 1 January 2020	12	33,333,433	(26,485,830)	(135,605)	6,711,998
Loss		-	(4,969,823)	-	(4,969,823)
Balance at 31 December 2020	12	33,333,433	(31,455,653)	(135,605)	1,742,175
Balance at 1 January 2019		33,333,433	(25,791,975)	-	7,541,458
Loss		-	(693,855)	-	(693,855)
Complementary tax		-	-	(135,605)	(135,605)
Balance at 31 December 2019	12	33,333,433	(26,485,830)	(135,605)	6,711,998

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation
Consolidated Statement of Cash Flows

For the year ended 31 December 2020
(Stated in US\$)

	Notes	2020	2019
Operating activities			
Loss		(4,969,823)	(693,855)
Depreciation cost		832,582	1,680,801
Net changes in Property and inventories		1,670,909	(4,219,491)
Net changes in prepayment and other short.terms assets		(691,137)	96,215
Net changes in trade and other receivables		316,581	(310,260)
Net changes in trade and other accounts payables		(1,044,806)	(1,025,448)
Net changes in current tax liabilities		(114,514)	114,514
Net changes in advanced recieved from customers		15,134	41,808
Net used in operating activities		<u>(3,985,074)</u>	<u>(4,315,716)</u>
Investing activities			
Purchase of property, plant and equipment	6	(265,760)	(2,590,503)
Proceeds from disposal of property, plant and equipment	6	127,837	-
Net cash used in investing activities		<u>(137,923)</u>	<u>(2,590,503)</u>
Financing activities			
Proceeds from borrowings		4,447,122	4,923,224
Repaymen to and recieved of leasing liabilities		(260,543)	1,188,551
Net changes in porvision for emplyee benefits		(3,067)	117,390
Complementary tax		-	(135,605)
Net changes from financing activities		<u>4,183,512</u>	<u>6,093,560</u>
Net change in cash and equivalentents		60,515	(812,659)
Cash and cash equivalentents, beginning of year		71,720	884,379
Cash and cash equivalentents, end of year	11	<u>132,235</u>	<u>71,720</u>

The accompanying notes are an integral part of the consolidated financial statements.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

1. General information

Impact Housing Corporation (hereinafter, "the Company") was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017 under the International Business Companies Act 2000. The Company controls and holds 100% of the capital stock of several companies engaged in the real estate and construction industry in the Republic of Panama.

The Company's main office is located on the 4th floor of the P.H. Peninsula, Costa del Este, Panama City, Republic of Panama.

The Company is owned by Impact Housing Management Corporation who is the ultimate controlling entity of the Company (hereinafter "IHMC"). IHMC is incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017 under the International Business Companies Act 2000. Its main objective is to own the shares of the holding company and manage the business of the subsidiaries.

The consolidated financial statements of Impact Housing Corporation and subsidiaries (hereinafter, the "Group") were authorized for issuance by the Board of Directors held on September 30, 2022.

Participation in subsidiaries

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

<u>Name of Subsidiary</u>	<u>Main activity</u>
Impact Housing Management Corp.	Management
Promotora Santiago Development Corp.	Project Developer
Promotora Soná, S. A.	Project Developer
Promotora Capellania, S. A.	Project Developer
Tekeros Santiago, S. A.	Construction manager
Tekeros Constructores, S. A.	Construction manager
Impact Equipos, S. A.	Machinery and Equipment manager
Comercializadora Soná, S. A.	Payroll manager
Impact Santiago, S. A.	Payroll manager
Impact Sona, S. A.	Payroll manger
Impact Capellania, S. A.	Payroll manager

The Group has no interests in unconsolidated structured entities.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements For the year ended December 31, 2020 (Stated in US\$)

Ongoing strategic initiatives are building optionality:

Scaling of social interest – preferential interest type of developments

Continue to develop existing land in Santiago to maximize efficiency and working capital contributions. In the short term, the company expects to develop social interest phases 6-7 and 8, launching a totally new housing model, with an improved design where costs are optimized and sales volume is expected to increase, selling the product at a lower price than the housing solution currently offered. Additionally, in the medium term, the construction and sale of a commercial area of approximately 5,000 m² is planned, which will be located at the entrance of the project, and will include sports and cultural spaces, soccer fields, a restaurant area, a supermarket and a pedestrian patio. Once the completion of these commercial spaces, the construction of a second phase of the La Reserva housing development is planned to be developed.

Ongoing cost synergies

Monetize historical investment through the transition of existing projects to either government authorities or homeowner associations.

Opportunistic land acquisitions

Recycle existing capital into new projects at a preferential land price as for example in cases where previous developers have completed permits but failed to develop the property.

Alternate land usage

Optionality to develop solar assets or other infrastructure on underutilized/undeveloped parcels of land inventory as for example Capellania.

ESG framework implementation

Engaged to develop an industry leading ESG program to benefit all stakeholders and attract new investor

2. Basis of preparation

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

Measuring base

The consolidated financial statements of the Group have been prepared under the assumption that the Group operates on a going concern basis, applying the accrual basis and under the historical cost assumption.

Consolidation basis

The Group's financial statements consolidate the financial information of all its subsidiaries. All subsidiaries have a reporting date of December 31.

All transactions and balances between Group companies are eliminated in consolidation, including unrealized gains and losses on transactions between Group companies. In cases where there are unrealized losses on the sale of assets between the group, a reversal is made in consolidation, so that the asset involved is also tested for impairment from a group perspective. The amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the Group's accounting policies.

Profit or loss and other comprehensive income items of subsidiaries acquired or sold during the year are recognized as of the effective date of the acquisition or until the effective date of the disposal, as applicable.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control of the Group exists when it is exposed, or has the right, to variable returns from its involvement with the entity and has the ability to influence those returns through its power over that entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and the carrying amount of all non-controlling interests and other components of equity. Any gain or loss resulting from the loss of control is recognized in profit or loss for the period. If the Group retains any interest in the subsidiary, that interest is recognized at fair value on the date on which control is lost.

Functional and presentation currency

The financial statements are presented in Dollar (US\$), the monetary unit of the Republic of Panama, which is at par and freely exchangeable with the United States Dollar (USD). It is also the functional currency of the Company.

3. Changes in significant accounting policies

New standards adopted as of January 1, 2021

The following rules and amendments have entered into force in the period ended December 31, 2020, but do not represent a significant impact on the financial statement are as follows:

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

Modifications to IFRS 3 - Definition of a business

The changes clarify that while businesses usually have outputs, outputs are not required for a number of integrated activities and assets to qualify as a business. To be considered a business, a number of acquired activities and assets must include at least one entry and a substantial process that together contribute significantly to the ability to generate outputs.

Additional guidance is provided to help determine whether a substantial process has been acquired.

The amendments introduce an optional test to identify the fair value concentration, which allows for a simplified assessment of whether a number of acquired activities and assets is not a business if substantially all fair value of acquired gross assets is concentrated in a single identifiable asset or a group of similar assets.

The amendments apply prospectively to all combinations of business and asset acquisitions whose acquisition date is on or after the first reporting period started on or after January 1, 2020.

Accounting pronouncements that have become effective as of January 1, 2021, and, therefore, have been adopted, do not have a significant impact on the Group's results or financial position. Some of these pronouncements include:

4. Significant accounting policies

Property inventory

Properties acquired or being constructed for sale in the normal course of business, rather than being held for rental or capital appreciation, are recognized as property inventory and are measured at the lower of cost and net realizable value (NPV). These are primarily residential properties that the Group develops and intends to sell prior to or upon completion of development.

The cost of property inventory, being an asset produced and segregated for specific projects, is determined through the specific identification of its individual costs.

The cost incurred to bring each property to its current location and condition includes:

- Freehold land rights
- Disbursements paid to contractors for development
- Planning and design costs, site preparation costs, construction, professional fees for legal services, property transfer taxes, development overhead and other related costs.

Net realizable value is the estimated selling price in the normal course of business, based on market prices at the reporting date, less estimated costs of completion and costs necessary to make the sale.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

When an inventory property is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of the inventory property recognized in profit or loss is determined by reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

Financial instruments

Recognition, initial measurement and derecognition of financial instruments

Financial assets and liabilities are recognized when the Group is a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the asset and substantially all its risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, canceled or expires.

Classification and initial measurement of financial assets

Except for trade receivables that do not contain a significant financing component and are measured at transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (if applicable). Financial assets are classified in the amortized cost category.

Subsequent measurement

Financial assets are measured at amortized cost if the assets (1) are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows; (2) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the outstanding principal balance. After initial recognition, they are measured at amortized cost using the effective interest method. Discounting is omitted when the effect of discounting is not material.

Impairment of financial assets

For trade and other receivables, the Group applies a simplified approach to calculate impairment as expected credit loss. Therefore, the Group does not monitor changes in credit risk, but recognizes a loss allowance based on the impairment allowance as expected credit losses over the lifetime. The Group has established a provisioning matrix that is based on its historical credit loss experience, adjusted for prospective factors specific to the debtors and the economic environment.

The Group assesses trade receivables for impairment on a collective basis, as they have shared credit risk characteristics that have been grouped based on days past due. In addition, the Group considers a financial asset to be non-performing when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that it is unlikely that the Group will receive the outstanding contractual amounts in full before considering the credit enhancements maintained by the Group. A financial asset is derecognized when there is no reasonable expectation of recovering the contractual cash flows.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

Classification and measurement of financial liabilities

The Group's financial liabilities include loans from related parties and financial obligations, suppliers and other accounts payable.

Financial liabilities are initially measured at fair value and, when applicable, adjusted for transaction costs, unless the Group has designated the financial liability at fair value through profit or loss. In the case of accounts payable to related parties with immediate availability to pay characteristics, their fair value is not less than the amount payable immediately due, discounted from the first date on which the amount could be required to be paid.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

All interest-related charges and, if applicable, changes in the fair value of an instrument are recognized in income and are included in financing costs or revenues.

Cash and cash equivalents

Comprises short-term, highly liquid bank deposits with an original maturity of three months or less and are subject to insignificant risk of changes in value.

Property, plant and equipment

Items of property plant and equipment are recorded at acquisition cost including any directly attributable cost of bringing the assets to the location and condition necessary to operate in the manner intended by the Group's management. Furniture and other equipment are measured at cost less accumulated depreciation.

Depreciation is recognized on a straight-line basis to recognize the cost less the estimated residual value of furniture and equipment. The estimated useful lives of these furniture and other equipment are 5 years.

Gains or losses arising from the disposal of property, plant and equipment are determined as differences between the proceeds from disposal and the recorded value of the assets and are recognized in income as part of other income or other expenses.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets for all leases, except for short-term leases and leases of low-value assets.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Provisions, contingent liabilities, and contingent assets

Provisions for product warranties, legal matters, onerous contracts, and other claims are recognized when the Group has a present or constructive obligation as a result of a past event that is likely to lead to an outflow of economic resources by the Group and the amounts can be reliably estimated. The timing or amount of that outflow may still be uncertain.

Provisions for restructuring are recognized only if a detailed formal plan for the restructuring has been developed and implemented and management has announced at least the main features of the plan to those affected or has begun implementation. No provisions are recognized for future operating losses.

Provisions are measured based on the estimated expenditure required to settle the present obligation, in light of the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. In cases where a similar number of obligations exist, the likelihood that an outflow will be required for settlement is determined by considering that class of obligations as a whole. Provisions are discounted to their present values where the time value of money is material.

Any reimbursement that the Group believes will be collected from a third party in respect of an obligation is recognized as a separate asset. However, this asset cannot exceed the amount of the related provision.

No liability is recognized in those cases in which a possible outflow of resources as a result of a present obligation is considered unlikely, these situations are disclosed as contingent liabilities unless the outflow of resources is remote.

Provision for guarantees

Contracts for the sale of property include certain warranties covering a period of up to one year after completion of the property and up to ten years on hidden defects. These conditions represent "insurance-type" warranties that legally must be provided as quality warranties. Minor repairs are expensed immediately and included in other operating expenses of the property.

The inputs used to calculate the warranty provision are based on the sales levels of the property and current and historical information available on major repairs based on the warranty period of any property sold. These costs are expected to be incurred over the next twelve months from the date of sale. The amount of the warranty

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

provision is not required to be discounted as the effect of the time value of money is not considered material.

Equity instrument by convertible notes

Equity instrument by convertible notes represents the par value of the common shares that have been issued. Any operating costs associated with the issuance of shares are deducted from the issuance of the share, net of any related tax benefit.

When dividend distributions are payable to shareholders, they are recognized in other liabilities when the dividends have been approved at a general meeting prior to the reporting date.

Revenue recognition

Revenues from ordinary activities from contracts with customers originate primarily from the sale of inventory of finished properties. and properties in the process of construction or development.

Income from sale of finished goods inventory

The sale of completed properties constitutes a one-time performance obligation and the Group has determined that it satisfies the performance obligation at the point in time at which control is transferred. For unconditional exchange of contracts, this generally occurs when legal title to the property is transferred to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

The Group is not required to adjust the amount that has been committed as consideration to account for the effects of a significant financing component, because it is expected, at the inception of the contract, that the period between the time the Group transfers legal title to the property and the time the customer pays for that property is a period of less than 12 months.

Income from sale of inventory of properties in process of construction or development

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price should be allocated.

For contracts related to the sale of properties under construction or development, the Group is responsible either directly or indirectly for the overall management of the project and identifies the various goods and services to be provided. These include design work, procurement of materials, site preparation and pouring of foundations, mechanical and electrical work, installation of furnishings and finishing work. The Group recognizes these items as a single performance obligation because it provides a significant service of integrating the goods and services into the finished property that the customer has contracted to purchase. Therefore, for the sale of properties under construction or development, the Group has determined that it generally does not meet the criteria for recognizing revenue over time. Therefore, it is at the point in time at which control is transferred that revenue is recognized.

Other considerations in the sale of property inventory

In determining the transaction price, the Group considers the effects of variable consideration, the existence of significant financial components, non-cash consideration and consideration payable to the customer (if applicable).

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

For some contracts involving the sale of properties, the Group is entitled to receive an initial deposit. This is not considered a significant financing component because it is for reasons other than providing financing to the Group. Initial deposits are used to protect the Group against the other party's failure to properly perform some or all of its obligations under the contract. In addition, for certain contracts for the purchase and sale of inventory of properties under construction or development, the Group may require customers to make payments (credits) on account of a certain percentage of the sales price as the work progresses that gives rise to a significant financing component. For contracts where revenue is recognized at a specified time (i.e., upon delivery of the property), the Group adjusts the transaction price for the effects of the significant financing component by discounting it using the rate reflecting the separate financing component between the Group and its customers at the inception of the contract. However, the Group has concluded that the impact of this adjustment is immaterial to the financial statements.

The Group has determined that contracts involving the sale of finished properties do not contain significant financing components. In addition, there is no established non-cash consideration or consideration payable to customers.

Current income and complementary tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Complementary tax is the tax paid in advance, related to withholding tax on dividends to shareholders. In the Fiscal Code of the Republic of Panama, in the fiscal periods that the companies obtain profits and do not distribute and liquidate the dividend tax, it is obliged to pay 40% of the tax in advance on behalf of the shareholders.

At the time of distributing the profits (if any), the total dividend tax is withheld from the shareholders and the outstanding 60% is paid to the tax authority.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an inventory property that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. Capitalization begins when: (1) the Group incurs expenditures for the asset; (2) the Group incurs borrowing costs; and (3) the Group performs activities that are necessary to prepare the asset for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs are interest and other costs incurred by the Group in connection with borrowed funds. Finance costs incurred in connection with real estate investments under development are expensed as incurred.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

To the extent that the Group's funds are derived from generic borrowings and used for a specific real estate development (qualifying asset), the Group determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the disbursements made on that asset. The capitalization rate will be the weighted average of the borrowing costs applicable to all loans received by the Group that are outstanding during the period. However, the Group excludes from this calculation the borrowing costs applicable to loans specifically taken out to finance a specific real estate development (qualifying asset), until substantially all the activities necessary to prepare that asset for its intended use or sale are completed. The amount of borrowing costs capitalized by the Group during the period does not exceed the total borrowing costs incurred during the same period.

The capitalization of borrowing costs is suspended during the periods in which the development of activities of the qualifying asset has been suspended if these periods are extended in time. Borrowing costs incurred while land or property is being prepared for its intended use or sale are capitalized in the periods in which such preparation takes place. However, borrowing costs that are incurred while land acquired for construction purposes is held idle, without any preparation work being performed on it, are not capitalized.

5. Critical accounting judgments, assumptions and estimates

In preparing the consolidated financial statements, management makes various judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, revenues and expenses.

Significant judgments in the application of accounting policies

- Revenue from contracts with customers: the Group has applied judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers. These judgments relate to (1) the determination of the performance obligation on the sale of inventory of properties under construction or development; (2) the determination of the timing of revenue recognition for finished properties and properties under construction or development; and (3) the consideration of the significant financing component in contracts and guarantees. These judgments have been described in Note 4 in the accounting policy for revenue recognition and contingent liabilities.

Critical accounting assumptions and estimates

- Estimated net realizable value of property inventory: the net realizable value of finished property inventory is assessed by reference to market conditions and prices existing at the end of the reporting period and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographic sector and serving the same real estate market segment.

In relation to the inventory of properties under construction or development, the net realizable value is assessed by reference to market prices at the reporting date of similar completed properties, less the estimated costs to complete the development and the estimated costs necessary to make the sale, taking into account the time value of money if material.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

6. Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

2020	Lands	Heavy equipment	Rolling equipment	Machinery	Total
Gross carrying amount					
Balance 1 January 2020	12,664,131	2,056,565	367,600	353,789	15,442,085
Additions	-	265,760	-	-	265,760
Disposals	-	(1,419,200)	-	-	(1,419,200)
Balance at 31 December 2020	12,664,131	903,125	367,600	353,789	14,288,645
Depreciation and impairment					
Balance at 1 January 2020	-	(1,272,440)	(179,061)	(223,833)	(1,675,334)
Disposals	-	1,280,790	27,115	9,457	1,317,362
Depreciation	-	(347,257)	(69,100)	(35,294)	(451,650)
Balance 31 December 2020	-	(338,907)	(221,046)	(249,670)	(809,622)
Carrying amount 31 December 2020	12,664,131	564,218	146,554	104,119	13,479,023
2019					
2019	Lands	Heavy equipment	Rolling equipment	Machinery	Total
Gross carrying amount					
Balance 1 January 2019	12,664,131	478,515	240,538	205,564	13,614,748
Additions	-	1,578,050	127,062	148,225	1,853,337
Balance at 31 December 2019	12,664,131	2,056,565	367,600	353,789	15,442,085
Depreciation and impairment					
Balance at 1 January 2019	-	(99,460)	(87,356)	(151,278)	(338,094)
Depreciation	-	(1,146,979)	(91,705)	(72,555)	(1,311,239)
Balance 31 December 2019	-	(1,246,439)	(179,061)	(223,833)	(1,649,333)
Carrying amount 31 December 2019	12,664,131	784,125	188,539	129,956	13,792,752

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

7. Leases

Right of use assets

2020	Heavy equipment	Rolling equipment	Machinery	Total
Gross carrying amount				
Balance 1 January 2020	1,620,515	149,000	135,237	1,904,752
Additions	-	-	-	-
Balance at 31 December 2020	1,620,515	149,000	135,237	1,904,752

Depreciation and impairment				
Balance at 1 January 2020	(468,037)	(26,225)	(28,360)	(522,622)
Depreciation	(323,103)	(30,780)	(27,048)	(380,931)
Balance 31 December 2020	(791,140)	(57,005)	(55,408)	(903,553)
Carrying amount 31 December 2020	829,375	91,995	79,829	1,001,199

2019	Heavy equipment	Rolling equipment	Machinery	Total
Gross carrying amount				
Balance 1 January 2019	976,696	112,149	78,741	1,167,586
Additions	643,819	36,851	56,496	737,166
Balance at 31 December 2019	1,620,515	149,000	135,237	1,904,752

Depreciation and impairment				
Balance at 1 January 2019	(179,061)	-	-	(179,061)
Depreciation	(288,976)	(26,225)	(28,360)	(343,561)
Balance 31 December 2019	(468,037)	(26,225)	(28,360)	(522,622)
Carrying amount 31 December 2019	1,152,478	122,775	106,877	1,382,130

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	31 Dec 2020	31 Dec 2019
Current	346,597	357,077
Non-current	581,410	831,474
	928,007	1,188,551

The Group has leases for the rolling equipment and machinery, each lease is reflected in the consolidated statement of financial position as a right of use asset and a lease liability.

The lease liabilities are secure by the related underlying assets. Future lease payments at 31 December 2020 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	Total
31 December 2020					
Lease payments	393,759	314,040	157,963	137,004	1,002,766
Finance charges	(47,160)	(22,563)	(4,979)	(57)	(74,759)
Net present values	346,599	291,477	152,984	136,947	928,007

8. Property and other inventories

The following is a detail of the amount of property and other inventories

Finished	Houses	2020	2019
Sueños de Sona – Phase 3	4	2,824,065	6,218,026
Sueños de Santiago – Phase 3	11	505,004	-
La Reserva de Santiago – Phase 1	2	460,297	274,175
		<u>3,789,366</u>	<u>6,492,201</u>
Under construction or development			
La Reserva de Santiago – Phase 1	41	5,352,222	5,452,913
Sueños de Santiago – Phase 3	17	4,564,874	5,283,511
Sueños de Santiago – Phase 4	177	3,975,637	3,515,962
Sueños de Santiago – Phase 5	124	3,903,330	2,684,465
Sueños de Sona – Phase 3	0	265,744	248,545
		<u>18,061,907</u>	<u>17,185,396</u>
Materials		155,515	-
Total property inventory		<u>22,006,688</u>	<u>23,677,597</u>

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

A summary of the movement in property and others inventory is presented below:

	2020	2019
As of January 1	23,677,597	8,645,028
Costs incurred in development	8,036,020	17,452,994
Write-down of cost to net realizable value	<u>(9,706,929)</u>	<u>(2,420,425)</u>
As of December 31	<u>22,006,688</u>	<u>23,677,597</u>

9. Prepayments and other short- terms assets

Prepayment and other short terms assets are presented below:

	2020	2019
Prepaid land	312,700	
Advances on expenses	228,690	19,887
Electrical infrastructure	248,806	97,317
Others	<u>24,192</u>	<u>6,044</u>
	<u>814,388</u>	<u>123,248</u>

10. Other account receivables

	2020	2019
Solidarity bonus subsidy	390,000	370,000
Advances to contractors	381,400	381,400
Homeowners' association	38,373	-
Proceeds from contracts with customers	21,163	180,428
Other accounts receivable	<u>13,595</u>	<u>229,284</u>
	<u>844,531</u>	<u>1,161,112</u>

In general, accounts receivable from contracts with customers and other accounts receivable are written off if they are overdue for more than one year and are not subject to any type of collateral enforcement activity, since the legal title to the asset has not been transferred to the debtor's name in cases of purchase and sale agreements on properties.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of financial assets disclosed above.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

11. Cash and cash equivalents

	2020	2019
Cash on hand	152	59
Deposits in banks	132,083	71,661
Total	<u>132,235</u>	<u>71,720</u>

As of December 31, 2020 and 2019, the Group had no restrictions on its cash placed in bank deposits.

12. Equity instrument by convertible notes

The Equity instrument by convertible notes of the holding company consists of US\$43,333,433.00 divided in two types of shares:

- (i) 100 management shares with right to vote in meetings of shareholders but no rights to receive dividends or assets in case of liquidation of the company (the "Management Shares"), and
- (ii) 43,333,333 ordinary non-voting shares with no right to vote in meetings of shareholders but with rights to receive dividends or assets in case of liquidation of the Company (the "Dividend Shares").

As of December 31, 2021 the issued and paid shares are as follows:

	2020	2019
Common stock		
Authorized	<u>43,333,433</u>	<u>43,333,433</u>
Issued and paid as of January 1 and Dec 31	<u>33,333,433</u>	<u>33,333,433</u>
Par value per share B/.1	<u>33,333,433</u>	<u>33,333,433</u>

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements For the year ended December 31, 2020 (Stated in US\$)

13. Borrowings

Borrowings include the following financial liabilities:

	Current		Non-current	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
At amortized cost:				
Facility agreement	-	0	15,469,348	8,871,333
Banks' borrowings	643	67,671	8,123,324	10,565,140
Private Loans	-	0	6,849,490	6,849,490
Shareholder loans	-	0	2,440,193	2,082,242
Other loans	-	0	1,017,500	1,017,500
	643	67,671	33,899,855	29,385,705

Borrowing are presented in the consolidated statement of financial position as follows:

	31 Dec 2020	31 Dec 2019
Current	2,494,829	29,385,705
Non-current	31,405,027	67,671
	33,899,855	29,453,376

Facility agreement

Agreement entered in December 31, 2020 between DV FZE, a company incorporated in the Ajman Free Zone, UAE with company number 20977 whose registered office address is at BC1300367, Block C1, Ajman, UAE (Lender); and DALE VENTURES PTE. LTD, a company incorporated in the Singapore with company number 201725181N whose registered office address is at 10 Marina Boulevard, #39-00, Marina Bay Financial Centre, Singapore (018983) (Lender) with The Company to carry out the Developments.

The facility agreement is secured with a mortgage by the Santiago Subsidiary (Promotora Santiago Development Corp.) in favour of the Lender. Current interest reats are 10% per annum.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

Banks' borrowings

Bank's borrowing corresponds to a credit facility gave by Global bank Corporation, and Multibank Inc. to finance the Project Sueños de Santiago – Phase 3 and 4 as follows:

Description	Starting Date	Interest Rate	Balance as of December 31, 2020
Houses Credit Line	August 24, 2019	Libor (3M) + 4.25%	2,446,969
Infraestructure Credit Line	August 24, 2019	Libor (3M) + 4.25%	5,676,355
			8,123,324

Private Loans

Private Loans correspond to Promissory Notes by where the Company unconditionally and irrevocably promises to pay to the Lenders the principal sum, in a maximum term of months as of the date of execution of the facility (September 6, 2017).

	Principal	Months
Anders Axelsson	500,000	80
		60
Conley Forey	250,000	
Dale Ventures	2,500,000	100
DCIF Investment Fund	1,624,250	80
Shore View Consulting Ltd	1,975,240	80
	6,849,490	

Shareholder loans

The shareholder loans do not have a maturity date, nor stipulated payments, and do not accrue interest.

Other loans

Other loans correspond to the following:

- Loan Agreement entered between Panama Equities, Inc. and Promotora Sona S.A. and Promotora Santiago Development Corp.in the amount of **B/.1,017,500.00** registered in the Public Registry under the number of entry 436838, with an interest of 12% per annum.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

14. Tax expenses

At the date of the financial statements, the income affidavits of these Companies For the last three fiscal years, including the year ended December 31, 2019, are subject to review by the Direccion General de Ingresos. In Addition, the Company's records are subject to review by the tax authorities to determine compliance with the Tax of Timbres and Tax on the Transfer of movable Corporeal Property and the Provision of Services (ITBMS). In accordance with current legislation, the Company is responsible for any additional tax resulting from the review.

By Law No. 6 of Fiscal Equity of February 2, 2005 it was established that legal persons will pay the income tax at a rate of 25% on the amount that is higher between:

Taxable income resulting from the taxable income of the taxpayer, the sales granted through development or production regimes, and legally authorized loss trawls, this calculation will be known as the traditional (MT) method.

Taxable net income resulting from deducting from total taxable income, 95.33%; Which will be known as the Alternate Calculation of Income Tax (CAIR).

As established in article 701 of the Panamanian Tax Code, companies whose ordinary line of business is the sale of property (homes or commercial premises) are required to pay income tax based on the following table;

Properties values	Rate
Up to B/. 35,000	0.50%
From B/. 35,001 to B/. 80,000	1.50%
More than B/. 80,001	2.50%
Commercial buildings	4.50%

The Group as of the date of the financial statements, I settled sales taxes as follows

Year ended December 31, 2020			
Section	Tax Rate	Amount of Sales	Income tax
From B/. 35 to B/. 80,000	1.50%	3,620,620	54,309
More than B/. 80,001	2.50%	5,028,319	125,708

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

8,648,939	180,017
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Year ended December 31, 2019

Section	Tax Rate	Amount of Sales	Income tax
From B/. 35 to B/. 80,000	1.50%	1,934,281	29,014
More than B/. 80,001	2.50%	1,271,832	31,796
		8,648,939	60,810

15. Financial instruments - risk management

The Group's main financial liabilities are bank loans and other financing components such as funds received from its shareholders as accounts payable with immediate availability for payment and advances received from customers (contract liabilities). These funds have been used for the primary purpose of developing and managing the Group's real estate projects. In addition, the Group maintains accounts receivable, trade accounts payable and short-term bank deposits arising directly from its operations.

The Group is exposed to liquidity, market and credit risk. The Group's senior management oversees the management of these risks. Management and control of the Group's risks falls mainly on the Board of Directors, which is initially responsible for establishing and shaping the strategic direction of the Group. It receives the support of the Corporate Governance of the Economic Group to which it belongs. It guarantees its shareholders, investors, customers, and bank creditors a system of good corporate governance.

The Group does not actively participate in the business of financial assets for speculative purposes.

Liquidity risk

Liquidity risk refers to the possibility that the Group will not meet its contractual obligations, mainly in its commitment to repay principal and interest on bank loans.

The Group manages its liquidity needs by monitoring scheduled payments defined in the terms and conditions of each financing contract, as well as forecasts of cash inflows and outflows on a day-to-day basis. Long-term liquidity needs for a 180-day and 360-day monitoring period are identified monthly. The Group's objective is to maintain cash to meet its liquidity requirements for periods of at least 30 days.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

In the event of requiring additional contributions to its real estate development projects, the Group may choose to seek access to bank financing or shareholder contributions. Additionally, it may be able to sell long-term non-financial assets.

The following is information on the contractual maturities (including interest payments when applicable) of the Group's main non-derivative financial liabilities:

2020	Carrying amount	Contractual cash flows			
		Total	In 6 months	7 to 12 months	More than 1 year up to 5 years
Bank loans	8,123,324	(8,123,324)	-	-	(8,123,324)
Facility agreement	15,469,348	(15,469,348)	-	-	(15,469,348)
Private loans	6,849,490	(6,849,490)	-	-	(6,849,490)
Other loans	1,017,500	(1,017,500)	-	-	(1,017,500)

The above amounts reflect contractual undiscounted cash flows, which may differ from the recorded values of the liabilities at the reporting date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The Group's market risks may arise from open positions in interest-bearing financial assets and liabilities, to the extent that they are exposed to general and specific market movements.

The Group does not have operations and transactions in foreign currencies and therefore is not exposed to foreign exchange risk from fluctuations in its functional currency with respect to a different currency. In addition, the Group does not have any significant exposure to price risk as it does not hold any equity instruments.

Since the Group's interest-bearing financial assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's results. Additionally, the Group does not hold financial assets and financial liabilities measured at fair value through profit or loss and/or other comprehensive income that could have an effect on the statement of profit or loss and other comprehensive income.

The Group's interest rate risk arises mainly from long-term debt resulting from bank loans. However, for the years ended December 31, 2020 and 2019, the terms and conditions established for these financial liabilities are based on a fixed interest rate policy, mitigating the cash flow interest rate risk.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

Trade accounts payable and accounts receivable are interest-free and with a term of less than one year. The Group has determined that there is no interest rate risk associated with these financial assets and liabilities.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, resulting in a financial loss. The Company is exposed to credit risk primarily from its financing activities, including bank deposits.

The credit risk of accounts receivable arising from the sale of property inventory is managed by requiring customers to make advance payments or account credits prior to the transfer of the property, thus substantially eliminating the Group's credit risk in this regard. Likewise, the Group has the backing of the bank letters of promise to pay managed to obtain the differential not covered directly by the customers.

The Company maintains current bank accounts of less than 1 year, with local banks with a minimum credit rating of "A". Although bank deposits are subject to the impairment requirements of IFRS 9, the impairment loss identified is not material.

Capital management policies and procedures

The objectives of capital management are to ensure the Group's ability to continue as a going concern and provide an adequate return to shareholders, as well as to maintain an optimal capital structure that reduces the costs of raising capital.

The Group monitors capital based on the recorded amount of stockholders' equity plus its debt commitments, as presented in the consolidated statement of financial position. In addition, it determines its capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the assets involved.

16. Fair value measurement of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observation of measurement-relevant items as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: items other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable items for assets or liabilities.

Impact Housing Corporation and subsidiaries

Notes to the consolidated financial statements

For the year ended December 31, 2020

(Stated in US\$)

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are shown below. The following table does not include information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
2020					
Financial liabilities - not measured at fair value					
Bank loans	8,123,324	-	8,123,324	-	8,123,324
Facility agreement	15,469,348	-	-	15,469,348	15,469,348
Private loans	6,849,490	-	-	6,849,490	6,849,490
Other loans	1,017,500	-	-	1,017,500	1,017,500
	35,213,956		8,123,324	29,447,106	35,075,602

In 2020 and 2019 no transfers were made between Level 1 and Level 2.

Valuation techniques

Bank loans: the fair value is estimated using discounted cash flow techniques, applying interest rates in effect for debts with similar remaining maturities.

Impact Housing Corporation
Consolidation of Statement of Financial Position

Annex
I

For the year ended 31 December 2020
(Stated in US\$)

	Consolidation	Eliminations	Impact Housing Corporation (Bahamas)	Impact Housing Corporation (Panamá)	Impact Housing Management Corp.	Promotora Santiago Development Corp.	Promotora Sona, S. A.	Tekeros Santiago, S. A.	Tekeros Constructores, S. A.	Comercializador a Sona, S. A.	Impact Santiago S.A.	Impact Sona, S. A.	Impact Equipos, S. A.	Promotora Capellania, S. A.	Impact Capellania, S. A.
Assets															
Non-current															
Related companies	(0)	- 58,646,972	56,773,484	10,000	-	570,094	-	813,966	25,360	404,067	10,000	10,000	10,000	10,000	10,000
Property, plant and equipment	13,479,023	-	-	-	-	1,548,658	11,379,500	285,105	-	-	-	-	265,760	-	-
Leases	1,001,199	-	-	-	-	524,972	69,271	406,956	-	-	-	-	-	-	-
Investments	-	- 120,000	120,000	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets	14,480,222	- 58,766,972	56,893,484	10,000	-	2,643,724	11,448,771	1,506,027	25,360	404,067	10,000	10,000	275,760	10,000	10,000
Current															
Inventories	22,006,688	-	-	-	-	18,916,878	3,089,810	-	-	-	-	-	-	-	-
Prepayments and other short-term assets	814,385	-	-	-	-	721,583	30	90,819	1,954	-	-	-	-	-	-
Trade and other receivables	844,531	-	-	-	-	218,135	242,401	381,400	2,595	-	-	-	-	-	-
Cash and cash equivalents	132,235	-	-	-	-	121,362	5,181	3,446	634	1,612	-	-	-	-	-
Current assets	23,797,839	-	-	-	-	19,977,958	3,337,422	475,665	5,183	1,612	-	-	-	-	-
Total assets	38,278,060	- 58,766,972	56,893,484	10,000	0	22,621,682	14,786,193	1,981,692	30,543	405,679	10,000	10,000	275,760	10,000	10,000
Equity and liabilities															
Equity															
Equity attributable to owners of the parent															
Equity instrument by convertible notes	33,333,433	120,000	33,333,433	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Retainer earnings	(31,455,653)	-	(1,490,023)	-	(408,274)	(5,041,295)	(23,553,963)	95,975	(1,012,987)	(45,086)	-	-	-	-	-
Supplementary tax	(135,605)	-	-	-	-	(122,043)	(13,562)	-	-	-	-	-	-	-	-
Total equity	1,742,175	120,000	31,843,410	10,000	(398,274)	(5,153,338)	(23,557,525)	105,975	(1,002,987)	(35,086)	10,000	10,000	10,000	10,000	10,000
Liabilities															
Non-current															
Provisions for employee benefits	257,631	-	-	-	14,938	643	-	83,546	91,864	66,641	-	-	-	-	-
Borrowings	31,405,027	61,141,801	24,957,642	-	364,352	26,886,920	38,193,804	861,486	736,058	280,805	-	-	265,760	-	-
Lease liabilities	581,410	-	-	-	-	260,563	95,269	225,578	-	-	-	-	-	-	-
Non-current liabilities	32,244,068	61,141,801	24,957,642	-	379,290	27,148,126	38,289,073	1,170,610	827,922	347,447	-	-	265,760	-	-
Current															
Borrowings	2,494,829	2,494,829	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	346,597	-	-	-	-	133,079	26,357	187,161	-	-	-	-	-	-	-
Trade and other payables	1,392,549	-	92,432	-	18,984	455,973	8,288	517,946	205,608	93,318	-	-	-	-	-
Advances received from customers	57,842	-	-	-	-	37,842	20,000	-	-	-	-	-	-	-	-
Current liabilities	4,291,817	- 2,494,829	92,432	-	18,984	626,894	54,645	705,107	205,608	93,318	-	-	-	-	-
Total liabilities	36,535,885	61,141,801 2,494,829	25,050,074	-	398,274	27,775,020	38,343,718	1,875,717	1,033,530	440,765	-	-	265,760	-	-
Total equity and liabilities	38,278,060	61,261,801 61,261,801	56,893,484	10,000	-	22,621,682	14,786,193	1,981,692	30,543	405,679	10,000	10,000	275,760	10,000	10,000

Impact Housing Corporation
Consolidation of Statement of Profit or Loss

Annex
II

For the year ended 31 December 2020
(Stated in US\$)

	Consolidation	Eliminations	Impact Housing Corporation (Bahamas)	Impact Housing Corporation (Panamá)	Impact Housing Management Corp. (Panamá)	Promotora Santiago Development Corp.	Promotora Sona, S. A.	Tekeros Santiago, S. A.	Tekeros Constructores, S. A.	Comercializadora Sona, S. A.	Impact Santiago S.A.	Impact Sona, S. A.	Impact Equipos, S. A.	Promotora Capellania, S. A.	Impact Capellania, S. A.
Sales	8,648,939		-			5,850,939	2,798,000								
Other income	131,555		-			4,185	20	127,350							
Cost of sales (includes depreciation cost)	(9,706,929)		-			(6,033,698)	(3,673,231)								
Employee benefits expense	(373,713)		-		(91,055)	(225,454)	(57,204)								
Collections expenses	(358,211)		-		-	(232,763)	(125,448)								
Sales expenses	(156,921)		-		-	(144,157)	(12,764)								
Overhead and administrative expenses	(1,644,266)		(97,432)		(4,229)	(1,304,040)	(190,789)	(20,515)	(24,340)	(2,921)					
Operating profit	(3,459,546)		(97,432)		(95,284)	(2,084,988)	(1,261,416)	106,835	(24,340)	(2,921)					
Finance cost	(1,330,260)		(961,491)		(2,728)	(332,723)	(33,318)								
Loss before tax	(4,789,806)		(1,058,923)		(98,012)	(2,417,711)	(1,294,734)	106,835	(24,340)	(2,921)					
Tax expense	(180,017)					(138,047)	(41,970)								
Loss	(4,969,823)		(1,058,923)		(98,012)	(2,555,758)	(1,336,704)	106,835	(24,340)	(2,921)					

Impact Housing Corporation
Consolidation of Statement of Changes in Equity

Annex
III

For the year ended 31 December 2020
(Stated in US\$)

	Consolidation		Impact Housing Corporation (Bahamas)	Impact Housing Corporation (Panamá)	Impact Housing Management Corp. (Panamá)	Promotora Santiago Development Corp.	Promotora Sona, S. A.	Tekeros Santiago, S. A.	Tekeros Constructores, S. A.	Comercializadora Sona, S. A.	Impact Santiago, S. A.	Impact Sona, S. A.	Impact Equipos, S. A.	Promotora Capellania, S. A.	Impact Capellania, S. A.
	Eliminations														
Share's capital															
At the beginning and end of the year	33,333,433	70,000	-	33,333,433	10,000	10,000	10,000	10,000	10,000	10,000	-	-	-	-	-
Increased capital	-	50,000	-	-	-	-	-	-	-	-	10,000	10,000	10,000	10,000	10,000
At end of the year	<u>33,333,433</u>	<u>120,000</u>	<u>-</u>	<u>33,333,433</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Retained earnings															
At the beginning of the year	(26,485,830)		(431,100)	-	(310,262)	(2,485,537)	(22,217,259)	(10,860)	(988,647)	(42,165)	-	-	-	-	-
Net loss of the year	(4,969,823)		(1,058,923)	-	(98,012)	(2,555,758)	(1,336,704)	106,835	(24,340)	(2,921)	-	-	-	-	-
At the end of the year	<u>(31,455,653)</u>		<u>(1,490,023)</u>	<u>-</u>	<u>(408,274)</u>	<u>(5,041,295)</u>	<u>(23,553,963)</u>	<u>95,975</u>	<u>(1,012,987)</u>	<u>(45,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Supplementary tax															
At the beginning and end of the year	(135,605)		-	-	-	(122,043)	(13,562)	-	-	-	-	-	-	-	-
Total equity	<u>1,742,175</u>	<u>120,000</u>	<u>-</u>	<u>31,843,410</u>	<u>10,000</u>	<u>(398,274)</u>	<u>(5,153,338)</u>	<u>23,557,525</u>	<u>105,975</u>	<u>(1,002,987)</u>	<u>(35,086)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

This Management's Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows for Impact Housing Corporation and Subsidiaries ("IHC" or the "Company"), on a consolidated basis, for the year ended December 31, 2020. The Company's audited consolidated financial statements have been prepared on the "going concern" basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

This document should be read in conjunction with the information contained in the Company's audited consolidated financial statements and related notes for the year ended December 31, 2020. Unless otherwise indicated, all amounts and references in this MD&A are in US dollars.

Unless otherwise stated, in preparing this MD&A the Company has taken into account information available to it up to the date of this MD&A, October 17, 2022, being the date the Company's board of directors (the "Board") approved this MD&A.

Cautionary Note Regarding Forward Looking Information

This MD&A contains forward-looking information within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that infer actions, events or results with terminology such as "may", "could", "would", "might", "will be taken", "occur" or "be achieved".

Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and, therefore, the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon numerous assumptions and is subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the risk factors that are discussed in greater detail under "Business risks".

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, readers are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions have been made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand. Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on the business, financial condition or results of operations. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Core Business and Strategy

The Company was incorporated under the laws of the Commonwealth of The Bahamas as a limited liability company on September 5th, 2017, under the International Business Companies Act 2000. The Company controls and holds 100% of the capital stock of several companies engaged in the real estate and construction industry in the Republic of Panama. The Company's main office is located on the 4th floor of the P.H. Peninsula, Costa del Este, Panama City, Republic of Panama.

IHC is a real estate development company providing affordable housing solutions supported by longstanding government subsidy programs. The principal business of IHC is to build and develop affordable, high quality subsidized homes in the

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

Republic of Panama to support the emerging middle-class market. The vision of IHC is effectuated by a vertically integrated model which coordinates all services necessary to develop high-quality residential and commercial buildings; including but not limited to land acquisition, financing, architectural, engineering, off-site manufacturing, general contracting, property management, and administration.

IHC holds one hundred percent (100%) of the shares of the following subsidiaries:

Company	Date of Incorporation	Primary Business
Promotora Santiago Development Corp.	February 9, 2015	Real Estate Development
Promotora Sona, S.A.	February 27, 2013	Real Estate Development
Promotora Capellania, S.A.	December 4, 2020	Real Estate Development
Tekeros Santiago, S.A.	April 7, 2015	Construction Management
Tekeros Constructores, S.A.	February 27, 2013	Construction Management
Impact Santiago, S.A.	June 11, 2020	Construction Management
Impact Sona, S.A.	June 10, 2020	Construction Management
Impact Capellania, S.A.	December 4, 2020	Construction Management
Impact Housing Management Corporation	May 4, 2017	Administrative Services
Comercializadora Sona, S.A.	February 27, 2013	Administrative Services
Impact Equipos, S.A.	June 11, 2020	Machinery and Equipment Management

Over the course of operations IHC has refined a vertically integrated go-to-market strategy consisting of four primary components to establish housing communities and deliver homes to prospective buyers:

1. IHC retains land ownership and controls the community master planning; all regulatory permitting and compliance; and architectural home designs that meet the affordable housing program requirements.
2. IHC builds homes in each phase of development using a unique, assembly line approach. Using an 11-step cast-in-place technique, which incorporates a custom mold design in the exact shape and style of home being built, IHC can develop 1.5 homes per day when operating at peak production speed.
3. IHC markets and sells the homes that it builds to the growing class of Panamanian middle-income families. After pre-qualifying families, IHC allows, on average, 4-6 months, and up to 12 months in some cases, to gather down payment and closing costs.
4. IHC controls the delivery of the homes to the end customers, ensuring quality control. Subsequently, IHC remains heavily involved in the operation of community services post-sale (i.e. home warranty items, maintaining parks, community spaces, and white water infrastructure until transferred to the applicable municipality).

IHC begins its process by acquiring and segregating viable land to develop residential communities. Once the land has been acquired and properly segregated, IHC utilizes community centric marketing techniques to engage potential customers. Once potential homebuyers have been identified and engaged, IHC requires that potential homebuyers undergo a diligent pre-qualification process to omit lower credit quality candidates early in the process. Due to IHC's thorough pre-qualification process, IHC can accurately determine if potential homebuyers have high credit quality and will be eligible for substantial government support. To date, the long-term default rate for approved buyers of IHC homes has been 2%.

To avoid overleveraging itself, IHC utilizes a staged approach to developing its properties. Properties are built in stages (phases) and based on demand to mitigate the risk of economic downturn or decrease in demand.

IHC has, in the past, pursued a policy of controlled organic growth and it intends to continue that policy in the future. IHC has grown both by expanding revenue of existing operations and through the acquisition of new development properties. IHC's growth has historically been limited by the availability of financing rather than consumer demand. IHC's policy of organic growth will continue to be founded on the following:

- Training and Recruitment of Personnel: One of the key components that could limit the growth of a real estate development company is the ability to secure professional staff. To address this issue, IHC has for many years focused on hiring new employees shortly following completion of their technical or engineering training. These employees become invested in IHC's operations early in their careers and become logical candidates for upward movement into regional management positions. IHC will continue this practice of hiring and training new talent as its primary method of increasing its staff to support growth.
- Optimizing IHC's supply chain: A key component that could limit the growth of a real estate development company is the ability to continue to rely on supply chain relationships for timely materials and qualified subcontractors to complete certain construction work activities. To address this issue, IHC has for many years continued to diversify the breadth and depth of its supply chain. As one of the largest developers in the respective regions it operates, IHC continues to receive favorable pricing and bulk delivery to ensure construction timelines are achieved. In addition, IHC has for years, as appropriate, worked with creditable subcontractors that are required to meet IHC stringent governance criteria. IHC qualifies vendors on the basis of entity good standing, licensing and regulatory, qualified work history, and appropriate bonding and insurance criteria.
- Acquiring New Property: Management has identified new land opportunities throughout Panama which it intends to acquire for the purpose of residential development, similar to the Santiago property. This would include residential housing that qualifies for the current subsidy programs and would include mixed use commercial space.
- Expanding Product Offering: IHC plans to expand its operations from focusing solely on residential construction to commercial construction. Subject to necessary capital requirements, IHC has set aside land at the Santiago Property and the Reserva Property to develop commercial space.
- Expanding Into New Markets: IHC plans to expand beyond Panama to other Latin American jurisdictions that have subsidized programs similar to the core Panamanian market. IHC will evaluate new regional markets that fit its business model and strategy. If management foresees sufficient demand in new geographic markets for IHC's services, management will consider expanding into those markets.

2020 Highlights and Results of Operations

- **Operational highlights and impact of COVID-19** – The Company was positioned to convert its investment in surplus inventory into strong 2020 deliveries and exceed revenue expectations. More precisely, during December 2019, and January and February 2020, the Company delivered and collected payments on the highest number of homes since inception across three different phases (La Reserve Phase 1, Sona Phase 3, Santiago Phase 3) totaling approximately 68 homes. This trend was demonstrably on track to continue throughout 2020.

In March of 2020, COVID-19 pandemic hit, the Government of Panama declared a state of emergency and sweeping executive orders were issued throughout the country. Some immediate impacts to IHC included the following:

- Complete closure of all IHC's development and construction activities. All workers were forced off site immediately without advance notice. IHC had multiple phases in development with homes and infrastructure (curbs, roads, etc.) in various stages of completion that were left abandoned.
- Complete curfew lockdown was set at 22 hours per day.
- Banks remained open, but only for the necessary functions of cash management. All loans, bank approvals, and underwriting functions ceased.
- Government agencies responsible for plan approval, permitting, and development oversight immediately ceased operations.

IHC remained in complete shutdown for five months, with very limited access to the site locations. The Company worked

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

aggressively to prepare various scenarios in anticipation of a resumption of operations and initiated significant cost cutting measures across the organization.

IHC resumed operations in October 2020, with just 50 employees in a limited capacity compared to over 400 employees at the beginning of the year. During the fourth quarter of 2020, the Company assessed the impact COVID-19 shutdown had on the organization.

- Generally, the Company suffered significant cost increases due to:
 - Carrying cost of inventory, debt, and overhead during the six-month shutdown.
 - Supply chain disruptions, lack of material availability and price increases of available material.
 - General excess and inflation resulting in increase in cost of goods to develop inventory.
 - Repairs in abandoned and dilapidated aspects of homes and infrastructure (the shutdown time period coincided with the rainy season in Panama and caused partially completed roads to be washed away and homes flooded).
 - Termination costs and labor restructuring costs for hundreds of employees.

- Loss of sales and qualified buyers due to pandemic job loss:
 - The Government announced that employers could temporarily suspend or terminate workers because of COVID-19. This resulted in skyrocketing unemployment in Panama and as such, many qualified clients were suspended or terminated resulting in a loss of 43% in pre COVID-19 secured and approved sales (not yet delivered).
 - Banks reset underwriting criteria on all client files including clients that retained employment. Under the new standards, most clients needed to requalify with more stringent criteria.
 - New sales separation rates also reduced following COVID-19 compared to prior COVID-19 sales separations.
 - New bank approval rates also reduced following COVID-19 compared to prior COVID-19 bank approval rates.
 - Given historical approval rates for Social and Reserva homes, IHC had projections for sales approvals (post-March 2020). These projections show IHC has lost over 47% of its approval expectations since the onset of the COVID-19 pandemic.
 - In summary, the Company lost 295 pre-pandemic bank approved units that were lost during COVID-19.

As the country slowly resumed economic activity towards the end of 2020, the agencies responsible for permitting, approvals, and developer oversight were the slowest to regain momentum. Therefore, IHC was only able to focus on finishing existing homes for delivery and still unable to begin new home construction.

- **2020 sales of \$8,648,939; an increase of 5,442,826 or 169.8% compared to 2019 sales.** This is primarily due to 129 completed housing units delivered to customers in 2020 compared to 57 in 2019 notably with an increase in deliveries of Phase 3 of Sona development and La Reserva, as well as the start of deliveries of Santiago – Phase 3. In 2019, majority of the completed houses sold was from Phase 2 of Santiago project and La Reserva. The highest sales volume in 2020 was in the first quarter of 2020 followed by delays in deliveries for the rest of 2020, primarily for Phase 3 of Santiago development, driven by COVID-19 lockdown and subsequent construction delays and backlog in deliveries.
- **Cost of sales (including depreciation cost) increased by \$7,286,504 or 301.0% in 2020 compared to 2019.** This is primarily driven by higher number of homes delivered in 2020 compared to 2019. In addition, the Company adopted a new subcontractor production model whereby the construction and development was contracted out to subcontractors instead of in-house personnel. This resulted in a severance payouts in the year due to termination of many employees.
- **Borrowings increased by \$4,446,480 at December 31, 2020 compared to December 31, 2019.** This was primarily due to an increase in the withdrawals on the facility agreement of \$6,598,016 to fund Phase 5 of Santiago and La Reserva projects, and general working capital requirements. The increase was partly offset by repayments of \$2,793,302 on the bank borrowings taken to fund Sona and Santiago Phase 3 projects.

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

The following selected financial data has been extracted from the audited condensed consolidated financial statements, prepared in accordance with International Financial Reporting Standards, for the fiscal years indicated and should be read in conjunction with the audited condensed consolidated financial statements.

For the year ended December 31,	2020	2019
Sales revenues	\$ 8,648,939	\$ 3,206,113
Santiago	5,850,939	2,841,113
Sona	2,798,000	365,000
Cost of goods sold (includes depreciation cost)	(9,706,929)	(2,420,425)
Net loss	(4,969,823)	(693,855)

Sales revenue for the year ended December 31, 2020 increased by \$5,442,826 or 169.8% as compared to 2019. The increase in revenue is largely due to 129 homes delivered in 2020 compared to the 57 of 2019. The first quarter of 2020 was an extremely successful quarter with record sales, offsetting the decline in the second and third quarters due to the COVID 19 pandemic. Furthermore, 2019 experienced lower sales due to delays in obtaining occupancy permits.

Operating Expenses

For the year ended December 31,	2020	2019
Professional services	\$ 1,261,801	\$ -
Collection expenses	358,211	-
Bonus and Commissions	135,725	-
Salaries and employee expenses	237,988	-
Office and Miscellaneous	539,386	-
Finance cost	1,330,260	1,418,733
Total	\$ 3,863,371	\$ 1,418,733

As at December 31,	2020	2019
Total assets	\$ 38,278,060	\$ 40,208,559
Working capital	19,506,021	22,014,351
Property and other inventories	22,006,688	23,677,597
Total non-current liabilities	32,244,068	30,477,235
Shareholders' equity	\$ 1,742,175	\$ 6,711,998
Number of shares outstanding	33,333,433	33,333,433

At December 31, 2020 the property and other inventories decreased to \$22,006,688 from \$23,677,597 at December 31, 2019 principally due to decrease in homes under construction or development in 2020 due to COVID-19 restrictions and the backlog of inventory from 2019 was sold in 2020.

Summary of Quarterly Results

The following selected quarterly financial data has been extracted from the financial statements, prepared in accordance with International Financial Reporting Standards. The table below summarizes the quarterly results over the past eight fiscal quarters.

	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Revenue	\$ 1,572,900	\$ 1,857,123	\$ 969,710	\$ 4,249,206
Cost of goods sold	2,222,535	2,122,826	928,820	4,432,943

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

Operating expenses	1,088,680	733,761	715,181	1,325,749
Net loss	(1,787,333)	(999,266)	(673,790)	(1,509,431)
Total assets	38,278,060	39,952,072	40,746,117	40,720,422
Working capital	19,506,021	21,004,933	21,274,337	20,389,314
Total non-current liabilities	32,244,068	33,653,901	32,904,144	31,236,423

Liquidity and Capital Resources

The Company's liquidity risk is derived from its loans, accounts payable, and accrued liabilities, as it may encounter difficulty discharging those obligations, but the Company endeavors to mitigate that risk through the careful management of its debt holders and the assertive pursuit of capital inflow for its operations. The Company had working capital of \$19,506,021 as at December 31, 2020 compared to \$22,014,351 as at December 31, 2019.

Management intends to finance operating costs over the next twelve months predominantly with available working capital. Further, in order to maintain or adjust its capital structure, the Company may issue new shares, enter into new debt, or scale back the size and nature of its operations. The Company is not subject to any externally imposed capital requirements. As at December 31, 2020, shareholders' equity was \$1,742,175 compared to \$6,711,998 at December 31, 2019.

Working capital

As at December 31,	2020		2019
Current Assets	\$	23,797,838	\$ 25,033,677
Current Liabilities		4,291,817	3,019,326
Working Capital	\$	19,506,021	\$ 22,014,351

Current Assets

Current assets of \$23,797,838 as at December 31, 2020 and \$25,033,677 as at December 31, 2019 were comprised primarily of cash and cash equivalents, solidarity bonus subsidy, advances to contractors, prepaid land, advances on expenses, and property and other inventories. The increase in current assets at December 31, 2020 compared to December 31, 2019 was attributable to increase in property and other inventory, prepaid land for future development and advances on expenses.

Current Liabilities

Current liabilities on December 31, 2020 amounted to \$4,291,817 compared to \$3,019,326 on December 31, 2019 and were comprised primarily of borrowings, lease liabilities, advances from customers and employee expenses payable. The majority of the increase at December 31, 2020 compared to December 31, 2019 relates to increase in withdrawals on the debt facilities to fund projects and general capital working requirements partly offset by decrease in accounts payable due to timing of payments.

Cash Flow

For the year ended December 31,	2020		2019
Net cash used in operating activities	\$	(3,985,074)	\$ (4,315,716)
Net cash used in investing activities		(137,923)	(2,590,503)
Net cash provided by financing activities		4,183,512	6,093,560
Net changes in cash and cash equivalents	\$	60,515	\$ (812,659)

Net cash used in operating activities

Cash used in operating activities of \$3,985,074 for the year ended December 31, 2020 principally reflect net loss in the year. Cash used in operating activities of \$4,315,716 for the year ended December 31, 2019 principally reflect a decrease in property and other inventories.

Net cash used in investing activities

Cash used in investing activities of \$2,590,503 for the year ended December 31, 2019 reflects purchase of machinery and equipment for Phases 5 and La Reserva.

Net cash provided by financing activities

The net cash provided by financing activities of \$4,183,512 in 2020 is primarily due to proceeds from borrowings from to fund Phase 3 Santiago project. The net cash provided by financing activities of \$6,093,560 in 2019 is primarily due to the construction loan and shareholder loans for the development of Sona Phase 3.

Share capital

Authorized share capital

The maximum authorized share capital of \$43,333,433 consists of convertible notes classified as an equity instrument and consists of two types of shares:

1. 100 management shares with right to vote in meetings of shareholders but no rights to receive dividends or assets in case of liquidation of the company (the "Management Shares"), and
2. 43,333,333 ordinary non-voting shares with no right to vote in meetings of shareholders but with rights to receive dividends or assets in case of liquidation of the Company (the "Dividend Shares").

The convertible notes shall be repaid and redeemed on or before September 6, 2027 or later date agreed upon by the Company and the note investor.

Issued share capital

At December 31, 2020, the Company has issued 33,333,333 Dividend Shares and 100 Management Shares with par value of \$1 per share.

Off-Balance Sheet Arrangements

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations, financial condition, revenues or expenses, liquidity, capital expenditures or capital resources.

Contractual Obligations

As of December 31, 2020, and as of the date of this MD&A, and in the normal course of business, the following is a summary of the Company's material obligations to make future payments, representing contracts, and other commitments that are known and committed.

Lease liabilities

The Company has lease agreements for heavy equipment, rolling equipment and machinery directly used in construction and development projects. The total right of use assets and lease liabilities related to this construction equipment are presented in the consolidated statement of financial position. For details, please see note 7 (Leases) in the consolidated financial statements for the year ended December 31, 2020.

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

The lease liabilities are secured by the related underlying assets. Future lease payments at December 31, 2020 were as follows:

		Within 1 year	1-2 years	2-3 years	3-4 years	Total
As at December 31, 2020						
Lease payments	\$	393,759	314,040	157,963	137,004	1,002,766
Finance charges		(47,160)	(22,563)	(4,979)	(57)	(74,759)
Net present values	\$	346,599	291,477	152,984	136,947	928,007

Financing loans and arrangements

The table below shows the Company's main financial liabilities and reflect contractual undiscounted cash flows. The Company monitors the scheduled payments defined in the terms and conditions of each financing contract and has objective to maintain cash to meet its liquidity requirements for at least 30 days.

As at December 31, 2020		Within 1 year	1-5 years	Total
Bank loans	\$	-	8,123,324	8,123,324
Facility agreement		-	15,469,348	15,469,348
Private loans		-	6,849,490	6,849,490
Other loans		-	1,017,500	1,017,500
Total	\$	-	31,459,662	31,459,662

Critical Accounting Policies and Estimates

Measurement Uncertainty (Use of Estimates)

The preparation of the consolidated financial statements in conformity with IFRS requires management to make 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 revenues and expenses during the reporting period. Estimates and judgments 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.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

- Revenue from contract with customers – The Company makes judgement that can significantly affect the determination of the amount and timing of revenue from contract with customers. These judgments relate to (1) the determination of the performance obligation on the sale of inventory of properties under construction or development; (2) the determination of the timing of revenue recognition for finished properties and properties under construction or development; and (3) the consideration of the significant financing component in contracts and guarantees.
- Net realizable value of property inventory - the net realizable value of finished property inventory is assessed by reference to market conditions and prices existing at the end of the reporting period and is based on comparable transactions identified by the Company. The net realizable value of inventory of property under construction or development is assessed by reference to market conditions of similar completed properties, less the estimated costs to complete the development and the estimated costs necessary to make the sale, considering the time value of money if material.

Business Risks

In the normal course of business, the Company's operations are influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition and operating results. Due to the nature of IHC's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, IHC is subject to significant risks. IHC's future development and actual operating results may be very different from those expected as at the date of this MD&A. Readers should carefully consider all such risks, which include but are not limited to the following:

Risks Related to the Business and Industry

Uncertainty of Future Revenues

The future success of the Company is dependent on management's ability to implement its strategy. Although management is optimistic about the Company's prospects, there is no certainty that anticipated outcomes and sustainable revenue streams will be achieved and there is no certainty that the Company will successfully make profitable acquisition of royalties, streams or other interests. In particular, its future growth and prospects will depend on its ability to expand its operations and gain additional revenue streams whilst at the same time maintaining effective cost controls. Any failure to expand is likely to have a material adverse effect on the Company's business, financial condition and results of operations.

Risks related to health epidemics and pandemics

Unfavorable global conditions, including health and safety concerns related to the coronavirus outbreak, could adversely affect IHC's business, financial condition or results of operations. IHC's operations could be adversely affected by general conditions in the global economy, including conditions that are outside of IHC's control, such as the impact of health and safety concerns from the current coronavirus (COVID-19) outbreak. The most recent global financial crisis caused by the coronavirus outbreak has resulted in extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result in a variety of risks to IHC's business, including weakened demand for our marketplaces and brand direct solutions and related products and services or delays in customer payments. A weak or declining economy could also strain IHC's supply channels.

Global financial conditions may destabilize

Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the Company's ability to obtain equity or debt financing or make other suitable arrangements to finance its projects. In the event of increased levels of volatility or a rapid destabilization of global economic conditions the Company's profitability, results of operations and financial condition and the trading price of its securities could be adversely affected.

The Company may not be successful in completing the repayment of outstanding credit facilities

There can be no assurance that the Company will be able to repay the currently outstanding credit facilities or that the terms of such credit facilities may be amended or extended on the terms acceptable to and beneficial for the Company. Failure to repay such credit facilities within the prescribed times may result in a material adverse effect of the Company's profitability, results of operations and financial conditions and the trending price of its securities.

Negative Cash Flow from Operations

IHC had negative cash flow for its most recently completed financial year for which financial statements. To the extent that

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

IHC has negative operating cash flow in future periods, it will need to allocate a portion of its cash to fund such negative cash flows. If IHC experiences future negative cash flows, the Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that IHC will be able to generate positive cash flows from its operations, that additional capital or other types of financing will be available when needed, or that these financings will be on terms favorable to IHC.

IHC may require additional capital to support its operations or the growth of its business, and it cannot be certain that this capital will be available on reasonable terms when required, or at all

From time to time, IHC may need additional financing to operate or grow its business. The ability to continue as a going concern may be dependent upon raising additional capital from time-to-time to fund operations. IHC's ability to obtain additional financing, if and when required, will depend on investor and lender willingness, its operating performance, the condition of the capital markets and other factors, and IHC cannot assure that additional financing will be available to it on favorable terms when required, or at all. If IHC raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences or privileges senior to the rights of its current stock, and its existing stockholders may experience dilution. If IHC is unable to obtain adequate financing or financing on terms satisfactory to it when it requires it, its ability to continue to support the operation or growth of its business could be significantly impaired and its operating results may be harmed.

IHC's growth strategy may not achieve the anticipated results

IHC's future success will depend on its ability to grow its business, including through commercialization of its products. Growth and innovation strategies require significant commitments of management resources and capital investments and IHC may not grow its revenues at the rate it expects or at all. As a result, IHC may not be able to recover the costs incurred in developing its technology and products or to realize their intended or projected benefits, which could materially adversely affect its business, financial condition or results of operations.

Potential Fluctuation in Quarterly Financial Results

IHC's quarterly financial results may be impacted by a variety of factors including, without limitation: the timing of recognition of revenue from existing projects; the ability to accurately estimate costs for completion of work; the availability of, and competition for, new projects; costs or penalties associated with unanticipated delays in project completion; fluctuations in the general economic and business conditions in the markets in which IHC operates; actions by governmental authorities including governmental demand for the services provided by IHC; governmental regulations and expenditures required to comply with them; labour unrest involving IHC's workers; seasonal weather conditions; and other conditions affecting revenue and expenses. IHC's operating expenses are incurred throughout the quarter and as a result, if expected revenues are not realized as anticipated, IHC's quarterly financial results could be materially adversely affected. Accordingly there may be significant variations in IHC's consolidated quarterly financial results.

Possible failure to realize anticipated benefits of future acquisitions could impact IHC's business

IHC may in the future complete acquisitions of new properties to strengthen its position in the real estate industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future land acquisitions depends in part, on successfully developing and obtaining necessary permits and regulatory approval in a timely and efficient manner, as well as IHC's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect IHC's ability to achieve the anticipated benefits of these and future acquisitions.

Some of the developing properties of IHC may never achieve commercialization stage, and IHC may lose its entire investment

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

Some of IHC's projects are currently at the construction and development stage. There can be no assurance that construction and development will be completed on a timely basis or at all. If such projects do not reach commercialization stage, IHC will not be able to secure repayment of any upfront deposit paid customers, which may have a material adverse effect on IHC's profitability, results of operations and financial condition and the trading price of its securities.

Risks relating to the title of assets

In some countries in Latin America, there may be a history of corrupt or fraudulent practices related to the transfer of property ownership, such as falsified documents, illegal sales, or bribes to officials. This can lead to defects in the title to assets, and potentially result in the loss of ownership rights or legal disputes. In addition, there may be issues related to the proper registration and recording of property ownership, including errors or omissions in official records or delays in processing transactions. These issues can also lead to defects in the title to assets and increase the risk of losing ownership rights. Such issues may result in a material adverse effect on the Company's profitability, results of operations and financial condition and the trading price of its securities.

Investors should be aware of the potential for fraudulent or improper transfers of property ownership and should carefully review the company's title records and legal documentation to ensure that there are no significant risks or uncertainties related to the ownership of its assets. They should also be prepared to engage legal experts with specific expertise in local property laws to assist in mitigating these risks.

Competition in the real estate market

The real estate industry is highly competitive and rapidly changing. Specific factors upon which IHC competes include, but are not limited to, demand, construction time, quality of support and services, and price. IHC's potential competitors include other companies developing and selling residential properties. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than IHC has. Many of them also have longer operating histories, greater name recognition with potential buyers who use or might use a low- value-payment service. IHC may not be able to compete successfully with these competitors.

Ability to Attract Customers

IHC generally secures business by acquiring land, developing residential living space, and selling units to private clients. IHC operates in housing markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. The competitive dynamics of the markets where IHC currently operates are expected to continue for the foreseeable future. This presents significant challenges for IHC. If those competitive challenges are not met, IHC's client base could be eroded, or it could experience an overall reduction in profits. IHC could also experience a decrease in activity from private clients in the event that general economic conditions deteriorate, or interest rates increase as the decisions of private clients to pursue construction projects are largely driven by economic factors. A decline in demand for IHC's services could have an adverse impact on the Company.

Quality Assurance and Quality Control

IHC enters into pre-build contracts which specify the scope of the project to be constructed including quality standards. If all or portions of the work fail to meet these standards, IHC would be exposed to additional costs for the correction of non-compliant work.

Ability to Hire and Retain Qualified & Capable Personnel

The success of IHC is highly influenced by the efforts of key members of management including the executive officers and the project managers. The loss of the services of any of IHC's key management personnel could negatively impact IHC. The future success of IHC also depends heavily on its ability to attract, retain and develop high performing personnel in all areas of its operations. Firms throughout the construction industry face this challenge and accordingly competition for professional staff is intense. If IHC ceases to be seen by current and prospective employees as a highly attractive place to work, it could experience difficulty in hiring and retaining the right people. This could have an adverse effect on current operations of IHC

and would limit its prospects and impair its future success.

Potential for Non-Payment

IHC sells pre-build houses as well completed houses by way of a mortgage. IHC also attempts to ensure that payments are collected from buyers. However, because of the nature of IHC's contracts and occasionally because of delays in customer payments, IHC may be required to utilize its working capital to fund construction costs temporarily. If a customer defaults in making its payments, IHC would generally have the right to foreclose on the property in order to ultimately realize what it is owed. However, in these situations IHC's ability to ultimately collect what it is owed is never assured. Payment default by a client could result in a financial loss to IHC that could have a material effect on IHC's operating results and financial position.

Maintaining Safe Work Sites

In spite of the best efforts of a contractor to minimize the risk of accidents, accidents can happen. When they do, the impacts on the contractor can be significant. IHC's success as a contractor is highly dependent on its ability to keep its construction worksites safe. Failure to do so can have serious impacts beyond the threat to the personal safety of its employees and others. It can expose IHC to fines, regulatory sanction or even criminal prosecution. IHC's safety record and worksite safety practices also have a direct bearing on its ability to secure future work. If a contractor has an unacceptably high incidence of safety infractions or accidents it could result in litigation, damage to IHC's reputation, or a breakdown in IHC's close working relationship with the Panamanian government. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of the IHC's operations, capital expenditure requirements or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents.

Compliance with Environmental Laws

IHC is subject to numerous federal, regional and municipal environmental laws and judicial, legislative and regulatory developments relating to environmental protection occur on an ongoing basis. IHC's projects can involve the handling of hazardous and environmentally sensitive materials, which, if improperly handled or disposed of, could subject IHC to civil and criminal penalties. While IHC strives to keep informed of and to comply with all applicable environmental laws, circumstances may arise and incidents may occur that are beyond its control that could adversely affect IHC. Management is not aware of any pending environmental legislation that would be likely to have a material adverse impact on any of IHC's operations, capital expenditure requirements or competitive position, although there can be no assurance that future legislation will not be proposed and, if implemented, may have a material impact on IHC's operations.

Litigation/Potential Litigation

As part of the normal course of the construction business, disputes arise between parties to various contracts, including contracts pertaining to employment, leasing, purchase and sale of land, and more. While IHC does attempt to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time IHC may be involved with a number of disputes that could lead to litigation and there may be a number of disputes in various stages of litigation. Management does not believe that any existing litigation or pending litigation will ultimately result in a final judgment against IHC that would have a material adverse impact on the operations of IHC. Litigation is, however, inherently uncertain. Accordingly, adverse outcomes to current litigation or pending litigation are possible. These potentially adverse outcomes could include financial loss, damage to IHC's reputation or reduction of prospects for future contract awards.

Force Majeure

Outside events beyond the reasonable control of IHC may cause the failure or delay in its performance for a period that such failure or delay is due to causes beyond its reasonable control, including but not limited to acts of God, war, strikes or labor disputes, embargoes, government orders or any other force majeure event.

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

IHC has its core operations in an emerging market, which carries potential risks to its business

Emerging market investment generally poses a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

All of IHC's current operations are in Panama. While there is no current instability, this is subject to change in the future and could adversely affect IHC's business, financial condition and results of operations. In particular, fluctuations in the Panamanian economy and actions adopted by the government of Panama may have a significant impact on companies operating in Panama, including IHC. Specifically, IHC may be affected by inflation, foreign currency fluctuations, regulatory policies, business and tax regulations and in general, by the political, social and economic scenarios in Panama and in other countries that may affect Panama. IHC's foreign operations involve substantial costs and are subject to certain risks as the real estate development industries Panama are less developed. IHC expects that such factors will subject IHC's operations in Panama to economic and operating risks.

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in Latin America, including Panama. Such events could materially and adversely affect the Company's business, financial condition and results of operations.

Risks Relating to Operations in Developing Economies

The Company's operations in Panama and in Latin America are subject to risks normally associated with the conduct of business in developing economies. Risks may include, among others, problems relating to power supply, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and crime, arbitrary changes in laws or policies, foreign taxation and exchange controls, nationalization of assets, opposition to mining from environmental or other non-governmental organizations or changes in the political attitude towards mining, empowerment of previously disadvantaged people, local ownership requirements, limitations on foreign ownership, power supply issues, limitations on repatriation of earnings, infrastructure limitations and increased financing costs. The above risks may limit, disrupt or negatively impact the operator's business activities.

REGULATORY POLICIES

Internal Controls over Financial Reporting

The CEO and CFO, along with participation from other members of management, are responsible for establishing and maintaining adequate Internal Control over Financial Reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial statements prepared in accordance with IFRS. The Company's CEO and CFO, with support of management have assessed the design and operating effectiveness of the Company's ICFR as at December 31, 2020 based on criteria described in "Internal Control - Integrated Framework" issued in 2013 by the Committee of Sponsoring Organization of the Treadway Commission. Based on this assessment, it was concluded that the design and operation of the Company's ICFR are effective as at December 31, 2020. During the year ended December 31, 2020, there has been no change in the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Limitations of Controls and Procedures

The Company's management, including its CEO and CFO, believe that any ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all

Impact Housing Corporation and Subsidiaries
Management Discussion and Analysis
For the year ended December 31, 2020

potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Outlook

The period of March 2020 to December 2020 was an extremely challenging time for the Company due to significant impacts from COVID-19, but the core of the Company and the market opportunity remains intact.

In 2021, the Company will continue to refine its business strategy and operational plan based on how the Government of Panama's approaches the pandemic and the measures.

Approval

This MD&A is authorized for issue by the Board on October 17, 2022.

	IHC As at December 31, 2022	Yubba As at December 31, 2022	Pro-Forma adjustments	NOTE	Resulting Issuer As at December 31, 2022
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 20,194	\$ 213,279	\$ 5,380,000	(c)(i)	\$ 5,613,473
Property and other inventories	16,795,887	-	-	-	16,795,887
Other current assets	2,579,441	-	-	-	2,579,441
Total Current Assets	19,395,523	213,279	5,380,000		24,988,802
Non-Current Assets					
Property, plant and equipment	\$ 18,823,723	\$ -	-	-	\$ 18,823,723
Leases	363,926	-	-	-	363,926
Total Non-Current Assets	19,187,649	-	-	-	19,187,649
Total Assets	\$ 38,583,172	\$ 213,279	\$ 5,380,000		\$ 44,176,451
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Lease liabilities	\$ 178,318	\$ -	-	-	\$ 178,318
Other current liabilities	3,010,558	9,532	-	-	3,020,090
Total Current Liabilities	3,188,875	9,532	-	-	3,198,407
Borrowings	\$ 56,002,063	\$ -	(46,620,165)	(b)	\$ 9,381,898
Lease liabilities	125,990	-	-	-	125,990
Other non-current liabilities	83,484	-	-	-	83,484
Total Non-Current Liabilities	56,211,537	-	(46,620,165)		9,591,372
Total Liabilities	\$ 59,400,412	\$ 9,532	\$ (46,620,165)		\$ 12,789,779
Shareholders' Equity					
Equity instrument by convertible notes	\$ 45,146,802	\$ -	(45,146,802)	(a)	\$ -
Share capital	-	300,690	46,620,165	(b)	46,920,855
			5,380,000	(c)(i)	5,380,000
			(2,127,261)	(c)(ii)	(2,127,261)
			97,412	(d)	97,412
			7,127,804	(e)	7,127,804
Contributed surplus	-	24,974	2,127,261	(c)(ii)	2,152,235
Deficit	(65,780,379)	(121,917)	45,146,802	(a)	(20,755,494)
			(97,412)	(d)	(97,412)
			(7,127,804)	(e)	(7,127,804)
Complimentary tax	(183,663)	-	-	-	(183,663)
Total Shareholders' Equity	\$ (20,817,241)	\$ 203,747	\$ 52,000,165		\$ 31,386,672
Total Liabilities and Shareholders' Equity	\$ 38,583,172	\$ 213,279	\$ 5,380,000		\$ 44,176,451

The accompanying notes are integral part of these consolidated pro-forma financial statements.

1. Basis of Presentation

The accompanying unaudited pro-forma consolidated statement of financial position of Impact Housing Corporation (“IHC”) has been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) from information derived from the financial statements of Yubba and the financial statements of Yubba Capital Corp. (“Yubba”), together with other information available to the Company. The unaudited pro forma consolidated statement of financial position to which these notes relate has been prepared for inclusion in the filing statement of Yubba dated April 17, 2023 (the “Filing Statement”) to be filed by Yubba in conjunction with the Transaction (as defined herein). All capitalized terms used but not defined herein have the meaning ascribed thereto in the Filing Statement.

It is management's opinion that the unaudited pro-forma consolidated statement of financial position includes all adjustments necessary for the fair presentation, in all material respects, of the transactions described in notes 3 and 4 in accordance with IFRS, applied on a basis consistent with IHC’s accounting policies, except as otherwise noted. The unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the financial position that would have resulted if the Transaction had actually occurred on December 31, 2022.

The unaudited pro-forma consolidated statement of financial position of the Resulting Issuer (as defined herein), has been compiled from (a) the interim statement of financial position of Yubba as at December 31, 2022, (b) the audited statement of financial position of IHC as at December 31, 2022, and (c) the additional information set out in Note 5 hereof.

The unaudited pro-forma consolidated statement of financial position has been prepared as if the Transaction described in Note 3 hereof had occurred on December 31, 2022, and represents the related assets and liabilities included in the December 31, 2022 audited consolidated financial statements of Yubba and IHC.

The unaudited pro-forma consolidated statement of financial position of IHC has been compiled using the significant accounting policies as set out in Yubba’s audited financial statements for the period ended December 31, 2022, and those accounting policies expected to be adopted by the Resulting Issuer.

The unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been attained had the transactions actually taken place at the dates indicated and do not purport to be indicative of the effects that may be expected to occur in the future.

In the opinion of IHC’s management, the unaudited pro-forma consolidated statement of financial position includes all adjustments necessary for the fair presentation of the transactions described in Note 3.

Actual amounts recorded upon approval of the Transaction will differ from those recorded in the unaudited pro-forma statement of financial position of Yubba. Completion of the Transaction is subject to a number of conditions, including, but not limited to, final approval of the TSX Venture Exchange (the “TSXV”).

This pro-forma statement is expressed in Canadian dollars.

2. Significant Accounting Policies

The unaudited pro-forma consolidated statement of financial position has been compiled using the significant accounting policies, as set out in the audited financial statements of IHC as at and for the period ended December 31, 2022.

Management has determined that no material pro forma adjustments are necessary to conform Yubba's accounting policies to the accounting policies used by IHC in the preparation of its financial statements.

3. The Transaction

On December 31, 2022, IHC and Yubba entered a letter of intent dated December 1, 2022, pursuant to which the Yubba will acquire all the issued and outstanding IHC shares through a share exchange. The transaction is intended to constitute the Qualifying Transaction of Yubba pursuant to the policies of the TSVX.

The Transaction will result in the Reverse Takeover (as defined in the policies of the TSXV) of Yubba by IHC. In connection with the completion of the Transaction, Yubba intends to change its name to "Impact Development Group Inc." or such other name as may be agreed by the parties. Completion of the Transaction is subject to various conditions, including receipt of the approval of the TSXV.

4. Accounting for Reverse Takeover

For accounting purposes, IHC is deemed to be the acquirer and Yubba is deemed to be the acquiree under the Transaction. Accordingly, IHC's balances are accounted for at cost and Yubba is accounted for at fair value.

Yubba does not meet the definition of a business; therefore, the transaction is outside of the scope of IFRS 3 *Business Combinations*. Instead, the Transaction will be accounted for under IFRS 2 *Share-based Payment*. Under this basis of accounting, the consolidated entity is considered to be a continuation of Yubba, with the net identifiable assets of Yubba deemed to have been acquired by IHC.

The capital structure recognized in the unaudited pro forma consolidated statement of financial position is that of Yubba, but the dollar amount of the issued share capital immediately prior to completion of the Transaction is that of IHC, plus the value of shares issued by Yubba to acquire IHC, plus any Shares issued by Yubba prior to, or as part of the Transaction including the Shares issuable on conversion of the Subscription Receipts.

5. Pro-Forma Assumptions and Adjustments

The unaudited pro-forma consolidated statement of financial position reflects the following assumptions and adjustments:

- a. As part of the Transaction, certain IHC Promissory notes will be converted by issuing 2,222,211 Company Consolidation Shares at deemed price of US\$15 per share.
- b. As part of the Transaction, an aggregate of US\$34,661,833 of IHC convertible notes and indebtedness with certain creditors will be settled and converted to Resulting Issuer's share capital by issuance of 9,628,235 Company Consolidation Shares.
- c. (i) The Concurrent Financing to raise minimum aggregate gross proceeds of US\$4 million through the issuance of (i) Subscription Receipts at a price of US\$3.62 per Subscription Receipt; and (ii) Convertible Notes.
(ii) On Closing, each Subscription Receipt will be comprised on one common share of the Resulting Issuer and one common share warrant of the Resulting Issuer. The share warrant will have a 2 year term and an exercise price of US\$4.34. The share warrants have been valued at US\$1,581,606 using the Black-Scholes pricing model, with the following assumptions: share price of US\$3.62, exercise price of US\$4.34, volatility of 80%, risk free return of 3.37% and an expected remaining life of two years.
- d. In connection with the Concurrent Financing, the Company will pay an advisor fee of 20,007 Company Consolidation shares valued at US\$3.62 per share.
- e. Upon completion of the Transaction, the Resulting Issuer will grant 1,463,945 restricted stock unit's to management and employees valued at \$3.62 per unit.
- f. Reconciliation of outstanding shares

	<u>#</u>
Outstanding shares of IHC at December 31, 2022	2,222,211
Outstanding shares of Yubba at December 31, 2022	200,072
Add: Shares issued on conversion of IHC debt	9,628,235
Add: Shares issued in financing related to Subscription receipts	1,104,972
Add: Shares issued to Advisor	<u>20,007</u>
	<u>13,175,497</u>

SCHEDULE B
IMPACT DEVELOPMENT GROUP INC.
AUDIT COMMITTEE CHARTER

(see attached)

AUDIT COMMITTEE CHARTER

This audit committee charter (the "**Charter**") has been adopted by the board of directors (the "**Board**") in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose: The purpose of the Committee is to:

- a) significantly improve the quality of the Corporation's financial reporting;
- b) assist the Board to properly and fully discharge its responsibilities;
- c) provide an avenue of enhanced communication between the Board and external auditors;
- d) enhance the external auditor's independence;
- e) increase the credibility and objectivity of financial reports; and
- f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

1.1 Definitions

"accounting principles" has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

"Affiliate" shall have the meaning ascribed thereto in the Instrument;

"audit services" means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

"Board" means the board of directors of the Corporation;

"Charter" means this audit committee charter;

"Corporation" means Impact Development Group Inc.;

"Committee" means the committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

"Control Person" means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

"executive officer" means an individual who is:

- a) a chair of the Corporation;
- b) a vice-chair of the Corporation;
- c) a president of the Corporation;
- d) a vice-president in charge of a principal business unit, division or function including sales, finance or production;
- e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- f) any other individual who performs a policy-making function in respect of the Corporation;

"financially literate" has the meaning set forth in Section 1.3;

"immediate family member" means a person's spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual's home;

"independent" has the meaning set forth in Section 1.2;

"Instrument" means National Instrument 52-110 – *Audit Committees*;

"MD&A" has the meaning ascribed to it in NI 51-102;

"Member" means a member of the Committee;

"NI 51-102" means National Instrument 51-102 *Continuous Disclosure Obligations*;

"non-audit services" means services other than audit services;

1.2 Meaning of Independence

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation, all as determined in accordance with the Instrument.
2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Member's independent judgement.

1.3 Meaning of Financial Literacy -- For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

PART 2

2.1 Audit Committee – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

2.2 Relationship with External Auditors – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

2.3 Committee Responsibilities

1. The Committee shall be responsible for making the following recommendations to the Board:
 - a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
 - b) the compensation of the external auditor.
2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
- b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
- c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

- d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
 - f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
 - g) reviewing interim unaudited financial statements before release to the public;
 - h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
 - i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
 - j) reviewing the terms of reference of the internal auditor, if any;
 - k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
 - l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
 4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
 5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
 6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
 7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.
 8. The Committee shall, as applicable, establish procedures for:
 - a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
 9. The Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
 10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

2.4 De Minimis Non-Audit Services – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;

- b) the Corporation or the subsidiary entity of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

2.5 Delegation of Pre-Approval Function

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

3.1 Composition

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall be independent.
4. Every audit committee member shall be financially literate.

PART 4

4.1 Authority – Until the replacement of this Charter, the Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- b) set and pay the compensation for any advisors employed by the Committee,
- c) communicate directly with the internal and external auditors; and
- d) recommend the amendment or approval of audited and interim financial statements to the Board.

PART 5

5.1 Disclosure in Information Circular -- If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*). If the Corporation is not required to send a management information circular to its security holders, it must provide the disclosure required by Form 52-110F2 in its annual information form or annual MD&A.

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

SCHEDULE C
IMPACT DEVELOPMENT GROUP INC.
OMNIBUS PLAN

(see attached)

IMPACT DEVELOPMENT GROUP INC.

OMNIBUS INCENTIVE PLAN

ARTICLE ONE

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions For purposes of this Omnibus Incentive Plan, unless such capitalized word or term is otherwise defined herein or the context in which such capitalized word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings.

- (a) "**Acceleration Event**" has the meaning given to such term in Section 3.10 hereof;
- (b) "**Account**" means a notional account maintained for each Participant on the books of the Company which will be credited with RSUs in accordance with the terms of this Plan;
- (c) "**Award**" means any of an Option or RSU granted pursuant to, or otherwise governed by, the Plan;
- (d) "**Award Agreement**" means an agreement evidencing the grant to a Participant of an Award, including a stock option agreement or RSU agreement;
- (e) "**Blackout Period**" means a period of time during which:
 - (i) the trading guidelines of the Company, as amended or replaced from time to time, restrict one or more Participants from trading in securities of the Company; or
 - (ii) the Company has determined that one or more Participants may not trade any securities of the Company;
- (f) "**Blackout Period Expiry Date**" means the date on which a Blackout Period expires;
- (g) "**Business Day**" means a day on which the Stock Exchange is open for trading;
- (h) "**Committee**" means the Directors or, if the Directors so determine in accordance with Section 2.04 hereof, the committee of the Directors authorized to administer this Plan;
- (i) "**Common Shares**" means the common shares of the Company, as adjusted in accordance with the provisions of Article Six hereof from time to time;
- (j) "**Company**" means Impact Development Group Inc., a corporation existing under the *Business Corporations Act* (Ontario), and any successor corporation thereof;
- (k) "**Designated Affiliates**" means the affiliates of the Company designated by the Committee for purposes of this Plan from time to time;

- (l) "**Designated Broker**" means a broker who is independent of, and deals at arm's length with, the Company and its Designated Affiliates and is designated by the Company;
- (m) "**Directors**" means the directors of the Company from time to time;
- (n) "**Dividend Equivalent**" means additional RSUs credited to a Participant's Account as a dividend equivalent pursuant to Section 4.07;
- (o) "**Eligible Directors**" means, other than, in the case of a grant of RSUs, a person retained to provide Investor Relations Activities, the Directors or the directors of any Designated Affiliate from time to time;
- (p) "**Eligible Employees**" means, other than, in the case of a grant of RSUs, a person retained to provide Investor Relations Activities, any employees and officers, whether Directors or not, of the Company or any Designated Affiliate, provided that such employees and officers are individuals who are considered employees under the ITA;
- (q) "**Employment Contract**" means any contract between the Company or any Designated Affiliate and any Participant relating to, or entered into in connection with, the employment or departure of the Eligible Employee, the appointment, election or departure of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Company or a Designated Affiliate is a party with respect to the rights of such Participant in respect of a change in control of the Company or the termination of employment, appointment, election or engagement of such Participant;
- (r) "**Exercise Price**" has the meaning given to such term in Section 3.04 hereof;
- (s) "**Insider**" has the meaning given to such term in the policies of the TSX Venture Exchange;
- (t) "**Investor Relations Activities**" has the meaning given to such term in the policies of the TSX Venture Exchange;
- (u) "**ITA**" means the *Income Tax Act* (Canada), together with the regulations thereto, each as amended from time to time;
- (v) "**Market Value of a Common Share**" means, with respect to any particular date as of which the Market Value of a Common Share is required to be determined, (a) if the Common Shares are then listed on the Stock Exchange, the closing price of the Shares on the Stock Exchange on the last Trading Day prior to such particular date; or (b) if the Common Shares are not then listed on any stock exchange, the value as is determined solely by the Committee, acting reasonably and in good faith, and such determination shall be conclusive and binding on all persons;
- (w) "**Option**" means an option to purchase Common Shares granted pursuant to, or governed by, this Plan;
- (x) "**Optionee**" means a Participant to whom an Option has been granted pursuant to this Plan;
- (y) "**Option Period**" means the period of time during which the particular Option may be exercised, including as extended in accordance with Section 3.05 hereof;

- (z) **"Other Participant"** means, other than an Eligible Director or an Eligible Employee or, in the case of a grant of RSUs, a person retained to provide Investor Relations Activities, any person engaged to provide ongoing management, advisory, consulting, technical or other services (other than services provided in relation to a distribution of securities of the Company) for the Company or a Designated Affiliate, or any employee of such person, under a written contract between the Company and such person, and who spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Designated Affiliate and has a relationship with the Company or a Designated Affiliate that enables such person to be knowledgeable about the business and affairs of the Company or Designated Affiliate, as the case may be;
- (aa) **"Participant"** means each Eligible Director, Eligible Employee and Other Participant that is granted one or more Awards under this Plan;
- (bb) **"Plan"** means this omnibus incentive plan as amended from time to time;
- (cc) **"Prior Option Plan"** has the meaning given to such term in Section 2.07(e) hereof;
- (dd) **"Redemption Date"** has the meaning ascribed thereto in Section 4.05(a) hereof;
- (ee) **"Reserved Amount"** has the meaning ascribed thereto in 2.07(a) hereof;
- (ff) **"Restriction Period"** means, with respect to a particular grant of RSUs, the period between the date of grant of such RSUs and the latest Vesting Date in respect of any portion of such RSUs;
- (gg) **"RSU"** means a restricted share unit, which is a right awarded to a Participant to receive cash, Common Shares or any combination of cash and Common Shares, as determined by the Company in its sole discretion, pursuant to, and governed by, this Plan;
- (hh) **"RSU Agreement"** means a written agreement between the Company and a Participant evidencing the grant of RSUs and the terms and conditions thereof;
- (ii) **"RSU Outside Expiry Date"** has the meaning ascribed thereto in Section 4.05(d) hereof;
- (jj) **"Stock Exchange"** means the TSX Venture Exchange or, if the Common Shares are not then listed on the TSX Venture Exchange, such other principal market on which the Common Shares are then traded as designated by the Committee from time to time;
- (kk) **"Termination"** has the meaning given to such term in Section 3.12 hereof;
- (ll) **"Trading Day"** means any day on which the Stock Exchange is open for trading;
- (mm) **"U.S. Securities Act"** has the meaning given to such term in Section 5.02 hereof; and
- (nn) **"Vesting Date"** has the meaning ascribed thereto in Section 4.04 hereof.

Section 1.02 Headings. The headings of all articles, sections, paragraphs and subparagraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

Section 1.03 Context, Construction. Whenever the singular or masculine are used in this Plan the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires. The word "person" shall be given the widest meaning possible and shall include, without limitation, an individual, a corporation, a partnership, a limited partnership or any other unincorporated entity.

Section 1.04 References to this Plan. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this Plan as a whole and not to any particular article, section, paragraph, subparagraph or other part hereof.

Section 1.05 Canadian Funds. Unless otherwise specifically provided, all references to dollar amounts in this Plan are references to lawful money of Canada.

ARTICLE TWO

PURPOSE AND ADMINISTRATION OF THIS PLAN

Section 2.01 Purpose of this Plan. This Plan provides for the potential acquisition of Common Shares by Participants for the purpose of advancing the interests of the Company through the motivation, attraction and retention of key employees, directors and consultants of the Company and the Designated Affiliates and to secure for the Company and the shareholders of the Company the benefits inherent in the ownership of Common Shares by key employees, directors and consultants of the Company and the Designated Affiliates, it being generally recognized that share incentive plans can aid in attracting, retaining and encouraging employees, directors and consultants due to the opportunity offered to them to acquire a proprietary interest in the Company.

Section 2.02 Participants. This Plan is hereby established for Eligible Directors, Eligible Employees and Other Participants.

Section 2.03 Administration of this Plan. This Plan shall be administered by the Committee and the Committee shall have full authority to administer this Plan, including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Committee may deem necessary or desirable in order to comply with the requirements of this Plan, subject in all cases to compliance with regulatory requirements. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Company. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary or desirable for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Company and its Designated Affiliates. This Plan shall be administered in accordance with the rules and policies of the TSX Venture Exchange by the Committee so long as the Common Shares are listed on the TSX Venture Exchange.

Section 2.04 Delegation to Committee. All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprised of not less than three Directors.

Section 2.05 Record Keeping. The Company shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the number of Common Shares subject to Awards granted to each Participant; and
- (c) the aggregate number of Common Shares subject to Awards.

Section 2.06 Determination of Participants. The Committee shall from time to time determine the Participants who may participate in this Plan. The Committee shall from time to time determine the Participants to whom Awards shall be granted, the number of Common Shares to be made subject to, and the expiry date of, each Award granted to each Participant and the other terms, including any vesting provisions, of each Award granted to each Participant, all such determinations to be made in accordance with the terms and conditions of this Plan, and the Committee may take into consideration the present and potential contributions of, and the services rendered by, the particular Participant to the success of the Company and any other factors which the Committee deems appropriate and relevant. All Eligible Employees and Other Participants shall be bona fide Eligible Employees or Other Participants, as the case may be.

Section 2.07 Maximum Number of Shares.

- (a) The maximum number of securities reserved for issue pursuant to this Plan shall be determined from time to time by the Committee but, in any case, shall not exceed, in the aggregate, 10% of the number of Common Shares then outstanding; provided that the maximum number of Common Shares reserved for issuance, in the aggregate, pursuant to the exercise of Options granted under this Plan shall be equal to 10% of the number of Common Shares then outstanding.
- (b) The maximum number of Common Shares reserved for issue pursuant to Awards granted under this Plan to Participants who are Insiders of the Company in any 12-month period shall not exceed 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Stock Exchange.
- (c) The maximum number of Common Shares reserved for issue under Awards granted to any one Participant in any 12-month period shall not exceed 5% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Stock Exchange.
- (d) The maximum number of Common Shares reserved for issue under Awards granted to any one Other Participant in any 12-month period shall not exceed 2% of the number of Common Shares then outstanding.
- (e) The maximum number of Common Shares reserved for issue under Options granted to all Eligible Employees and to all Other Participants conducting Investor Relations Activities in any 12-month period shall not exceed, in the aggregate, 2% of the number of Common Shares then outstanding. Options granted to Eligible Employees or Other Participants

performing Investor Relations Activities shall vest in stages over a 12-month period, with no more than ¼ of the Options vesting in any three month period. The Directors shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Company by all Participants performing Investor Relations Activities. No acceleration of the vesting provisions of Options granted to persons retained to provide Investor Relations Activities is allowed without the prior acceptance of the Stock Exchange.

For purposes of this Section 2.07, "the number of Common Shares then outstanding" shall mean the number of Common Shares outstanding on a non-diluted basis calculated at the date of the proposed grant of the applicable Award.

ARTICLE THREE

OPTION AWARDS

Section 3.01 Nature of Options. An Option is an option granted by the Company to a Participant entitling such Participant to acquire a designated number of Common Shares from treasury at the Exercise Price, but subject to the provisions hereof. For greater certainty, the Company is obligated to issue and deliver the designated number of Common Shares on the exercise of an Option and shall have no independent discretion to settle an Option in cash or other property other than Common Shares issued from treasury. For the avoidance of doubt, no Dividend Equivalents shall be granted in connection with an Option.

Section 3.02 Option Awards. Subject to the provisions set forth in this Plan and any shareholder or regulatory approval which may be required, the Committee shall, from time to time by resolution, in its sole discretion, (a) designate the Eligible Director, Eligible Employee or Other Participant who may receive Options under the Plan, (b) fix the number of Options, if any, to be granted to each Eligible Director, Eligible Employee or Other Participant and the date or dates on which such Options shall be granted, (c) subject to Section 3.04, determine the price per Common Share to be payable upon the exercise of each such Option, (d) determine the relevant vesting provisions (including performance criteria, if applicable) and (e) determine the term of the Options, the whole subject to the terms and conditions prescribed in this Plan or in any stock option agreement, and any applicable rules of the Stock Exchange.

Section 3.03 Option Notice or Agreement. Each Option granted to a Participant may be evidenced by a stock option notice or stock option agreement setting out terms and conditions consistent with the provisions of this Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.

Section 3.04 Exercise Price. The price per share (the "**Exercise Price**") at which any Common Share which is the subject of an Option may be purchased shall be determined by the Committee at the time the Option is granted, provided that the Exercise Price shall be not less than the closing price of the Common Shares on the Stock Exchange on the last trading day immediately preceding the date of the grant of such Option less the maximum discount, if any, permitted by the Stock Exchange or, if the Common Shares are not then listed on any stock exchange, the Exercise Price shall not be less than the fair market value of the Common Shares as may be determined by the Directors on the day immediately preceding the date of the grant of such Option. Disinterested shareholder approval shall be required for any reduction in the Exercise

Price of any Option if the Optionee is an Insider of the Company at the time of the proposed amendment to the Exercise Price.

Section 3.05 Term of Option. The Option Period for each Option shall be such period of time as shall be determined by the Committee, subject to amendment by an Employment Contract, provided that in no event shall an Option Period exceed ten years. Notwithstanding the definition of Option Period contained herein or the foregoing, the expiration date of an Option will be the date fixed by the Directors with respect to such Option unless such expiration date falls within a Blackout Period or within ten days after a Blackout Period Expiry Date, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period Expiry Date. Disinterested shareholder approval shall be required for the extension of any Option Period if the Optionee is an Insider of the Company at the time of the proposed amendment to the Option Period.

Section 3.06 Lapsed Options. If Options granted under this Plan (or stock options granted under the Prior Option Plan) are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options (or such lapsed stock options).

Section 3.07 Limit on Options to be Exercised. Except as otherwise specifically provided herein or in any Employment Contract, Options may be exercised by the Optionee in whole at any time, or in part from time to time (in each case to the nearest full Common Share), during the Option Period only in accordance with the vesting schedule, if any, determined by the Committee, in its sole and absolute discretion, subject to the applicable requirements of the Stock Exchange, at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option shall be exercisable in whole at any time, or in part from time to time, during the Option Period, subject to the applicable requirements of the Stock Exchange. In the event that the Common Shares are listed on the TSX Venture Exchange, Options with an Exercise Price based on the Discounted Market Price (as such term is defined in the policies of the TSX Venture Exchange), and the Common Shares issuable upon the exercise thereof, shall be subject to the restricted period and legending requirements imposed by the policies of the TSX Venture Exchange.

Section 3.08 Eligible Participants on Exercise. An Option may be exercised by the Optionee in whole at any time, or in part from time to time, during the Option Period, provided however that, except as otherwise specifically provided in Section 3.11 or Section 3.12 hereof or in any Employment Contract, no Option may be exercised unless the Optionee at the time of exercise thereof is:

- (a) in the case of an Eligible Employee, an officer of the Company or a Designated Affiliate or in the employment of the Company or a Designated Affiliate and has been continuously an officer or so employed since the date of the grant of such Option, provided however that a leave of absence with the approval of the Company or such Designated Affiliate shall not be considered an interruption of employment for purposes of this Plan;
- (b) in the case of an Eligible Director who is not also an Eligible Employee, a director of the Company or a Designated Affiliate and has been such a director continuously since the date of the grant of such Option; and
- (c) in the case of an Other Participant, engaged, directly or indirectly, in providing ongoing management, advisory, consulting, technical or other services for the Company or a Designated Affiliate and has been so engaged since the date of the grant of such Option.

Section 3.09 Payment of Exercise Price. The issue of Common Shares on the exercise of any Option shall be contingent upon receipt by the Company of payment of the aggregate purchase price for the Common Shares in respect of which the Option has been exercised by cash or certified cheque delivered to the registered office of the Company together with a completed notice of exercise, together with any tax amounts required under Section 5.01. No Optionee or legal representative, legatee or distributee of any Optionee will be, or will be deemed to be, a holder of any Common Shares with respect to which such Optionee was granted an Option, unless and until certificates for such Common Shares are issued to such Optionee, or them, under the terms of this Plan. Subject to Section 6.11 hereof, upon an Optionee exercising an Option and paying the Company the aggregate purchase price for the Common Shares in respect of which the Option has been exercised, the Company shall as soon as practicable thereafter issue and deliver a certificate representing the Common Shares so purchased.

Section 3.10 Acceleration on Take-over Bid, Consolidation, Merger, etc. In the event that:

- (a) the Company seeks or intends to seek approval from the shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as defined below); or
- (b) a person makes a bona fide offer or proposal to the Company or the shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event,

the Company shall send notice to all Optionees of such transaction, offer or proposal as soon as practicable and, provided that the Committee has determined that no adjustment will be made pursuant to Section 6.06 hereof, (i) the Committee may, by resolution and notwithstanding any vesting schedule applicable to any Option or Section 3.07 hereof, permit all Options outstanding which have restrictions on their exercise to become immediately exercisable during the period specified in the notice (but in no event later than the applicable expiry date of an Option) and prior to such transaction, offer or proposal, so that the Optionee may participate in such transaction, offer or proposal, and (ii) the Committee may accelerate the expiry date of such Options and the time for the fulfillment of any conditions or restrictions on such exercise.

In this 3.10 an "**Acceleration Event**" means:

- (a) the acquisition by any person of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Company, by means of a take-over bid or otherwise;
- (b) any consolidation, merger, statutory amalgamation or arrangement involving the Company and pursuant to which the Company will not be the continuing or surviving corporation or pursuant to which the Common Shares will be converted into cash or securities or property of another entity, other than a transaction involving the Company and in which the shareholders of the Company immediately prior to the completion of the transaction will have the same proportionate ownership of the surviving corporation immediately after the completion of the transaction;
- (c) a separation of the business of the Company into two or more entities;
- (d) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity; or
- (e) the approval by the shareholders of the Company of any plan of liquidation or dissolution of the Company.

Section 3.11 Effect of Death. If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Company or Designated Affiliate on behalf of the Other Participant, shall die, any outstanding Option held by such Participant or Other Participant at the date of such death shall become immediately exercisable notwithstanding Section 3.07 hereof, and shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period of 12 months after the date of death of the Optionee or prior to the expiration of the Option Period in respect of the Option, whichever is earlier, and then only to the extent that such Optionee was entitled to exercise the Option at the date of the death of such Optionee in accordance with Sections 3.07, 3.08 and 3.12 hereof.

Section 3.12 Effect of Termination of Engagement. If a Participant shall:

- (a) cease to be a Director or of a Designated Affiliate, as the case may be (and is not or does not continue to be an employee thereof), for any reason (other than death); or
- (b) cease to be employed by, or provide services to, the Company or the Designated Affiliates (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Company or the Designated Affiliates, for any reason (other than death) or shall receive notice from the Company or any Designated Affiliate of the termination of their Employment Contract;

(the earliest to occur of any of the foregoing events being referred to herein as a "**Termination**"), except as otherwise provided in any Employment Contract, such Participant may, but only within the 90 days next succeeding such Termination (or, subject to the limitations set forth below, such other period of time as may be determined by the Board of Directors of the Company), exercise the Options to the extent that such Participant was entitled to exercise such Options at the date of such Termination. Notwithstanding the foregoing or any Employment Contract, in no event shall such right extend beyond the Option Period or one year from the date of Termination.

ARTICLE FOUR

RESTRICTED SHARE UNIT AWARDS

Section 4.01 Nature of RSUs. An RSU is an Award that is a bonus for services rendered in the year of grant, that, upon settlement, entitles the recipient Participant to receive a cash payment equal to the Market Value of a Common Share or, at the sole discretion of the Committee, a Common Share, and subject to such restrictions and conditions on vesting as the Committee may determine at the time of grant, unless such RSU expires prior to being settled. Restrictions and conditions on vesting may, without limitation, be based on the passage of time during continued employment or other service relationship, the achievement of specified performance criteria or both.

Section 4.02 RSU Awards

- (a) Subject to the provisions herein and any shareholder or regulatory approval which may be required, the Committee shall, from time to time by resolution, in its sole discretion, (a) designate the Eligible Director, Eligible Employee or Other Participant who may receive RSUs under the Plan, provided such person was not retained to provide Investor Relations Activities, (b) fix the number of RSUs, if any, to be granted to each Eligible Director, Eligible Employee or Other Participant and the date or dates on which such RSUs shall be granted, (c) determine the relevant conditions, vesting provisions and the Restriction Period of such RSUs, and (d) determine any other terms and conditions applicable to the granted

RSUs, which need not be identical and which, without limitation, may include non-competition provisions, subject to the terms and conditions prescribed in this Plan, in any RSU Agreement, and any applicable rules of the Stock Exchange.

- (b) Subject to the vesting and other conditions and provisions in this Plan, including Section 2.07, all RSUs granted herein shall vest in accordance with the terms of the RSU Agreement entered into in respect of such RSUs.
- (c) Subject to the vesting and other conditions and provisions in this Plan and in the applicable RSU Agreement, each RSU awarded to a Participant shall entitle the Participant to receive, on settlement, a cash payment equal to the Market Value of a Common Share, or, at the discretion of the Committee, one Common Share or any combination of cash and Common Shares as the Committee in its sole discretion may determine, in each case less any applicable withholding taxes. For greater certainty, no Participant shall have any right to demand to be paid in, or receive, Common Shares in respect of any RSU, and, notwithstanding any discretion exercised by the Committee to settle any RSU, or a portion thereof, in the form of Common Shares, the Committee reserves the right to change such form of payment at any time until payment is actually made.

Section 4.03 RSU Agreements

- (a) The grant of a RSU by the Committee shall be evidenced by a RSU Agreement in such form not inconsistent with the Plan as the Committee may from time to time determine. Such RSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Committee from time to time) which are not inconsistent with this Plan and which the Committee deems appropriate for inclusion in a RSU Agreement. The provisions of the various RSU Agreements issued under this Plan need not be identical.
- (b) The RSU Agreement shall contain such terms that the Company considers necessary in order that the RSUs granted to Participants, shall not constitute a "salary deferral arrangement" as defined in subsection 248(1) of the ITA, by reason of the exemption in paragraph (k) thereof or other laws in force in any country or jurisdiction of which the Participant may from time to time be a resident or citizen or provide services in or the rules of any regulatory body having jurisdiction over the Company.

Section 4.04 Vesting of RSUs. All RSUs are subject to a minimum one (1) year vesting schedule. The Committee shall have sole discretion to (a) determine if any vesting conditions with respect to a RSU, including any performance criteria or other vesting conditions contained in the applicable RSU Agreement, have been met, (b) waive the vesting conditions applicable to RSUs (or deem them to be satisfied), and (c) extend the Restriction Period with respect to any grant of RSUs, provided that any such extension shall not result in the Restriction Period for such RSUs extending beyond the RSU Outside Expiry Date. The Company shall communicate to a Participant, as soon as reasonably practicable, the date on which all such applicable vesting conditions in respect of a grant of RSUs to the Participant have been satisfied, waived or deemed satisfied and such RSUs have vested (the "**Vesting Date**").

Section 4.05 Redemption / Settlement of RSUs

- (a) Subject to the provisions of this Section 4.05 and Section 4.06, a Participant's vested RSUs shall be redeemed in consideration for a cash payment on the date (the "**Redemption**

Date") that is the earliest of (a) the 15th day following the applicable Vesting Date for such vested RSUs (or, if such day is not a Business Day, on the immediately following Business Day), and (b) the RSU Outside Expiry Date.

- (b) Subject to the provisions of this Section 4.05 and Section 4.06, during the period between the Vesting Date and the Redemption Date in respect of a Participant's vested RSUs, the Company (or any Designated Affiliate that is party to an Employment Contract with the Participant whose vested RSUs are to be redeemed) shall, at its sole discretion, be entitled to elect to settle all or any portion of the cash payment obligation otherwise arising in respect of the Participant's vested RSUs either (a) by the issuance of Common Shares to the Participant (or the legal representative of the Participant, if applicable) on the Redemption Date, or (b) by paying all or a portion of such cash payment obligation to the Designated Broker, who shall use the funds received to purchase Common Shares in the open market, which Common Shares shall be registered in the name of the Designated Broker in a separate account for the Participant's benefit.
- (c) Settlement of a Participant's vested RSUs shall take place on the Redemption Date as follows:
 - (i) where the Company (or applicable Designated Affiliate) has elected to settle all or a portion of the Participant's vested RSUs in Common Shares issued from treasury:
 - (A) in the case of Common Shares issued in certificated form, by delivery to the Participant (or to the legal representative of the Participant, if applicable) of a certificate in the name of the Participant (or the legal representative of the Participant, if applicable) representing the aggregate number of Common Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax and other applicable source deductions in accordance with Section 5.01; or
 - (B) in the case of Common Shares issued in uncertificated form, by the issuance to the Participant (or to the legal representative of the Participant, if applicable) of the aggregate number of Common Shares that the Participant is entitled to receive, subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 5.01, which Common Shares shall be evidenced by a book position on the register of the shareholders of the Company to be maintained by the transfer agent and registrar of the Common Shares;
 - (ii) where the Company or a Designated Affiliate has elected to settle all or a portion of the Participant's vested RSUs in Common Shares purchased in the open market, by delivery by the Company or a Designated Affiliate of which the Participant is a director, executive officer, employee or consultant to the Designated Broker of readily available funds in an amount equal to the Market Value of a Common Share as of the Redemption Date multiplied by the number of vested RSUs to be settled in Common Shares purchased in the open market, less the amount of any applicable withholding tax and other applicable source deductions under Section 5.01, along with directions instructing the Designated Broker to use such funds to purchase Common Shares in the open market for the benefit of the Participant and to be evidenced by a confirmation from the Designated Broker of such purchase;

- (iii) any cash payment to which the Participant is entitled (excluding, for the avoidance of doubt, any amount payable in respect of the Participant's RSUs that the Company or a Designated Affiliate has elected to settle in Common Shares) shall, subject to satisfaction of any applicable withholding tax and other applicable source deductions under Section 5.01, be paid to the Participant (or to the legal representative of the Participant, if applicable) by the Company or a Designated Affiliate of which the Participant is a director, executive officer, employee or consultant, in cash, by cheque or by such other payment method as the Company and Participant may agree; and
 - (iv) where the Company or a Designated Affiliate has elected to settle a portion, but not all, of the Participant's vested RSUs in Common Shares, the Participant shall be deemed to have instructed the Company or Designated Affiliate, as applicable, to withhold from the cash portion of the payment to which the Participant is otherwise entitled such amount as may be required in accordance with Section 5.01 and to remit such withheld amount to the applicable taxation authorities on account of any withholding tax obligations, and the Company or Designated Affiliate, as applicable, shall deliver any remaining cash payable, after making any such remittance, to the Participant (or to the legal representative of the Participant, if applicable) as soon as reasonably practicable. In the event that the cash portion payable to settle a Participant's RSUs in the foregoing circumstances is not sufficient to satisfy the withholding obligations of the Company or a Designated Affiliate pursuant to Section 5.01, the Company or Designated Affiliate, as applicable, shall be entitled to satisfy any remaining withholding obligation by any other mechanism as may be required or determined by the Company or Designated Affiliate as appropriate.
- (d) Notwithstanding any other provision in this Article Four, no payment, whether in cash or in Common Shares, shall be made in respect of the settlement of any RSUs later than December 15th of the third (3rd) calendar year following the end of the calendar year in respect of which such RSU is granted (the "**RSU Outside Expiry Date**").

Section 4.06 Determination of Amounts

- (a) The cash payment obligation arising in respect of the redemption and settlement of a vested RSU pursuant to Section 4.05 shall be equal to the Market Value of a Common Share as of the applicable Redemption Date. For the avoidance of doubt, the aggregate cash amount to be paid to a Participant (or the legal representative of the Participant, if applicable) in respect of a particular redemption of the Participant's vested RSUs shall, subject to any adjustments in accordance with Section 6.07 and any withholding required pursuant to Section 5.01, be equal to the Market Value of a Common Share as of the Redemption Date for such vested RSUs multiplied by the number of vested RSUs in the Participant's Account at the commencement of the Redemption Date (after deducting any such vested RSUs in the Participant's Account in respect of which the Company (or applicable Designated Affiliate) makes an election under Section 4.05(b) to settle such vested RSUs in Common Shares).
- (b) If the Company (or applicable Designated Affiliate) elects in accordance with Section 4.05(b) to settle all or a portion of the cash payment obligation arising in respect of the redemption of a Participant's vested RSUs by the issuance of Common Shares, the Company shall, subject to any adjustments in accordance with Section 6.07 and any

withholding required pursuant to Section 5.01, issue to the Participant (or the legal representative of the Participant, if applicable), for each vested RSU which the Company (or applicable Designated Affiliate) elects to settle in Common Shares, one Common Share. Where, as a result of any adjustment in accordance with Section 6.07 and/or any withholding required pursuant to Section 5.01, the aggregate number of Common Shares to be received by a Participant upon an election by the Company (or applicable Designated Affiliate) to settle all or a portion of the Participant's vested RSUs in Common Shares includes a fractional Common Share, the aggregate number of Common Shares to be received by the Participant shall be rounded down to the nearest whole number of Common Shares.

Section 4.07 Award of Dividend Equivalents

- (a) Dividend Equivalents may, as determined by the Committee in its sole discretion, be awarded as a bonus for services rendered in the year awarded in respect of unvested RSUs in a Participant's Account on the same basis as cash dividends declared and paid on Common Shares as if the Participant was a shareholder of record of Common Shares on the relevant record date. Dividend Equivalents, if any, will be credited to the Participant's Account in additional RSUs, the number of which shall be equal to a fraction where the numerator is the product of (a) the number of RSUs in such Participant's Account on the date that dividends are paid multiplied by (b) the dividend paid per Common Share and the denominator of which is the Market Value of a Common Share calculated as of the date that dividends are paid. Any additional RSUs credited to a Participant's Account as a Dividend Equivalent shall be subject to the same terms and conditions (including vesting, Restriction Periods and expiry) as the RSUs in respect of which such additional RSUs are credited.
- (b) In the event that the Participant's applicable RSUs do not vest, all Dividend Equivalents, if any, associated with such RSUs will be forfeited by the Participant.

Section 4.08 Effect of Death. If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Company or Designated Affiliate on behalf of the Other Participant, shall die, any unvested RSUs in the Participant's Account as at the date of such death relating to a Restriction Period in progress shall become immediately forfeited and cancelled. For greater certainty, where a Participant's employment or service relationship with the Company or a Designated Affiliate is terminated as a result of death following the satisfaction of all vesting conditions in respect of particular RSUs but before receipt of the corresponding distribution or payment in respect of such RSUs, the Participant shall remain entitled to such distribution or payment. Notwithstanding the foregoing, if the Committee, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested RSUs, the date of such action is the Vesting Date.

Section 4.09 Effect of Termination of Engagement. If a Participant shall:

- (a) cease to be a Director or of a Designated Affiliate, as the case may be (and is not or does not continue to be an employee thereof), for any reason (other than death); or
- (b) cease to be employed by, or provide services to, the Company or the Designated Affiliates (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Company or the Designated Affiliates, for any reason

(other than death) or shall receive notice from the Company or any Designated Affiliate of the termination of their Employment Contract;

(the earliest to occur of any of the foregoing events being referred to herein as a "**Termination**"), the Participant's participation in the Plan shall be terminated immediately, all RSUs credited to such Participant's Account that have not vested shall be forfeited and cancelled, and the Participant's rights that relate to such Participant's unvested RSUs shall be forfeited and cancelled on the Termination Date. Notwithstanding the foregoing, if the Committee, in its sole discretion, instead accelerates the vesting or waives vesting conditions with respect to all or some portion of outstanding unvested RSUs, the date of such action is the Vesting Date.

ARTICLE FIVE

WITHHOLDING TAXES AND SECURITIES LAWS OF THE UNITED STATES OF AMERICA

Section 5.01 Withholding Taxes. The Company or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Company or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Award or Common Share including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of Common Shares to be issued upon the exercise or settlement, as applicable, of any Award, until such time as the Participant has paid the Company or any Designated Affiliate for any amount which the Company or the Designated Affiliate is required to withhold with respect to such taxes.

Section 5.02 Securities Laws of the United States of America. Neither the Awards which may be granted pursuant to this Plan nor the Common Shares which may be issued pursuant to the exercise or settlement, as applicable, of any Awards have been registered under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), or under any securities law of any state of the United States of America. Accordingly, any Participant who is issued Common Shares or granted an Award in a transaction which is subject to the U.S. Securities Act or the securities laws of any state of the United States of America may be required to represent, warrant, acknowledge and agree that:

- (a) the Participant is acquiring the Award and/or any Common Shares as principal and for the account of the Participant;
- (b) in granting the Award and/or issuing the Common Shares to the Participant, the Company is relying on the representations and warranties of the Participant to support the conclusion of the Company that the granting of the Award and/or the issue of Common Shares do not require registration under the U.S. Securities Act or to be qualified under the securities laws of any state of the United States of America;
- (c) each certificate representing Common Shares so issued may be required to have the following legend:

"THE SECURITIES REPRESENTED HEREBY [for Awards add: AND ANY SECURITIES ISSUABLE UPON EXERCISE HEREOF] HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO

THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY (WHICH WILL BE DELIVERED PROMPTLY AND WILL NOT BE UNREASONABLY WITHHELD, BUT WHICH MAY BE CONDITIONAL ON DELIVERY OF A LEGAL OPINION IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY), PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT "GOOD DELIVERY" OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE. A CERTIFICATE WITHOUT A LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE COMPANY IN CONNECTION WITH A SALE OF THE SECURITIES REPRESENTED HEREBY AT A TIME WHEN THE COMPANY IS A "FOREIGN ISSUER" AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT, UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE REGISTRAR AND TRANSFER AGENT AND THE COMPANY, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.";

provided that if such Common Shares are being sold outside the United States of America in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act and provided that the Company is a "foreign issuer" within the meaning of Regulation S under the U.S. Securities Act at the time of such sale, such legend may be removed by providing a written declaration signed by the holder to the registrar and transfer agent for the Common Shares to the following effect:

"The undersigned (A) represents and warrants that the sale of the securities of Impact Development Group Inc. (the "**Company**") to which this declaration relates is being made in compliance with Rule 904 of Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), and (B) certifies that (1) the undersigned is not an affiliate of the Company as that term is defined in the U.S. Securities Act, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside of the United States, or the undersigned and any person acting on its behalf reasonably believe that the buyer was outside the United States or (B) the transaction was executed on or through the facilities of a Designated Offshore Securities Market and neither the undersigned nor any person acting on behalf thereof knows or has any reason to believe that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer; and

sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.";

- (d) other than as contemplated by Section 5.02(c) hereof, prior to making any disposition of any Common Shares acquired pursuant to this Plan which might be subject to the requirements of the U.S. Securities Act, the Participant shall give written notice to the Company describing the manner of the proposed disposition and containing such other information as is necessary to enable counsel for the Company to determine whether registration under the U.S. Securities Act or qualification under any securities laws of any state of the United States of America is required in connection with the proposed disposition and whether the proposed disposition is otherwise in compliance with such legislation and the regulations thereto;
- (e) other than as contemplated by Section 5.02(c) hereof, the Participant will not attempt to effect any disposition of the Common Shares owned by the Participant and acquired pursuant to this Plan or of any interest therein which might be subject to the requirements of the U.S. Securities Act in the absence of an effective registration statement relating thereto under the U.S. Securities Act or an opinion of counsel satisfactory in form and substance to counsel for the Company that such disposition would not constitute a violation of the U.S. Securities Act and then will only dispose of such Common Shares in the manner so proposed;
- (f) the Company may place a notation on the records of the Company to the effect that none of the Common Shares acquired by the Participant pursuant to this Plan shall be transferred unless the provisions of the Plan have been complied with; and
- (g) the effect of these restrictions on the disposition of the Common Shares acquired by the Participant pursuant to this Plan is such that the Participant may not be able to sell or otherwise dispose of such Common Shares for a considerable length of time in a transaction which is subject to the provisions of the U.S. Securities Act other than as contemplated by Section 5.02(c) hereof.

ARTICLE SIX

GENERAL

Section 6.01 Effective Time of this Plan. This Plan shall become effective upon a date to be determined by the Directors; provided, however, that the RSU components of the Plan shall be subject to disinterested shareholder approval.

Section 6.02 Amendment of Plan. The Committee shall have the right:

- (a) without the approval of the shareholders of the Company, subject to Section 6.02(b) of the Plan, to make any amendments to the Plan, including but not limited to the following amendments:
 - (i) any amendment of a "housekeeping" nature, including, without limitation, amending the wording of any provision of the Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correcting grammatical or typographical errors and amending the definitions contained within the Plan;
 - (ii) any amendment to comply with the rules, policies, instruments and notices of any regulatory authority to which the Company is subject, including the Stock Exchange, or to otherwise comply with any applicable law or regulation;
 - (iii) other than changes to the expiration date and the exercise price of any Award as described in Section 6.02(b)(iii) and Section 6.02(b)(iv) of this Plan, any amendment, with the consent of the Participant, to the terms of any Award previously granted to such Participant under the Plan;
 - (iv) any amendment to the provisions concerning the effect of the termination of a Participant's position, employment or services on such Participant's status under the Plan;
 - (v) any amendment to the categories of persons who are Participants; and
 - (vi) any amendment respecting the administration or implementation of the Plan;
- (b) with the approval of the shareholders of the Company by ordinary resolution, including if required by the applicable Stock Exchange, disinterested shareholder approval, to make any amendment to the Plan not contemplated by Section 6.02(a) of the Plan, including, but not limited to:
 - (i) any change to the number of Common Shares issuable from treasury under the Plan, including an increase to the fixed maximum percentage or number of Common Shares or a change from a fixed maximum percentage of Common Shares to a fixed maximum number of Common Shares or vice versa, other than an adjustment pursuant to Section 6.07 of the Plan;
 - (ii) any amendment which reduces the exercise price of any Award, other than an adjustment pursuant to Section 6.07 of the Plan; provided, however, that, for greater certainty, disinterested shareholder approval will be required for any amendment which reduces the exercise price of any Option if the Participant is an Insider of the Corporation at the time of the proposed amendment;
 - (iii) any amendment which extends the expiry date of an Award, or the Restriction Period of any RSU beyond the original expiry date or Restriction Period, except in the event of an extension due to a Blackout Period;

- (iv) any amendment which cancels any Award and replaces such Award with an Award which has a lower exercise price or other entitlement, other than an adjustment pursuant to Section 6.07 of the Plan,
- (v) any amendment which would permit Awards to be transferred or assigned by any Participant other than as allowed by Section 6.03 of the Plan, and
- (vi) any amendments to this Section 6.02 of the Plan.

Notwithstanding the foregoing, any amendment to the Plan shall be subject to the receipt of all required regulatory approvals including, without limitation, the approval of the Stock Exchange.

Section 6.03 Non-Assignable. No rights under this Plan and no Award awarded pursuant to this Plan are assignable or transferable by any Participant other than pursuant to a will or by the laws of descent and distribution.

Section 6.04 Rights as a Shareholder. No Participant shall have any rights as a shareholder of the Company with respect to any Common Shares which are the subject of an Award. Except as otherwise provided in this Plan, no Participant shall be entitled to receive any dividends, distributions or other rights declared for shareholders of the Company for which the record date is prior to the date of issue of certificates representing Common Shares acquired upon the exercise or settlement, as applicable, of any Awards.

Section 6.05 No Contract of Employment. Nothing contained in this Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Company or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Company or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in any of this Plan by a Participant shall be voluntary.

Section 6.06 Consolidation, Merger, etc. If there is a consolidation, merger or statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity, upon the exercise or settlement, as applicable, of an Award under this Plan the holder thereof shall be entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had been the holder of Common Shares immediately prior to the effective time of such event, unless the Committee otherwise determines appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the Participant in respect of such Award in connection with such event.

Section 6.07 Adjustment in Number of Common Shares Subject to the Plan. In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- (a) the number of Common Shares available under this Plan;
- (b) the number of Common Shares subject to any Award;
- (c) the exercise price of the Common Shares subject to Awards; and
- (d) the number of Common Shares or cash payment to which the Participant is entitled upon exercise or settlement of such Award.

If the foregoing adjustment shall result in a fractional Common Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Plan.

Section 6.08 Securities Exchange Take-over Bid. In the event that the Company becomes the subject of a take-over bid (within the meaning of the *Securities Act (Ontario)*) as a result of which all of the outstanding Common Shares are acquired by the offeror through compulsory acquisition provisions of the incorporating statute or otherwise, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all Participants requiring them to surrender their Awards within 10 days of the mailing of such notice, and the Optionees shall be deemed to have surrendered such Awards on the tenth day after the mailing of such notice without further formality, provided that:

- (a) the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement awards to the Participants on the equity securities offered as consideration;
- (b) the Committee has determined, in good faith, that such replacement awards have substantially the same economic value as the Awards being surrendered; and
- (c) the surrender of Awards and the granting of replacement awards can be effected on a tax free rollover basis or otherwise without adverse tax consequences under the ITA.

Section 6.09 No Representation or Warranty. The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of this Plan.

Section 6.10 Compliance with Applicable Law. If any provision of this Plan or any Award contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction over the securities of the Company, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

Section 6.11 Necessary Approvals. The obligation of the Company to issue and deliver any Common Shares in accordance with this Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Company. If any Common Shares cannot be issued to any Participant upon the exercise or settlement, as applicable, of an Award for whatever reason, the obligation of the Company to issue such Common Shares shall terminate and any exercise price paid to the Company in respect of the exercise or settlement, as applicable, of such Award shall be returned to the Participant.

Section 6.12 Conflict. To the extent there is any inconsistency or ambiguity between this Plan and any Employment Contract, the terms of such Employment Contract shall govern to the extent of such inconsistency or ambiguity, subject only to compliance with applicable law and Stock Exchange policy.

Section 6.13 Interpretation. This Plan shall be governed by, and be construed in accordance with, the laws of the Province of Ontario.

CERTIFICATE OF THE COMPANY

Dated: July 12, 2023

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia, Alberta and Ontario.

YUBBA CAPITAL CORP.

/s/ Jason Smart

Jason Smart
Chief Executive Officer

/s/ Jason Smart

Jason Smart
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Brian Morales

Brian Joseph Morales
Director

/s/ Edward Yew

Edward (Ted) Yew
Director

CERTIFICATE OF IHC AND PROMOTER

Dated: July 12, 2023

This amended and restated prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the issuer as required by the securities legislation of British Columbia, Alberta and Ontario.

/s/ Israel Atencio Espino
Israel Atencio Espino
President*

/s/ Amparo Espino
Amparo Espino
Treasurer*

ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Rafael Guerra Gomez
Rafael Guerra Gomez
Director

/s/ Amparo Espino
Amparo Espino
Director

ON BEHALF OF THE PROMOTER

/s/ Oscar Hilt Tatum IV
Oscar Hilt Tatum IV

*Due to a jurisdictional difference, IHC does not have a CEO or CFO.