

**Form 51-102F3**  
**MATERIAL CHANGE REPORT**

**1. Name and Address of the Issuer**

Impact Development Group Inc. (the “**Company**” or “**IDG**”)  
1 Adelaide Street East, Suite 801  
Toronto, Ontario M5C 2V9

**2. Date of Material Change**

October 24, 2024.

**3. News Release**

A press release disclosing the material change was issued by the Company through Newsfile on October 25, 2024, and filed on [www.sedarplus.ca](http://www.sedarplus.ca).

**4. Summary of Material Change**

The Company announced the completion of its acquisition of Fusion Software, LLC (“**Fusion**”) pursuant to a securities purchase agreement (the “**Securities Purchase Agreement**”) with Fusion and its sole member of Fusion (the “**Vendor**”) to acquire 100% of the issued and outstanding shares (the “**Membership Interests**”) of Fusion (the “**Transaction**”).

The Company had also announced that it had entered into an unsecured draw down loan agreement dated October 24, 2024 (the “**Loan Agreement**”) where the lender (the “**Lender**”) committed to advancing up to USD\$1,000,000 (the “**Loan**”) over the course of four tranches (each, an “**Advance**”) over a period of three months. In connection with each Advance, the Company will issue bonus warrants to the Lender equal to the amount of the advance divided by the 10-day volume weighted average price of the Company’s common shares (“**IDG Shares**”) on the TSX Venture Exchange (the “**Exchange**”), subject to a floor price equal to the closing price of the IDG Shares on the trading date immediately prior to the Funding Date (as defined in Section 5).

**5. Full Description of Material Change**

*The Transaction*

As consideration for the acquisition of Membership Interests, the Company will issue to Fusion’s sole member an aggregate of (a) 1,666,667 IDG Shares, each issued at a deemed price of USD \$1.12 or CAD \$1.55 (collectively, the “**Consideration Shares**”); (b) 1,166,667 IDG Shares (collectively, the “**Earn-Out Shares**”), conditional upon the satisfaction of revenue milestones set out in the Securities Purchase Agreement (the “**Revenue Milestones**”) on the first, second, and third year anniversaries of the closing of the Transaction. Under the terms of the Securities Purchase Agreement, for 38 months after the closing date of the Transaction (the “**Closing Date**”), IDG will contribute a total of USD\$3,000,000 to Fusion to help it meet the Revenue Milestones, as follows:

- (a) USD\$1,000,000 in the first 14 months following the Closing Date;

- (b) an additional USD\$1,000,000 in the first 26 months following the Closing Date; and
- (c) an additional USD\$1,000,000 in the first 38 months following the Closing Date.

If IDG fails to meet the deadlines set out above, and the related Revenue Milestones are not achieved by Fusion, then for the first Revenue Milestone, Impact will issue a proportional number of Earn-Out Shares based on the amount contributed during the first 14 months following the Closing Date. For the second Revenue Milestone, Earn-Out Shares will be issued based on the amount contributed beyond USD\$1,000,000 during the first 26 months following the Closing Date. For the third Revenue Milestone, Earn-Out Shares will be issued based on the amount contributed beyond USD\$2,000,000 during the first 38 months following the Closing Date. All securities issued pursuant to this Transaction are subject to a hold period of four months and one day from the date of issuance.

#### Loan Agreement

On October 24, 2024, the Company entered into the Loan Agreement which outlined the terms and conditions to which the Lender would Advance the Loan to the Company over a period of three months (each, a “**Funding Date**”), as follows:

- (a) the initial Advance of USD\$250,000 paid on the effective date (“**Effective Date**”) of the Loan Agreement;
- (b) the second Advance of USD\$333,333.33 payable on the date that is on or prior to 1 month following the Effective Date;
- (c) the third Advance of USD\$333,333.34 payable on the date that is on or prior to 2 months following the Effective Date; and
- (d) one or more final Advance of USD\$133,333.33 payable on the date that is on or prior to 2 months following the Effective Date.

Pursuant to the Loan Agreement, the Company is not obligated to draw down an Advance; if the Company elects to skip an Advance, it may choose to combine the skipped amount with the next Advance. Notwithstanding the foregoing, the Company and the Lender may determine to alter the Funding Dates, including the timing and number thereof, and the amount of any Advance applicable to such Funding Dates, provided that in no event shall the aggregate principal amount exceed USD\$1,000,000. The outstanding amount of the principal Loan will accrue interest at a rate of 12% per annum. The outstanding Loan will become due and payable on October 31, 2028.

In connection with the Loan Agreement, the Company has agreed to issue non-transferable common share purchase warrants (each, a “**Bonus Warrant**”) to the Lender following each Funding Date. The number of Bonus Warrants issued by the Company in connection with each Advance will be equal to the amount of Advance divided by the 10 day volume weighted average price of the IDG Shares as at the Funding Date (the “**Exercise Price**”), provided that the Exercise Price will not be less than the closing price of the IDG Shares on the trading date immediately prior to the Funding Date. The Bonus Warrants will be exercisable for one IDG Share each at the Exercise Price, and will be exercisable for a period of three years from the date of issue. In accordance with the policies of the Exchange, if the principal is repaid during first year following the final Funding Date, a pro rata number of the total Bonus Warrants shall have their term reduced to the later of: (a) one year from issuance of the Bonus Warrants and (b) 30 days from the reduction

or repayment of the loan. In connection with the first Advance, the Company has issued 192,206 Bonus Warrants to the Lender as of October 25th, each Bonus Warrant is exercisable at a price of C\$1.8008 for the purchase of one IDG Share. The issuance of the Bonus Warrants is subject to the final approval of the Exchange.

The Lender is not a Non-Arm's Length Party (as defined in the policies of the Exchange) to the Company. The Loan will be used towards the working capital and general operations of Fusion.

**6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**7. Omitted Information**

No significant facts have been omitted from this report.

**8. Executive Officer**

Tom Wenz  
CEO and Director  
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**9. Date of Report**

November 4, 2024.