

**Impact Development Group Inc.**  
**Management Discussion and Analysis**  
**For the years ended December 31, 2024 and 2023**

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This Management's Discussion and Analysis ("MD&A") provides a review of the results of operations, financial condition and cash flows for Impact Development Group Inc. ("IDG" or the "Company") formerly Yubba Capital Corp. (Yubba), on a consolidated basis, for the years ended December 31, 2024 and 2023. 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, 2024. 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, April 7, 2025, 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. The Company has based these forward-looking statements on current expectations and projections about future events and financial trends that the Company believes may affect its financial condition, results of operations, business strategy and financial needs.

These forward-looking statements include, among other things, statements relating to:

- the economy generally;
- market participants' interest in IDG's services and products, both in respect of its current offerings and its proposed roll-out of future products and services;
- fluctuations in foreign currency exchange rates;
- business prospects and opportunities;
- anticipated and unanticipated costs;
- management's outlook regarding future trends;
- uncertainty regarding the market and economy;
- expectations regarding our revenue, expenses and operations;
- anticipated cash needs and our needs for additional financing;
- plans for and timing of expansion of products and services;
- ability to attract and retain personnel;
- competitive position and our expectations regarding competition;
- regulatory developments and the regulatory environments in which we operate;
- anticipated trends and challenges in our business and the markets in which we operate; and
- success of ongoing and future financing opportunities.

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".

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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, operational milestones, 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.

The forward-looking statements made in this MD&A relate only to events or information as of the date on which the statements are made in this MD&A and are expressly qualified in their entirety by this cautionary statement. Except as required by law, we do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

Readers should read this MD&A with the understanding that our actual future results may be materially different from what we expect.

All of the forward-looking statements in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on IDG.

## **Core Business and Strategy**

IDG completed the acquisition of Impact Housing Corporation ("IHC") through an acquisition agreement ("RTO Transaction") whereby the Company acquired all of the issued and outstanding shares of IHC on November 30, 2023, with the former shareholders of IHC obtaining control over the Company. As a result of the completion of the RTO Transaction, the shareholders of IHC held 98.59% of the issued and outstanding common shares of the Company and the shareholders of Yubba held the remaining 1.41%.

The principal business of IDG is to build and develop affordable, high quality subsidized homes in the Republic of Panama to support the emerging middle-class market. The company provides affordable housing solutions supported by longstanding government subsidy programs. The vision of IDG 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.

On October 24, 2024, the Company acquired 100% of the issued and outstanding shares of Fusion Software LLC ("Fusion"), a software company located in Ohio, the United States. Fusion is the creator of an innovative software platform designed to streamline the management of Low-Income Housing Tax Credits ("LIHTC") for tax credit investors, tax credit syndicators and affordable housing developers. The acquisition Fusion is a key step in furthering IDG's legacy and commitment to affordable housing solutions

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

<b>Company</b>	<b>Date of Incorporation/Acquisition</b>	<b>Primary Business</b>
Impact Housing Corporation	February 21, 2017	Administrative Services
Impact Housing Management Corporation	May 8, 2017	Administrative Services
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
Tekerros Constructores, S.A.	February 27, 2013	Construction Management
Impact Santiago, S.A.	June 11, 2020	Construction Management
Impact Construction, S.A.	December 14, 2020	Construction Management

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Comercializadora Sona, S.A.	February 27, 2013	Administrative Services
Impact Equipos, S.A.	June 11, 2020	Machinery and Equipment Management
Promotora Los Faros de Santiago, S.A.	March 3, 2023	Real Estate Development
Promotora Villas de Vizcaya, S.A.	March 9, 2023	Real Estate Development
Promotora Villas de Valencia, S.A.	March 9, 2023	Real Estate Development
Promotora Villas de Alicante, S.A.	March 15, 2023	Real Estate Development
Promotora Santiago Comercial, S.A.	March 8, 2023	Real Estate Development
Fusion Software LLC	October 24, 2024	Software Licensing

Over the course of 10 years of operations, IDG 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. IDG 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. IDG 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, IDG has the capacity to deliver 1.5 homes per day, averaged throughout the year, when operating at peak production speed.
3. IDG markets and sells the homes that it builds to the growing class of Panamanian middle-income families. After pre-qualifying families, IDG allows, on average, 4-6 months, and up to 12 months in some cases, to gather down payment and closing costs.
4. IDG controls the delivery of the homes to the end customers, ensuring quality control. Subsequently, IDG remains heavily involved in the operation of community services post-sale (i.e. home warranty items, maintaining parks, community spaces, and infrastructure until transferred to the applicable municipality).

IDG begins its process by acquiring and segregating viable land to develop residential communities. Once the land has been acquired and properly segregated, IDG utilizes community centric marketing techniques to engage potential customers. Once potential homebuyers have been identified and engaged, IDG requires that potential homebuyers undergo a diligent pre-qualification process to omit lower credit quality candidates early in the process. Due to IDG's thorough pre-qualification process, IDG 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 IDG homes has been 2%.

To avoid overleveraging itself, IDG 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.

IDG has, in the past, pursued a policy of controlled organic growth and it intends to continue that policy in the future. IDG has grown both by expanding revenue of existing operations and through the acquisition of new development properties. IDG's growth has historically been limited by the availability of financing rather than consumer demand. IDG'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, IDG has for many years focused on hiring new employees shortly following completion of their technical or engineering training. These employees become invested in IDG's operations early in their careers and become logical candidates for upward movement into regional management positions. IDG will continue this practice of hiring and training new talent as its primary method of increasing its staff to support growth.
- **Optimizing IDG'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, IDG has for many years

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continued to diversify the breadth and depth of its supply chain. As one of the largest developers in the respective regions it operates, IDG continues to receive favorable pricing and bulk delivery to ensure construction timelines are achieved. In addition, IDG has for years, as appropriate, worked with creditable subcontractors that are required to meet IDG stringent governance criteria. IDG 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: IDG plans to expand its operations from focusing solely on residential construction to include commercial construction. Subject to necessary capital requirements, IDG has set aside land at the Santiago Property to develop commercial space.
- Expanding Into New Markets: IDG plans to evaluate options to expand beyond Panama to other Latin American jurisdictions with subsidy programs similar to the core Panamanian market. IDG will evaluate new regional markets that fit its business model and strategy. If management foresees sufficient demand in new geographic markets for IDG's services, management will consider expanding into those markets.

## 2024 Highlights and Results of Operations

### Operational highlights for the year ended December 31, 2024

The Santiago Project is subdivided into multiple social interest and preferential interest phases at various stages of completion. The Company further subdivides its ongoing activities into Legacy Phases, consisting of Santiago – Phase 4, Santiago – Phase 5 and La Reserva - Phase 1; and New Phases, consisting of Santiago – Phase 6/7, Santiago – Phase 8 and La Reserva - Phase 2.

As of December 31, 2024, IDG has successfully delivered 1,133 homes and currently holds an inventory of 173 homes across all phases, at different stages of construction and delivery. Of this inventory, 110 homes are available for sale which is higher than previous periods and is primarily driven by termination of the Solidarity Bonus Subsidy Program by the government of Republic of Panama effective July 1, 2024. This, along with rising interest rates in Republic of Panama, lowered the number of customer's who got approvals for a house loan from the bank.

#### Legacy Phases

##### Santiago – Phase 4:

As of December 31, 2024, IDG has built and delivered 81 out of the 199 planned homes in Phase 4. The company currently holds an inventory of 118 homes, with an average completion rate of 90%. Of these, 49 units have secured sales agreements, while 69 remain available for sale. IDG aims to complete the delivery of the remaining units by the third quarter of 2027.

##### Santiago – Phase 5:

As of December 31, 2024, IDG has built and delivered 117 out of the 131 planned homes in Phase 5. The company holds an inventory of 14 homes, with an average completion rate of 90%. Of these, 5 units have secured sales agreements, while 9 are available for sale. IDG anticipates completing the delivery of the remaining units by the third quarter of 2026.

##### La Reserva – Phase 1:

As of December 31, 2024, IDG successfully completed the construction and sale of 100% of the homes in this phase. The only remaining task is the construction of the social area, which is planned to be completed and delivered by the second quarter of 2026.

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La Reserva Social:

As of December 31, 2024, IDG has built and sold 5 out of the planned 15 homes in La Reserva Social. Currently, 10 homes are in the final stages of construction, awaiting electrical system connections. Of these, 3 units have secured sales agreements, while 7 remain available for sale. IDG aims to complete the delivery of the remaining units by the first quarter of 2026.

**New Phases**

Santiago – Phase 8:

As of December 31, 2024, IDG is in the final stages of construction for 31 homes in Phase 8. The company has decided to build only these 31 units out of the 267 homes originally planned for this phase. Currently, 10 homes have secured sales agreements, while 21 units remain available for sale. Infrastructure works, including the treatment plant, streets, sidewalks, and wells, are completed. IDG expects to begin delivering the first homes in the fourth quarter of 2025.

La Reserva – Phase 2:

Due to changes in policies and incentives related to the construction of social housing in the Republic of Panama, the company has decided to suspend construction of this phase.

Santiago – Phase 6/7:

Due to changes in policies and incentives for social housing construction in the Republic of Panama, the company has decided to suspend the construction of this phase.

Commercial Area:

Similarly, due to changes in policies and incentives for social housing in the Republic of Panama, the company has also decided to suspend the construction of the commercial area phase.

The ongoing strategic adjustments to the development phases reflect the evolving market and regulatory conditions in the Republic of Panama. The company remains committed to delivering quality housing while adapting to the shifting landscape of the social housing sector.

**RTO Transaction**

On April 14, 2023, Yubba and Impact Housing Corporation, incorporated in Bahamas and Impact Housing Corporation, incorporated in Panama entered into an acquisition agreement pursuant to which Yubba indirectly acquired all the issued and outstanding common shares of IHC through a reverse take-over transaction. The transaction was closed on November 30, 2023.

Upon completion of the RTO transaction, 5,220,000 Yubba's common shares were consolidated into 200,072 common shares of the Company on the basis on one post-consolidated share for every 26.091 pre-consolidation shares. The fair value of these shares of \$214,077, was based on a fair value of \$1.07 per share as at the RTO date. This fair value of \$1.07 was determined in accordance with the IFRS and differs from the price per share of \$3.62 offered to and accepted by the participants in the prospectus filing. All the participants to the financing raised through the prospectus were existing shareholders of IHC and as such, per IFRS guidance, the \$3.62 per share could not be used as a proxy for the fair value of the share price. Alternatively, the fair value was determined using a discounted cash flow valuation technique based on five year forecast for the Company as at RTO Transaction date of November 30, 2023.

Existing 33,333,333 shares of IHC were exchanged for 2,222,212 Company common shares on the basis of 15 Company common shares for each IHC share.

Prior to completion of RTO Transaction, \$36,128,780 of borrowings with certain creditors were settled with issuance of 10,035,723 IHC common shares with fair value of \$10,738,224 resulting in a gain on debt settlement of \$25,390,556. Upon completion of the RTO transaction, the IHC shares were exchanged for Company common shares on the basis of 1:1 exchange ratio.

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On November 30, 2023, the Company issued convertible debentures to its existing shareholders for gross proceeds of \$6,023,367. On the same day, the convertible debentures were converted to Units of the Company for issuance of 1,663,914 subscription units. Each Unit was comprised of 1 Company common share and 1 Company warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$3.62 for a period of three years from the RTO Transaction date. Upon completion of RTO Transaction, each Unit was automatically converted for one Company common share and one Company warrant for a total of 1,663,914 Company common shares and 1,663,914 Company warrants. These common shares and warrants are in escrow as at December 31, 2024 and 2023. These warrants were valued at \$0.04.

In connection with the RTO, the Company paid the advisor through issuance of 20,007 shares at a price of US\$1.07 per share.

### **Acquisition**

On October 24, 2024, the Company acquired 100% of the issued and outstanding shares of Fusion Software LLC, a software company located in Ohio, the United States. Fusion are the creators of an innovative software platform designed to streamline the management of Low-Income Housing Tax Credits for tax credit investors, tax credit syndicators and affordable housing developers. The acquisition is completed to further the Company's commitment to affordable housing solutions.

The consideration paid consisted of:

- a) 1,666,667 common shares, each issued at a price of \$0.98 ("Consideration shares"); and
- b) 1,166,668 common shares ("Earn-Out shares"), conditional upon the satisfaction of revenue milestones on the first, second, and third year anniversaries of the closing of this transaction. These shares were fair valued using a Monte Carlo simulation and fair valued at nil on acquisition date.

Under the terms of the Securities Purchase Agreement, for 38 months after the closing date of the transaction (the "Closing Date"), the Company will contribute a total of USD\$3,000,000 to Fusion to help it meet the Revenue Milestones, as follows:

- USD\$1,000,000 in the first 14 months following the Closing Date;
- An additional USD\$1,000,000 in the first 26 months following the Closing Date; and
- An additional USD\$1,000,000 in the first 38 months following the Closing Date.

Acquisitions are accounted for using the acquisition method whereby the assets acquired and the liabilities assumed are recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The results of operations are included in the Company's consolidated financial statements from the respective date of acquisition.

The intangible assets recognized relates to the proprietary technology and software platform developed specifically for the management of Low-Income Housing Tax Credits and fair valued at \$124,000 on acquisition date. Even though the fair value is considerably lower than the purchase consideration of \$1,637,118 for this arms-length transaction, management is confident that the acquisition of Fusion is a strong strategic venture for IDG. Management paid the purchase consideration after considerable due diligence on the proprietary technology developed by the acquiree and the potential to gain market share through focused investment in marketing and sales. The fair valuation is derived in accordance with accounting standards which focuses on Fusion seed/start up stage with a small customer base resulting in a lower valuation than the consideration paid. However, based on the marketing and sales efforts since acquisition date, management is focused on building a strong sales pipeline and a growing customer base.

The receivables and payables acquired at acquisition date are fair valued at carrying value and have been settled within 90 days from acquisition date.

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The following summarizes the assets acquired and liabilities assumed related to the acquisition:

**Consideration:**

Consideration shares	\$ 1,637,118
Earn-out shares	-
<b>Total consideration</b>	<b>1,637,118</b>
<b>Assets and liabilities acquired:</b>	
Intangible acquired	124,000
Accounts receivable	88,831
Accounts payable and accrued liabilities	(90,110)
Deferred tax liabilities on intangibles acquired	(26,040)
	<b>96,681</b>
Goodwill	1,540,437
<b>Total identifiable net assets</b>	<b>\$ 1,637,118</b>

The Company incurred certain legal and advisory fees of \$117,998 related to the acquisition which were included in overhead and administrative expenses in the consolidated statement of earnings and comprehensive income (loss) for the year ended December 31, 2024.

For the period between acquisition date and December 31, 2024, the Company earned revenues of \$73,486 and net loss of \$6,422 from Fusion.

As at December 31, 2024, the Company impaired the goodwill of \$1,540,437 to nil.

## 2024 Financial Performance

The following selected financial data has been extracted from the unaudited condensed interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards, for the periods indicated and should be read in conjunction with the unaudited condensed interim consolidated financial statements.

	For the year ended	
	December 31, 2024	December 31, 2023
Sales revenues	\$ 3,698,059	\$ 5,791,413
<i>House sales</i>	3,624,573	5,791,413
<i>Software license subscriptions</i>	73,486	-
Cost of sales	<b>(9,598,660)</b>	(9,674,562)
<i>House sales</i>	(9,549,046)	(9,674,562)
<i>Software license subscriptions</i>	(49,614)	-
Net earnings (loss)	<b>(22,336,913)</b>	13,125,437
Earnings (loss) per share, basic	<b>(1.44)</b>	4.06
Earnings (loss) per share, diluted	<b>(1.44)</b>	2.91

Sales revenue for the year ended December 31, 2024 decreased by \$2,093,354 or 36.15% compared to the year ended December 31, 2023 primarily driven by sale of less houses sold in the year ended December 31, 2024 (56) compared to the year ended December 31, 2023 (85). The Company sold 35 houses in Santiago Phase 4, 16 houses in Santiago Phase 5 and 5 houses in La Reserva, for a total of 56 houses in year ended December 31, 2024. In 2023, the Company sold 6 house of Santiago Phase 4, 54 houses in Santiago Phase 5, 5 houses in La Reserva Social, and 20 in La Reserva.

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Cost of sales decreased by \$75,902 or 0.78% in the year ended December 31, 2024 compared to the year ended December 31, 2023. This is primarily driven by fewer home deliveries in the 2024 compared to 2023 partly offset by higher write-off of inventory to net realizable in 2024 compared to 2023. The higher write-off of inventory in 2024 is driven by slower moving inventory and slower construction activity in 2024 compared to 2023.

The net loss of \$22,336,913 for the year ended December 31, 2024 included a \$10,348,525 of impairment of the land held for development and \$1,540,437 of impairment of goodwill. Excluding these impairments, the net loss for the year ended December 31, 2024 is \$10,447,951. The net earnings of \$13,125,437 for the year ended December 31, 2023 included a \$25,390,556 gain on settlement of debt with certain creditors as part of the RTO Transaction on November 30, 2023. Excluding this gain, the net loss for the year ended December 31, 2023 of \$12,265,119. The decrease of net loss of \$1,817,168 (comparing \$10,447,951 loss for year ended December 31, 2024 compared to \$12,265,119 for the year ended December 31, 2023) is primarily due to higher write-off of receivables, higher share based compensation and higher interest expense in 2023 partly offset by higher operating loss in 2024, accretion expense and financing costs related to new and renewed debt agreements.

**Operating Expenses**

	For the year ended	
	December 31, 2024	December 31, 2023
Employee benefits expense	\$ 163,672	\$ 236,089
Sales expenses	575,798	545,481
Depreciation expenses	65,606	190,895
Overhead and administrative expenses	1,669,947	1,500,092
<b>Total</b>	<b>\$ 2,475,023</b>	<b>2,472,557</b>

Operating expenses stayed relatively consistent in the year ended December 31, 2024 compared to the year ended December 31, 2023. There was a slight increase in overhead and administrative expenses driven by higher by higher audit expense and public company compliance requirements and higher provision for warranties in 2024 partly offset by higher professional and legal expenses in 2023 in connection with the initial public offering in 2023.

**Interest expenses** decreased from \$3,021,157 in the year ended December 31, 2023 to \$704,536 in the year ended December 31, 2024. In 2022, majority of the interest related to Multibank credit facilities was capitalized as the houses for which financing was taken were under construction. The houses were delivered in 2023 however, the loans funding these houses have not been repaid as at December 31, 2023 and thus interest was reclassified as interest expense. The construction activity was lower in 2024 compared to 2023 driving the decrease in the interest expense in 2024 compared to 2023.

**Share-based compensation** for the year ended December 31, 2023 of \$1,377,673 corresponds to warrants and RSUs issued to management as part of the RTO Transaction on November 30, 2023. Warrants fully vested on the RTO Transaction date and amounted to \$1,337,974 of the total expense. Share-based compensation for the year ended December 31, 2024 of \$650,715 corresponds to the expense on the RSU's which vest 25% every six months over two years from the RTO Transaction date.

As at	December 31, 2024	December 31, 2023
Total assets	\$ 10,724,085	\$ 26,612,818
Working capital	2,084,520	17,714,312
Property and other inventories	5,921,319	11,181,591
Total non-current liabilities	4,824,732	1,706,144
Shareholders' equity (deficiency)	(2,341,180)	16,132,548
Number of shares outstanding (including shares held in escrow)	17,151,168	14,141,928

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Total assets decreased by at December 31, 2024 compared to December 31, 2023 primarily due to decrease in the property and other inventories and the land held for development. Property and other inventories decreased by \$5,260,272 at December 31, 2024 compared to December 31, 2023 primarily due to higher write-down of costs to net realizable value driven by slower moving inventory and slower construction activity in 2024 compared to 2023. The significant decrease of land held for development from \$13,897,177 at December 31, 2023 to \$3,497,938 at December 31, 2024 is due to an impairment of land held at Sona for 10,348,525. These are driven by the unfavourable macro economic environment and decreasing prospects and profitability of future social interest housing programs in the market due to the termination of the Solidarity Bonus Subsidy Program by the government of Republic of Panama effective July 1, 2024.

The significant decrease in property and other inventories from December 31, 2023 to December 31, 2024 is due to higher write-down of costs to net realizable value driven by slower moving inventory in 2024 and slower construction activity in 2024 compared to 2023.

## 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 fiscal quarters.

	2024 Q4		2024 Q3		2024 Q2		2024 Q1	
Revenue	\$	199,151	\$	987,450	\$	869,491	\$	1,641,967
Cost of goods sold		2,726,031		4,606,992		913,414		1,352,223
Operating expenses		665,815		721,724		498,006		589,478
Net Income (loss)		(15,654,028)		(4,800,948)		(1,219,702)		(662,235)
Total assets		10,724,085		23,047,703		27,072,859		26,949,113
Working capital		2,084,520		16,918,949		21,080,933		20,444,221
Total non-current liabilities		4,824,732		4,663,712		6,476,470		4,899,623

  

	2023 Q4		2023 Q3		2023 Q2		2023 Q1	
Revenue	\$	1,403,651	\$	1,791,277	\$	1,812,496	\$	783,989
Cost of goods sold		4,898,359		1,925,339		2,081,180		769,684
Operating expenses		476,300		657,348		777,318		561,591
Net Income (loss)		17,704,209		(1,459,927)		(1,825,935)		(1,292,910)
Total assets		26,612,818		29,525,101		29,675,152		28,727,139
Working capital		17,714,312		17,301,767		17,976,172		19,183,594
Total non-current liabilities		1,706,144		37,441,538		36,923,206		36,372,182

## 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 surplus of \$2,084,520 as at December 31, 2024 compared to \$17,714,313 as at December 31, 2023.

Management intends to finance operating costs over the next twelve months predominantly with available working capital, proceeds generated from ongoing operations and issuance of new shares as part of private placement, subject to regulatory approval. 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

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requirements. As at December 31, 2024, shareholders' deficit was \$2,341,180 compared to shareholders' equity of \$16,132,548 as at December 31, 2023.

**Working capital**

<b>As at</b>	<b>December 31, 2024</b>		December 31, 2023	
Current Assets	\$	<b>10,325,053</b>	\$	26,488,438
Current Liabilities		<b>8,240,533</b>		8,774,126
Working Capital	\$	<b>2,084,520</b>	\$	17,714,312

**Current Assets**

Current assets of \$10,325,053 as at December 31, 2024 were comprised primarily of \$5,921,319 of property and other inventories, \$3,497,938 of land held for development, prepaids, construction advances and solidarity bonus subsidy. Current assets of \$26,488,438 as at December 31, 2023 were comprised primarily of \$11,181,591 of property and other inventories, \$13,897,177 of land held for development and solidarity bonus subsidy.

**Current Liabilities**

Current liabilities at December 31, 2024 amounted to \$8,240,533 compared to \$8,774,126 on December 31, 2023 and were comprised primarily of Multibank loan facilities, accounts payable and accrued liabilities and advances from customers.

**Cash Flow**

<b>For the year ended December 31</b>	<b>2024</b>		2023	
Net cash used in operating activities	\$	<b>(2,104,583)</b>	\$	(4,049,587)
Net cash used in investing activities		<b>(235,094)</b>		(107,371)
Net cash from financing activities		<b>2,598,862</b>		4,213,571

***Net cash used in operating activities***

Cash used in operating activities of \$2,104,583 for the year ended December 31, 2024 in comparison to the cash from operating activities of \$4,049,587 for the year ended December 31, 2023 is mainly due to lower house deliveries/collections in 2024.

***Net cash used in investing activities***

The net cash used in investing activities as of December 31, 2024 of \$235,094 primarily correspond to the \$243,000 of investment in further enhancement of the technology acquired as part of the Fusion acquisition.

The net cash used in investing activities as of December 31, 2023 of \$107,371 primarily correspond to the purchase of additional land near existing land of Santiago identified as La Peana of \$356,046 partly offset by proceeds from disposal of machinery and equipment of \$183,448.

***Net cash provided by financing activities***

The proceeds from borrowings of \$4,893,000 during the year ended December 31, 2024 and December 31, 2023 was primarily due to proceeds from promissory note and shareholders loans.

The payment of borrowings of \$1,950,934 during the year ended December 31, 2024 is primarily due to repayment of \$1,764,704 of principal payments on the Multibank credit facilities.

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The interest paid on borrowings of \$1,457,170 during the year ended December 31, 2023 is primarily related to \$471,649 paid on the Multibank credit facilities and \$881,336 on the private loans.

The repayment on borrowings of \$1,739,362 during the year ended December 31, 2023 is primarily due payment on loan from Panama Equities, facility agreements paid off in 2023 and other loans.

## 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.

## Related party transactions

Related party transactions in the normal course of operations are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company entered several transactions with key management personnel and entities wholly owned by those personnel. The Company considers the executive officers and directors as the key management of the Company. The remuneration of key management personnel includes those persons having the authority and responsibility for the planning, directing, and controlling of the activities of the Company are as follows:

	December 31, 2024	December 31, 2023
Remuneration for services		
Salaries and Wages	\$ 606,266	\$ 473,875
Warrants	-	1,337,974
RSUs	650,715	39,699

Amounts due to and from related parties as at December 31, 2024 and December 31, 2023 are as follows:

Related party assets (liabilities)	December 31, 2024	December 31, 2023
Key management personnel	\$ (13,034)	\$ (2,500)
Shareholder loans	(6,336,750)	(990,000)

The amount due to key management personnel, included in other accounts payable, relates to unpaid remuneration as of December 31, 2024, and December 31, 2023.

## Share Capital

As at April 7, 2024, the Company has \$17,151,168 in total shares outstanding of which \$12,104,027 shares are held in escrow.

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## Borrowings

Borrowings for the years ended December 31 is comprised as follows:

	Current		Non-current	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Banks' borrowings	\$ -	\$ 4,008,131	\$ 2,373,419	\$ -
Private loans	-	-	1,590,649	1,644,553
Shareholder loans	4,736,738	990,000	773,000	-
Other loans	321,000	326,000	-	-
<b>TOTAL</b>	<b>\$ 5,057,738</b>	<b>\$ 5,324,131</b>	<b>\$ 4,737,068</b>	<b>\$ 1,644,553</b>

Changes in the borrowings for the years ended December 31 were as follows:

	2024	2023
Balance at January 1	\$ 6,968,684	\$ 41,360,116
Cash inflows from issuances	4,893,000	1,590,000
Cash outflows from repayments	(1,950,934)	(1,739,362)
Cash outflows from interest payments	(266,240)	(1,457,170)
Interest accrued	977,307	3,343,878
Debt financing costs <sup>(1)</sup>	(1,280,582)	-
Accretion expense on debt <sup>(1)</sup>	453,571	-
Debt settlement as part of RTO Transaction <sup>(2)</sup>	-	(36,128,778)
<b>Balance at December 31</b>	<b>\$ 9,794,806</b>	<b>\$ 6,968,684</b>

<sup>(1)</sup> Refer to shareholder loans below and note 20 on the fair value of warrants issued pursuant to the secured debenture agreement and operating loan agreement which is offset against the debt fair value. The allocated debt value is accreted to the gross cash proceeds over the maturity term of the agreement.

<sup>(2)</sup> As part of the RTO Transaction, IHC debt with certain creditors was settled for a fair value of \$10,738,224 through the issuance of 10,035,723 shares, resulting in a gain on settlement of debt of \$25,390,556 for the year ended December 31, 2023.

### Bank borrowings

Bank borrowing comprises of a credit loan facility with Multibank Inc. to finance the Project Sueños de Santiago – Phase 4, which is secured by a mortgage on the land earmarked as Phase 4. The interest is paid monthly and the principal is repaid as the sale of houses build under Phase 4 project is completed with the maturity date of October 19, 2024.

Description	Starting date	Expiry date	Amount	Interest rate	December 31, 2024	December 31, 2023
Houses Credit Line	Aug 24, 2019	Oct 19, 2024	\$ 4,141,787	9.25%	\$ 1,290,469	\$ 2,703,272
Infrastructure Credit Line	Aug 24, 2019	Oct 19, 2024	\$ 2,459,291	9.25%	689,700	898,015
Interests Capitalization	Apr 9, 2021	Oct 19, 2024	\$ 446,741	9.25%	393,249	406,844
<b>Total</b>					<b>\$ 2,373,418</b>	<b>\$ 4,008,131</b>

Subsequent to December 31, 2024, the loan was extended to maturity date of December 31, 2026 with same interest rate of 9.25% and terms and conditions largely unchanged.

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### **Private Loans**

On July 11, 2024, the Company signed a loan agreement with DC Investment Fund (DCIF) which replaced the previous promissory note with DCIF executed on September 6, 2017, with a maturity of 80 months and an interest rate of 15% per annum. The new loan has an interest rate of 12% per annum, payable every quarter, with the maturity date of March 31, 2026. As per terms of the new loan agreement, the Company made a cash payment of \$181,230 and issued 92,025 common shares of the Company. The Company derecognized the outstanding principal on previous promissory note and recognized the liability of the new loan at amortized cost of \$1,480,265. The 92,025 common shares issued were recognized at fair value \$3.08 per share as debt financing costs of \$280,317 in the consolidated statement of earnings and comprehensive income (loss).

### **Shareholder loans**

On December 31, 2023, the Company signed an unsecured, non-interest bearing, on demand promissory note with a shareholder for \$990,000. On January 25, 2024, the promissory note was cancelled and the Company replaced the promissory note with a senior secured debenture loan for proceeds of up to \$4,500,000. Pursuant to the terms of the financing, the debenture bears an interest at rate of 12% per annum, payable quarterly, with a scheduled maturity date of November 30, 2025. Interest payments are deferred and accrued with the first interest payment occurring on January 31, 2025. Funds will be advanced to the Company each month with the final Tranche to be advanced on or before July 31, 2024. In connection with the financing, the Company issued warrants exercisable for the purchase of common shares of the Company (refer to note 20 for details and fair valuation of the warrants). As at December 31, 2024 the Company received \$4,610,000 (December 31, 2023 - \$990,000) and issued 1,394,014 warrants. The gross proceeds are allocated between the shareholder loan and warrants using a relative fair value approach of \$3,569,919 and \$1,040,081 respectively. The allocated debt value of \$3,569,919 is accreted to its gross proceeds over the maturity term of the agreement. The accretion expense for the year ended December 31, 2024 is \$447,569.

On October 24, 2024, the Company entered into an unsecured draw down loan agreement dated October 24, 2024 for principal amount to a maximum of \$1,000,000, advanced in four tranches as follows:

- The initial advance of \$250,000 paid on the effective date of the loan agreement;
- The second advance of \$333,333.33 payable on the date that is on or prior to 1 month following the effective date of the loan agreement,
- The third advance of \$333,333.34 payable on the date that is on or prior to 2 months following the effective date of the loan agreement; and
- One or more final advance of \$133,333.33 payable on the date that is on or prior to 3 months following the effective date of the loan agreement.

Interest is accrued at a rate of 12% per annum and the loan has maturity date of October 31, 2028. In connection with the financing, the Company issued bonus warrants exercisable for the purchase of common shares of the Company (refer to note 20 for details and fair valuation of the warrants). As at December 31, 2024, the Company received advances totalling to \$1,000,000 and issued 788,581 bonus warrants. The gross proceeds are allocated between the shareholder loan and bonus warrants using a relative fair value approach of \$759,498 and \$240,502 respectively. The allocated debt value of \$759,498 is accreted to its gross proceeds over the maturity of the agreement. The accretion expense for the year ended December 31, 2024 is \$6,002.

On December 31, 2024, the Company signed an unsecured, on demand promissory note at interest rate of 12% per annum with a shareholder for \$273,000.

### **Other loans**

On July 20, 2022, the Company amended its loan agreement with Panama Equities, Inc. originally entered into on July 27, 2020 to extend the maturity term to February 20, 2023 with an interest rate of 14% per annum. Post the maturity date of February 20, 2023, the loan became payable on demand.

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**Interest expense**

Interest expense for the year ended December 31, 2024, of \$704,536 (December 31, 2023 - \$3,021,157) comprised of interest on borrowings of \$697,322 (2023 - \$2,960,899), accretion of lease liabilities of \$4,058 (2023 - \$14,773) (see note 13) and other fees and charges of \$3,156 (2023 - \$45,485).

**Contractual Obligations**

As of December 31, 2024, 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.

**Payables and Borrowings**

The table below shows the Company's main financial liabilities and reflect contractual cash flows as at December 31, 2024. 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.

December 31, 2024	Contractual cash flows				Total
	In 6 months	7 to 12 months	More than 1 year up to 5 years	More than 5 years	
Accounts payable and accrued liabilities	\$ 1,154,914	\$ 1,949,212	\$ -	\$ -	\$ 3,104,126
Advances received from customers	78,771	-	-	-	78,771
Bank loans	-	-	2,373,418	-	2,373,418
Private loans	-	-	1,590,649	-	1,590,649
Shareholder loans	276,750	5,052,500	1,007,500	-	6,336,750
Other loans	321,000	-	-	-	321,000
<b>TOTAL</b>	<b>\$ 1,831,435</b>	<b>\$ 7,001,712</b>	<b>\$ 4,971,567</b>	<b>\$ -</b>	<b>\$ 13,804,714</b>

**Commitments**

As of December 31, 2024, the Company had planned expenditures of \$2,700 associated with completion of property inventory under construction.

**Critical Accounting Policies and Estimates**

For details see note 5 (Summary of material accounting policies) and note 6 (Critical accounting judgments, assumptions and estimates) to the audited consolidated financial statements for the years ended December 31, 2024.

**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 IDG's business, the legal and economic climate in which it operates and its present stage of development and proposed operations, IDG is subject to significant risks. IDG'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**

### ***Limited Operating History and Uncertainty of Future Revenues***

The Company 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. IDG's operations could be adversely affected by general conditions in the global economy, including conditions that are outside of IDG's control. 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 IDG'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 IDG'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, 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***

To the extent that the IDG 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 IDG 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 IDG 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 IDG.

### ***IDG 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, IDG may need additional financing to operate or grow its business. The ability to continue as a going

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concern may be dependent upon raising additional capital from time-to-time to fund operations. IDG'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 IDG cannot assure anyone that additional financing will be available to it on favorable terms when required, or at all. If IDG 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 IDG 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.

***IDG's growth strategy may not achieve the anticipated results***

IDG'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 IDG may not grow its revenues at the rate it expects or at all. As a result, IDG 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***

IDG'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 IDG operates; actions by governmental authorities including governmental demand for the services provided by IDG; governmental regulations and expenditures required to comply with them; labour unrest involving IDG's workers; seasonal weather conditions; and other conditions affecting revenue and expenses. IDG's operating expenses are incurred throughout the quarter. As a result, if expected revenues are not realized as anticipated, IDG's quarterly financial results could be materially adversely affected. Accordingly there may be significant variations in IDG's consolidated quarterly financial results.

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

IDG 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 IDG'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 IDG's ability to achieve the anticipated benefits of these and future acquisitions.

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

Some of the projects of IDG 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, IDG will not be able to secure repayment of any upfront deposit paid customers, which may have a material adverse effect on IDG'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

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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.

Property rights over real estate in Panama are transferred by purchase and sale agreements that must be signed into public deeds by the parties in physical presence of a notary public and two witnesses. The executing parties must identify themselves to the notary public and the two witnesses and sign the deed in their presence. The notary executes the public deed. If the signatories are acting on behalf of a corporation or other legal entity, they must provide and deliver to the notary a corporate resolution, power of attorney or similar document that authorizes them to represent the corporation or legal entity and to sign the deed on its behalf.

Under Panamanian corporate law, the sale of real estate owned by corporations usually has to be approved by resolution of the shareholders, unless the articles of incorporation grant such power to the board of directors. Therefore, in transactions that involve the sale or transfer of real estate owned by corporations, the signatories that represent such corporations have to present to the notary a resolution of the shareholders of the company approving the sale or transfer of the property and such resolution is transcribed in the public deed along with the transfer or purchase and sale agreement.

In addition, the parties, particularly the seller or transferor, must attach to the public deed certificates of good standing issued by the Panama tax authority (Ministry of Economy and Finance) and the water authority (National Institute of Aqueducts and Sewerage) certifying that the seller or transferor owes no property taxes or water fees to such entities in respect of the properties being transferred.

Finally, all real estate sales are subject to taxes that must be paid by the seller. Unless special conditions or exemptions apply, the tax to be paid by the seller would be equal to five percent (5%) of the sales price or the cadastral value of the property registered with the authorities, whichever is higher. Receipts of the payment of such taxes must also be attached to the public deed.

The public deed executed by the notary must then be filed with the Public Registry for registration of the transaction in order to effect delivery of the property from the seller or transferor to the buyer or transferee and for the transaction to have effects against third parties (such as creditors). Before the Public Registry annotates and records the transaction, a reviewer peruses the public deed to verify the information regarding the parties and the property against the information in their system and the transaction is registered if such information does indeed match.

Given the formalities required for the sale or transfer of real property in Panama, fraudulent parties must commit several unlawful acts to carry out a fraudulent transfer of property, possibly including, but not limited to, falsifying a resolution of a meeting of shareholders of the seller company, making false declarations and misrepresentations to a notary public, illegally obtaining certificates of good standing from the Panama tax authority (Ministry of Economy and Finance) and the water authority (National Institute of Aqueducts and Sewerage) certifying payment of property taxes or water fees, and illegally obtaining tax receipts evidencing payment of transfer taxes.

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. The local property register in Panama can be searched at <http://www.registro-publico.gob.pa/>

#### ***Competition in the real estate and software licensing market***

The real estate and software licensing industry is highly competitive and rapidly changing. Specific factors upon which IDG competes include, but are not limited to, demand, construction time, quality of support and services, technology and price. IDG's potential competitors include other companies developing and selling residential properties and LIHTC software platform. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than IDG has. Many of them also have longer operating histories at scale, greater name recognition with potential buyers

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who use or might use a low- value LIHTC management platform. IDG may not be able to compete successfully with these competitors.

***Ability to Attract Customers***

IDG generally secures business by acquiring land, developing residential living space, and selling units to private clients. IDG operates in housing markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. IDG is competing to gain market share by attracting customers from existing competitors and build a strong reputation and brand in the market. The competitive dynamics of the markets where IDG currently operates are expected to continue for the foreseeable future. This presents significant challenges for IDG. If those competitive challenges are not met, IDG's client base could be eroded or it could experience an overall reduction in profits. IDG 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 IDG's services could have an adverse impact on the Company.

***Quality Assurance and Quality Control***

IDG 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, IDG would be exposed to additional costs for the correction of non-compliant work.

***Ability to Hire and Retain Qualified & Capable Personnel***

The success of IDG 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 IDG's key management personnel could negatively impact IDG. The future success of IDG 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 IDG 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 IDG and would limit its prospects and impair its future success.

***Potential for Non-Payment***

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

***There can be no guarantee that the subsidies provided by the Panamanian Government will remain the same, or available to the Company***

The Government of Panama's policy toward subsidized housing was implemented over 40 years ago and has been unaffected by the change in the Panamanian government since it was implemented. However, a change in the policy could potentially have an impact on IDG's business operations. If the Government of Panama decides to eliminate or modify the recipient class of the MIVIOT Subsidy, it could result in a reduced demand for IDG's housing projects. The subsidy program plays a significant role in supporting affordable housing initiatives, and changes to its eligibility criteria could affect the target market for IDG's houses. Any alterations to the Preferential Interest Program, such as changes in interest rate or eligibility requirements, could impact the affordability and credit accessibility for potential homebuyers, which in turn, may lead to a decline in demand for IDG's houses, as prospective buyers may struggle to secure affordable financing options. This may lead to a decline in demand for IDG's properties which could potentially lead to decreased revenues and profitability and affect the business operations of IDG generally. If fewer low-income families qualify for subsidies or have access to affordable financing, the sales volume

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and pricing of IDG's houses may be adversely affected, impacting IDG's financial performance. During the second half of 2024, there were significant and sudden changes announced to the MIVIOT Solidarity Bonus Subsidy Program whereby real estate developers across the country including IDG no longer qualify for the subsidy effective July 1, 2024. In addition, the rising interest rates have negatively impacted the credit accessibility and eligibility for potential homebuyers resulting in significant decrease in home deliveries and increase in properties available for sale.

***There is no guarantee that the tax credit LIHTC program provided by the US Government will remain the same, or available to the Company***

The LIHTC program, a critical driver of affordable housing development in the U.S., faces renewed uncertainty due to the current geopolitical and economic landscape in the US. Historically, the program has had bipartisan support and when any previous administration reduced the corporate tax rate, it in turn diminished the value of LIHTC credits to investors, leading to a drop in affordable housing investment. The current administration could pursue similar or additional tax reforms, potentially further eroding incentives for private investment in low-income housing. Moreover, broader fiscal policy shifts, deregulation efforts, or changes to the Department of Housing and Urban Development's priorities could undermine support for affordable housing initiatives, posing significant risk to the stability and expansion of the LIHTC program.

#### ***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. IDG'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 IDG to fines, regulatory sanction or even criminal prosecution. IDG'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 IDG's reputation, or a breakdown in IDG'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 IDG'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***

IDG 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. IDG's projects can involve the handling of hazardous and environmentally sensitive materials, which, if improperly handled or disposed of, could subject IDG to civil and criminal penalties. While IDG 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 IDG. Management is not aware of any pending environmental legislation that would be likely to have a material adverse impact on any of IDG'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 IDG'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 IDG does attempt to resolve any disagreements or disputes before they escalate to litigation, in some situations this is not possible. At any given time IDG 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 IDG that would have a material adverse impact on the operations of IDG. 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 IDG's reputation or reduction of prospects for future contract awards.

### ***Force Majeure***

Outside events beyond the reasonable control of IDG 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 Company 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 Company 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 Company's profitability, results of operations and financial condition and the trading price of its securities.

### ***Rapid Technological Change***

The software industry is characterized by constant innovation and evolving technologies. Failure to adapt our products or services to new technologies or customer expectations may result in loss of competitiveness or obsolescence.

### ***Intellectual Property Infringement***

Fusion's business relies heavily on proprietary technology. Infringement of the Company's intellectual property, or claims that we have infringed others' rights, could result in costly litigation or hinder the Company's ability to sell products.

### ***Reliance on Third-Party Platforms and Infrastructure***

The services provided by Fusion may depend on third-party providers such as cloud infrastructure (e.g., AWS, Azure), APIs, or app marketplaces. Disruptions, outages, or unfavorable changes in terms could impact service delivery.

### ***Risks Related to Emerging Markets***

#### ***Currency exchange rates fluctuations could adversely affect IDG's operating results***

IDG is exposed to the effects of fluctuations in currency exchange rates. Since IDG 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 IDG's operating results. Downturns in general economic and market conditions may reduce demand for IDG's products and could negatively affect IDG'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 IDG or to IDG's industry could materially adversely affect IDG over the course of time. Volatility in the market could hurt IDG's ability to raise capital. Potential price inflation caused by an excess of liquidity in countries where IDG conducts business may increase the costs incurred to sell IDG's products and may reduce IDG's profit margins. As a result of downturns in general economic and market conditions, potential customers may not be interested in purchasing IDG products. Any of these events, or other events caused by turmoil in world financial markets may have a material adverse effect on IDG's business, operating results and financial conditions.

#### ***IDG 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.

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**Impact Development Group Inc.**  
**Management Discussion and Analysis**  
**For the years ended December 31, 2024 and December 31, 2023**

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All of IDG's current operations are in Panama. While there is no current instability, this is subject to change in the future and could adversely affect IDG'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 IDG. Specifically, IDG 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. IDG'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 IDG'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. IDG expects that such factors will subject IDG'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 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.

***Risks Relating to Corruption and Anti-Bribery Law Violations***

The Company'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 Company is subject to the anti-bribery laws of any other countries in which it conducts business now or in the future. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and anti-bribery laws for which the Company may be held responsible. The Company's policies, once adopted, will mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that the Company'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 Company's employees or other agents are found to have engaged in such practices, the Company 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. IDG's subsidiaries in Panama

is incorporated under Panamanian law and thus the rights and responsibilities of holders of IDG'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 IDG has a duty to act in good faith toward IDG and other shareholders and to refrain from abusing their powers in IDG, 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 IDG's articles of association, increases in IDG's authorized share capital, mergers and interested party transactions requiring shareholder approval.

### ***Difficulty in Enforcement of Judgments***

The Company will have subsidiaries incorporated in Panama. Certain directors and officers of the Company 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 Company'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 Company 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.

### ***IDG is heavily reliant on experts outside of Canada***

IDG uses and relies upon several 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. IDG manages this risk through the use of reputable experts and review of past performance. In addition, IDG uses, where possible, experts and local advisers linked with firms also operating in Canada to provide any required support.

## **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, 2023 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, 2023. During the year ended December 31, 2024, 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 MIVIOT Solidarity Fund Program, which concluded effective June 30, 2024, will not be renewed by the current Panamanian government. However, following the appointment of new presidential leadership on July 1, 2024, MIVIOT initiated a comprehensive review of the Program and other subsidies related to social interest housing. Since August, MIVIOT has maintained a working group with housing developers across the country, generating several proposals for alternatives to the Program, all of which remain under review and have not yet been implemented. There has been no indication from the government of Panama that the Program will be resumed. MIVIOT is currently continuing to honor payments for homes that received certification pursuant to the Program prior to June 30, 2024.

Homes that have received certification from MIVIOT prior to June 30, 2024, remain eligible for subsidy payments under the Program. As of December 31, 2024, the Company has one homes that remain pending subsidy payments or certification under the Program. Additionally, 84 homes have already been delivered to customers and certified for subsidies but are awaiting a promissory note for subsidy collection. Another 37 homes have been delivered to customers but are still pending subsidy certification to complete the collection process. Furthermore, there are 173 homes in inventory, either completed or under construction, that have not yet received MIVIOT subsidy certification. It remains uncertain whether these 173 homes will ultimately receive MIVIOT certification to qualify for subsidy payments.

Pending further guidance from MIVIOT, IDG has reprioritized strategic objectives to focus on the delivery of existing inventory, pause all new development, and pursue opportunities to diversify the business. In alignment with this strategy, IDG recently completed the acquisition of Fusion Software LLC, a leading US-based platform for managing LIHTC portfolios for housing for tax credit investors, tax credit syndicators and affordable housing developers. This acquisition marks a significant milestone in IDG's commitment to affordable housing solutions and expands the Company's capabilities both in Panama and in new markets.

Given the current elevated levels of policy and economic uncertainty in Panama, the Company is no longer evaluating new residential or commercial development activities outside of the Program, including the previously mentioned 5,000-square-foot commercial complex at the Santiago project. Similarly, geographic expansion into adjacent markets with similar programs and the diversification into new technology-enabled revenue streams in affordable housing are no longer active strategic priorities due to the high capital requirements and risk of establishing operations in a new jurisdiction.

The Company is currently focused on building out and growing Fusion, recognizing a growing market need for LIHTC portfolio management solutions. In addition, the Company is continuously evaluating acquisition opportunities in the property and home-building technology space, either as complementary add-ons to Fusion or as standalone businesses that can be developed in parallel. These initiatives will be guided by the Company's 11 years of experience as a home builder and its deep understanding of the affordable housing market.

## **Subsequent events**

On March 12, 2025, the Company renewed its credit loan facility with Multibank Inc. with new maturity date of December 31, 2026 and interest rate of 9.25% per annum.

## **Approval**

This MD&A is authorized for issue by the Board on April 7, 2025.