

**Impact Acquisitions Corp.**

**INTERIM FINANCIAL STATEMENTS**

**For the Nine Months Ended September 30, 2023**

**(Unaudited)**

**(EXPRESSED IN CANADIAN DOLLARS)**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of these condensed consolidated interim financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

November 3, 2023

**Impact Acquisitions Corp.**  
**Interim Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

As at	Note	September 30, 2023	December 31, 2022
		(unaudited)	
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 209,179	\$ 246,563
<b>Total assets</b>		<b>\$ 209,179</b>	<b>\$ 246,563</b>
<b>Liabilities and Shareholder's Equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	3	\$ 4,509	\$ 12,687
		<b>4,509</b>	<b>12,687</b>
<b>Shareholder's Equity</b>			
Share capital	5	\$ 368,530	\$ 368,530
Option reserve		65,750	65,750
Accumulated deficit		(229,610)	(200,404)
<b>Total shareholder's equity</b>		<b>204,670</b>	<b>233,876</b>
<b>Total liabilities and shareholder's equity</b>		<b>\$ 209,179</b>	<b>\$ 246,563</b>

Going concern (Note 1)

These interim financial statements were approved for issue by the Board of Directors on November 3, 2023 and signed on its behalf by:

“Itamar David”

Director

“Andrew Gertler”

Director

*The accompanying notes are an integral part of these interim financial statements.*

**Impact Acquisitions Corp.**  
**Interim Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian Dollars)  
(Unaudited)

For the	Notes	Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
<b>Expenses</b>					
Legal	3	\$ 202	\$ 143	\$ 2,772	\$ 6,146
Share-based payment		-	-	-	43,335
Interest income		(6,225)	-	(6,511)	-
Accounting		4,200	13,113	18,541	21,458
Filing and other fees		2,789	761	14,314	23,139
Bank charges		36	25	90	101
<b>Total expenses</b>		<b>1,002</b>	<b>14,042</b>	<b>29,206</b>	<b>94,179</b>
<b>Loss and Comprehensive loss</b>		<b>\$ 1,002</b>	<b>\$ 14,042</b>	<b>\$ 29,206</b>	<b>\$ 94,179</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>5,800,000</b>	<b>5,800,000</b>	<b>5,800,000</b>	<b>5,063,736</b>

*The accompanying notes are an integral part of these interim financial statements.*

**Impact Acquisitions Corp.**  
**Interim Statement of Changes in Shareholder's Equity**  
(Expressed in Canadian Dollars)  
(Unaudited)

	<u>Share Capital</u>				<b>Total Shareholder's Equity (Deficiency)</b>
	<b>Number of Shares</b>	<b>Amount</b>	<b>Shares to be issued</b>	<b>Deficit</b>	
Balance, December 31, 2021	2,800,000	\$ 140,000	\$ -	\$ (92,734)	\$ 47,266
Shares issued for cash	3,000,000	300,000	-	-	300,000
Share issuance costs	-	(71,470)	22,415	-	(49,055)
Share-based payment	-	-	43,335	-	43,335
Net loss for the period	-	-	-	(94,179)	(94,179)
<b>Balance, September 30, 2022</b>	<b>5,800,000</b>	<b>368,530</b>	<b>65,750</b>	<b>(186,913)</b>	<b>247,367</b>
Net loss for the period	-	-	-	(13,491)	(13,491)
Balance, December 31, 2022	5,800,000	368,530	65,750	(200,404)	233,876
Net loss for the period	-	-	-	(29,206)	(29,206)
<b>Balance, September 30, 2023</b>	<b>5,800,000</b>	<b>\$ 368,530</b>	<b>\$ 65,750</b>	<b>\$ (229,610)</b>	<b>\$ 204,670</b>

*The accompanying notes are an integral part of these interim financial statements.*

**Impact Acquisitions Corp.**  
**Interim Statements of Cash Flows**  
(Expressed in Canadian Dollars)  
(Unaudited)

	<b>Nine Months ended September 30, 2023</b>	<b>Nine Months ended September 30, 2022</b>
<b>Cash flows from operating activities</b>		
Loss for the period	\$ (29,206)	\$ (94,179)
Item not involving cash:		
Share-based payment	-	43,335
Net change in non-cash working capital item:		
Accounts payable and accrued liabilities	(8,178)	(16,754)
<b>Net cash used by operating activities</b>	<b>(37,384)</b>	<b>(67,598)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issuance of shares, net of issuance costs	-	250,945
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>250,945</b>
<b>Increase (decrease) in cash</b>	<b>(37,384)</b>	<b>183,347</b>
<b>Cash, beginning of the period</b>	<b>246,563</b>	<b>81,622</b>
<b>Cash, ending of the period</b>	<b>\$ 209,179</b>	<b>\$ 264,969</b>

*The accompanying notes are an integral part of these interim financial statements.*

**Impact Acquisitions Corp.**  
**Notes to the Interim Financial Statements**  
**For the Nine Months Ended September 30, 2023**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**NOTE 1 – NATURE OF OPERATIONS AND GOING CONCERN**

Impact Acquisitions Corp. (the "Company") was incorporated on December 5, 2019 under the Business Corporations Act (British Columbia). The Company is a Capital Pool Company ("CPC") as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4. The principal business of the Company is the identification and evaluation of assets or businesses with a view to potentially acquire them or an interest therein by an option or any concomitant transaction. The purpose of such acquisition is to satisfy the related conditions of a Qualifying Transaction ("QT") as defined in the Exchange Policy 2.4.

On March 9, 2022, the Company announced the completion of its initial public offering (the "IPO") of 3,000,000 common shares at the price of \$0.10 per common share. The common shares of the Company commenced trading on March 11, 2022 under the trading symbol IMPC.P. The head office, principal address and registered office of the Company are located at Suite 501-3292 Production Way, Burnaby, Canada.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The proposed business of the Company, and the completion of a QT, involves a high degree of risk. There is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative, and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable.

These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position. These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the statement of financial position classifications used. Such adjustments could be material.

**NOTE 2 – STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

These interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The interim financial statements should be read in conjunction with the financial statements for the years ended December 31, 2022 and 2021, which have been prepared in accordance with IFRS as issued by IASB.

The Company uses the same accounting policies and methods of computation as in the financial statements for the years ended December 31, 2022 and 2021.

The financial statements were authorized for issue by the Board of Directors on November 3, 2023.

**Impact Acquisitions Corp.**  
**Notes to the Interim Financial Statements**  
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**NOTE 2 – STATEMENT OF COMPLIANCE AND SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Basis of presentation**

These interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The presentation and functional currency of the Company is the Canadian dollar. The accounting policies set out below have been applied consistently to the period presented in the financial statements for the years ended December 31, 2022 and 2021.

**NOTE 3 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30,</b>		<b>December 31, 2022</b>
	<b>2023</b>		
Accounts payable	\$ -	\$	4,287
Accrued liabilities	4,509		8,400
	<b>\$ 4,509</b>	<b>\$</b>	<b>12,687</b>

**NOTE 4 – RELATED PARTIES**

Key management consists of the Officers and Directors who are responsible for planning, directing, and controlling the activities of the Company. All related party transactions are carried out in the normal course of operation. As at September 30, 2023, \$4,200 (December 31, 2022 - \$3,675) was owing to related parties, accounted for in accounts payable and accrued liabilities.

During the period ended September 30, 2023, share-based compensation for stock options of \$nil (September 30, 2022 - \$43,335) was granted to officers and directors of the Company (note 5).

During the period ended September 30, 2023, the Company incurred

- \$13,125 (September 30, 2022 - \$8,732) in accounting fees to a company owned by an officer of the Company.

**NOTE 5 – SHARE CAPITAL AND RESERVE**

**Authorized share capital**

Unlimited number of common shares without par value.

**Issued share capital**

The Company has 5,800,000 common shares issued and outstanding as at September 30, 2023.

During the year ended December 31, 2021 the Company issued 2,800,000 common shares at a price of \$0.05 per share for gross proceeds of \$140,000, of which 2,100,000 common shares were issued to the directors of the Company.

On March 9, 2022, the Company announced the completion of its initial public offering (the “IPO”) of 3,000,000 common shares at the price of \$0.10 per common share for gross proceeds of \$300,000.

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**NOTE 5 – SHARE CAPITAL AND RESERVE (Continued)**

A cash commission equal to 10% of the gross proceeds, a corporate finance fee of \$10,500 and legal fees incurred pursuant to the IPO were paid to the agent from the gross proceeds and were classified as share issuance costs. The Company recorded \$71,470 in share issuance costs.

As part of the Agreement, the Agent received one non-transferable option to acquire up to 300,000 common shares at a price of \$0.10 per share for a period of 60 months from the date the Company's common shares were listed on the TSX-V (March 11, 2022), in consideration for its services as the Company's agent. The fair value of the agent options of \$22,415 was estimated using the Black-Scholes Pricing Model with the following assumptions: no expected dividends to be paid; volatility of 100% based on industry standard for comparable companies without a historical volatility; risk-free interest rate of 1.65%; and expected life of 5 years.

**Stock Options**

As at September 30, 2023, the Company has the following stock options outstanding:

<b>Outstanding and Exercisable, September 30, 2023</b>	<b>Number of Stock options</b>	<b>Weighted average exercise price \$</b>
Issued – agent options	300,000	0.10
Issued - options	580,000	0.10
	<b>880,000</b>	<b>0.10</b>

As at September 30, 2023, the weighted average remaining life of the stock options is 3.44 years.

During the year ended December 31, 2021, the Company adopted a stock option plan providing for the grant of options to purchase common shares of the Company to the Company's officers, directors, employees and permitted consultants and management company employees. Under the stock option plan, the Company may grant options to purchase up to 10% of the issued and outstanding shares of the Company.

On March 9, 2022, the Company granted incentive stock options to its directors and officers to acquire up to an aggregate of 580,000 shares with an exercise price of \$0.10 per share and expiry date of March 9, 2027. The fair value of the options was estimated using the Black-Scholes Pricing Model the following assumptions: no expected dividends to be paid; volatility of 100% based on industry standards for comparable companies without a historical volatility; risk-free interest rate of 1.65%; and expected life of 5 years. During the period ended September 30, 2023, the Company recognized \$nil (period ended September 30, 2022 – \$43,335) of share-based payment expense.

**NOTE 6 – CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a QT. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include all components of shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions

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**NOTE 6 – CAPITAL MANAGEMENT (Continued)**

and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms and approved by the Exchange.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the Exchange Policy 2.4 and summarized below:

- i. No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a QT;
- ii. Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a QT;
- iii. No more than the lesser of \$210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate a QT; and
- iv. After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities.

There were no changes in the Company's approach to capital management during the period ended September 30, 2023.