

**IMPACT ACQUISITIONS CORP.  
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED  
DECEMBER 31, 2022**

---

The Management's Discussion and Analysis ("MD&A"), prepared April 28, 2023, should be read in conjunction with the operating results and financial position and cash flows for the year ended December 31, 2022, and related notes (the "audited financial statements") of Impact Acquisitions Corp. ("Impact" or the "Company"), which were prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars, unless otherwise noted. Readers are cautioned that this MD&A contains certain forward-looking information. Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A.

**FORWARD-LOOKING STATEMENTS**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's forecasts, estimates and expectations, as they relate to the Company's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by law.

**COVID-19**

The outbreak of COVID-19 has spread across the globe and is impacting worldwide economic activity. Conditions surrounding COVID-19 continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which COVID-19 may impact the Company's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

**DESCRIPTION OF BUSINESS**

Impact Acquisitions Corp. is a company domiciled in Canada. The Company was incorporated on December 5, 2019 under the laws of the Province of British Columbia. The address of the Company's registered and head office is Suite 409-221 West Esplanade, North Vancouver. The Company is a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange ("Exchange"). This MD&A will be made available on SEDAR at [www.sedar.com](http://www.sedar.com).

**OVERALL PERFORMORANCE**

The Company was incorporated on December 5, 2019. The Company does not have any operations and, until it completes a Qualifying Transaction, will not conduct any business other than the identification and evaluation of businesses and assets for potential acquisition. As at December 31, 2022, the Company had accumulated deficits of \$200,404. The Company's potential acquisition of a Qualifying Transaction and operating loss and working capital needs may require that it obtain additional capital to continue its operation. Such outside capital may include the sale of additional common shares. There can be no assurance that capital will be available as necessary to meet the Company's needs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders

## **SELECTED FINANCIAL INFORMATION**

The Company's date of its fiscal year end is December 31.

The following selected financial data is derived from the financial statements of the Company prepared within acceptable limits of materiality and are in accordance with IFRS. As at the date of this MD&A, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances and its cash on hand to fund its administrative expenses. The Company's expenditures mainly include costs to maintain its public company status in good standing and expenses to identify and evaluate acquisitions of companies, businesses, assets or properties

<b>Item</b>	<b>Year Ended December 31, 2022 (CAD\$)</b>	<b>Year Ended December 31, 2021 (CAD\$)</b>
Total Assets	246,563	81,622
Total Liabilities	12,687	34,356
Working Capital	233,876	47,266
Net Income (Loss)	(107,670)	(89,365)
Shareholders' Equity	233,876	47,266
Number of Common Shares Outstanding at period end	5,800,000	2,800,000

## **SHARE CAPITAL**

### ***Authorized***

The Company is authorized to issue an unlimited number of common shares without par value.

### ***Issued***

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. The common shares of the Company commenced trading on the TSX Venture exchange on March 11, 2022 under the trading symbol IMPC.P

PI Financial Corp. (the "Agent") was retained to act as exclusive agent with respect to the IPO. The Agent received commissions of \$30,000 as well as non-transferrable share purchase warrants to acquire 300,000 common shares at an exercise price of \$0.10 per common share. The Agent's warrants expire on March 11, 2027.

On March 9, 2022, the Company has also granted incentive stock options to acquire 580,000 common shares at an exercise price of \$0.10 per option to the directors and officers of the company. The options expire on March 9, 2027.

The Company had 5,800,000 shares issued and outstanding as at December 31, 2022.

## **RESULTS OF OPERATIONS**

### **Year ended December 31, 2022**

During the year ended December 31, 2022, the Company recorded a loss of \$107,670. The loss is mainly due to share-based payments of \$43,335, professional fees of \$40,160 which includes legal fees as well as accounting fees and \$24,039 in filing and other fees.

During the year ended December 31, 2021, the Company recorded a loss of \$89,365. The loss is mainly due to professional fees of \$79,002 which includes legal fees, filing fees as well as accounting fees and \$10,250 in financing fees.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash and cash equivalents on December 31, 2022 was \$246,563 compared to \$81,622 on December 31, 2021. Working capital increased to \$233,876 as of December 31, 2022 compared to a \$47,266 as of December 31, 2021, due to the IPO completed on March 9, 2022..

Cash used in operating activities for the year ended December 31, 2022, was \$86,004, which was attributed to the loss during the period of \$107,670 (December 31, 2021 – \$89,365) and a non-cash share-based payment of \$43,335 and in a change in a working capital item which was a decrease in accounts payable and accrued liabilities of \$21,669 (December 31, 2021 – increase of \$31,005).

Cash provided by financing activities for the year ended December 31, 2022, was \$250,945 due to the initial public offering of 3,000,000 common shares at a price of \$0.10, less agent commission and transaction fees compared with \$140,000 for the year ended December 31, 2021 due to issuance of 2,800,000 common shares at a price of \$0.05 per share

The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. Although the Company has been successful in the past in obtaining financing, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing may be favorable. As of December 31, 2022, the Company had no material cash contractual obligations.

## **RELATED PARTY TRANSACTIONS**

As at December 31, 2022, \$3,675 (December 31, 2021 - \$31,856) owing to related parties, are accounted for in accounts payable and accrued liabilities.

During the year ended December 31, 2022, the Company incurred :

- \$18,312 (December 31, 2021 - \$50,560) in legal fees to a law firm where a former director of the Company is a partner of which \$12,626 (December 31, 2021 – Nil) is related to share issuance costs; and
- \$12,337 (December 31, 2021 - \$11,229) in accounting fees to a company owned by an officer of the Company; and
- \$43,335 (December 31, 2021 - Nil) in share-based payments related to stock options granted to officers and directors of the Company.

## **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 or financial condition.

## **LEGAL PROCEEDINGS**

The Company has not been a party to any legal proceedings since inception.

## **COMMITMENTS**

The Company has no long-term commitments.

## **SUBSEQUENT EVENTS**

The Company has no subsequent events to report on.

## **RISKS AND UNCERTAINTIES**

The Company has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Company will be able to obtain adequate financing to continue. The securities of the Company should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

- a) until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- b) the Company has had no business activity and has not acquired any material assets since its incorporation other than cash;
- c) the Company does not have a history of earnings, nor has paid any dividends and will not generate or pay dividends until at least after the completion of the Qualifying Transaction;
- d) the Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;
- e) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;
- f) the Qualifying Transaction may be financed in all or in part by the issuance of additional securities by the Company and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Company;
- g) there can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares;
- h) the Company competes with many Capital Pool Companies that are seeking suitable Qualifying Transactions. In addition, other Capital Pool Companies may have substantially greater financial and technical resources than the Company.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The Company's financial statements and the other financial information included in this MD&A are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with generally accepted Canadian accounting principles and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility. Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors. This audit committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.