

# Axiom Capital Advisors Inc.

## Management Discussion and Analysis

For the period from Incorporation on January 28, 2020 to June 30, 2020 (In Canadian dollars)

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This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the financial position and results of operations of Axiom Capital Advisors Inc. (the "Company", or "Axiom") for the period ended June 30, 2020.

This MD&A should be read in conjunction with Axiom's financial statements for the period ended June 30, 2020, together with the accompanying notes found therein.

This document presents the views of management as at August 26, 2020. Additional information on Axiom can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Information contained in the Management Discussion and Analysis ("MD&A") is presented on the same basis as the financial statements and was prepared in accordance with International Financial Reporting Standards ("IFRS") and is presented in Canadian dollars, Axiom's functional currency.

### FORWARD-LOOKING STATEMENTS

The MD&A contains certain forward-looking statements within the meaning of Canadian securities laws. These statements relate to future events or future performance and reflect management's expectations regarding the Company's financial condition, growth, results of operations, performance, financial needs, business prospects and opportunities. Forward-looking statements reflect management's current beliefs and are based on information currently available to management. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target" or the negative of these terms or other comparable terminology intended to identify forward-looking statements.

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward looking statements included in this MD&A, the Company has made various material assumptions, including but not limited to ongoing CRA policies that are favourable to the Company's business model, current market competition, general business and economic conditions, and the Company's ability to successfully execute its plans and intentions. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, readers should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including, among other things, changes in government monetary, fiscal and economic policies; changes in general economic conditions; legislative and regulatory developments; competition.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements.

There have been no events or circumstances that have occurred during the period to which the MD&A relates, or to a period that is not yet complete, that are reasonably likely to cause actual results to differ materially from the forward-looking information identified in this MD&A.

The Company's forward-looking statements are based on the reasonable beliefs, expectations and opinions of management on the date of this Prospectus (or as of the date they are otherwise stated to be made). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

## **COMPANY OVERVIEW**

Axiom was incorporated on January 28, 2020 pursuant to the provisions of the Business Corporations Act (Alberta), with its head office and registered office located at Suite 1600, 333 – 7th Avenue SW, Calgary Alberta, T2P 2Z1. The Company's first fiscal year end was June 30, 2020. The Company is a subsidiary of Axiom Advisors Inc.

The Company's principal activities include the administration and holding of private company investments.

The Company listed its shares on the Canadian Securities Exchange (CSE) on August 13, 2020 (Symbol "ACA").

## **DESCRIPTION OF THE BUSINESS**

Since incorporation, Axiom has been mainly inactive other than the issuance of share capital and seeking a listing on the CSE, which is key to its business model,

Since the Company has just obtained its listing on the CSE, the Company will now begin marketing its services, which is to incorporate subsidiaries and sell a minority interest of each subsidiary to a third party purchaser ("Purchaser"). The nature of the Company's majority ownership of the subsidiary enables the debt securities of the subsidiary to be eligible to be held in registered saving plan ("RSP") accounts, which is attractive to private investors. (An RSP is a registered retirement savings plan, registered education savings plan, registered retirement income fund, a locked-in retirement account or a tax-free savings account.) The capital raised by the Purchaser through a debt offering is used at the Purchaser's sole discretion, without reliance on the management or resources of Axiom. Furthermore, Axiom does not receive any economic benefit from the operations of the subsidiaries.

Although Axiom has legal control over the subsidiaries, Axiom does not have control as defined in IFRS 10 because of its inability to influence decisions or to obtain future economic benefits through its shareholding.

Axiom also offers administrative services to companies raising capital, which involves the management of the fund-raising process, processing of securities documents and payments to the investors. Axiom does not raise capital for these companies.

Currently, Axiom has one administrative contract with Pacific Pier Projects Inc. The contract is for 36 months, with an effective date of February 1, 2020. To date, Axiom has received five monthly payments of \$5,000 for a total of \$25,000. The Company acquired the administration agreement from Axiom Advisors Inc., a corporation controlled by officers and directors of the Company, for \$125,000. The Company issued 5,000,000 Class A shares at a price of \$0.025 per share as consideration.

## OUTLOOK

Once the Company has its listing on the CSE, the Company plans to:

- Develop and implement a marketing plan to reach decision makers and influencers of companies that are seeking to raise private capital;
- Develop the necessary forms and contracts needed to sell a minority interest in the subsidiaries to Purchasers seeking to raise private capital from investors with RSPs; and,
- Hire additional part-time staff, as required, to manage new administration contracts received by the Company.

The Company has not declared any dividends or made any distributions since incorporation. It is the Board's plan, subject to future financial growth and profitability, to pay annual dividends. The amount will be determined annually by the Board. Furthermore, the Company has not paid any executive salaries.

## SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from the financial statements of the Company for the period ended June 30, 2020: no prior period comparison activity has been provided since the Company did not exist during the reporting period in the prior year,

### Balance sheet highlights

As at June 30, 2020	
Net working capital	\$2,666
Total current assets	\$47,727
Total assets	\$155,367
Total current liabilities	\$45,061
Total shareholders' equity	\$110,306

- The purchase of the administration agreement is recorded as an intangible asset on the financial statements. As of June 30, 2020, the intangible asset is carried at cost less accumulated amortization of \$17,360 for a net asset value of \$107,640 and is amortized on a straight-line basis over the estimated useful life of 36 months.

### Cash flow highlights

For the Period from Incorporation on January 28, 2020 to June 30, 2020	
Net cash provided (used) by:	
Operating activities	\$(17,073)
Financing activities	64,800
Investing activities	-
Increase (decrease) in cash	47,727
Cash beginning of period	-
Cash at end of period	\$47,727

## Income statement highlights

For the Period from Incorporation on January 28, 2020 to June 30, 2020	
Revenue	\$25,000
Expenses	\$104,494
Net and comprehensive loss	\$(79,494)
Income per share basic and diluted	\$(0.014)

- Revenue of \$25,000 is from the administration agreement with Pacific Pier Projects Inc.
- Expenses include:
  - Amortization of intangible asset of \$17,360
  - Professional fees of \$42,850 which were legal and audit costs incurred by the Company in obtaining a listing on the CSE.
  - Regulatory fees of \$22,910 which were mainly incurred by the Company in obtaining a listing on the CSE.
  - General and administration expenses totaling \$21,374 which includes rent, telephone, office and bank charges.
- The Company did not pay any executive salaries for the period.

## SHARE CAPITAL

The Company is authorized to issue an unlimited number of voting Class A Common Shares.

As at June 30, 2020 the Company has 6,472,100 voting Class A Common Shares outstanding which were issued as follows:

Date of Issuance	Description	Number of Securities Issued	Price Per Security	Total Funds Received
January 28, 2020 (Incorporation)	Incorporation	100	\$1.00	\$100
February 7, 2020	Private Placement to two outside directors	600,000	\$0.005	\$3,000
February 7, 2020	Private Placement to three individuals	300,000	\$0.015	\$4,500
February 7, 2020	Purchase of Pacific Pier Projects Inc. contract	5,000,000	\$0.025	\$125,000
April 3, 2020	Private Placement	527,000	\$0.10	\$52,700
May 8, 2020	Private Placement	45,000	\$0.10	\$4,500
Balance, June 30, 2020		6,472,100		\$189,800

As of June 30, 2020, there are 5,604,100 Class A Common Shares, owned by the directors, that are held in escrow.

## **RELATED PARTY TRANSACTIONS**

### **Operating transactions**

The Company paid rent of \$3,000 to members of the executive management.

### **Key management compensation**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and includes both executive and non-executive directors. The Company considers all of its directors and executive management team members to be key management personnel. The Company paid \$nil in management compensation for the period ended June 30, 2020.

## **BUSINESS RISKS**

### **Executive Management**

Axiom is dependent on members of its senior management and non-executive directors. A loss of one or more of these individuals could adversely affect Axiom's business. Axiom has minimized the impact of losing any one individual by cross-training senior management to assume a variety of roles within the Company.

### **Regulation**

The Company is subject to various laws and regulations; any changes to these statutes, or court decisions, regarding their application could negatively impact the Company. Specifically, Axiom's business model and shared ownership of its subsidiaries with third party Purchasers is reliant on regulations under the Income Tax Act, and there can be no assurance that the Government will not adopt laws or regulatory requirements that could adversely affect this line of business.

### **Credit risk**

Credit risk arises from the potential that a counterparty will fail to perform its contractual obligations and arises principally from the Company's receivables from customers and cash bank balances. The carrying amount of accounts receivable represents the maximum credit exposure. Presently the Company does not have any accounts receivable and has no exposure to credit risk from trade customers.

At period end, the Company had \$47,727 in cash bank balances. The Company manages the credit exposure related to cash by selecting financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity will be impacted by various external events and conditions. Management regularly reviews future cash requirements to ensure adequate funds are available.

At period end, the Company had \$45,061 in accounts payable and accrued liabilities. The Company has a working capital surplus of \$2,666; therefore, the Company has adequate cash to pay its liabilities as and when they become due.

**COMMITMENTS**

The Company has no lease agreement or commitments for the period ended June 30, 2020.

**SUBSEQUENT EVENTS**

There were no subsequent events to report.