

# **IMPACT ANALYTICS INC.**

(FORMERLY AXIOM CAPITAL ADVISORS INC.)

Management's Discussion and Analysis  
For the three months ended September 30, 2023

## **IMPACT ANALYTICS INC. (FORMERLY AXIOM CAPITAL ADVISORS INC.)**

Management's Discussion and Analysis of Financial Results

For the three months ended September 30, 2023

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*The following management discussion and analysis ("MD&A") should be read in conjunction with the condensed interim financial statements and accompanying notes ("Financial Statements") of Impact Analytics Inc. (Formerly Axiom Capital Advisors Inc.) (the "Company") for the three months ended September 30, 2023. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated.*

*For further information on the Company reference should be made to the Company's public filings which are available on SEDAR.*

*This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.*

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### **INTRODUCTION**

This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the financial position and results of operations of Impact Analytics Inc. (formerly Axiom Capital Advisors Inc. or the "Company") for the period ended September 30, 2023.

This MD&A should be read in conjunction with Impact Analytics' financial statements for the period ended September 30, 2023, together with the accompanying notes found therein.

This document presents the views of management as at November 16, 2023. Additional information on Impact 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, Impact'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 year 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).

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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 BACKGROUND AND DESCRIPTION OF THE BUSINESS**

Impact Analytics Inc (formerly Axiom Capital Advisors Inc.) (the "Company") 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 210, 2020 – 4 Street SW, Calgary, Alberta, T2S 1W3. The Company's first fiscal year end was June 30, 2020.

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

The main business of the Company is to sell a minority interest in the subsidiaries it forms to arms-length purchasers ("Purchasers"), which allows debt securities of the subsidiaries to be eligible for registered savings plans. A registered savings plan is a registered retirement savings plan, registered education savings plan, registered retirement income fund, a tax-free savings account or other similar registered savings plan. The Purchasers use the capital raised at their own discretion, without reliance on the management or resources of the Company. The Company's management and capital are not committed to these subsidiaries, nor does the Company receive any economic benefit from the operations of the subsidiaries.

Agreements with the subsidiaries define the permissible fees that the Company may charge and prohibit the Company from receiving additional compensation from the subsidiaries, such as dividends. Any change to these agreements would require approval by the minority shareholders of the subsidiaries. Impact does not raise capital for the subsidiaries. The Company charges a base fee for setting up each subsidiary, a further percentage of all raised funds, and an annual fee.

### **SIGNIFICANT ACCOUNTING POLICIES**

A complete summary of the Company's significant accounting policies is provided in the audited financial statements for the year ended June 30, 2023.

### **CRITICAL JUDGEMENTS AND ESTIMATES**

The preparation of the condensed interim financial statements requires that the Company's Management make assumptions and estimates of uncertain future events on carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The Company is also required to make critical judgements in applying certain accounting policies.

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**SELECTED FINANCIAL INFORMATION**

The following selected financial information is derived from the financial statements of the Company for the period ended September 30, 2023 (unaudited) and June 30, 2023 (audited).

**FINANCIAL POSITION HIGHLIGHTS**

(in \$)	As at September 30, 2023	As at June 30, 2023
Net working capital	(43,568)	3,479
Total current assets	12,109	10,352
Total assets	12,290	10,533
Total current liabilities	55,677	6,873
Total shareholders' equity (deficit)	(43,387)	3,660

The current liabilities are primarily owing to related parties, which continue to fund the operations of the Corporation.

The following unaudited tables set out selected financial information for the Company since it began active operations:

**STATEMENT OF COMPREHENSIVE INCOME (LOSS) HIGHLIGHTS**

	Quarter 1 September 30, 2023	Quarter 4 June 30, 2023	Quarter 3 March 31, 2023	Quarter 2 December 31, 2022
Revenue	\$ 8,244	\$ 12,520	\$ 12,976	\$ 19,040
Expenses	\$ 58,817	\$ 18,388	\$ 11,167	\$ 10,026
Net income and comprehensive (loss)	\$ (50,573)	\$ (5,868)	\$ 1,809	\$ 9,014
Income (loss) per share basic and diluted	\$ (0.008)	\$ (0.001)	\$ 0.001	\$ 0.001

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	Quarter 1 September 30, 2022	Quarter 4 June 30, 2022	Quarter 3 March 31, 2022	Quarter 2 December 31, 2021
Revenue	\$ 16,177	\$ 26,520	\$ 42,160	\$ 35,636
Expenses	\$ 20,022	\$ 17,046	\$ 11,741	\$ 16,156
Net income and comprehensive (loss)	\$ (3,845)	\$ 9,474	\$ 30,419	\$ 19,480
Income (loss) per share basic and diluted	\$ (0.001)	\$ 0.001	\$ 0.005	\$ 0.003

**CASH FLOW HIGHLIGHTS**

	Quarter 1 September 30, 2023	Quarter 4 June 30, 2023	Quarter 3 March 31, 2023	Quarter 2 December 31, 2022
Net cash provided (used) by:				
Operating activities	\$ 1,757	\$ 19,772	\$ (321)	\$ (633)
Investing activities	-	-	-	-
Financing activities	-	\$ (13,953)	-	-
Increase (decrease) in cash	\$ 1,757	\$ 5,819	\$ (321)	\$ (633)
Cash beginning of period	\$ 10,352	\$ 4,533	\$ 4,854	\$ 5,487
Cash at end of period	\$ 12,109	\$ 10,352	\$ 4,533	\$ 4,854

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	Quarter 1 September 30, 2022	Quarter 4 June 30, 2022	Quarter 3 March 31, 2022	Quarter 2 December 31, 2021
Net cash provided (used) by:				
Operating activities	\$ (378)	\$ 25,307	\$ 3,714	\$ 2,883
Investing activities	-	-	-	\$ (181)
Financing activities	-	\$ (29,005)	-	-
Increase (decrease) in cash	\$ (378)	\$ (3,698)	\$ 3,714	\$ 2,702
Cash beginning of period	\$ 5,865	\$ 9,563	\$ 5,849	\$ 3,147
Cash at end of period	\$ 5,487	\$ 5,865	\$ 9,563	\$ 5,849

**THREE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

Revenue earned during this three-month period arose from financings conducted by subsidiaries sold in previous periods. No new subsidiaries were sold during the quarter.

Expenses include professional fees of \$33,639, regulatory fees of \$2,850, rental payments of \$4,000, office expenses of \$4,649, interest and bank charges of \$153, financing fees of \$10,000, and share based compensation of \$3,526. There were no bad debts in the current or previous period.

**SHARE CAPITAL**

The Company has an unlimited number of Class A voting common shares, and an unlimited number of Class A, Class B and Class C preferred shares authorized for issue. In concurrence with its June 30, 2020 non-offering prospectus, the Company entered into an escrow agreement, and as of September 30, 2023, 840,615 Class A common shares are held in escrow and are scheduled for release in accordance with the terms of the escrow agreement and National Policy 46-201 Escrow for Initial Public Offerings.

**Share Options**

On September 25, 2023, the Company issued an aggregate of 1,290,000 stock options to certain directors and consultants of the corporation, with each option exercisable for one common share of the company at an exercise price of \$0.11 for two years from the date of grant. Fifty per cent of the options vest six months after issue, and the remaining 50% will vest one year after issue. The options are governed by the corporation's omnibus equity incentive plan, adopted by the Company and approved by shareholders on September 20, 2023.

The fair value of the warrants was estimated using the Black Scholes option pricing model and the following weighted average assumptions: share price - \$0.11; exercise price - \$0.11; expected life – 24 months; annualized volatility – 115%; quarterly dividend yield – 0%; risk-free rate – 4.95%.

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The following is a summary of the changes in the Company's stock option activities for the three months ended September 30, 2023:

	<b>September 30, 2023</b>		<b>September 30, 2022</b>	
	<b>Number of options</b>	<b>Exercise Price</b>	Number of options	Exercise Price
Outstanding, beginning	-	-	-	-
Granted	1,290,000	\$0.11	-	-
Exercised	-	-	-	-
<b>Outstanding, ending</b>	<b>1,290,000</b>	<b>\$0.11</b>	-	-

The following table summarizes information regarding stock options outstanding and exercisable as at September 30, 2023:

	<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Weighted- average remaining contractual life (years)</b>	<b>Exercise price</b>
<b>Expiry date</b>				
September 20, 2025	1,290,000	0	1.98	\$ 0.11
<b>Total</b>	<b>1,290,000</b>	<b>0</b>	<b>1.98</b>	<b>0.11</b>

**RELATED PARTY TRANSACTIONS****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 September 30, 2023 (September 30, 2022: \$nil).

During the period, the Company paid rent of \$4,000 (2022 - \$6,000) to members of management.

The balance of \$1,080 (June 30, 2023 - \$1,080) is due to related parties remains outstanding as at September 30, 2023, it is non-interest bearing and has no fixed terms of repayment.

**BUSINESS RISKS****Executive Management**

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



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### **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, Impact'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 governments or regulators 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. As of September 30, 2023, the Company had \$nil in accounts receivable.

At period end, the Company had \$12,109 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. The Company's management and directors have been funding any cash shortfall and it is expected that they will continue to do so.

At period end, the Company had \$ 35,677 in accounts payable and accrued liabilities and a working capital deficit of \$ 43,568.

### **COMMITMENTS**

The Company has no lease agreements or commitments for the period ended September 30, 2023.

### **SUBSEQUENT EVENTS**

#### **Impact Analytics hires Research Laundry for services**

The Company has continued to accelerate the expansion of its business lines to include patentable risk management and assessment models underpinned by artificial intelligence (AI). On November 7, 2023, the company has entered into a development service agreement with Wyoming-based Research Laundry LLC. Research Laundry comprises a team of technology professionals with over 20 years of combined product development experience. Research Laundry's principals boast a history of successful project completions and exits across a portfolio that includes notable Fortune 100 collaborations.

### **Private placement**

On October 30, 2023, the Company has arranged a non-brokered private placement of units for gross proceeds of up to \$1-million through the sale of up to two million units at a price of 50 cents per unit. Each unit will comprise one common share in the capital of the company and one common share purchase warrant. Each warrant will be exercisable into one common share at a price of \$1.25 per share for two years from the date of issue.

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### **Change of name to Impact Analytics**

On October 20, 2023, Impact Analytics Inc. announced that it will change its name to Impact Analytics Inc. effective October 24, 2023. This decision to proceed with the name change was taken after careful consideration by management relating to the forward direction of the business. Following the name change, the corporation will proceed with its current business, however, as reflected by the name, the corporation is identifying new business lines and product developments.

### **Increase of outstanding shares**

On October 6, 2023, the company issued shares pursuant to a share split of 4:1 basis and outstanding common shares increased from 6,472,100 common shares to 25,888,400 common shares directly following completion of the share split. The corporation expects that the share split will to increase the liquidity and marketability of the common shares.