IMPACT ANALYTICS INC.

(FORMERLY AXIOM CAPITAL ADVISORS INC.)

Management's Discussion and Analysis

For the three and six months ended December 31, 2023 and 2022

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 December 31, 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.

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 December 31, 2023.

This MD&A should be read in conjunction with Impact Analytics' financial statements for the period ended December 31, 2023, together with the accompanying notes found therein.

This document presents the views of management as at February 29, 2024. Additional information on Impact can be found on SEDAR at 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).

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") and is now identified by the symbol "PACT" following its name change on October 20, 2023.

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 Highlights

The following highlights and developments for the six months ended December 31, 2023 and to the date of this management discussion and analysis:

- Commencing trading on a global securities app called "upstream," to enable investors access the Company's shares, and transact in real-time.
- Launching of an intelligent software pilot program called "Pulse" to enable partners will be able to gain early access to the company's current product suite and also to develop complementary products.
- Development of "Lana cash" risk assessment tool for risk profile checks and, intelligent data solutions.
- Launching of "Credissential" data storage and management product, further promoting its Artificial Intelligence (AI) initiative.
- Appointment of Dato Mawani as strategic advisor to expand reach in the Asia pacific region.

- Appointment of Mitch Johnstone as strategic advisor to enhance risk AI capabilities.

- Acquisition of AI hosting service and engagement of "Global One" to manage its social media channels.

- Partnering with Takada Asset Management to further the utilization and distribution of Impact Analytics' AI product offerings in the Asia Pacific region.

- Entered into a development service agreement with Research Laundry to advance its AI product development.

MATERIAL ACCOUNTING POLICIES

A complete summary of the Company's material 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.

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from the financial statements of the Company for the period ended December 31, 2023 (unaudited) and June 30, 2023 (audited).

FINANCIAL POSITION HIGHLIGHTS

(in $)	As at December 31, 2023	As at June 30, 2023
Net working capital	341,221	3,479
Total current assets	513,288	10,352
Total assets	513,469	10,533
Total current liabilities	172,067	6,873
Total shareholders' equity (deficit)	341,402	3,660

The current liabilities are primarily from payables to vendors that rendered services to the Company and loans obtained to further finance working capital and expand the business.

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

STATEMENT OF COMPREHENSIVE INCOME (LOSS) HIGHLIGHTS

	Quarter 2 December 31, 2023	Quarter 1 September 30, 2023	Quarter 4 June 30, 2023	Quarter 3 March 31, 2023
Revenue	$ 7,666	$ 8,244	$ 12,520	$ 12,976
Expenses	$ 343,113	$ 58,817	$ 18,388	$ 11,167
Net income and comprehensive (loss)	$ (335,447)	$ (50,573)	$ (5,868)	$ 1,809
Income (loss) per share basic and diluted	$ (0.013)	$ (0.008)	$ (0.001)	$ 0.001

	Quarter 2 December 31, 2022	Quarter 1 September 30, 2022	Quarter 4 June 30, 2022	Quarter 3 March 31, 2022
Revenue	$ 19,040	$ 16,177	$ 26,520	$ 42,160
Expenses	$ 10,026	$ 20,022	$ 17,046	$ 11,741
Net income and comprehensive (loss)	$ 9,014	$ (3,845)	$ 9,474	$ 30,419
Income (loss) per share basic and diluted	$ 0.001	$ (0.001)	$ 0.001	$ 0.005

CASH FLOW HIGHLIGHTS

	Quarter 2 December 31, 2023	Quarter 1 September 30, 2023	Quarter 4 June 30, 2023	Quarter 3 March 31, 2023
Net cash provided (used) by:				
Operating activities	$ (540,369)	$ 1,757	$ 19,772	$ (321)
Investing activities	-	-	-	-
Financing activities	$ 768,490	-	$ (13,953)	-
Increase (decrease) in cash	$ 228,121	$ 1,757	$ 5,819	$ (321)
Cash beginning of period	$ 12,109	$ 10,352	$ 4,533	$ 4,854
Cash at end of period	$ 240,230	$ 12,109	$ 10,352	$ 4,533

	Quarter 2 December 31, 2022	Quarter 1 September 30, 2022	Quarter 4 June 30, 2022	Quarter 3 March 31, 2022
Net cash provided (used) by:				
Operating activities	$ (633)	$ (378)	$ 25,307	$ 3,714
Investing activities	-	-	-	-
Financing activities	-	-	$ (29,005)	-
Increase (decrease) in cash	$ (633)	$ (378)	$ (3,698)	$ 3,714
Cash beginning of period	$ 5,487	$ 5,865	$ 9,563	$ 5,849
Cash at end of period	$ 4,854	$ 5,487	$ 5,865	$ 9,563

THREE MONTHS PERIOD ENDED DECEMBER 31, 2023

Revenue earned during this three-month period arose from financing conducted by subsidiaries sold during the three months period.

Net loss and comprehensive loss for the three months ended December 31, 2023, was $335,447 (2022 - $9,014 income) and mainly attributable to the following:

- Professional fees increased by $218,819 from $nil during the three months ended December 31, 2022, to $218,819 for the current quarter ended. Consulting and advisory fees had the highest fees for the quarter. Other professional fees are transfer agent, audit and accounting, registrar, legal and trustee fees. The increase is largely due to the Company's expansion, in line with its strategic direction, which required the engagement of new consultants (both locally and internationally).

- Office expenses increased by $37,497 from $1,430 during the three months ended December 31, 2022, to $38,927 for the current quarter ended. This is largely due to the increase in IT - related expenses in form of server hardware and website design. The increase is also attributable to the increase in administrative expenses required for the smooth running of operations within the organization during the quarter.

- Interest and Bank Charges increased by $31,936 from $61 during the three months ended December 31, 2022, to $31,997 for the current quarter ended. This is as a result of interest expense and financing fee incurred from loan facility accessed during the quarter.

- Share based compensation increased by $30,666 from $nil during the three months ended December 31, 2022, to $30,666 for the current quarter ended. The increase is attributable to share options granted to certain directors and consultants of the corporation during the quarter.

- Director fees increased by $11,000 from $nil during the three months ended December 31, 2022, to $11,000 for the current quarter ended. This is due to Director fees incurred for two Directors of the company during the quarter.

- Marketing expenses increased by $5,681 from $nil during the three months ended December 31, 2022, to $5,681 for the current quarter ended. This is as a result of increase in news wire and press release expenses during the quarter.

- Rental payments reduced by $6,000 from $6,000 during the three months ended December 31, 2022, to $nil for the current quarter ended. This is because rental payments to members of management is no longer in effect.

- Regulatory fees increased by $628 from $2,535 during the three months ended December 31, 2022, to $3,163 for the current quarter ended. This is as a result of filing fees incurred during the quarter.

- Exchange loss increased by $1,193 from $nil during the three months ended December 31, 2022, to $1,193 for the current quarter ended. This is due to transactions done with foreign vendors during the quarter.

- Insurance increased by $1,667 from $nil during the three months ended December 31, 2022, to $1,667 for the current quarter ended. This is due to insurance expense incurred for Directors and officers of the Company during the quarter.

SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

Revenue earned during this three-month period arose from financing conducted by subsidiaries sold during the six months period.

Net loss and comprehensive loss for the six months ended December 31, 2023, was $386,020 (2022 - $5,200 income) and mainly attributable to the following:

- Professional fees increased by $249,308 from $3,150 during the six months ended December 31, 2022, to $252,458 during the six months ended December 31, 2023. Consulting and advisory fees had the highest fees for the six-month period. Other professional fees are transfer agent, audit and accounting, registrar, legal and trustee fees. The increase is largely due to the Company's expansion, in line with its strategic direction, which required the engagement of new consultants (both locally and internationally).

- Office expenses increased by $40,730 from $2,846 during the six months ended December 31, 2022, to $43,576 during the six months ended December 31, 2023. This is largely due to the increase in IT - related expenses in form of server hardware and website design. The increase is also attributable to the increase in administrative expenses required for the smooth running of operations within the organization during the six month period.

- Interest and Bank Charges increased by $42,007 from $143 during the six months ended December 31, 2022, to $42,150 during the six months ended December 31, 2023. This is as a result of interest expense and financing fee incurred from loan facility accessed during the six month period.

- Share based compensation increased by $34,192 from $nil during the six months ended December 31, 2022, to $34,192 during the six months ended December 31, 2023. The increase is attributable to share options granted to certain directors and consultants of the corporation during the six month period.

- Directors' fees increased by $11,000 from $nil during the six months ended December 31, 2022, to $11,000 during the six months ended December 31, 2023. This is due to Director fees incurred for two Directors of the company during the six month period.

- Marketing expenses increased by $5,681 from $nil during the six months ended December 31, 2022, to $5,681 during the six months ended December 31, 2023. This is as a result of increase in news wire and press release expenses during the six month period.

- Rental payments reduced by $8,000 from $12,000 during the six months ended December 31, 2022, to $4,000 for the six months ended December 31, 2023. This is because rental payments to members of management is no longer in effect. The last rental payments were paid to Evan Baergen and Dwight Martin up to the date of their resignation on September 25, 2023.

- Regulatory fees decreased by $5,865 from $11,878 during the six months ended December 31, 2022, to $6,013 during the six months ended December 31, 2023. This is because the Company incurred additional filling costs and penalties in 2022 for late filing.

- Exchange loss increased by $1,193 from $nil during the six months ended December 31, 2022, to $1,193 during the six months ended December 31, 2023. This is due to transactions done with foreign vendors during the six month period.

- Insurance increased by $1,667 from $nil during the six months ended December 31, 2022, to $1,667 during the six months ended December 31, 2023. This is due to insurance expense incurred for Directors and officers of the Company during the quarter.

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 December 31, 2023, no Class A common shares are held in escrow.

Stock split

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 increase the liquidity and marketability of the common shares.

Private placement

On October 30, 2023, the Company 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 includes 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.

The Company completed the first tranche of private placements on December 8, 2023. Gross proceeds of $348,000 through the sale of 696,000 units at a price of 50 cents per unit were raised. The second tranche was completed on December 15, 2023, with gross proceeds of $216,570 through the sale of 433,140 units at a price of 50 cents per unit. The third tranche was completed on January 12, 2024, with gross proceeds of $187,500 through the sale of 375,000 units at a price of 50 cents per unit.

The following is a summary of the changes in the Company's warrants activities for the three months ended December 31, 2023:

	December 31, 2023		**December 31, 2022**	
	Number of warrants	**Exercise Price**	**Number of warrants**	**Exercise Price**
Outstanding, beginning	-	-	-	-
Granted	1,129,140	$1.25	-	-
Exercised	-	-	-	-
Outstanding, ending	**1,129,140**	**$1.25**	**-**	**-**

The following table summarizes information regarding warrants outstanding and exercisable as at December 31, 2023

Expiry date	Number of warrants outstanding	Number of warrants exercisable	Weighted-average remaining contractual life (years)	Exercise price
December 8, 2025	696,000	696,000	1.94	$ 1.25
December 15, 2025	433,140	433,140	1.96	1.25

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 percent of the options vest six months after issue, and the remaining Fifty percent 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 – 4.90%.

On October 6, 2023, the company issued shares pursuant to a share split of 4:1 basis and outstanding shares options increased from 1,290,000 common shares to 5,160,000 share options directly following completion of the share split.

The following is a summary of the changes in the Company's stock option activities for the three months ended December 31, 2023:

	December 31, 2023		December 31, 2022	
	Number of options	Exercise Price	Number of options	Exercise Price
Outstanding, beginning	-	-	-	-
Granted	1,290,000	$0.11	-	-
Exercised	-	-	-	-
Share split	3,870,000	-	-	-
Outstanding, ending	**5,160,000**	**$0.03**	**-**	**-**

The following table summarizes information regarding stock options outstanding and exercisable as at December 31, 2023:

Expiry date	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)	Exercise price
				$
September 20, 2025	5,160,000	0	1.74	0.03

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.

Transactions with related parties impacting the financial statements during the three and six months periods are summarized below:

	For the three months ended December 31,		For the six months ended December 31,	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Professional fees	31,706	-	31,706	-
Rental payments	-	6,000	4,000	12,000
Share-based compensation (Note 9)	5,943	-	6,626	-
Director fees	11,000	-	11,000	-
Total	**48,649**	**6,000**	**53,332**	**12,000**

During the six months ended December 31, 2023, the Company paid $4,000 (2022 - $12,000) in rent to Evan Baergen and Dwight Martin up to the date of their resignation on September 25, 2023. During the three months ended December 31, 2023, the Company paid $Nil (2022 - $6,000) in rent to Evan Baergen and Dwight Martin. The Company appointed new Directors and the sum of $11,000 was recognized as Director fees for the three and six months ended December 31, 2023 (December 31, 2022: $nil).

The due to related party in the statements of financial position is $nil as of December 31, 2023 (June 30, 2023 - $1,080).

As at December 31, 2023, the Company had $16,125 (June 30, 2023 - $nil) outstanding accounts payable due to related parties.

During the six months ended, the company granted 1,290,000 incentive stock options to certain directors, officers and consultants as share-based compensation. Fifty percent of the options vest six months after issue, and the remaining fifty percent will vest one year after issue.

BUSINESS RISKS

Executive Management

Impact is dependent on members of its senior management and non-executive directors. The 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.

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 December 31, 2023, the Company had $nil in accounts receivable.

At period end, the Company had $240,230 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 $92,067 in accounts payable and accrued liabilities and a working capital of $341,221.

COMMITMENTS

The Company has no lease agreements or commitments for the period ended December 31, 2023.

SUBSEQUENT EVENTS

$1,000,000 Private placement final tranche

On January 12, 2024, the Company announced that it had completed the third and final tranche of its non-brokered private placement of units for gross proceeds of $187,500 through the sale of 375,000 units at a price of 50 cents per unit. Each unit comprises 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.

Strategic Direction

On January 16, 2023, the Company announced that it had appointed a strategic advisor to further aid its plans to expand its reach to the Asia pacific regions. Other actions taken by the organization post the period end includes the development of its Artificial Intelligence (AI) powered credit management, platform, includes the development of an AI powered Enterprise Risk Assessment software, and the launching of its intelligent pilot program and roadshow.

$2,000,000 Private placement

On February 1, 2024, the Company announced that it intends to complete a non-brokered private placement offering of units for a total target amount of up to $2 million. The offering will consist of up to 1,550,387 units, priced at $1.29 per unit. Each unit will comprise one common share in the capital of the company and one-half of one common share purchase warrant, with each warrant exercisable for a period of one year at a price of $2 per warrant.