Immutable Holdings

Management's Discussion and Analysis

For the three and nine months ended September 30, 2022 and 2021

(Expressed in Canadian Dollars)

Introduction

This Management's Discussion and Analysis ("MD&A") is dated November 14, 2022, and consolidates management's review of the factors that affected Immutable Holdings Inc.'s ("Immutable" or the "Company") financial and operating performance for the three and nine-month periods ended September 30, 2022 and 2021, and factors reasonably expected to impact on future operations and results. This discussion is intended to supplement and complement the Company's audited consolidated financial statements as at and for the year ended December 31, 2021 and for the period from incorporation to the period ended December 31, 2020 (the "Audited Financial Statements") and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS").

This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. The Company applies International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented in the MD&A are not necessarily indicative of the results that may be expected for any future period.

Unless otherwise stated, results are reported in Canadian dollars.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Readers are cautioned that such risk factors, uncertainties and other factors are not exhaustive. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the Company's ability to meet its working capital needs at the current level for the next twelve-month period; management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; and general business and economic conditions.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly, or otherwise revise, any forward-looking statements, whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

The Company

Immutable Holdings Inc. (formerly Bexar Ventures Inc.) (the "Company" or "Immutable") is in the business of developing business lines focused on digital asset and blockchain technologies.

Immutable is the resulting issuer after giving effect to a transaction (the "Transaction") contemplated in a Business Combination Agreement dated August 4, 2021 ("BCA") between Immutable Holdings Inc., Bexar Ventures Inc. ("Bexar") and 1309023 B.C. Ltd. ("Finco"). Bexar was incorporated under the provisions of the Business Corporations Act of British Columbia on January 31, 2017. On March 27, 2018, Bexar begun trading on the Canadian Stock Exchange under the symbol "BXV". Immutable was initially formed on December 22, 2020 pursuant to the General Corporation Law of the State of Delaware. On September 24, 2021, Bexar and Immutable completed a reverse takeover transaction ("RTO"). Reverse acquisition accounting was applied on the RTO and these consolidated financial statements reflect the continuation of the financial position, operating results and cash flows of Immutable Holdings Inc. The Company changed its name from Bexar Ventures Inc. to Immutable Holdings Inc. and resumed trading on the NEO Exchange ("NEO") on September 28, 2021 under the new symbol "HOLD". The Company's registered office is located at Suite 5800, 40 King Street West, Toronto, Ontario, M5H 3S1.

Business Descriptions and Analysis

Immutable Holdings is a collection of digital asset-oriented businesses operating within the emerging space of Web3. We're building products and services that drive awareness and adoption of digital assets within an industry we believe is poised for greater growth. Immutable's mission is to demystify and democratize digital assets by building products and services that increase awareness and adoption of digital assets for both retail and institutional users. We're capitalizing on market opportunities made possible by the ongoing innovation and evolution of the digital asset ecosystem with Immutable's portfolio of businesses including: Immutable Asset Management, NFT.com, 1-800-Bitcoin, and HBAR Labs. Immutable was founded in December 2020 by Mr. Jordan Fried, member of the founding team at Hedera Hashgraph ("Hedera"), a leading distributed ledger technology platform. The Company has multiple business lines, which are described below. Each represent a strategic opportunity with unique demographic and angle-of-execution characteristics.

Immutable Asset Management

Immutable Asset Management LLC ("IAM") will strategically focus first on Hedera Hashgraph's native cryptocurrency, HBAR, which unlike Bitcoin, is often overlooked by asset managers today. A special purpose vehicle, Immutable HBAR Opportunity 1, managed by IAM, allowed IAM to bring discounted exposure to accredited investors, which Immutable believes will increase awareness around HBAR. Details on the token purchase agreement are provided below. IAM intends to sponsor and make available other products in the future to qualified investors that offer exposure to blockchain technologies and digital assets including the world's first HBAR trust, which is intended to bring further HBAR exposure to more traditional capital markets, products and services.

TPA Agreement

On July 30, 2021, IAM entered into the Token Purchase Agreement ("TPA") with Hedera Hashgraph and Immutable HBAR Opportunity 1 LLC (the "Immutable SPE"), a special purpose entity organized and managed by IAM. Immutable SPE acquired 437,650,000 HBAR at a price of USD $0.02 per HBAR (the "Purchased HBAR"). The Purchased HBAR is subject to certain restrictions on transfer for the period beginning on the date of the TPA and ending on the 36-month anniversary thereof or an earlier date pursuant to the terms of the TPA. The TPA contemplates that upon the expiration or termination of the applicable transfer restrictions, the Purchased HBAR will be (i) transferred into the HBAR Trust, a Delaware statutory trust managed by IAM (the "HBAR Trust"), (ii) transferred into another investment vehicle organized by IAM for the purpose of holding the Purchased HBAR with terms substantially similar to the HBAR Trust, or (iii) distributed to the members of the Immutable SPE.

The purchased HBAR will be custodied for the duration of the lock-up period in an account with BitGo Trust Company (the "Custodian").

Under the terms of the TPA, starting on the 25th month following the date of the TPA and continuing for 12 consecutive calendar months thereafter, depending on market feasibility, the Custodian, as agreed to by Hedera and IAM will release the Purchased HBAR to the Immutable SPE in approximately equal monthly installments, it being contemplated that all Purchased HBAR will have been released from restriction no later than the first business day of the calendar month immediately following the 36th calendar month following the execution of the TPA (the "Release Process").

The TPA provides that under certain circumstances, the Purchased HBAR may be released from escrow earlier than the scheduled releases contemplated by the Release Process if such release is to facilitate the transfer of Purchased HBAR as an in-kind contribution to the HBAR Trust. In the event the Immutable SPE presents "Restrictive Letters" executed by a member of the Immutable SPE to Hedera Hashgraph, the Purchased HBAR allocable to such member at any point may be released after the date that is 12 months after the effective date of the TPA and prior to the expiration of the Release Process applicable to such Purchased HBAR. For these purposes, a "Restrictive Letter" is an agreement between IAM, an Immutable SPE member in respect of whom such transfer is taking place, the HBAR Trust and Hedera Hashgraph, in a form acceptable to Hedera Hashgraph (such acceptance not to be unreasonably withheld), that provides that such Immutable SPE member (a) agrees to any restrictions imposed by Hedera that are reasonably intended to ensure that the subject Purchased HBAR will not experience greater liquidity or transferability than if such Purchased HBAR had not been transferred prior to the completion of the Release Process and (b) will reasonably cooperate with Hedera Hashgraph to demonstrate that is has taken steps to ensure compliance with the forgoing agreement.

Pursuant to the terms of the organizational documents of the Immutable SPE and the Management Agreement between IAM and the Immutable SPE, IAM received a management fee of USD $2,000,000 as partial consideration for its management services. The Immutable SPE organizational documents also provide that upon any disposition, transfer or distribution of the

Purchased HBAR, the Immutable SPE will allocate to IAM's capital account therein an amount equal to 15% of the difference between the fair market value (or, in the event Hedera Hashgraph exercises its right of first refusal provided for in the TPA, the actual repurchase price) of the Purchased HBAR to be transferred, disposed of or distributed and the cost at which the Immutable SPE acquired the Purchased HBAR.

In addition, upon execution of the First Amended and Restated Trust Agreement of the HBAR Trust (or a management agreement of any other investment vehicle into which the Purchased HBAR is transferred), IAM shall be entitled to a management fee or sponsor's fee in consideration for its services to the HBAR Trust (or such other vehicle). The TPA restricts the amount of any such management fee to 2.5% per annum of the assets of the HBAR Trust or other investment vehicle.

NFT.com

In the first half of 2021, Immutable acquired the domain name NFT.com. Non-Fungible Tokens ("NFTs") represent ownership in unique, one-of-a-kind assets. As of late, the interest in NFTs has grown, resulting in many artists, celebrities, and athletes to issuing their own unique NFTs, representing a limited edition "collectible" that purchasers can own and proudly put on display. However, NFTs are not limited to art. There remains a large untapped market of collectibles that have yet to become mainstream, including memorabilia, tickets, memberships and more. NFT.com aims to be Web3 Community-Driven NFT ecosystem by being the home and central hub of much NFT activity as it develops and expands. NFT.com plans on achieving this by initially developing a profile-based network of creators and collectors with other products oriented to the NFT community.

In April 2022, The NFT Company Inc. released for sale a collection a limited collection of unique fully animated NFTs (the "Genesis Keys"). Genesis Key owners will have first access to the platform, and direct access to the team and the roll-out of the broader platform. Additionally, each Genesis Key enables its holder to create four unique NFT.com profiles (e.g. NFT.com/hello), also represented as NFTs. Genesis Keys will be sold in a limited quantity. Proceeds from the sale of are recognized as revenues in the Company's statements of income (loss); they are received in Ether ("ETH" or "Ethereum") the native token of the Ethereum Network. Ethereum is a global, open-source platform for decentralized applications. Ethereum, ETH and Ether are used interchangeably to refer to the cryptocurrency and are consistently converted into US Dollar ("USD") pegged stablecoin, US Dollar Coin ("USDC"), shortly after collection in order to lock in the USD value. USDC is pegged to USD held in a reserve. The USDC reserves are regularly attested by Grant Thornton LLP. By converting the ETH proceeds into USDC, the Company is able to manage the volatility risk associated with holding digital assets. The Company's USDC balance will be converted into fiat currency on an as-needed basis. Additionally, Genesis Keys and the profile NFTs they create may be purchased or sold on secondary NFT marketplaces such as OpenSea and LooksRare and will be subjected to up to a 7.5% creator royalty to NFT.com on each sale made on these platforms. In January 2022, the company incorporated a new wholly-owned subsidiary, The NFT Company, in Puerto Rico. Investment, development, and operations for the NFT.com platform will take place through The NFT Company, which licenses the domain from NFT.com LLC, a wholly-controlled, 51% owned entity.

1-800-Bitcoin

1-800-Bitcoin's mission is to accelerate the growth and adoption of digital assets. It plans to offer educational products to mass market consumers including a Bitcoin informational starter kit. With exclusive global access to the toll-free number 1-800-Bitcoin and associated properties, 1800Bitcoin.com, it can provide an easy way to learn about, and hopefully in the future, offer broader exposure to, digital assets and cryptocurrencies.

1-800-Bitcoin Exclusive Shared Use Lease Agreement

Under U.S. federal law and Federal Communications Commission regulation, no entity is permitted to "own" a toll-free number in the 1-800 class. The result is that numbers have been distributed to "subscribers of record," who are permitted to use them for their own business, or under certain conditions lease their use to others'. Immutable has secured an exclusive, 5-year lease for use of the 1-800-Bitcoin toll-free number, with the opportunity to extend the term for an additional three successive 5-year terms, from the current subscriber of record of the toll-free number 1-800-Bitcoin. The subscriber of record will remain the entity to whom the number has been assigned, as no contract is permitted to alter that status. Nevertheless, the contract does guarantee that only 1800Bitcoin LLC may be routed calls placed to that number. The costs of such exclusive use include an initial fee of US$250,000 ($308,783 CAD), a monthly service fee, and general administrative, phone servicing, taxes and fees for the routing of all call traffic to call centers of Immutable's choice and direction. The monthly service fee is calculated as the greater of USD $3,500 or the value of 1/12 of the average price of one Bitcoin in US dollars over each of the business days in the prior month based on the end of day Bitcoin Reference Rate for each such business date. During the first 6 months of the initial term, the monthly fee was capped at USD $10,417 for any service month within the six-month period. The subscriber of record has committed in the contract to provide all commercially reasonable best efforts within its power and role under the shared use agreement to assure that Immutable's business objectives are achieved.

HBAR Labs

HBAR Labs, is dedicated to building businesses in the Hedera Hashgraph ecosystem. Immutable is well equipped to operate a business in this space, given that Immutable's founder, Jordan Fried, was a member of the founding team at Hedera Hashgraph. HBAR Labs owns and operates HBAR.com, a planned community portal to drive awareness, adoption, and access to the Hedera Hashgraph network and its native platform token HBAR. HBAR Labs also owns MyHbarWallet.com a free, client-side interface helping users to interact with the Hedera Hashgraph network. In the future, HBAR Labs plans to generate revenue through a fee-based model for services oriented to the HBAR ecosystem as the regulatory environment allows.

CBDC.com

In 2021, digital currency became a point of focus among central bankers and this trend is expected to continue in the future. Immutable has identified an opportunity to create service offerings that educates, enables and assists central bankers in digitizing themselves. CBDC.com is intended to be a resource to help educate and enable those working with, in, and around central banks. In the future, CBDC.com plans to offer consulting and advisory services to countries and governments in their research and development of central bank digital currencies.

Immutable Advisory

Immutable Advisory is a consulting arm of Immutable focused on the blockchain and cryptocurrency space. Immutable Advisory LLC will build a client pipeline of engagements and eventually charge for consultancy services. Anticipated services include but not limited to: market research, development, whitepaper writing, tokenomic design, architecture, vendor selection, and more.

Financial Projections

Given the multiple business line opportunities that exist, Immutable has segmented projected revenues per business line.

- Immutable Asset Management
    - IAM generates revenue through management fees and performance fees in the investment vehicle it sponsors. Its first vehicle, IMMUTABLE HBAR OPPORTUNITY I LLC, has approximately USD $25 million assets as at September 30, 2022 (which assumes HBAR trading at approximately USD $0.05732). During the second and third quarters, the crypto markets endured substantial volatility.
    - During the nine-month period ended September 30, 2022, the Company recognized $638,960 in revenues through this business line.
- NFT.com
    - In April 2022, the Company launched the sale of its Genesis Keys, which provided early purchasers the first access to the platform. During the period ended September 30, 2022, the Company generated $8,442,362 in revenues through this business line.
- 1-800-Bitcoin
    - When the business launches, 1-800-Bitcoin will release a line of consumer-facing products, including books, classes, and merchandise, through multiple consumer-facing acquisition channels, including in-person events, web domains, and a mobile application, which is still in progress but substantially complete.
- HBAR Labs
    - No revenues have been generated yet. In the future, HBAR Labs plans to generate revenue through a fee-based model for services oriented to the HBAR ecosystem as the regulatory environment allows.
- CBDC.com
    - CBDC.com does not currently hold any engagements and has not launched yet.
- Immutable Advisory
    - Immutable Advisory does not currently hold any engagements and has not launched yet.

Industry Performance and Outlook

- The various markets for digital assets are highly volatile. While the overall trajectory of the most notable cryptocurrencies have been on the incline over past years, substantial and unexpected corrections in market prices are not uncommon and are likely to continue into the foreseeable future.

- Digital assets markets saw a major pull-back in the second quarter of 2022, which was also in line with broader traditional financial markets. Raising global inflation and tightening monetary policy from many of the world's central banks have seen a slowdown in economic growth globally. This has caused global investors to rebalance portfolios leading to a shift out of risk assets including equities and digital assets. Both leading cryptocurrencies, Bitcoin and Ethereum were down in value from their all-time highs in November 2021.

- Declining digital asset prices have placed pressure on several segments of the industry, which may expose unsustainable product designs and business models. In May 2022 a major algorithmic backed stablecoin effectively experienced a liquidity crunch causing its market value to go to zero. In June a number of digital asset lending firms faced insolvency, leading to business closures and bankruptcies. The unwinding of much of these projects and companies led to significant deleveraging across the digital asset market, placing additional downward pressure on prices. The Company was not significantly impacted by these events as it's internal policy is to maintain lower volumes of digital assets that may be subject to significant volatility.

- Notwithstanding, as digital asset markets suffered major declines in the second and third quarters of 2022, the industry still continues to sees new innovations, which may spur wider user adoption through numerous potential use cases and provide a tailwind to the industry.

Transaction

On August 4, 2021, the Company signed a definitive transaction agreement (the "Definitive Agreement"), which resulted in the reverse takeover of Bexar by Immutable.

Pursuant to the terms of the Definitive Agreement, the Transaction was structured as a "three-cornered amalgamation" involving Finco, a wholly-owned subsidiary of Immutable, Bexar Ventures, Bexar Ventures BC Subco Inc. ("BC Subco"), a wholly-owned subsidiary of Bexar, Delaware Subco Inc. ("Delaware Subco"), a wholly-owned subsidiary of Bexar and Bexar.

In connection with the Transaction: (a) Bexar, BC Subco and Finco entered into an amalgamation agreement (the "Amalgamation Agreement"); (b) Bexar, Delaware Subco and Immutable entered into a merger agreement (the "Merger Agreement") and (c) Bexar and Amalco entered into an assignment and assumption agreement (the "Assignment and Assumption Agreement"), the terms of which were the result of arms' length negotiation between Bexar and Immutable. Pursuant to the terms of the Amalgamation Agreement, at Closing, among other things, BC Subco and Finco amalgamated and continued as "Amalco", and each Class A Finco Share were exchanged for one subordinate voting share ("Resulting Issuer Subordinate Voting Shares") of the Resulting Issuer (as defined below) and each 1,000 Class B Finco Shares were exchanged for one multiple voting share of the Resulting Issuer ("Resulting Issuer Multiple Voting Shares" and, together with the Resulting Issuer Subordinate Voting Shares, the "Resulting Issuer Shares"). Pursuant to the terms of the Merger Agreement, at Closing, among other things, Delaware Subco and Immutable merged and continued as "Mergerco", and each share of Mergeco was exchanged for either approximately 0.0809643 Resulting Issuer Multiple Voting Shares ("MVS") or 80.9643 Resulting Issuer Subordinate Voting Shares ("SVS").

Pursuant to the terms of the Assignment and Assumption Agreement, Amalco was wound up into Bexar and the assets of Amalco (which consisted of the funds invested by the investors in the Concurrent Financing net of expenses) were transferred to Bexar.

Prior to the completion of the Transaction, Bexar completed a consolidation of its common shares (the "Bexar Shares"), pursuant to which all of the outstanding Bexar Shares immediately prior to the Closing were consolidated on a consolidation ratio that resulted in there being such number of Bexar Shares outstanding immediately prior to the Closing (after giving effect to certain common share purchase warrant exercises prior to the Closing) being 12.4346 pre-consolidation common for each post-consolidation Bexar Share.

Following approval at the special meeting of the Bexar Shareholders, held on July 2, 2021, which included an amendment to create additional share classes, Bexar's authorized share capital consists of an unlimited number of subordinate voting shares and an unlimited number of multiple voting shares. Upon completion of the Transaction, the outstanding capital of the Resulting Issuer will consist of: (i) 19,293,456 Resulting Issuer Subordinate Voting Shares; and (ii) 72,920 Resulting Issuer Multiple Voting Shares.

The Transaction resulted in the reverse takeover of Bexar by Immutable, as contemplated under the policies of the Aequitas NEO Exchange Inc. (the "Exchange"). Bexar and Immutable were at arm's length and the Transaction was not a non-arm's length transaction under the policies of the Exchange.

As Bexar did not meet the definition of a business under IFRS 3 – *Business Combinations*, the Acquisition was accounted for as the purchase of Bexar's net assets by Immutable. The net purchase price was determined as an equity settled share-based payment, under IFRS 2 - *Share-based Payments*, at the fair value of the equity instruments issued based on the fair value of the subscription receipts issued in the concurrent financing.

The purchase price on the Transaction was allocated as follows:

Fair value of assets acquired:		
Cash	$	46,000
Amounts receivable		29,666
		75,666
Consideration:		
Fair value of shares retained by Bexar's shareholders		1,025,000
		1,025,000
Listing expense	$	**(949,334)**

Concurrent with the Transaction, 2,950,000 (pre-Transaction) (237,241 (post-Transaction)) Bexar warrants were transferred over to Immutable. The warrants had a fair value of $nil.

Upon completion of the Transaction, the entity issued two new classes of shares:

- Subordinate Voting Shares (Class A); and
- Multiple Voting Shares (Class B)

The Company is authorized to issue an unlimited number of SVS and MVS, both without nominal or par value. Each MVS converts into 1,000 SVS. At a shareholder meeting of the Company, the holders of SVS are entitled to one vote in respect of each SVS held, and the holders of MVS are entitled to 1,000 votes in respect of each MVS held.

Financing events

The following financing events took place during the year ended December 31, 2021:

RTO Concurrent Private Placement

On September 24, 2021, the Company closed a financing concurrent with the Transaction, pursuant to which an aggregate of 8,880,225 subscription receipts were issued at a price of $0.75 per subscription receipt for aggregate gross proceeds of $6,660,169. On completion of the RTO, the subscription receipts were converted into 4,494 MVS and 4,386,173 SVS.

In connection with the financing, the Company issued 1,366,666 SVS finders' shares with a fair value of $1,025,000, paid agents' fees of $281,597, and issued 375,461 agents' options with a fair value of $147,245 and incurred other share issuance costs of $632,777.

Brokered Private Placement

On December 17, 2021, the Company closed the first tranche of its brokered private placement, pursuant to which an aggregate of 3,846,154 subscription receipts were issued at a price of $2.60 per subscription receipt for aggregate gross proceeds of $10,000,000. On completion of the financing, the subscription receipts were converted into 2,401 MVS and 1,445,231 SVS. Each unit consisted of one common share and one-half purchase warrant, with each whole warrant exercisable into one MVS or SVS shares of the Company at an exercise price of $4.00 for a period of 36 months from the date of issuance.

In connection with the financing, the Company paid agents' fees of $221,532, and issued 135,047 broker warrants with a fair value of $187,373 and incurred other share issuance costs of $278,119.

On December 31, 2021, the Company closed the second tranche of its non-brokered private placement, pursuant to which an aggregate of 1,937,126 subscription receipts were issued at a price of $2.60 per subscription receipt for aggregate gross proceeds of $5,036,528. On completion of the financing, the subscription receipts were converted into 1,349 MVS and 587,713 SVS. Each unit consisted of one common share and one-half purchase warrant, with each whole warrant exercisable into one MVS or SVS shares of the Company at an exercise price of $4.00 for a period of 36 months from the date of issuance.

In connection with the financing, the Company paid advisory fees of $100,731, and issued 38,741 advisory warrants with a fair value of $44,788 and incurred other share issuance costs of $257,300.

Simple Agreement for Future Equity Notes

During the year ended December 31, 2021, the Company entered into simple agreement for future equity notes (the "SAFE notes") with seed investors for total gross proceeds of $3,640,948 (USD $2,910,000). The SAFE notes entitled the holders to receive capital in the Company upon the satisfaction of an equity financing or other conversion event.

The SAFE price conversion into common shares was equal to the price per share post-money valuation cap of USD $20,000,000 divided by the Company market capitalization. At the time of issuance, the instruments did not meet the definition of equity instruments due to the lack of a fixed price per fixed number of equity instruments and the SAFE notes were recognized as a financial liability carried at amortized cost.

In June 2021, the Company entered into Safe Rescission and Common Stock Purchase Agreements with each of the SAFE holders whereby, the previous SAFE notes entered into in January 2021 were cancelled and the purchase price of the investor's original SAFE notes were allocated towards the purchase of shares of common stock of the Company.

On June 15, 2021, the SAFE notes were converted into 145,500 (pre-consolidated, pre-Transaction) common shares. On the completion of the Transaction, the shares were converted into 6,304,037 SVS and 5,476 MVS with a value of $3,541,034.

The following financing events took place during the nine-month period ended September 30, 2022:

On February 15, 2022, 6,084 warrants with an exercise price of $1.24 were exercised into SVS for total proceeds of $7,565.

On March 31, 2022, 13,672 warrants with an exercise price of $1.24 were exercised into SVS for total proceeds of $17,001.

On April 4, 2022, the Company issued 54,131 SVS for proceeds of $40,598 pursuant to the exercise of 54,131 agents' options at a price of $0.75 per agents' option.

Material Contracts and Events

Immutable has not entered into any material contracts outside of the ordinary course of business prior to the date hereof, other than the agreements described below.

TPA Agreement

Further to the disclosures above, on July 30, 2021, IAM entered into the TPA with Hedera Hashgraph and Immutable SPE, whereby, Immutable SPE acquired 437,650,000 HBAR at a price of *USD $0.02 per HBAR.*

Pursuant to the terms of the organizational documents of the Immutable SPE and the Management Agreement between IAM and the Immutable SPE, IAM received a management fee of USD $2,000,000 as consideration for its management services for the Purchased HBAR. The management fee will be earned and recognized evenly over the 36-month term commencing on September 22, 2021.

During the nine-month period ended September 30, 2022, the Company recognized $638,960 (USD $498,176) (September 30, 2021 - $18,282 (USD $14,612)) in management fee income. As at September 30, 2022, there was $912,667 (USD $666,667) (December 31, 2021 - $846,487 (USD $666,667)) in current deferred revenues and $892,661 (USD $652,053) (December 31, 2021 - $1,460,479 (USD $1,150,228)) in long term deferred revenues.

1800Bitcoin Agreement

On October 19, 2021, the Company entered into a lease agreement for the exclusive right to the use of the toll-free number 1-800-BITCOIN for the use in 1800Bitcoin LLC's business and marketing efforts. The lease agreement has an initial term of five years, with the opportunity to extend the term for an additional three successive terms. Either party has the ability to terminate the agreement by giving 30 days written notice.

The costs of the lease included an initial fee of USD $250,000 (paid - $308,783). In addition, the Company will pay a monthly service fee for each service month, which will be the greater of USD $3,500 or the value of 1/12 of the average price of one Bitcoin in US dollars over each of the business days in the prior month based on the end of day Bitcoin Reference Rate for each such business date. During the first 6 months of the initial term, the monthly fee was capped at USD $10,417 for any service month within the six-month period. The subscriber of record has committed in the contract to provide all commercially reasonable best efforts within its power and role under the shared use agreement to assure that Immutable's business objectives are achieved.

NFT.com launch

In April 2022, the Company launched its Genesis Key sale. Each Genesis Key includes the key and four unique profile mints. The Genesis Keys are separable into five identifiable NFTs. The proceeds from the sales are received in Ether ("ETH" or "Ethereum"), the native token of the Ethereum Network. Genesis Keys are being sold in a limited quantity in two tranches. The first tranche was a whitelisted blind auction whereby the top 3,000 bidders earned the opportunity to purchase a genesis key for a set price of 0.5 ETH. Upon the closing of the blind auction on April 28, 2022, the Company launched the public sale on May 2, 2022, whereby Genesis Keys could be purchased for a set price of 0.9 ETH. The majority of the ETH collected on the sales was converted into US dollars or pegged stablecoin, US Dollar Coin ("USDC"), shortly after collection, in order to lock in the USD value and monitor the volatility risk associated with holding digital assets. Subsequent to September 30, 2022, the Company closed the public sale.

The Genesis Keys may be purchased or sold on a secondary NFT marketplace. The Genesis Keys are governed by smart contracts and generate a creator royalty of 7.5% on each sale made on a marketplace platform. Royalties are deposited directly into the Company's third-party custodial accounts on a weekly basis.

Cryptocurrency holdings

As at September 30, 2022, the Company's crypto asset holdings consisted of the following:

		Fair value (USD)		Fair value (CAD)
Digital assets	$	1,165,690	$	1,595,829
Digital asset loan receivable		1,005,670		1,376,762
	$	2,171,360	$	2,972,591

A summary of the nature, initial investment and movement in the value of crypto assets in Canadian dollars is as follows:

		Digital assets		Digital asset loan receivable
Balance, December 31, 2021 and 2020	$	-	$	-
Ethereum received for NFT sales		8,356,527		-
Digital assets received for royalties		85,835		-
Digital assets sold for USD		(5,689,648)		-
Digital assets used to pay vendors		(14,373)		
Gain on sale of digital assets		95,945		-
Digital assets transferred to USDC fund		(2,552,373)		2,552,373
Withdrawals from USDC fund		1,324,182		(1,324,182)
Interest income		-		25,735
Revaluation of digital assets		(88,845)		-
Foreign translation adjustment		78,579		122,836
Balance, September 30, 2022	$	1,595,829	$	1,376,762

Crypto assets are recorded at their fair value on their acquisition date, or when they are received as revenues, and are revalued at their current market value at each reporting date. Crypto assets held are measured using the closing price per www.coinmarketcap.com at 12:00 am UTC, on each reporting date.

As at September 30, 2022, the total loss on revaluation of digital assets was $88,845, as a result of the decline in ETH since acquisition. The Company determines cost as the historical weighted average cost of the digital assets acquired and disposed of. The loss is recorded in the statements of loss under the revaluation method.

During the period ended September 30, 2022, the Company sold digital assets for proceeds totaling $8,274,306 with a cost basis of $8,178,361 and recorded a resulting gain on sale of digital assets of $95,945. The digital assets were sold to purchase USD or USDC in order to manage the Company's risk exposure.

Digital asset loan receivable

As of September 30, 2022, $1,376,762 (USD $1,005,670) (USDC 1, 005,670) (September 30, 2021 $nil) of the Company's total USDC balance, was held in a USDC conservative lending pool with Anchorage Digital, a nationally chartered bank in the United States, serving as the credit facility administrator. In June 2022, the Company lent USD $2,000,010 (USDC 2,000,010) to the fund. During the period ended September 30, 2022, the conservative lending pool generated an

APR of 1.84-6.03%. As at September 30, 2022, the Company had recognized $25,735 (USD $19,892) (USDC $19,892) (September 30, 2021 - $nil) in interest income. Subsequent to September 30, 2022 the Company withdrew the full balance from the fund as part of its risk management controls.

As at September 30, 2022, the breakdown by crypto asset class is as follows:

	Number of coins	Fair Value (USD)	Fair value (CAD)	Fair value %
ETH	102.51	$ 136,128	$ 186,359	6%
USDC	2,033,946	2,033,946	2,784,472	94%
WETH	0.97	1,286	1,760	0%
		$ 2,171,360	$ 2,972,591	100%

Discussion of Operations for the Three- and Nine-Month Periods Ended September 30, 2022

During the nine-month period ended September 30, 2022, the Company recorded a net loss of $3,938,350 (September 30, 2021 - $2,909,502). For the three-month period ended September 30, 2022, the Company recorded net loss of $2,971,868 (September 30, 2021 – loss of $2,326,191).

Income

In April 2022, the Company launched the sale of its Genesis Keys which are fully animated, non-fungible tokens. Each Genesis Key includes the key and four unique profile mints. The Genesis Keys are separable into five identifiable NFTs. The proceeds from the sales are received in Ether ("ETH" or "Ethereum"), the native token of the Ethereum Network. Genesis Keys are being sold in a limited quantity in two tranches. The Genesis Keys are able to be re-purchased or sold on a secondary NFT marketplace. The Genesis Keys are governed by smart contracts and generate a creator royalty of 7.5% on each sale made on a marketplace platform which is directly attributable to the Company.

During the nine-month period ended September 30, 2022, the Company recognized $8,442,362 (September 30, 2021 - $nil) in revenues representing $8,356,527 for the sale of Genesis Keys and $85,835 in royalties. The revenues are recognized at their cost basis, when received as the transaction price is derived in ETH.

During the period ended September 30, 2022, the Company recognized a gain on conversion of the ETH balances into USD and USDC of $95,945 (September 30, 2021 - $nil). As at September 30, 2022, the Company recognized a loss of $88,845 (September 30, 2021 - $nil) in connection with the revaluation of the digital assets held on statement of financial position as at period end.

In addition to the revenues recognized in The NFT Company, the Company recognized $638,960 (September 2021 - $18,282) in revenue related to the management fee earned over nine months, through the Token Purchase Agreement for managing the HBAR Opportunity 1 LLC fund under the Company's asset management business.

Non-cash losses

During the nine-month period ended September 30, 2022, a significant component of the operating losses relates to $3,224,154 (September 30, 2021 - $348,180) in non-cash share-based payments recognized in relation to the fair value of the stock options granted and subject to various vesting terms. Stock options were granted in the third and fourth quarter of fiscal 2021 and in the second quarter of fiscal 2022. In addition, the Company recorded $65,949 (2021 - $nil) in depreciation expense on its ROU and capital assets.

Operating losses

Operating expenses for the nine-month period ended September 30, 2022 were $13,068,666 (2021 - $1,985,319), which primarily consists of the following:

- Website development costs of $2,362,102 (September 30, 2021 - $nil) which were incurred for the continued development of the Company's www.nft.com website. The website development costs include the directly attributable payroll costs of the Company's technology, product, engineering and design teams which is comprised of full-time employees and third-party consultants.

- Professional fees of $1,094,988 (September 30, 2021 - $1,100,758), of which $396,693 relates to accounting, tax and audit fees, $112,228 related to a former COO of the Company, and $586,067 related to legal fees. Legal fees were provided for a wide range of services by external counsel including: general counsel, corporate filings, fund management and oversight, employment and labour laws, and other regulatory compliance. The majority of the costs incurred during the period ended September 30, 2021 relate to legal and professional fees incurred in preparation for the Company obtaining its public listing.

- Consulting fees of $592,923 (September 30, 2021 - $196,027) relate to fees paid to strategic advisors, executive assistants, and contractors of the business.

- Marketing costs of $2,491,068 (September 30, 2021 - $15,365) were paid to advertising agencies and advertising spends on social media platforms for the genesis key sale which commenced in April 2022 and for multiple promotional events held in the United States.

As at September 30, 2022, the Company had total current assets of $23,235,290 (December 31, 2021 - $23,073,952) to cover its accounts payable and accrued liabilities of $463,830 (December 31, 2021 - $603,928). During the year ended December 31, 2021, the Company received $2,541,619 (USD $2,000,000) in management fees of which $1,805,328 (USD $1,318,719) is outstanding in deferred revenue as at September 30, 2022.

Summary of Quarterly Results

The following table sets out information, derived from the Company's unaudited condensed consolidated interim financial statements, for each of the seven most recently completed financial quarters:

	Q3 2022 September 30, 2022 $	Q2 2022 June 30, 2022 $	Q1 2022 March 31, 2022 $	Q4 2021 December 31, 2021 $
Revenues	367,687	8,502,545	211,090	211,240
Operating expenses	(3,337,269)	(4,834,964)	(4,896,433)	(4,090,982)
Total (loss) income for the period	(2,971,868)	3,721,170	(4,687,652)	(4,084,663)
(Loss) income per share – basic and diluted	(0.03)	0.04	(0.05)	(0.05)

	Q3 2021 September 30, 2021 $	Q2 2021 June 30, 2021 $	Q1 2021 March 31, 2021 $	Period from incorporation to December 31, 2020 $
Revenues	18,282	nil	nil	nil
Operating expenses	(1,389,174)	(474,953)	(82,178)	(16)
Total loss for the period	(2,326,191)	(475,234)	(82,178)	(16)
Loss per share – basic and diluted	(0.03)	(0.01)	(0.00)	(0.00)

Liquidity and Capital Resources

As at September 30, 2022, the Company had a working capital balance of $21,858,793. Significant items include cash of $15,975,693, digital asset loan receivable of $1,376,762, digital assets of $1,595,829, refundable deposit of $3,422,500 and prepaid expenses of $722,752 offset by accounts payable and accrued liabilities of $463,830 and current deferred revenue of $912,667.

During the nine-month period ended September 30, 2022, cash used in operating activities was $7,766,898 (September 30, 2021 – cash provided of $1,646,423). The balance primarily relates to a $2,738,341(September 30, 2021 - $nil) change in digital assets, as cryptocurrencies are considered to be non-cash transactions, $3,422,500 (September 30, 2021 - $nil) for the payment towards the refundable deposit and $638,960 (September 30, 2021 - $2,523,337) in deferred revenue. Cash used in investing activities was $113,964 (September 30, 2021 - $1,200,600 primarily related to the issuance of a promissory note receivable to Immutable HBAR Opportunity 1 LLC) for the purchase of computers and studio equipment and additional domain names. Cash used in operating and investing activities was slightly offset with cash proceeds from financing activities of $65,164 (September 30, 2021 - $9,290,767) for the exercise of warrants and agents' options during the period.

The Company's use of cash at present occurs, and in the future is expected to occur, principally to fund the funding of its NFT platform, Immutable Asset Management and to expand and build out its future business focuses.

As at the date of this report, the Company has sufficient capital to meet its ongoing operating and investment activities, for at a minimum 12 months.

The Company has no capital commitments as at the date of this report.

Proposed Transaction

On September 6, 2022, the Company entered into a non-binding term sheet (the "Term Sheet") with a Delaware Limited Liability Company. Pursuant to the Term Sheet, the Company would acquire an 80% ownership interest in the LLC for an initial purchase price of USD $3,000,000 of which USD $2,500,000 was payable upon signing the Term Sheet and the remaining $500,000 USD would be payable one year later. During the period ended September 30, 2022, the Company advanced $3,422,500 (USD $2,500,000) which was recorded as a refundable deposit. On September 30, 2022, the parties elected not to pursue the acquisition and the Term Sheet was terminated. In October 2022, the Company received a refund of $2,450,000 USD.

Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The Company incurred the following expenses during the periods ended September 30, 2022 and 2021 for key personnel:

		September 30, 2022		**September 30, 2021**
Director fees	$	505,024	$	-
Payroll and website development		337,436		-
Professional and consulting fees		641,738		202,878
Share-based compensation		260,458		308,426
	$	**1,744,656**	**$**	**511,304**

During the year ended December 31, 2021, the Company became the sponsor of the Immutable HBAR Opportunity 1 LLC fund which is managed by an officer and a director of the Company.

The Company received a USD $2,000,000 management fee as compensation for managing the fund. During the period ended September 30, 2022, the Company recognized $638,960 (September 30, 2021 - $18,282) in management fee income.

As at September 30, 2022, there was $37,500 (December 31, 2021 - $nil) outstanding in accounts payable and accrued liabilities due to an accounting firm owned by the CFO. Amounts are unsecured, do not bear interest and are due on demand. The balances were paid in full subsequent to September 30, 2022.

As at September 30, 2022, there was $590,381 (December 31, 2021 - $nil) outstanding in prepaids for professional and consulting fees and director fees paid to related parties.

During the year ended December 31, 2021, a director of the Company participated in the SAFE note financing and purchased $250,237 (USD $200,000) in SAFE notes which were converted into 10,000 (pre-consolidated, pre-Transaction) common shares (810 MVS post-Transaction).

During the year ended December 31, 2021, the Company entered into two asset purchase agreements with the CEO of the Company.

Capital Management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operations of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to explore diversified revenue generating opportunities and may decide to raise additional funds through the equity or debt financing. The Company is not subject to any external capital requirements imposed by a regulator.

Share Capital

As at September 30, 2022, the issued and outstanding share capital is comprised of 69,630 MVS and 28,461,178 SVS for a total of 98,091,317 voting shares on an as if fully converted basis.

As of the date of this MD&A, the Company has 69,630 MVS shares and 28,461,178 SVS shares issued and outstanding, and 8,040,913 stock options, 474,507 agents' options, and 3,109,119 warrants outstanding.

Critical Accounting Judgements and Estimates

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company operates in the blockchain and digital asset space, many aspects of which are not specifically addressed by current IFRS guidance. Management has exercised significant judgement as to the application of IFRS and the selection of appropriate accounting policies. In the event authoritative guidance is enacted by the IASB, the Company may be required to change its policies which could result in a change in the Company's financial position and earnings.

Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

Critical accounting judgements

Revenue recognition

The application of the Company's accounting policies for revenue recognition of management fees, sales, and interest income requires judgement in determining the contract types and the timing and recognition of revenues over contract terms.

Accounting for cryptocurrencies

Accounting for investments in digital currencies requires management to make judgements based on the entity's business model and its purpose and intent for investing in the assets, the nature and use of the assets and the expected timeline of the use. The Company currently holds certain digital assets, which are considered to be identifiable non-monetary assets without physical substance. The digital assets were acquired through sales initiated on the Company's nft.com platform. The Company's intention is to convert the proceeds to USD to manage its exposure risk. As a result, management has determined that the digital assets should be accounted for as intangible assets under IAS 38 – Intangible Assets as current assets on the statement of financial position. This judgement includes consideration of the operations, strategy and intent of management.

The Company applies the revaluation method to the asset classes whereby there is an active market in which the digital assets are traded. Management exercises judgement in defining active markets and assesses whether there is sufficient frequency and volume to provide pricing information on an ongoing basis.

Transactions

Judgment is used when determining whether an acquisition is a business combination or an asset acquisition. There are judgements in measuring the fair value of equity instruments issued as consideration and in allocating the fair value of consideration paid to the assets acquired and liabilities assumed. For asset acquisitions made in exchange for contingent consideration, management must develop and assess expectations for the probability of the liability being triggered in the future.

Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment. In assessing the Company's ability to continue as a going concern, market and regulatory factors are considered.

Identifying whether a contract includes a lease

IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset. Management applies judgment on certain factors, including whether the supplier or lessor has substantive substitution rights and if the Company obtains substantially all of the economic benefits in the identified asset and the rights to direct the use of that asset. In addition, management exercises judgement in determining whether variable payments should be included in the calculation of a lease liability.

Critical accounting estimates

Share-based payments

Where applicable, the fair value of certain equity instruments is subject to the limitations of the Black-Scholes Option Pricing Model. The Company's use of an option pricing model requires inputs of highly subjective assumptions, including the volatility of share prices, forfeiture rates, risk-free rates and the expected term of the instrument.

Impairment of intangible assets and equipment

Determining whether any charge to impairment against the Company's intangible assets or equipment requires management to estimate the recoverable amount of the assets, which is defined as the higher of fair value less the cost of disposal or value in use. Many factors used in assessing recoverable amounts are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. Impairment is tested on an annual basis for indefinite lived intangible assets or as events and conditions change.

Current and deferred taxes

The Company's provision for income taxes is estimated based on the expected annual effective tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The current and deferred components of income taxes are estimated based on forecasted movements in temporary differences. Changes to the expected annual effective tax rate and differences between the actual and expected effective tax rate and between actual and forecasted movements in temporary differences will result in adjustments to the Company's provision for income taxes in the period changes are made and/or differences are identified.

New Accounting Policies Adopted

The accounting policies applied in the unaudited condensed consolidated interim financial statements for the periods ended September 30, 2022 and 2021 are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2021.

During the nine-month period ended September 30, 2022, the Company adopted the following accounting policies:

<u>Digital assets</u>

Digital assets consist of cryptocurrency denominated assets and are included in current assets. Digital assets meet the definition of intangible assets as they are identifiable non-monetary assets without physical substance. Cryptocurrencies are initially recorded at the fair value on both the acquisition date and the date earned as revenues. Subsequently, the Company has elected to use the revaluation model for its cryptocurrencies, which is to measure the asset at fair value with reference to the principal market on the date of revaluation, less any subsequent amortization and impairment losses.

Under the revaluation method, increases in fair value are recorded in other comprehensive income, while decreases are recorded in profit or loss. There is no recycling of gains from other comprehensive income to profit or loss. However, to the extent that an increase in fair value reverse a previous decrease in fair value that has been recorded in profit or loss, that increase is recorded in profit and loss. Decreases in fair value that reverse gains previously recorded in other comprehensive income are recorded in other comprehensive income. The Company revalues its digital assets at the end of each quarter, on the period end dates. The Company has determined that its cryptocurrency holdings of Ethereum and USDC are traded in active markets and their fair values are based on quoted prices at the end of each reporting period as of 12:00 UTC.

Digital asset loan receivable

The Company entered into a redeemable USDC conservative lending facility through its custodian account on a secured basis. Interest earned is accounted for on an accrued basis. The agreement may bear a crypto fee receivable from time-to-time, which is based on a percentage of the crypto assets lent and is denominated in the related crypto asset.

<u>Revenue recognition – NFT sales</u>

The Company released for sale a collection of fully animated non-fungible tokens ("NFTs") referred to as Genesis Keys, in two tranches. Each Genesis Key includes the key and four unique profile mints. The Genesis Keys are separable into five identifiable NFTs representing a bundle of goods that is distinct that are substantially the same, and transfer to the customer in a single package. The transaction price for a Genesis Key is fixed in each tranche of the sale and enforced through smart contracts. The Company considers its performance obligation to be satisfied at the point in time when the transaction is processed, the keys are transferred, and the consideration is received.

The Company has the ability to earn a 7.5% royalty on the re-sale of a Genesis Key or its profiles on a secondary marketplace. As royalty revenue cannot be reliably measured in advance, revenue is not recognized until the underlying sales activity has been completed and the funds deposited into the Company's designated wallets.

Interest income is calculated using the effective interest method and is recognized in profit or loss on an accrual basis when earned.

Gains or losses on the sale of crypto assets for traditional (fiat) currencies are included in the consolidated statements of loss.

<u>Equipment</u>

Equipment is recorded at cost less accumulated depreciation and impairment losses. The cost of an item consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Computers and studio equipment are depreciated on a straight-line basis over three years. Equipment that is withdrawn from use or has no reasonable prospect of being recovered through use or sale, are regularly identified and written-off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expense.

Financial Instruments

The Company's financial instruments consist of cash, refundable deposit, and accounts payable and accrued liabilities. The Company's cash is classified at FVTPL and its accounts payable and accrued liabilities are carried at amortized cost. In addition, the Company measures its digital assets and digital asset loan receivable at fair value using the revaluation method under IAS 38-Intangible assets.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 - Inputs that are not based on observable market data.

The fair value of cash is determined based on level 1 inputs which consist of quoted prices in active markets for identical assets.

The fair value of digital assets and digital assets loan receivable is determined using level 2 inputs. For the digital assets, the fair value is determined by utilizing a volume-weighted average price approach derived from quoted market prices across principal exchanges as of 12:00am UTC for identical assets per www.coinmarketcap.com.

As at September 30, 2022, the Company believes that the carrying values of its accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial Statement Risk Management

The Company's financial instruments are exposed to a number of risks that are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash, digital assets and digital asset loan receivable. The Company manages its credit risk by maintaining its cash in federally regulated financial institutions in the United States. The credit risk on the deposit is mitigated as it was refunded to the Company subsequent to September 30, 2022. The Company primarily secures its digital assets and digital asset loan balance through the use of custodians on which the Company has performed internal due diligence procedures on.

The Company manages its credit risk on digital assets by maintaining ETH and USDC balances under thresholds set by the treasury team. The treasury team accounts for and continually verifies the amount of crypto assets within the custodian's control by conducting weekly conversions into fiat currency.

The Company's digital asset loan receivable is exposed to credit risk as the lending facility administrator engages in the practice of commingling client's assets in designed custodial wallets managed and controlled by the facility administrator. When digital assets are commingled, transactions are not recorded on the applicable blockchain ledger, but are only recorded by the exchange or custodian. Therefore, there is risk around the occurrence of transactions, or the existence of period end balances represented. The Company limits its credit risk for digital assets loaned by placing these digital assets with a high-quality financial institution that is believed to have sufficient capital to meet their obligations as they come due. Furthermore, the Company can demand the repayment of the loan and recover the principle plus interest in three days or less which is also established per the terms of services of the Master Agency and Facility Administration Agreement. On a monthly basis, the Company withdraws the interest earned from the principal loan balance. To date, the Company has not experienced any difficulties in converting or withdrawing funds.

As of each reporting period, the Company assesses if there may be expected credit losses requiring recognition of a loss allowance. While the Company intends to only transact with counterparties that it believes to be creditworthy, there can be no assurance that a counterparty will not default and that the Company will not sustain a material loss on a transaction as a result. Subsequent to September 30, 2022, the Company called its digital asset loan receivable and was immediately repaid the full balance plus accrued interest. As at September 30, 2022, and subsequently, the Company does not expect a material loss on any of its financial assets.

Digital asset risks

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and global political and economic conditions. The profitability of the NFT Company and Immutable Asset Management's business operations is directly related to the current and future market price of digital assets. A decline in the market prices for digital assets could negatively impact the Company's future operations.

Investing in cryptocurrencies is speculative, prices are volatile and market movements are difficult to predict. Supply and demand for such currencies change rapidly and are affected by a variety of factors, including regulation and general economic trends.

Cryptocurrencies have a limited history, their fair values have historically been volatile and the value of cryptocurrencies held by the Company could decline rapidly. Historical performance of digital assets is not indicative of their future performance.

Price and concentration risks

Price risk is the risk of disposition of investments at less than favorable prices due to unfavorable market conditions. The Company is exposed to price and concentration risk on its digital asset holdings.

As at September 30, 2022, if the market price of the Company's crypto assets, excluding USDC holdings, changed by 10% with all other variables being constant, the corresponding digital asset value change would amount to approximately USD $14,000. The Company may not be able to liquidate its digital assets at its desired price if required.

The Company has not hedged the conversion of any of its cryptocurrency denominated digital assets.

Custody risks

The Company holds digital assets primarily through its accounts with institutional grade custodians. The Company's custody strategy is designed to secure its digital assets while providing the opportunity to maximize liquidity and efficient trading by making those assets readily available to deploy. The Company constantly monitors the digital asset balances it maintains with its custodians against deposits, and where the Company believes it to be necessary, will monetize digital assets into fiat currency.

The Company's custodians are SOC I Type II compliant institutions. The Company maintains internal controls to ensure that accounts held with each custodian are appropriately authorized and access restricted. As part of regular operations, designated individuals of the Company review and monitor custodied balances against internal fund records, verifying the accuracy of each holding. In addition, the Company performs due-diligence procedures including regular reviews over each custodian issued SOC report covering the applicable period.

Security risks

Many cryptocurrency networks are decentralized online end-user-to-end-user networks that host a public transaction ledger (blockchain) and the source code that comprises the basis for the cryptographic and algorithmic protocols governing such networks. The system relies on cryptography to secure transactions, to control the creation of additional units and to verify the transfer of assets.

In many cryptocurrency transactions, the recipient or the buyer must provide its public key, which serves as an address for a digital wallet, to the seller. To confirm transaction activity each party must sign transactions with a data code derived from entering the private key into a hashing algorithm. This signature serves as validation that the transaction has been authorized by the owner of the cryptocurrency. Security breaches, computer malware, and computer hacking attacks have been a prevalent concern in the digital assets exchange markets.

Loss of access risks

The loss of access to the private keys associated with the Company's cryptocurrency holdings may be irreversible and could adversely affect an investment. Cryptocurrencies are controllable only by an individual that possesses both the unique public key and private key or keys relating to the "digital wallet" in which the cryptocurrency is held. To the extent a private key is lost, destroyed or otherwise compromised and no backup is accessible the Company may be unable to access the cryptocurrency.

Regulatory oversight risks

Regulatory changes or actions may restrict the use of cryptocurrencies or the operation of cryptocurrency networks or exchanges in a manner that adversely affects investments held by the Company.

Irrevocability of transactions risks

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred cryptocurrencies may be irretrievable. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer or theft generally will not be reversible, and the Company may not be capable of seeking compensation.

Hard fork risks

Hard forks may occur for a variety of reasons including, but not limited to, disputes over proposed changes to the protocol, significant security breach, or an unanticipated software flaw in the multiple versions of otherwise compatible software. In the event of a hard fork in a cryptocurrency held by the Company, it is expected that the Company would hold an equivalent amount of the old and new cryptocurrency following the hard fork.

The Company may not be able to realize the economic benefit of a hard fork, either immediately or ever, for various reasons. For instance, the company may not have any systems in place to monitor or participate in hard forks. Therefore, the Company may not receive any new cryptocurrencies created as a result of a hard fork, thus losing any potential value from such cryptocurrencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and accrued liabilities. The Company manages its liquidity risk through the management of its capital structure. The Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand, do not generally bear interest and are subject to normal trade terms. As at September 30, 2022, the Company had $15,975,693 in cash to cover its accounts payable and accrued liabilities of $463,830.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as fair value through profit or loss, and cause fluctuations in the fair value of future cash flows for assets or liabilities measured at fair value. Currently, the Company is not exposed to significant market risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. Revenue and expenses are mostly denominated in US dollars and Canadian dollars. A significant change in the currency exchange rates between the US dollar and the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The majority of the Company's financial instruments are denominated in US dollars, therefore, the Company is not subject to any significant foreign exchange risk at this time. As at September 30, 2022, a change of 10% in the foreign exchange rates from Canadian dollar to the US dollar would result in approximately an increase or decrease of $26,000 in the Company's net loss for the period. The Company has not hedged its exposure to currency fluctuations.

Business Risks

General Digital Asset Risks

Immutable's business is reliant on blockchain technology service providers.

As a blockchain holding company, Immutable and its subsidiaries rely on blockchain technology service providers, including the Service Providers, that provide services to Immutable's subsidiaries pursuant to services agreements, to carry out its operations. The Service Providers provide Immutable's subsidiaries access to platforms that power the critical infrastructure required to receive and broadcast transactions. In the event that agreements with the Service Providers were terminated for any reason, Immutable's subsidiaries would need to find replacement service providers. While Immutable's subsidiaries believes there are a number of other service providers capable of providing replacement services on terms and conditions that would be commercially reasonable, there is no guarantee Immutable's subsidaries would be able to find such service providers and enter into similar agreements on similar terms, or at all. Failure to find suitable replacement service providers could cause Immutable's subsidaries to reduce or terminate its operations.

Regulatory changes or actions may alter the nature of an investment in the Resulting Issuer or restrict the use of digital assets in a manner that adversely affects the Resulting Issuer's operations.

As digital assets have grown in both popularity and market size, governments around the world have reacted differently, with certain governments deeming cryptocurrencies illegal and others allowing their use and trade. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Resulting Issuer to continue to operate. The effect of any future regulatory change on the Resulting Issuer or any digital assets that the Resulting Issuer may stake is impossible to predict, but such change could be substantial and adverse to the

Resulting Issuer. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade digital assets, or to exchange digital assets for fiat currency. By extension, similar actions by other governments, may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the Resulting Issuer Shares. Such a restriction could result in the Resulting Issuer liquidating its inventory of digital assets at unfavorable prices and may adversely affect the price of the Resulting Issuer Shares.

Digital asset transactions are irrevocable and losses may occur.

Digital asset transactions are irrevocable and stolen or incorrectly transferred cryptoassets may be irretrievable. Digital asset transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of digital assets will not be reversible. To the extent that Immutable is able to seek a corrective transaction with the third party, or is incapable of identifying the recipient of its digital assets through error or theft, Immutable will not be able to revert or otherwise recover any incorrectly transferred digital assets, or to convert or recover digital assets transferred to uncontrolled accounts.

Immutable holds the majority of its digital assets in an industry-standard and commonly used digital asset custodian.

A custodian is responsible for the safekeeping Immutable's private keys, which are used to access its cryptocurrency account and which facilitate the transfer of digital assets in accordance with Immutable's instructions. The custodian holds digital assets in segregated cold-storage (meaning the assets are stored on devices without any internet access - making it significantly more difficult for a hacker to access the funds). If Immutable's cryptoassets are lost, stolen or destroyed under circumstances rendering a party liable to Immutable, the responsible party may not have the financial resources sufficient to satisfy Immutable's claim. Also, although a custodian uses security procedures with various elements, such as redundancy, segregation and cold storage, to minimize the risk of loss, damage and theft, neither the custodian nor Immutable can guarantee the prevention of such loss, damage or theft, whether caused intentionally, accidentally or by an act of God. Access to Immutable's custodian account could also be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack).

Dependence on Digital Keys

The loss or destruction of a private key required to access certain cryptocurrencies or digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to its cryptocurrency or digital asset wallets could adversely affect the Company. Certain cryptocurrencies and digital wallets are controllable only by the possessor of both the unique public key and private key relating to the local or online digital wallet. Private keys typically must be safeguarded and kept private to prevent a third party from accessing the relevant cryptocurrencies and NFTs held in the wallet. If a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Company will be unable to access the cryptocurrencies and NFTs held in the wallet. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrencies and NFTs could materially and adversely affect the Company's operations.

Third-party custodians.

The Company uses institutional grade custodian to secure crypto assets. A material percentage of cryptoassets holdings are custodied by Anchorage Digital Bank N.A. The Company maintains internal control to ensure that accounts held with custodian are appropriately authorized and access restricted. As a part of regular operations, designated Company employees review and monitor custodied balances against internal records, verifying the accuracy of each crypto asset holding.

Anchorage Digital Bank N.A. is a federally chartered bank regulated by the Office of Comptroller of the Currency headquartered in San Francisco, California and is SOC 2 Type 1 certified and SOC 1 Type II compliant. Anchorage generates digital asset private keys in air-gapped hardware security models and the key generation unfractured that is physically isolated from public network connectivity. Ass transfers require a quorum-based approvals from multiple authorized users in accordance with policies set by the Company.

Immutable's use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk.

Immutable's token selection strategy may rely heavily on the use of proprietary and non-proprietary software, data and intellectual property of third parties in the digital asset sector. The reliance on this technology and data is subject to a number of important risks. For example, the operation of any element of the digital assets network, or any other electronic platform, may be severely and adversely affected by the malfunction of technology. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as result of a design flaw in the design and operation of the network or platform. Further, if Immutable's software, hardware, data or other intellectual property is found to infringe on the rights of any third party, the underlying value of the assets of Immutable could be materially and adversely affected. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in a digital asset network's long-term viability or the ability of end-users to hold and transfer digital assets may adversely affect the value of these assets. Additionally, a meritorious intellectual property claim could prevent Immutable and other end-users from accessing various networks or holding or transferring their digital assets.

Immutable's business is exposed to the potential misuse of digital assets and malicious actors.

Since the existence of digital assets, there have been attempts to use them for speculation or malicious purposes. Although lawmakers increasingly regulate the use and applications of digital assets, and software is being developed to curtail speculative and malicious activities, there can be no assurances that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology, such as quantum computing, could lead to a malicious actor or botnet (a voluntary or hacked collection of computers controlled by networked software coordinating the actions of the computers) being able to alter the blockchain on which digital asset transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, or generate new digital assets or transactions using such control. The malicious actor or botnet could double spend its own digital assets and prevent the confirmation of other users' transactions for so long as it maintains control. Such changes could adversely affect an investment in the Resulting Issuer Shares.

The security procedures and operational infrastructure of Immutable may be breached due to the actions of outside parties, error or malfeasance of an employee of the Resulting Issuer, or otherwise, and, as a result, an unauthorized party may obtain access to Immutable's digital asset accounts, private keys, data or tokens. Additionally, outside parties may attempt to fraudulently induce employees of Immutable or the Resulting Issuer to disclose sensitive information in order to gain access to the infrastructure of Immutable. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, Immutable may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of Immutable's digital assets account occurs, the market perception of the effectiveness of its security protocols could be harmed and the value of the Resulting Issuer Shares could be materially adversely affected.

A decline in the adoption and use of digital assets could materially and adversely affect the performance of the Resulting Issuer.

Because digital assets are a relatively new asset class and a technological innovation, they are subject to a high degree of uncertainty. As a related but separate issue from that of the regulatory environment, the adoption, growth and longevity of any digital asset will require growth in its usage and in the blockchain for various applications. A lack of expansion in use of digital assets and blockchain technologies would adversely affect the financial performance of the Resulting Issuer. In addition, there is no assurance that any digital assets will maintain their value over the long term. Even if growth in the use of any digital assets occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A lack of expansion of digital assets into the retail and commercial markets, may result in increased volatility or a reduction in the market price of these assets. Further, if fees increase for recording transactions on these blockchains, demand for digital assets may be reduced and prevent the expansion of the networks to retail merchants and commercial businesses, resulting in a reduction in the price of these assets. A contraction in use of any digital asset may result in increased volatility or a reduction in prices, which could materially and adversely affect Immutable's investment and trading strategies, the value of its assets and the value of any investment in the Resulting Issuer Shares.

Market Acceptance

The operating results of the Company's business is subject to the market acceptance of the NFT.com platform. If the NFT.com platform does not gain market acceptance, its operating results may be negatively affected. If the markets for the NFT products and services fail to develop, develop more slowly than expected or become subject to increased competition, its business may suffer.

The growth of the NFT market and the digital asset industry in general, and distributed ledger technology that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing smart contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

The value of digital assets may be subject to momentum pricing risk.

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Market prices of digital assets are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of digital assets, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of Immutable's digital assets.

Valuation of NFTs

The Company will offer or have funds associated with NFTs. NFTs are unique, one-of-a- kind digital assets made possible by certain digital asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online "collectibles," similar to physical rare collectible items, such as trading cards or art. Like real world collectibles, the value of NFTs may be prone to "boom and bust" cycles as popularity increases and subsequently subsides. Certain metadata pertaining to NFTs may be stored "offchain," i.e., not on a decentralized digital asset network. If the entity behind an NFT project ceases hosting relevant metadata relating to NFTs, such NFTs may become worthless. If any of these events were to occur, it could adversely affect the value of certain of the Company's future strategies. In addition, because NFTs generally rely on the same types of underlying technologies as digital assets, most risks applicable to digital assets (including phishing, hacking, blockchain risks) are also applicable to NFTs and hence any investment into NFTs will be subject to general digital assets risks as described elsewhere in these risk factors.

Banks may not provide banking services, or may cut off banking services, to businesses that provide digital asset-related services.

A number of companies that provide digital asset-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to digital asset-related companies, or companies that accept digital assets, for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide digital asset-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may decrease the usefulness of digital assets as a payment system and harm public perception of digital assets. Similarly, the usefulness of digital assets as a payment system and the public perception of digital assets could be damaged if banks were to close the accounts of many or of a few key businesses providing digital asset-related services. This could decrease the market prices of digital assets, and adversely affect the value of Immutable's digital asset inventory and the Resulting Issuer Shares.

Market adoption of cryptoassets has been limited to date and further adoption is uncertain.

Currently, there is relatively small use of cryptoassets in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect an investment in the securities or Resulting Issuer Shares. Cryptoassets have only recently become accepted as a means of payment for goods and services by certain major retail and commercial outlets, and use of cryptoassets by consumers to pay such retail and commercial outlets remains limited. Conversely, a significant portion of cryptoasset demand is generated by speculators and investors seeking to profit from the short- or long-term holding of tokens. A lack of expansion by cryptoassets into the retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the market price of these assets. Further, if fees increase for recording transactions on these blockchains, demand for cryptoassets may be reduced and prevent the expansion of the networks to retail merchants and commercial businesses, resulting in a reduction in the price of these assets.

Immutable and the Resulting Issuer will have to adapt to respond to evolving security risks.

As technological change occurs, the security threats to Immutable's digital assets will likely adapt, and previously unknown threats may emerge. The ability of Immutable to adopt technology in response to changing security needs or trends may pose a challenge to the safekeeping of their assets. To the extent that Immutable is unable to identify and mitigate or stop new security threats, the Resulting Issuer's assets may be subject to theft, loss, destruction or other attack.

The Resulting Issuer may be unable to obtain adequate insurance to insure its operations.

The Resulting Issuer intends to insure its operations in accordance with technology industry practice. However, given the novelty of digital asset and associated businesses, such insurance may not be available, may be uneconomical for the Resulting Issuer, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Resulting Issuer.

Cryptocurrency is not covered by deposit insurance

Transactions using cryptocurrency are not covered by deposit insurance, unlike banks and credit unions that provide guarantees or safeguards.

The business of the Resulting Issuer will be exposed to cybersecurity risks.

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, service providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). A cyber incident that affects Immutable or its service providers might cause disruptions and adversely affect their respective business operations, and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

The Resulting Issuer may be subject to litigation.

The Resulting Issuer may be subject to litigation arising out of its operations. Damages claimed under such litigation may be material, and the outcome of such litigation may materially impact the Resulting Issuer's operations, and the value of the Resulting Issuer Shares. While the Resulting Issuer will assess the merits of any lawsuits and defend such lawsuits accordingly, they may be required to incur significant expense or devote significant financial resources to such defenses. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Resulting Issuer's operations.

The unregulated nature and lack of transparency surrounding the operations of digital asset exchanges may cause the marketplace to lose confidence in such exchanges.

Cryptocurrency and digital asset exchanges on which cryptocurrencies and other digital assets trade are relatively new and, in some cases, unregulated. While some exchanges provide information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many other exchanges do not. As a result, the marketplace may lose confidence in these exchanges, including prominent exchanges that handle a significant volume of trading in these assets. In recent years, there have been a number of cryptocurrency and digital asset exchanges that have closed because of fraud, business failure or security breaches. Additionally, larger cryptocurrency and digital asset exchanges have been targets for hackers and malware and may be targets of regulatory enforcement actions. A lack of stability in these exchanges, and their temporary or permanent closure, may reduce confidence in the digital asset marketplace in general and result in greater volatility in the price of digital assets. These potential consequences could materially and adversely affect the value of the Resulting Shares.

<u>Other Risks</u>

Immutable has a limited operating history.

Immutable has a limited history of operations and is in the early stage of development. As such, the Resulting Issuer will be subject to many risks common to such enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Resulting Issuer will be able to develop any of its projects profitably or that any of its activities will generate positive cash flow.

The Resulting Issuer may require additional funds to finance its operations.

Additional funds, raised through debt or equity offerings, may be needed to finance the Resulting Issuer's future activities. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could cause the Resulting Issuer to reduce or terminate its operations.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Resulting Issuer Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities.

The business of Immutable is subject to competition from other staking companies.

The Resulting Issuer will compete with other cryptocurrency and distributed ledger technology businesses, including other businesses focused on developing substantial digital asset staking operations. Although any market participant with sufficient capital and know-how has the ability to acquire tokens on the open market and start staking, there are a wide range of tokens being staked across the networks Immutable participates in. Accordingly, Immutable's management is not focused on competition in the industry.

Competition

The Reporting Issuer will compete with other NFT businesses. Any market participant with sufficient capital and know-how has the ability to compete with the Company's core businesses. As a result, the Company will face significant competition in the blockchain and NFT sectors. The Company's competitors may include other acquisition vehicles and major blockchain-based businesses worldwide which may have greater financial, technical and human capital than the Company, in addition to superior expertise and experience in the blockchain business.

The NFT market in which the Company competes requires continuous innovation and are highly competitive, rapidly evolving, subject to changing technology, shifting customer trends, competition for new content, and frequent introductions of new products and services. New competitors could launch new businesses in the Company's markets at a relatively low cost since technological and financial barriers to entry are relatively low. Some of the Company's current and potential competitors may have competitive advantages, such as greater name recognition, longer operating histories, broader geographic scope, and larger marketing budgets, as well as substantially greater financial, technical, personnel, and other resources. The Company may also experience competition from smaller, newer competitors that may be more agile in responding to customers' demands. These competitors may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, standards or customer requirements or provide competitive pricing. As a result, even if the Company's products are more effective than the products and services that the Company's competitors offer, potential customers might select competitive products and services in lieu of purchasing the Company's products and services. For these reasons, the Company may not be able to compete successfully against the Company's current and future competitors, which could negatively impact the Company's future sales and harm the Company's business and financial condition.

The Resulting Issuer's compliance and risk management programs may not be effective.

The Resulting Issuer's ability to comply with applicable laws and rules will be largely dependent on the establishment and maintenance of compliance, review and reporting systems, as well as the ability to attract and retain qualified compliance and other risk management personnel. The Resulting Issuer cannot provide any assurance that its compliance policies and procedures will always be effective or that the Resulting Issuer will be successful in monitoring or evaluating its risks. In the case of alleged non-compliance with applicable laws or regulations, the Resulting Issuer could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers, for damages, restitution or other remedies, which could be significant. Any of these outcomes, individually or together, may among other things, materially and adversely affect the Resulting Issuer's reputation, financial condition, investment and trading strategies, and asset value and the value of any investment in the Resulting Issuer Shares.

Unexpected market disruptions may cause major losses for the Resulting Issuer.

The Resulting Issuer may incur major losses in the event of disrupted markets and other extraordinary events in which market behavior diverges significantly from historically recognized patterns. The risk of loss in such events may be compounded by the fact that in disrupted markets, many positions become illiquid, making it difficult or impossible to close out positions against which markets are moving. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Resulting Issuer. Any such disruptions and events may have a material and adverse effect on the Resulting Issuer's investment and trading strategies and on any investment in the Resulting Issuer.

Attracting and Retaining Key Personnel

The Reporting Issuer may be unable to attract or retain key personnel with sufficient experience, and the Company may be unable to attract, develop and retain additional employees required for the Company's development and future success. The Company's success is largely dependent on the performance of its board and management team. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. The Company does not currently maintain key-person insurance on the lives of any of the Company's key personnel.

COVID-19 Outbreak.

The ongoing global pandemic involving the novel coronavirus, COVID-19, has caused companies and various governments to take measures and impose restrictions to combat the pandemic, such as quarantines, closures, cancellations and travel restrictions. The effects of COVID-19 and such measures and restrictions have negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of digital assets. Although the market price of some digital assets has risen since the pandemic began, the extent to which any worsening or continuation of the pandemic may negatively impact the market price of digital assets and, in turn, the market price of the Resulting Issuer Shares, is uncertain and cannot be predicted. The realizable values of assets, liquidity and financial condition may be materially affected as a result, and Immutable will continue to monitor the impact of the pandemic on its business. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19 and re-open the economy, and any successive waves of coronavirus outbreaks.