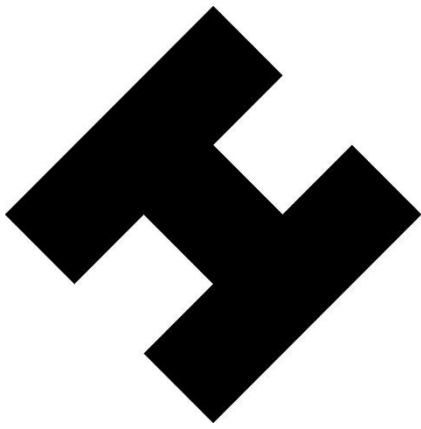




Immutable Holdings

IMMUTABLE HOLDINGS INC.

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

MARCH 28, 2024

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TERMS OF REFERENCE

In this annual information form, a reference to the “**Company**”, “**Immutable**”, “**we**”, “**us**”, “**our**” and similar words refer to Immutable Holdings Inc., its subsidiaries and affiliates, or any one of them, as the context requires.

All references to trade names and trademarks of other companies are the property of their respective owners.

CAD\$ or \$ means a dollar of lawful money of Canada. USD\$ means a dollar of lawful money of the United States. Unless otherwise referenced herein, all dollar amounts shall be in CAD\$.

CURRENCY AND EXCHANGE RATE INFORMATION

The following table sets forth for each period indicated: (i) the exchange rates in effect at the end of the period; (ii) the high and low exchange rates during such period; and (iii) the average exchange rates for such period, for the U.S. dollar, expressed in Canadian dollars, as quoted by the Bank of Canada.

	Year Ended December 31		
	2023	2022	2021
	CAD\$	CAD\$	CAD\$
Closing	1.3263	1.2678	1.2732
High	1.3875	1.2942	1.4496
Low	1.3128	1.2040	1.2718
Average	1.3497	1.2535	1.3415

On December 31, 2023, the daily exchange rate as quoted by the Bank of Canada was 1.3226.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS

Certain statements and other information contained in this annual information form (“**AIF**”) constitute forward-looking information under Canadian securities laws (collectively “**forward-looking statements**”). These forward-looking statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “future”, “continue” or similar expressions or the negatives thereof. In particular, but without limiting the foregoing, disclosure in this AIF under “General Development of the Business” and “Description of the Business”, as well as statements regarding the Company's objectives, plans and goals, including future operating results, and economic performance may make reference to or involve forward-looking information.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed, implied or anticipated in such forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF.

The forward-looking statements in this document are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances. These estimates and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies, many of which, with respect to future events, are subject to change. Assumptions made by the Company and factors which could cause results or events to differ from current expectations include, without limitation, the material factors and assumptions described in the most recent management discussion and analysis ("**MD&A**") of the Company (both annual and interim versions) and the press releases of the Company (which are available under the Company's SEDAR+ profile at www.sedarplus.ca). Other material factors or assumptions that were applied in formulating the forward-looking statements contained herein include or relate to the following: the business and economic conditions affecting the Company's operations in their current state, including, general levels of economic activity, regulations, taxes and exchange, inflation and interest rates; the ability of the Company and any applicable affiliates to profitably manage its digital assets, comprised of cryptocurrencies and blockchain-based assets, and inventory as required; historical prices of digital assets; the cryptocurrency and blockchain markets and sectors; the absence of adverse regulation or law; that no adverse changes will be made to the regulatory framework governing cryptocurrencies, digital assets, taxes and all other applicable matters in the jurisdictions in which the Company conducts business and any other jurisdiction in which the Company may conduct business in the future; that the Company will be able to execute its business strategy; that the Company will be able to manage anticipated and unanticipated costs; that the Company is able to obtain financing for its operations and projects on reasonable terms and on a timely basis, if required; that there are no unanticipated changes to market competition; that there will be no material changes in the legislative, regulatory or operating framework for the Company's existing and anticipated business; the Company's ability to maintain a listing of its securities on a stock exchange; actions taken by the Company's lenders, creditors, shareholders and/or other stakeholders to enforce their rights; actions taken against the Company by governmental agencies and securities and other regulators; potential direct or indirect operational impacts resulting from infectious diseases or pandemics, such as the coronavirus (SARS-CoV-2) ("**COVID-19**") pandemic and other factors not currently viewed as material that could cause actual results to differ materially from those described in the forward-looking statements. Important factors that could cause actual results to differ materially from these expectations are discussed in greater detail under the heading "Risk Factors" in this AIF. When relying on forward-looking statements to make decisions with respect to the Company, carefully consider these risk factors and other uncertainties and potential events.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Some of the risks that could cause outcomes and results to differ materially from those expressed in the forward-looking statements include:

- The market price and trading volume of the Company's securities may be volatile.
- Changes in law could cause the securities of the Company to be de-listed or the Company's requirement to undergo costly restructuring, liquidation or sale.
- The Company may need or want to raise additional capital, but there are many reasons why it might be unable to do so.
- Holders of securities of the Company may be subject to downward pressure on the share price from exchanges of such applicable securities or from additional issuances of securities of the Company.
- The Company may be required to indemnify directors and certain officers or other agents against a wide range of potential liabilities. These indemnification obligations could be material.
- The holding of, or trading in, securities of the Company may be, or become, illegal in certain countries or other jurisdictions.
- The Company has limited operating history. Its business lines are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction within which the Company operates and are not assured to be profitable.
- The Company's businesses may require regulatory licenses and qualifications that the Company does not currently have and that may be costly and/or time-consuming to obtain and, if obtained, may subsequently be revoked.

- Changes in law or regulation could subject the Company to further material, costly and constraining regulation, registration, licensing and other requirements.
- The Company is highly dependent on its Chairman and CEO, Jordan Fried, which exposes the Company's shareholders to material and unpredictable "key man" risk.
- If the Company is unable to successfully identify, hire and retain qualified professionals, it will not be able to implement its growth strategy successfully.
- The Company or its subsidiaries and affiliates, may face litigation and regulatory risks.
- The Company's use of technology, proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk.
- The Company's businesses rely on third-party service providers.
- Cybersecurity incidents and other systems and technology problems may materially and adversely affect the Company.
- Operational risk may materially and adversely affect the Company's performance and results.
- The Company may not be effective in mitigating risk.
- Managing different business lines could present conflicts of interest.
- The Company incurs increased costs as a result of supporting the business of all affiliates and subsidiaries of the Company and funding such requirements applicable as a public company.
- Force majeure events may materially and adversely affect the business continuity of the Company.
- The COVID-19 pandemic (including potential new variants of concern) and resulting impact on the global economy may materially and adversely affect the Company.
- Changes in the value levels of the assets may cause the Company's current and future assets, revenue and earnings to decline.
- There are material risks and uncertainties associated with custodians of digital assets.
- The asset management business is highly regulated and regulators may apply or interpret these regulations with respect to digital assets, cryptocurrency and/or blockchain in novel and unexpected ways.
- Increased competition may cause the Company's revenue and earnings to decline.
- The success of the Company's businesses will depend on generating and maintaining ongoing, profitable client demand for its services and solutions, and the failure of that demand to materialize or any future significant reduction in such demand or an inability to respond to the evolving technological environment could materially negatively affect the Company's businesses.
- The success of the Company's businesses could materially suffer if it is unable to obtain favorable pricing for services and solutions or if the Company is unable to remain competitive.
- The Company's co-investments with third parties may be subject to substantial risk.
- The continuing development and acceptance of digital assets and distributed ledger technology are subject to a variety of risks.
- A decline in the adoption and use of digital assets would materially and adversely affect the performance of the Company.
- The prices of digital assets are highly volatile.
- Political or economic crises may motivate large-scale sales of digital assets, which would result in a reduction in values and materially and adversely affect the Company.
- The value of cryptocurrencies and other digital assets may be subject to momentum pricing risk.
- The regulation of digital assets continues to evolve in every jurisdiction, and regulatory changes or actions may restrict the use of digital assets, the operation of distributed ledger technologies that support such digital assets and platforms that facilitate the trading of such assets.
- The loss or destruction of a private key required to access certain cryptocurrencies or digital assets 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 investments could adversely affect the Company.

- The need to adopt technology in response to changing security threats poses a challenge to the safekeeping of the Company's digital asset holdings.
- Due to the unregulated nature and lack of transparency surrounding the operations of exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets traded on those exchanges and, consequently, the Company's investments and the securities of the Company.
- Short sales of digital assets may be especially risky.
- Blockchain networks, digital assets and the exchanges on which these assets are traded are dependent on internet infrastructure and are susceptible to system failures, security risks and rapid technological change.
- Risks related to Non-Fungible Tokens ("NFTs").
- Malicious actors could manipulate the blockchain networks and smart contract technology upon which digital assets rely and increase the vulnerability of the blockchain networks.
- The network contributors for certain digital assets could propose amendments to the network protocols and software for these digital assets that, if accepted and authorized by the network for these digital assets, could adversely affect an investment in the Company.
- Intellectual property rights claims may adversely affect the operation of portfolio companies and digital asset networks.
- Banks or other third-party services providers may decline to provide services to companies engaged in digital asset-related businesses, including the Company.
- Investments in initial coin offerings have declined and have been, and continue to be, subject to regulatory challenges.
- The Company may fail to develop and execute successful investment strategies.
- The Company is exposed to a concentration of assets in a particular asset class, which could increase volatility, investment and market risk.
- There may not be an active and liquid trading market for some of the digital assets held by the Company.
- The Company's investments in other investment vehicles may be subject to substantial risk.
- The Company's investments in currencies, including cryptocurrency, digital assets and the Company's planned and existing businesses in the blockchain industry may be subject to substantial risk.
- The Company's investments and trading transactions may be subject to credit risk.
- The Company is not obligated to hedge its exposures, and, if it does, hedging transactions may be ineffective or reduce the Company's overall performance.
- The Company may make, or otherwise be subject to, trade errors.
- Unexpected market disruptions may cause major losses for the Company.
- The Company is exposed to losses due to lack of perfect information.
- Valuation involves significant risks and uncertainties, including the fact that methodologies involve subjective judgments.
- Changes in, or the development of guidance relating to, accounting standards governing the preparation of the Company's financial statements and future events could have a material impact on our reported financial condition, results of operations, cash flows and other financial data.
- U.S. holders of securities of the Company may suffer adverse tax consequences if they are characterized as a passive foreign investment company.
- Future distributions may not be sufficient to catch up to tax distributions.
- The U.S. federal income tax treatment of digital assets is unclear.
- The state, local and non-U.S. tax treatment of digital assets is unclear.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements are further described under the heading titled "*Risk Factors*" in this AIF.

Specific reference is made to the Company's most recent annual and interim MD&As (which are available on SEDAR+ at www.sedarplus.ca) for a discussion of some of the factors underlying forward-looking statements and the risks that may affect the Company's ability to achieve the expectations set forth in the

forward-looking statements contained in this AIF. The Company may, from time to time, make oral forward-looking statements. The Company advises that the above disclaimers and the risk factors described in this AIF and in the Company's other documents filed with the Canadian securities regulatory authorities should be read for a description of certain factors that could cause the actual results of the Company to materially differ from those in the oral forward-looking statements. The Company disclaims any intention or obligation to update or revise any oral or written forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement.

CORPORATE STRUCTURE

The Company, formerly Bexar Ventures Inc. ("**Bexar**"), was originally formed under the *Business Corporations Act* (British Columbia) ("**BCBCA**") on January 31, 2017 as a wholly-owned subsidiary of Kona Bay Technologies Inc. ("**Kona Bay**"). On December 14, 2017, Kona Bay completed a reorganization and Bexar became a reporting issuer. Bexar's principal business activity consisted of selling software-as-a-service and custom software development services to corporate customers. On August 4, 2021, Bexar entered into a Transaction Agreement (the "**Transaction Agreement**") with the Company (the "**Transaction**"). Upon completion of the Transaction, all significant business activities of Bexar were terminated.

Upon completion of the Transaction: (i) the Company changed its name from "Bexar Ventures Inc." to "Immutable Holdings Inc. (Canada)", (ii) the Company consolidated its common shares (the "**Bexar Shares**") on the basis of one post-consolidation Bexar Share for every 12.4346 pre-consolidation Bexar Shares (the "**Consolidation**"), and (iii) immediately thereafter, amended its articles to reclassify the Bexar Shares as subordinate voting shares (the "**Subordinate Voting Shares**") and amended the terms of such shares, removed its existing class of preferred shares, and created a class of multiple voting shares (the "**Multiple Voting Shares**"). No fractional shares were issued as part of the Transaction. For more information on the Transaction, see "*General Development of the Business – The Transaction*" below.

The Company's head office and registered office address is 151 Calle De San Francisco STE 200 PMB 0926, San Juan, PR 00901, and the Company's mailing address is 40 King Street West, Suite 5800, Toronto, Ontario, M5H 3S1.

The Company's Subordinate Voting Shares are publicly listed on Cboe Canada (formerly the NEO Exchange) ("**Cboe**") under the symbol "HOLD". On February 1, 2023, the Company's shares were listed and became available for trading on the OTCBQ Venture Market (the "**OTCQB**") under the symbol "IHLDF".

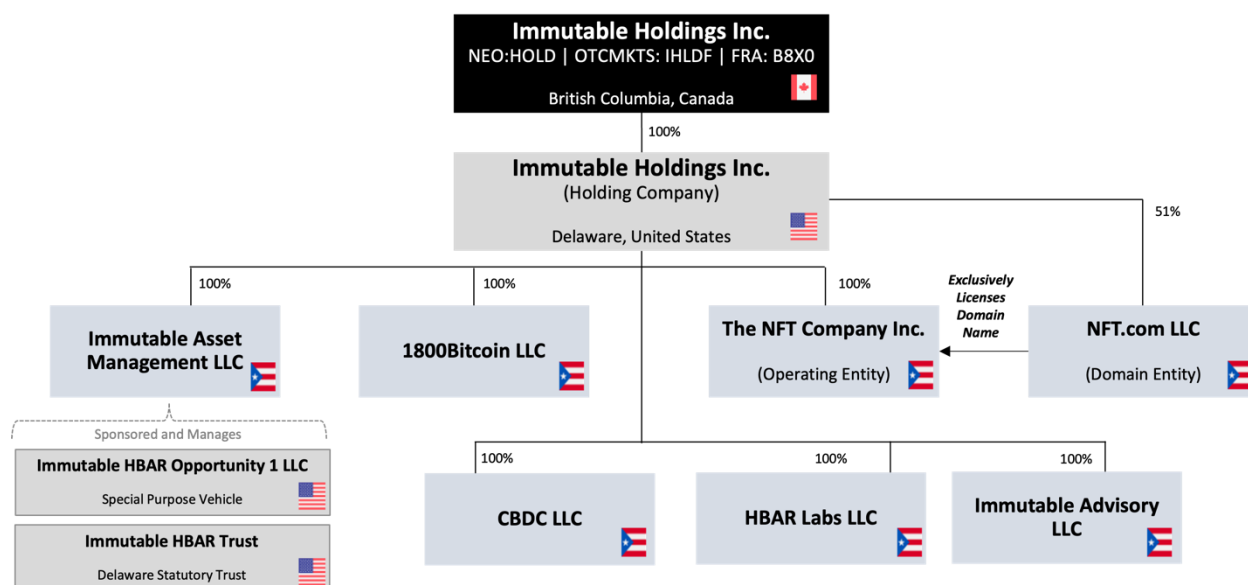
Intercorporate Relationships

The activities of the Company are conducted through its subsidiaries and affiliates (collectively, the "**Subsidiaries**"). The following diagram illustrates the structure of the Company and its interest in each of the Subsidiaries. As described below, the Company's primary business lines focus on the pursuit of business opportunities in the following categories: digital asset management, blockchain and distributed ledger markets, and advisory services. The Company's business activities are conducted through the Subsidiaries.

Subsidiary	Location	Ownership %	
		December 31, 2023	December 31, 2022
Immutable Holdings Inc.	Delaware, USA	100%	100%
Immutable Asset Management	Puerto Rico, USA	100%	100%
Immutable Advisory LLC	Puerto Rico, USA	100%	100%
NFT.com LLC	Puerto Rico, USA	51% ⁽¹⁾	51%
CDBC LLC	Puerto Rico, USA	100%	100%
HBAR LABS LLC	Puerto Rico, USA	100%	100%
1800BITCOIN LLC	Puerto Rico, USA	100%	100%
The NFT Company	Puerto Rico, USA	100%	100%

Notes:

(1) The remaining 49% ownership stake is held by Abound LLC, and NFT.com SPV LLC.



Immutable Asset Management LLC

Immutable Asset Management LLC (“IAM”) is a wholly-owned subsidiary of the Company which was incorporated on March 24, 2021, pursuant to the laws of Puerto Rico. IAM currently manages a special purpose vehicle, Immutable HBAR Opportunity 1, LLC (“IHO1”) that brings discounted exposure to accredited investors. IAM intends to sponsor the world’s first Hedera Hashgraph (“HBAR”) native cryptocurrency trust and may sponsor and make available products to qualified investors.

The NFT Company Inc.

The NFT Company, Inc. (“TNC”) is a wholly-owned subsidiary of the Company which was incorporated on January 10, 2022, pursuant to the laws of Puerto Rico. TNC serves as the developer and operator of the NFT.com platform, the one-stop shop for NFTs. The platform brings artists, collectors, creators, and fans together to buy, sell, and engage with NFTs wherever they exist.

NFT.com LLC

NFT.com LLC (“NFT.com”) is a partially-owned, fully controlled subsidiary of the Company which was incorporated on April 13, 2021, pursuant to the laws of Puerto Rico. NFT.com’s purpose is to hold and manage the rights to the uniform resource locator (“URL”) NFT.com on behalf of initial investors in the domain name asset.

1-800-Bitcoin LLC

1-800-Bitcoin LLC (“**1800**”) is a wholly-owned subsidiary of the Company, which was incorporated on April 8, 2021, pursuant to the laws of Puerto Rico. 1800 plans to offer information and educational products to the mass market focused on improving the awareness and understanding of digital assets.

HBAR Labs LLC

HBAR Labs, LLC is dedicated to building businesses in the Hedera Hashgraph ecosystem. Immutable’s Chairman and CEO, Jordan Fried, was a member of the founding team at Hedera Hashgraph. HBAR Labs, LLC owns and operates HBAR.com a community portal which is expected to drive awareness, adoption, and access to the Hedera Hashgraph network and its native platform token HBAR.

CBDC LLC

CBDC LLC (“**CBDC**”) is a wholly-owned subsidiary of the Company which was incorporated on April 8, 2021, pursuant to the laws of Puerto Rico. CBDC was incorporated with the intention of offering consulting and advisory services to various governments in their research and development of central bank digital currencies.

During the course of 2023, the market and demand for cryptocurrencies and their related technologies, including HBAR and central bank digital currencies, has decreased and faced challenges. Accordingly, in response the Issuer has taken measures to reduce operating costs and has scaled back operations with respect to HBAR Labs and CBDC.

Immutable Advisory LLC

Immutable Advisory LLC (“**IA**”) is a wholly-owned subsidiary of the Company which was incorporated on June 9, 2021, pursuant to the laws of Puerto Rico. IA is the consulting arm the Company focused on the blockchain and cryptocurrency space.

See “*Description of the Business – Business Descriptions and Analysis*” below for more information regarding the Subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

From its inception until the third quarter of 2021, the business of Bexar focused on selling software-as-a-service and providing custom software development services to corporate customers.

Until the commencement of negotiations regarding the Transaction, the Company continued to seek out new opportunities considered to be in the best interests of the Company and its stakeholders, including various discussions with parties interested in completing a reverse take-over or other form of going-public transaction with the Company.

The Transaction

On May 13, 2021, Bexar and Immutable Holdings Inc. entered into a letter of intent which provided for the acquisition by Bexar of all of the issued and outstanding securities of the Company in exchange for the securities of Bexar.

Effective August 4, 2021, Bexar, Bexar Ventures BC Subco Inc. (“**BC Subco**”), Bexar Ventures Delaware Subco Inc. (“**Delaware Subco**”), Immutable Holdings Inc. (“**Immutable Delaware**”) and 1309023 B.C. Ltd., a wholly-owned subsidiary of Immutable Delaware (as hereinafter defined) (“**Finco**”) entered into the Transaction Agreement. Effective September 24, 2021, (a) Bexar, BC Subco and Finco entered into an amalgamation agreement (the “**Amalgamation Agreement**”); (b) Bexar, Delaware Subco and Immutable Delaware entered into a merger agreement (the “**Merger Agreement**”) and (c) Bexar and BC Subco, the

entity resulting from the Amalgamation ("**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 Holdings Inc.

Pursuant to the terms of the Amalgamation Agreement, BC Subco and Finco amalgamated and continued as Amalco ("**Amalco**"), and each Class A Finco Share (as hereinafter defined) was exchanged for one Subordinate Voting Share and each 1,000 Class B Finco Shares (as hereinafter defined) was exchanged for one Multiple Voting Share.

Pursuant to the terms of the Merger Agreement, Delaware Subco and Immutable Delaware merged and continue as "Immutable Holdings Inc." ("**Mergeco**"), and each common share of Mergeco was exchanged for either approximately 0.0809643 Multiple Voting Shares or 80.9643 Subordinate Voting Shares.

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 Private Placement (as defined herein) net of expenses) were transferred to Bexar.

On July 2, 2021, the Transaction was approved at an annual general and special meeting of the shareholders of the Company (the "**Bexar Meeting**"). Following approval at the Bexar Meeting, which included an amendment to create additional share classes, Bexar's authorized share capital consisted 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 consisted of: (i) 19,293,456 Subordinate Voting Shares; and (ii) 72,920.083 Multiple Voting Shares.

On completion of the Transaction, which was completed on September 24, 2021:

- The Company changed its name from "Bexar Ventures Inc." to "Immutable Holdings Inc.".
- The Company underwent the Consolidation, consolidating the Bexar Shares on the basis of one post-consolidation Bexar Share for every 12.4346 pre-consolidation Bexar Shares, and, immediately thereafter, amended its articles to (i) reclassify the Bexar Shares as Subordinate Voting Shares and amended the terms of such shares, (ii) removed its existing class of preferred shares, and (iii) created a class of Multiple Voting Shares.
- Each subscription receipt in the capital of Finco (the "**Subscription Receipts**") was converted into one Class A common share (each, a "**Class A Finco Share**") or one Class B common share (each, a "**Class B Finco Share**") of Finco, as applicable, pursuant to the terms and conditions of the Subscription Receipts and the subscription receipt agreement governing the Subscription Receipts. Following which, Bexar, Finco and BC Subco, a wholly-owned subsidiary of Bexar, completed a three-cornered amalgamation under the laws of the Province of British Columbia, pursuant to which Finco shareholders (including former holders of the Subscription Receipts) received one Subordinate Voting Share in exchange for each Class A Finco Share held or one Multiple Voting Share in exchange for each 1,000 Class B Finco Shares held, as applicable, and Finco and BC Subco amalgamated. Immediately following the Amalgamation, Amalco was wound-up and dissolved, pursuant to which all of the assets of Amalco were transferred to Immutable.
- Concurrently with completion of the Amalgamation, Bexar, Immutable Delaware and Delaware Subco, a wholly-owned subsidiary of Bexar, completed a three-cornered merger under the laws of the State of Delaware pursuant to which Immutable Delaware and Delaware Subco merged, with Immutable Delaware continuing as the surviving corporation and a wholly-owned subsidiary of the Company. As a result of the Merger, Bexar acquired all of the issued and outstanding common shares of Immutable Delaware (the "**Immutable Shares**") in exchange for (i) Subordinate Voting Shares on the basis of approximately 80.9643 Subordinate Voting Shares for each Immutable Share and (ii) Multiple Voting Shares on the basis of approximately 0.0809643 of one Multiple Voting Share for each Immutable Share.

- The Company appointed new members to its board of directors (“**Board**”) and its management team.

After completion of the Transaction, the shares of the Company began trading on Cboe on September 28, 2021 under the symbol “HOLD”. The Company continued to focus on expanding its team with experienced industry executives with deep institutional expertise spanning technology, investing, and advisory services. On December 2, 2022, the Company’s shares became dual-listed on the Frankfurt Stock Exchange.

On November 9, 2021, the Company entered into an asset purchase agreement for the acquisition of MyHBARWallet.com from LaunchBadge, LLC, a software engineering firm based in Citrus Heights, California. MyHBARWallet.com hosts an open-source, browser-based wallet for HBAR on the Hedera Hashgraph network.

On November 15, 2021, the Company announced the appointment of Melyssa Charlton as the Company’s Interim CFO, replacing former CFO Steven Koscik.

On November 22, 2021, Joe Gagliese joined the Company as a Strategic Advisor. In this role, Mr. Gagliese became responsible for furthering the Company’s footprint in the NFT space, and help promote the adoption of NFT technology and ownership to a broader audience of consumers and investors.

Concurrent Private Placement

On September 24, 2021, the Company closed a financing concurrent with the Transaction (the “**Concurrent Private Placement**”), 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 Transaction, the subscription receipts were converted into 4,494 Multiple Voting Shares and 4,386,173 Subordinate Voting Shares.

In connection with the Concurrent Private Placement, Immutable (i) issued 1,366,666 Subordinate Voting Shares to certain finders in connection with the Transaction with a fair market value of \$1,025,000, (ii) paid agents’ fees of \$290,828, and (iii) issued 375,461 stock options to certain agents in connection with the Concurrent Private Placement.

Winter 2021 Private Placement

On November 23, 2021, the Company announced that it had entered into an agreement with Stifel GMP (“**Stifel**”) as lead agent and on behalf of a syndicate of agents in connection with a proposed marketed offering (the “**Private Placement**”) of units of the Company (the “**Units**”) for aggregate gross proceeds to the Company of up to approximately \$10 million at a price of \$2.60 per Unit. Each Unit consisted of one share and one-half of one share purchase warrant (each, a “**Warrant**”). Each whole Warrant entitles the holder thereof to acquire one share in the capital of the Company (each, a “**Warrant Share**”) at a price of \$4.00 per Warrant Share until the date which is 36 months following the closing of the Private Placement (the “**Expiry Date**”), subject to adjustment in certain events. In the event the volume weighted average trading price of the class A Subordinate Voting Shares of the Company on Cboe is equal to or greater than \$8.00 for a period of 20 consecutive trading days at any time following the date which is four months and a day after the closing date of the Private Placement, the Company may, at its sole option, accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire at 4:00 p.m. (Toronto time) on the date which is the earlier of: (i) the 60th day after the date on which such notice is given by the Company; and (ii) the Expiry Date.

On November 29, 2021, the Company announced that it had entered into an agreement with Stifel pursuant to which the Company and Stifel, on behalf of the agents, agreed to: (i) increase the size of the Private Placement from a maximum of \$10 million to a maximum of \$14 million; and (ii) increase the size of the agents’ option on the Private Placement to up to 1,153,846 Units, which if exercised in full, would provide the Company with additional proceeds of approximately \$3 million for aggregate gross proceeds of approximately \$17 million.

On December 17, 2021, the Company announced the closing of the first tranche of the Private Placement for gross proceeds of \$10 million. On December 31, 2021, the Company announced the closing of the second tranche of the Private Placement for additional gross proceeds of \$5.04 million. Together with the first tranche of the Private Placement, the Company raised an aggregate of approximately \$15.04 million through the issuance of 5,783,280 Units under the Private Placement.

Other Recent Developments

From January 11, 2021 to January 26, 2021, the Company entered into SAFE Agreements (Simple Agreement for Future Equity) (the “**SAFE notes**”) with seed investors for total gross proceeds of \$3,640,948. 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 capitalization 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. Upon completion of the Transaction, the common shares were converted into 6,304,037 Subordinate Voting Shares and 5,476 Multiple Voting Shares.

On March 23, 2022, the Company announced that Kyle Armour had transitioned out of his prior role as Chief Operating Officer (“**COO**”) and Jeanna Liu was appointed as the new COO effective March 23, 2022. Mr. Armour eventually left the company on August 15, 2022.

On March 23, 2022, the Company announced that Odyssey Trust Company (350 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2) was appointed registrar and transfer agent of both the Company’s Subordinate Voting Shares and Multiple Voting Shares, replacing National Securities Administrators Ltd. Moving forward, all inquiries and correspondence relating to shareholder records, transfer of shares, lost certificates and/or changes of address, as well as warrant inquiries and exercise instructions, should be directed to Odyssey Trust Company.

On April 19, 2022, the Company announced that Balaji Srinivasan, an angel investor, entrepreneur and a prominent thought leader on distributed ledger technologies had joined the Company as a strategic advisor to NFT.com. Mr. Srinivasan had formerly acted as Chief Technology Officer (“**CTO**”) of Coinbase Global, Inc. (“**Coinbase**”) and a General Partner at Andreessen Horowitz. In addition, Mr. Srinivasan is the founder of Coin Center, Earn.com, Counsyl, and Teleport.

On June 9, 2022, the Company announced that Don Thibeu had been appointed as Chief Product Officer (“**CPO**”), and that Jeanna Liu, COO, had left the Company. In addition, on that date, the Company announced that the NFT.com Genesis Key (as hereinafter defined) sale, including the previously-announced whitelist auction and subsequent public release, had generated over USD \$6.5 million in net initial sales. NFT.com is operated by the NFT Company, Inc., a wholly-owned subsidiary of the Company. Substantially all sale proceeds, collected in Ethereum (“**ETH**”), have been converted to either US dollars or dollar-pegged USD Coin (“**USDC**”), following collection.

On September 30, 2022, the Company held its annual general and special meeting of shareholders (the “**AGSM**”), in which the following items were approved by the shareholders of the Company: (i) a resolution fixing the number of directors of the Company elected at the AGSM at five (5); (ii) the reappointment of BF Borgers CPA PC as auditors of the Company for the ensuing year and the authorization of the directors of the Company to fix their remuneration and the terms of their engagement; (iii) a resolution ratifying, confirming and approving the renewal of the Company’s rolling stock option plan (the “**Stock Option Plan**”).

On October 17, 2022, the Company announced that it had changed its auditor from BF Borgers CPA PC to Richter LLP.

On October 27, 2022, the Company announced key hirers for NFT.com including Vice President of Engineering and Vice President of Business Development and Partnerships. Both report to the Chief Product Officer of the Company and work closely with Jordan Fried, Chairman and CEO.

On January 25, 2023, the Company formally announced the launch of the Coffee and Crypto daily newsletter and podcast. Both the newsletter and podcast are designed to be easily accessible ways for readers and listeners to stay informed on the latest news and developments happening across the digital assets industry..

On February 1, 2023, the Company announced that its Subordinated Voting Shares began trading on the OTCQB at the opening of the market under its current OTC Pink Market stock symbol "IHLDF". The OTCQB, which is a U.S. trading platform operated by OTC Markets Group Inc., offers investors transparent trading in entrepreneurial and development stage companies. The OTCQB is recognized by the United States Securities and Exchange Commission ("**SEC**") as an established public market providing public information for analysis and value of securities. The Company's securities will continue to be listed and trade on Cboe under the symbol "HOLD", and will continue to trade on the Frankfurt Exchange under the symbol "B8X0".

On February 16, 2023, the Company announced that NFT.com had officially launched the platform's public beta. The launch enables all users to mint and create profiles, discover new and existing collections, purchase and sell NFTs wherever they are listed, and enjoy lower marketplace fees.

Throughout 2023, the NFT market has faced challenges, including low transaction volumes and a decrease in daily active users. The elimination of transaction fees on major NFT marketplaces and the reduction of creator royalties have compounded these challenges, making it difficult for a number of companies in the industry to remain profitable. Given these market factors, NFT.com has taken measures to reduce operating costs and has scaled back operations.

DESCRIPTION OF THE BUSINESS

General

Founded in 2020, Immutable is a collection of businesses within the digital assets ecosystem. The Company's mission is to build businesses and products that increase the awareness, access, and adoption of digital assets.

The Company, builds, develops, and operates in a broad spectrum of verticals which currently includes NFTs, asset management, media, educational content, and related advisory services. Immutable intends to capitalize on market opportunities made possible by the ongoing innovation and evolution of the digital asset market through its businesses and brands built on the blockchain ecosystem, including NFT.com, Immutable Asset Management, Coffee and Crypto, and 1-800-Bitcoin as well as HBAR Labs, CBDC.com, Immutable Advisory.

Immutable aims to capitalize on the potential of distributed ledger technology. In the coming years and decades, the Company believes there to be multiple opportunities as well as room to contribute to the blockchain ecosystem. Immutable aims to build and potentially buy profitable blockchain businesses. The Company was originally founded by Jordan Fried who was at the center of the founding and early growth of the Hedera Hashgraph network. The team decided to build businesses across the digital asset ecosystem in order to address awareness, access, and adoption of the broader technology. From this, Immutable Asset Management LLC was born, along with the rest of the aforementioned subsidiaries and businesses. Moving forward, the Company plans to focus the larger part of its efforts on Immutable Asset Management LLC.

Industry Origins

The digital asset industry emerged in 2008 with the debut of Bitcoin by a pseudonymous person or organization known as Satoshi Nakamoto. Satoshi Nakamoto sought to create a new digital currency, one that was public, global, and could not be controlled by any single authority – the “people’s currency”. Bitcoin remains the oldest continuous public blockchain protocol. The original goal of Bitcoin, as outlined by the seminal white paper, “*Bitcoin: A Peer-to-Peer Electronic Cash System*”, was to create a purely peer-to-peer electronic system without relying on intermediaries or financial institutions by using a distributed ledger, an ongoing hash-based timestamp mechanism, and cryptographic digital signatures. Bitcoin addressed issues of achieving decentralized consensus (otherwise known as the “Byzantine Generals Problem” or a potential issue when a network must agree on decisions despite the presence of imperfect information) and the double-spend problem (a flaw of pre-existing digital cash systems, including the traditional banking system, in which the same asset can be spent more than once). Although Bitcoin was the first established cryptocurrency, there had been previous attempts at creating online currencies with ledgers secured by encryption, such as “B-Money” and “Bit Gold”, which were formulated but never fully developed or deployed.

Transactions with Bitcoin must be confirmed by the Bitcoin network. Transactions are broadcast to the network by participants, who seek to transfer Bitcoin or messages, and are batched together in “blocks”. The Bitcoin network is a network of computers, with each computer individually referred to as a node. Nodes on the Bitcoin network that seek to confirm transactions, sometimes referred to as “miners”, approve these blocks by using computing power to solve a difficult, cryptographic puzzle. Once a solution to the puzzle has been found (about every ten minutes), the block and the transactions within them are confirmed by the network and added to Bitcoin’s ledger. The blocks are cryptographically bound together in a chronological “chain,” hence the term “blockchain”.

The consensus process by which miners perform computation is also known as “proof-of-work”. Miners who solve blocks and confirm transactions are rewarded with newly minted Bitcoin and the transaction fees paid by users whose transactions are included in the block. Nakamoto designed Bitcoin to have a maximum supply of 21,000,000 coins, and the amount of newly minted Bitcoin awarded to miners halves every 210,000 blocks (approx. every four years) until 21,000,000 is reached. This number is an arbitrary design choice by Satoshi Nakamoto, but Bitcoin’s fixed supply is one of its most distinguishing features and gives it the “hard money” properties that have led to its nickname “digital gold.” Miners compete to solve the puzzle, generate blocks, and win the associated reward and fees, and the race among miners to add processing power is a feature of Bitcoin that keeps the Bitcoin network secure. The protocol underlying Bitcoin operates safely so long as no miner gains control of more than 50 percent of the mining processing power, and the addition of mining processing power makes it continuously more difficult and expensive for a nefarious miner to gain control of more than 50 percent of the processing power of the network. Since January 2016, the collective processing power of the network, known as hashrate, has increased from less than 1 exahash/second (EH/s) to about 150 EH/s. The growth in network hashrate indicates a significant increase in network security and the continued development of the infrastructure that underpins Bitcoin.

The Bitcoin blockchain is a distributed database where anyone can independently verify the chain of ownership of any and every Bitcoin amount, the holdings and historic transactions of all wallets, and the contents of the historical database (albeit on a pseudonymous basis). Each Bitcoin network node stores its own copy of the blockchain, which prevents a bad actor from manipulating the network and maintains the integrity of the network. The Bitcoin ledger has been developed to be tamper-proof and immutable, as transaction data or balances cannot be changed.

Emergence of Blockchain

Bitcoin and other digital assets were only the first application of the more general blockchain phenomenon. Though Immutable believes that the use of digital assets, including Bitcoin, as a store of value (i.e., “digital gold”) is the first (and arguably most important) application of blockchain technologies, other demonstrable examples of blockchain technology implementation across a variety of use cases and industry sectors have already emerged.

Blockchain technology allows a network of computers to agree at regular intervals on the state of a distributed ledger. Such ledgers can contain different types of shared data, such as transaction records, attributes of transactions, credentials, or other pieces of information. The ledger is often secured through a mix of cryptography and game theory and does not require trusted nodes like traditional networks. This is what allows Bitcoin to transfer value across the globe without resorting to traditional intermediaries such as banks.

On a blockchain, changes to the database (i.e., transactions) are recorded chronologically, forming an immutable chain and can be more or less private or anonymous depending on how the technology is implemented. The ledger is distributed across many participants in the network – it does not exist in one place. Instead, copies exist and are simultaneously updated with every fully participating node in the ecosystem. A block could represent transactions and data of many types – as currency, digital rights, intellectual property, identity, or property titles, to name a few. The types of databases that could be implemented on the blockchain are broad and include, among others, databases similar to a bank ledger that record statements of accounts or transactions, or any other digital record of asset ownership, an identity system, land registry or even the rights and obligations defined in a contract. Blockchain-focused applications in usage and under development include asset title transfer, secure timestamping, counterfeit and fraud detection systems, secure document and contract signing, distributed cloud storage and identity management.

Blockchain innovation addresses two key costs affected by the technology: the cost of verification and the cost of networking. The cost of verification relates to cheaply verifying the data of a transaction. The cost of networking is the ability to launch and operate a marketplace without the need for an intermediary. A blockchain allows a decentralized network of economic participants to achieve consensus about the true state of shared data. The shared data can represent exchanges of value, intellectual property, equity, contracts, information, or other types of digital assets. Blockchains are a general-purpose technology that can create novel types of digital platforms. The resulting marketplaces are characterized by increased competition, lower barriers to entry, innovation, higher transparency, and reduced censorship risk. Participants within the ecosystem can invest time and resources to support and operate shared infrastructure without assigning market power to a platform operator. Blockchain also challenges the existing revenue models and accumulated knowledge and resources of incumbents, while opening opportunities for start-up development, the provision of public goods and software protocols, data ownership and licensing, auctions and reputation systems.

The adoption of blockchain technology and digital assets has experienced a significant surge on a global scale over the past decade. The growing acceptance of the technology has been driven by various factors, including the increasing demand for secure and efficient transactions, the growing popularity of decentralized finance, and the expanding digital economy. As more individuals and businesses recognize the potential benefits of blockchain technology and digital assets, the adoption rate continues to accelerate.



Source: Crypto.com Research

Stated Business Objectives

Immutable will leverage its deep ties and relationships in the blockchain industry to capitalize on opportunities and drive returns from the following core business segments:

- *NFTs* - If Bitcoin formed the “internet of money”, NFTs form the “internet of value”. Everything of value in the physical world may, at one point, be represented in the digital world in the form of a digital token; whether it be a deed to a property, a proof of authenticity certificate for an expensive watch or collectible, or a digital representation of a piece of art. The growing NFT industry needs infrastructure to support its growth. Immutable owns a majority and controlling interest in the NFT.com URL and through TNC, is developing and operating a platform that aspires to be the one-stop shop for NFTs.
- *Asset Management* - Digital assets have become an emerging asset attracting many sophisticated and institutional investors. However, the class is new and many investors prefer not to take direct exposure given the complexity of assuming custody over such assets. IAM was formed to help high net worth individuals and institutional investors take digital asset exposure without actually having to manage and custody digital assets directly including maintaining public-private key pairs as is required with Bitcoin and other cryptocurrencies. IAM will, as the regulatory environment allows, manage investment vehicles that make it easy for investors to obtain exposure to digital assets in an audited, secure, and compliant manner.
- *Media & Education* - Nascent technologies like Blockchain and digital assets can be complex and challenging to comprehend. In this regard, media and education will play a significant role in promoting awareness and understanding of these technologies. To address this, Immutable formed 1800 and developed the Coffee and Crypto brand to help the mass markets better understand digital assets. Through these channels, the Company intends to create a direct to consumer business whereby the mass market audience can learn about digital assets through media properties, information products, and paid education courses.

Immutable also sees other opportunities in the following segments, which it intends to build and develop businesses around in the future:

- *Distributed Ledger Technology Infrastructure* - Decentralized networks like Hedera Hashgraph have only been in the market for a few years. This growing category of general-purpose application networks needs new infrastructure around it to support a growing user base. Things like ledger explorers to look up transactions, open-source wallets, information services, and a platform featuring and demoing new applications need to be built to help increase adoption of these networks. Accordingly, Immutable formed HBAR Labs LLC and intends to build a community portal and other resources centered around infrastructure for the Hedera Hashgraph network.
- *Central Bank Digital Currencies* - As central bankers and politicians start to become more educated on all things blockchain-related, there has been a push among them to leverage this new technology to create digital forms of national currency. Several G20 countries are piloting a national digital currency. Even the United States has several interest groups pushing the initiative. We believe there is a business to be built around providing services to central bankers, as well as their service providers, to make it easier for them to issue and manage national digital currencies. Accordingly, Immutable formed CBDC.com LLC, and owns the domain name CBDC.com, which is intended to be used to help educate and enable central bankers and their providers to make use of this emerging technology.
- *Blockchain Advisory and Consulting* - Immutable intends to create, as the regulatory environment permits, an advisory and consulting business focused on the distribution ledger technology and digital assets. The Company intends to provide technical consulting to other companies, start-ups, and token projects. Immutable expects to be able to provide blockchain solution ideation, market research, and other services such as traditional software development and implementation solutions.

Business Descriptions and Analysis

NFT.com

NFTs represent ownership in unique, one-of-a-kind digital assets. Demand for NFTs spiked in 2021 and early-2022, resulting in many artists, celebrities and athletes issuing their own unique NFTs, representing a limited edition “collectible” that purchasers can own, speculate and proudly put on display. This movement has culminated in the purchase of the most expensive NFT, Pak’s “The Merge”, which was sold for \$91.8 million on December 2, 2021 and the \$69 million sale of the artist, Beeple’s “Everydays, the first 5000 days” in March 2021.

However, NFTs are not limited to art. The Company believes that there remains a large untapped market of collectibles that have yet to become mainstream, including memorabilia, tickets and memberships. At the same time, the NFT market is currently plagued by complex user experience, fragmented liquidity, and limited to no social data. New brands and creators enter the space every day, but users do not appear to have a single place to discover their collectibles.

NFT.com aims to be the one-stop shop for NFTs. The platform brings artists, collectors, creators, and fans together to buy, sell, and engage with NFTs wherever they exist. Central to its platform, NFT.com introduces the concept of a social profile represented as an NFT called a “NFT Profile”. NFT Profile holders get access to exclusive benefits, including lower marketplace fees, exclusive NFT.com features, and fully-customizable galleries for their own NFT collections. Users of NFT.com can also buy and sell NFTs natively on the NFT.com marketplace as well as other third-party marketplaces through the platform’s aggregator and transaction router.

In the first half of 2021, the Company acquired the domain name “NFT.com” and has since been developing the platform. 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 had 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/you), also represented as NFTs. Genesis Keys were sold in a limited quantity.

On January 10, 2022, the Company incorporated a new wholly-owned subsidiary, The NFT Company, in Puerto Rico. Investment, development, and operations for the NFT.com platform take place through The NFT Company, which licenses the domain from NFT.com LLC, a wholly-controlled, 51% owned entity.

On February 16, 2022, the Company announced the launch of the platforms public beta. NFT.com plans to sell “NFT Profiles” on an ongoing basis in order to monetize the platform.

Throughout 2023, the NFT market has faced challenges, including low transaction volumes and a decrease in daily active users. The elimination of transaction fees on major NFT marketplaces and the reduction of creator royalties have compounded these challenges, making it difficult for a number of companies in the industry to remain profitable. Given these market factors, NFT.com has taken measures to reduce operating costs and has scaled back operations, primarily focusing on maintenance of the platform.

Immutable Asset Management

IAM is in the business of fund management and operates investment vehicles that assist accredited and institutional investors gain exposure to the emerging asset class of digital assets.

IAM has initially decided to strategically focus on HBAR as the first asset. HBAR, 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 having a market value, as of September 23, 2021, of approximately US\$161.5 million (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, 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 it 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 is entitled to a management fee of US\$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.

As of December 31, 2023, Immutable SPE has made three out of twelve scheduled in-kind coin distributions to its investors, starting in October 2023. The fair market value of all distributed HBAR has exceeded the cost at which Immutable SPE acquired the Purchased HBAR, entitling IAM to a performance allocation upon each coin distribution, which is also payable in-kind to IAM. All HBAR is securely held with BitGo Trust

Company, which includes HBAR associated with IAM's performance allocation and purchases that IAM conducted with a limited group of investors of Immutable SPE.

IAM will continue to oversee the release process through to the final coin distribution, anticipated to take place in September 2024. IAM will also strategically evaluate whether to hold or liquidate portions of its HBAR holdings based on a multitude of factors, including but not limited to working capital needs, tax implications, portfolio returns, as well as market and liquidity conditions.

Immutable Media

Immutable formed Immutable Media responsible for managing consumer facing media and acquisition channels via the brand, Coffee and Crypto and the 1800 business.

Coffee and Crypto

In the fourth quarter of fiscal 2022, Immutable launched the Coffee and Crypto brand of media properties. This included a free, 3-minute read daily newsletter and bi-weekly podcast that recaps the latest news and developments happening across the digital assets industry. Both the newsletter and podcast are designed to be easily accessible ways for readers and listeners to stay informed while aiming to provide entertaining, insightful commentary.

In addition to its informative content, Coffee and Crypto provided the Company with a new avenue where additional content and product offerings may be developed in the future. In the near-term, Immutable Holdings intended to leverage the newsletter and podcast as part of its broader strategies for attracting additional users for its other businesses, including NFT.com and 1800.

While Coffee and Crypto has built a loyal audience base, the Company has faced challenges in effectively monetizing these properties. Accordingly, subsequent to December 31, 2023, the Company has decided to reduce spending associated with Coffee and Crypto, and moving forward, will continue closely monitoring its spending, objectives and strategies regarding Coffee and Crypto.

1-800-Bitcoin

Since 2011, a plethora of new public network ledgers have launched, attempting to improve upon Bitcoin. New technologies, previously impossible in our legacy financial system, are now enabled by the advent of blockchain technology, including 24/7 decentralized finance ("DeFi") trading networks, novel derivative smart contracts, flash loans and more. These advancements, while beneficial towards creating a more open financial system, are largely not understood by the people it is trying to serve.

1800's mission is to accelerate the awareness and eventual adoption of digital assets. It accomplishes this by developing information products and educational courses that enables customers from around the world to learn about the new age of open finance through digital assets.

Initially, 1-800-Bitcoin will launch a series of courses helping users better understand digital assets and the broader markets. This will include both an introductory and comprehensive overview of cryptocurrencies and digital assets as well as private webinars focused on reviewing and discussing historical and emerging trends within the industry. All information products and course will be offered via 1800Bitcoin.com, which the Company owns. Additionally, 1800 also leased exclusive use to the toll-free phone number 1-800-Bitcoin, which the Company looks to further incorporate into its product offering in the future. For more information on the lease agreement, see "*Immutable Media - 1-800-Bitcoin Exclusive Shared Use Lease Agreement*" below.

1-800-Bitcoin Exclusive Shared Use Lease Agreement

Under U.S. federal law and Federal Communications Commission regulations, 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, five (5) year lease for use of the 1-800-Bitcoin toll-free number, with an option to renew upon the same terms for another five (5) term on the same 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, a monthly service fee amounting to one-twelfth of the prevailing price of Bitcoin month-by-month, 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 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.

Other Business Lines

The following represents other business lines still in development, which are expected to formally launch in the future:

HBAR Labs

HBAR Labs owns HBAR.com, a planned community portal geared to the Hedera Hashgraph network and its native platform token HBAR. HBAR Labs also owns MyHbarWallet.com, a free open-source wallet and client-side interface that helps users to interact with the Hedera Hashgraph network.

CBDC.com

Since 2021, digital currency has become a point of focus among central bankers with the proposed development of central bank digital currencies ("CBDCs"). Immutable had originally purchased CBDC.com, with the intentions of eventually creating a CBDC resource that will be used to educate and enable those working in central banks.

Immutable Advisory

The Company is often asked to consult or advise large corporations as well as new early-stage companies on their digital asset and blockchain technology strategies. The company intends to develop a consulting practice focused on offering, but not limited to: blockchain solution ideation, market research, and other services such as traditional software development and implementation solutions.

Market Size, Scope and Competition

The digital assets industry has grown rapidly over the past decade. The total market capitalization of all cryptocurrencies combined reached a peak of over \$2.8 trillion in November 2021 before falling to \$844 billion at the end of 2022. However, total crypto market capitalization rose +108.1% in 2023, from \$829 billion at the beginning of the year to \$1.72 trillion by year end, or \$869 billion in absolute terms. This growth has been fueled by increasing adoption and acceptance of cryptocurrencies as a store of value and medium of exchange, as well as the proliferation of decentralized finance (DeFi) and other decentralized applications (DApps). Furthermore, the industry is not limited to cryptocurrencies but also includes various other digital assets like NFTs, stablecoins, and digital securities. The adoption of digital assets and underlying distributed ledger technologies, including blockchain, has opened up new possibilities for various industries, including finance, art, media, and entertainment.

The emergence of digital assets has also attracted many companies and projects to the space, building products and services that continue to expand the use-cases for digital assets. This has led to increasing awareness and adoption for consumers and businesses globally.

Overall, the market size and scope of digital assets are continuing to expand beyond its current bounds. We believe the total and serviceable addressable market has the potential to be expansive as digital assets and corresponding services continue to be adopted. The addressable market presents many opportunities for the businesses Immutable operates.

The cryptocurrency industry is populated by a diverse range of players, from established financial institutions to start-ups and decentralized organizations. However, as the industry is still nascent and rapidly evolving, we expect competition to further intensify in the future as existing players introduce new products or enhance existing products, and as new competitors emerge. Additionally, the constantly changing regulatory environment and technological advancements further intensify the competition among industry participants. Among our discrete business lines, we face competition from: (i) social networks and identity platforms, as well as other NFT and digital collectible marketplaces; (ii) other asset managers and advisory businesses; and (iii) other media outlets and learning platforms that are either solely focused or provide coverage of the digital assets industry.

Employees, Specialized Skill and Knowledge

The Company and the Subsidiaries have hired professionals with significant experience in each of their areas of businesses and operations. As of the date of this AIF, the Company and the Subsidiaries have approximately 30 team members composing of full-time employees and contractors. The team brings together individuals with diverse set of skills and knowledge across software development, product management, financial management and operations.

Intangible Properties

Domain Names

On May 18, 2021, the Company entered into two asset purchase agreements with Jordan Fried, whereby the Company acquired the rights, title and interest in five domain names: (i) 1800Bitcoin.com, (ii) CBDC.com, (iii) HBAR.com, (iv) Immutable.co, and (v) NFT.com.

MyHBARwallet.com

On November 4, 2021, the Company prepaid \$63,487 to purchase the domain name and associated intellectual properties of MyHBARwallet.com. On January 10, 2022, the domain name transferred to the Company and was recognized as an intangible asset.

Bitcoinbook.com

On September 13, 2021, the Company acquired the rights, title and interest in the domain name Bitcoinbook.com for total consideration of \$33,722.

Coffeeandcrypto.com

On October 3, 2022, the Company acquired the rights, title and interest in the domain name coffeeandcrypto.com for total consideration of \$20,367 (USD\$15,000).

DIVIDENDS AND DISTRIBUTION

The Company has not, since its inception, declared or paid any dividends on the Subordinate Voting Shares. The declaration of dividends on the Subordinate Voting Shares is within the discretion of the board of directors (the “**Board**”) and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Company. At the present time, the Company’s anticipated capital requirements are such that the Company follows a policy of retaining all available funds and any future earnings in order to finance business development and corporate growth. The Company does not intend to declare or pay cash dividends on its Subordinate Voting Shares within the foreseeable future.

CAPITAL STRUCTURE

Authorized Capital

As of the date of this AIF, the authorized capital of the Company consisted of an unlimited amount of Subordinate Voting Shares and an unlimited amount of Multiple Voting Shares, both without nominal or par value. Each Multiple Voting Share converts into 1,000 Subordinate Voting Shares.

Voting

At a shareholder meeting of the Company, the holders of Subordinate Voting Shares are entitled to one (1) vote in respect of each Subordinate Voting Share held, and the holders of Multiple Voting Shares are entitled to 1,000 votes in respect of each Multiple Voting Share held.

Share Ownership Limitations

The Notice of Articles of the Company, as amended, provides the directors with the discretion to decline to register any person as a holder of a Share of the Company unless that person provides a declaration (and supporting evidence, if requested) showing that it is not a Disqualified Holder. “**Disqualified Holders**” include:

- any initial subscriber or subsequent transferee that is a U.S. person that is not an “accredited investor” as defined in Rule 501(a) of Regulation D under the Securities Act of 1933 (the “**U.S. Securities Act**”) and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940 (the “**1940 Act**”); and
- any person that the directors determine to whom a sale or transfer of Subordinate Voting Shares and Multiple Voting Shares, or in relation to whom the holding of Subordinate Multiple Voting Shares: (i) would or could be in breach of the laws or requirements of any jurisdiction or governmental authority or in circumstances (whether directly or indirectly affecting such person, and whether taken alone or in conjunction with other persons, connected or not, or any other circumstances) appearing to the directors to be relevant; or (ii) might result in the Company incurring a liability to taxation or suffering a pecuniary, fiscal, legal, administrative or regulatory disadvantage, including the Company’s being required to register as an “investment company” under the 1940 Act, the Company’s no longer being a “foreign private issuer” for purposes of the Securities Exchange Act of 1934 (the “**1934 Act**”), the assets of the Company being deemed to be plan assets of a U.S. Benefit Plan Investor, the Company’s becoming subject to regulation as a depository institution holding company subsidiary or otherwise subject to banking law or the Company’s otherwise not being in compliance with the 1940 Act, ERISA, the U.S. Code or any other provision of U.S. federal or state law or non-U.S. law.

Conversion Limitation

In order to give effect to the FPI Restriction (as defined in the Company’s Articles), the number of Subordinate Voting Shares issuable to a holder of Multiple Voting Shares upon exercise by such holder of the share conversion right (“**Share Conversion Right**”) will be subject to the 40% Threshold (as defined in the Company’s Articles) based on the number of Multiple Voting Shares held by such holder as of the date of issuance of Multiple Voting Shares to such holder, and thereafter at the end of each of the Company’s subsequent fiscal quarters (each, a “**Determination Date**”), calculated as follows:

$$X = [A \times 40\% - B] \times (C/D)$$

Where, on the Determination Date:

X = Maximum Number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right.

A = Aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding.

B = Aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. residents.

C = Aggregate Number of Multiple Voting Shares held by such holder.

D = Aggregate Number of All Multiple Voting Shares.

The Conversion Limitation Officer (as defined in the Company's articles of incorporation ("**Articles**")) shall determine as of each Determination Date, in his or her sole discretion acting reasonably, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents, the maximum number of Subordinate Voting Shares which may be issued upon exercise of the Share Conversion Right, generally in accordance with the formula set forth immediately above. Upon request by a holder of Multiple Voting Shares, the Company will provide each holder of Multiple Voting Shares with notice of such maximum number as at the most recent Determination Date, or a more recent date as may be determined by the Conversion Limitation Officer in its discretion. To the extent that issuances of Subordinate Voting Shares on exercise of the Share Conversion Right would result in the 40% Threshold being exceeded, the number of Subordinate Voting Shares to be issued will be pro-rated among each holder of Multiple Voting Shares exercising the Share Conversion Right.

Notwithstanding the provisions of the Company's Articles, the directors may by resolution waive the application of the Conversion Restriction (as defined in the Company's Articles) to any exercise or exercises of the Share Conversion Right to which the Conversion Restriction would otherwise apply, or to future Conversion Restrictions generally, including with respect to a period of time.

Dividends and Other Rights

The holders of Subordinate Voting Shares are entitled to receive if, as and when declared by the Board, dividends in such amounts as shall be determined by the Board.

The Subordinate Voting Shares do not carry any pre-emptive, subscription, redemption, retraction, surrender or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

Stock Options

As at December 31, 2023, the Company has granted an aggregate of 8,973,413 stock options (the "**Options**") to acquire Subordinate Voting Shares pursuant to the terms and conditions of the Company's stock option plan (the "**Option Plan**") and has subsequently cancelled 3,867,313 of these stock options. As at December 31, 2023, the number of shares remaining available for issuance under the Option Plan is 4,333,032. The terms and conditions of the Option Plan are summarized in the Management Information Circular available under the Company's SEDAR+ profile at www.sedarplus.ca.

Options

Date of Issuance	Number of Options Issued	Exercise Price	Reason for Issuance
September 27, 2021	1,110,000	\$0.75	Option grant to four directors and two advisors
December 13, 2021	620,000	\$2.45	Option grant to external advisors
December 28, 2021	4,617,500	\$2.60	Option grant to officers and employees / contractors
June 6, 2022	2,255,913	\$0.75	Option grant to officers, employees / contractors, and to four directors
April 12, 2023	370,000	\$0.30	Option grant to directors and a consultant

MARKET FOR SECURITIES

The Company's Subordinate Voting Shares trade on Cboe under the symbol "HOLD". The following table sets forth, for the Company's financial year ended December 31, 2023 the reported high and low prices and volume traded on Cboe.

Cboe

Month	High (CAD\$)	Low (CAD\$)	Volume
January 2023	0.30	0.20	964,536
February 2023	0.36	0.24	449,812
March 2023	0.30	0.20	356,773
April 2023	0.33	0.19	345,974
May 2023	0.345	0.21	203,197
June 2023	0.275	0.155	739,513
July 2023	0.195	0.14	534,669
August 2023	0.145	0.095	1,120,233
September 2023	0.14	0.075	599,648
October 2023	0.12	0.075	276,661
November 2023	0.175	0.08	342,731
December 2023	0.27	0.12	443,621

PRIOR SALES

As at the date of this AIF, to the knowledge of Immutable, the Company has not issued Multiple Voting Shares and/or Subordinate Voting Shares during the year ending December 31, 2023.

ESCROW SECURITIES

As at the date of this AIF, to the knowledge of Immutable, no securities of the Company were held in escrow or are subject to contractual restrictions on transfer other than those disclosed below.

EXECUTIVE OFFICERS AND DIRECTORS

Identifying Information and Holdings

The following sets forth the names and province or state and country of residence of our directors and executive officers, the offices held by them in the Company, and their principal occupations during the last five years as at the date of this AIF and as at December 31, 2023.

Name, Place of Residence and Position	Position and Principal Occupation for Past Five Years	Period Served as a Director and/or Officer of the Company	Multiple Voting Shares beneficially owned or controlled/ directed (Percentage of issued and outstanding Multiple Voting Shares as at December 31, 2023)	Subordinate Voting Shares beneficially owned or controlled/ directed (Percentage of issued and outstanding Subordinate Voting Shares as at December 31, 2023)
Jordan Fried Dorado, Puerto Rico <i>Chairman and CEO</i>	Immutable, CEO & Chairman; Hedera Hashgraph LLC, SVP of Global Business Development; Buffered Ltd, CEO	September 24, 2021 to Present	58,902 (86%)	Nil
Melyssa Charlton ⁽¹⁾ Vancouver, British Columbia, Canada <i>Interim CFO</i>	Charlton & Company Chartered Professional Accountants, Managing Partner (<i>Principal Occupation</i>); CHC Group LLC, Manager of Financial Reporting; Davidson & Company LLP, Public Company Auditor	November 15, 2021 to Present	Nil	582,425 ⁽⁵⁾ (1.52%)
Roger Rai ⁽²⁾⁽³⁾⁽⁴⁾ Toronto, Ontario, Canada <i>Director</i>	R3Concepts Inc., Managing Director (<i>Principal Occupation</i>); Rogers Communications, Special Advisor to Chairman	September 24, 2021 to Present	Nil	290,000 ⁽⁶⁾ (0.75%)

Jeffrey Long Alexandria, Virginia, USA <i>Director</i>	Attorney and Government Counsel (<i>Principal Occupation</i>)	September 24, 2021 to Present	Nil	290,000 ⁽⁷⁾ (0.75%)
Happy Walters ⁽²⁾⁽³⁾⁽⁴⁾ San Juan, Puerto Rico <i>Director</i>	Catalyst Sports, CEO (<i>Principal Occupation</i>) ; Blue Horizon Consulting, CEO	September 24, 2021 to Present	Nil	2,718,930 ⁽⁸⁾ (7.07%)
Alberto Franco ⁽²⁾⁽³⁾⁽⁴⁾ Golden Beach, Florida, USA <i>Director</i>	Franco Partners Inc., CEO (<i>Principal Occupation</i>)	September 24, 2021 to Present	162 (0.24%)	474,231 ⁽⁹⁾ (1.23%)
Donald Thibau ⁽¹⁰⁾ Jackson, Wyoming USA Former CPO	HBAR Foundation, Chief Strategy Officer; Hedera Hashgraph LLC, Director of Product Management; IBM, Blockchain Offering Manager	June 1, 2022 to September 30, 2023	Nil	286,100 ⁽¹¹⁾ (0.74%)

Notes:

- (1) Ms. Charlton was appointed as the Company's Interim CFO on November 15, 2021.
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Governance Committee.
- (5) Ms. Charlton holds 2,425 Subordinate Voting Shares and 580,000 Options to purchase Subordinate Voting Shares.
- (6) Mr. Rai holds Options to purchase 290,000 Subordinate Voting Shares.
- (7) Mr. Long holds Options to purchase 290,000 Subordinate Voting Shares.
- (8) Mr. Walters holds 2,428,930 Subordinate Voting Shares and 290,000 Option to purchase Subordinate Voting Shares.
- (9) Mr. Franco holds 162 Multiple Voting Shares, 96,154 Subordinate Voting Shares, Options to purchase 330,000 Subordinate Voting Shares and 48,077 Warrants exercisable to purchase 1/1000th of one (1) Multiple Voting Share, accompanied by a payment of \$4.00 for a period of 36 months from the date of issuance or the volume weighted average trading price of the Subordinate Voting Shares on Cboe, is equal to or greater than \$8.00 per Subordinate Voting Share for 20 consecutive trading days.
- (10) Mr. Thibau was appointed as the Corporation's Chief Product Officer on June 8, 2023 and resigned as the Corporation's Chief Product Officer in September 2023.
- (11) Mr. Thibau holds Options to purchase 286,100 Subordinate Voting Shares.

Jordan Fried – Chairman and CEO

Mr. Fried is currently chairman and CEO of the Company. He was formerly a member of the founding team of the Hedera Hashgraph network, now a \$20 billion dollar network, where he served as Senior Vice President of Business Development. Prior to Hedera Hashgraph, Mr. Fried co-founded and served as CEO of Buffered VPN from 2013 until 2017 when it was acquired in a private equity transaction. Mr. Fried has been involved in the digital asset space since before Bitcoin. He first got involved in digital currencies around MMORPGs (massive multiplayer online role-playing games) in 2005 where we helped form secondary markets around the game "RuneScape". Mr. Fried will be an employee of Immutable and expects to devote 100% of his time to performing the work required in connection with acting as a director and officer of the Resulting Issuer.

Melyssa Charlton – Interim CFO

Ms. Charlton is a Chartered Professional Accountant with nine years of experience in public accounting. Ms. Charlton is proficient in International Financial Reporting Standards and U.S. Generally Accepted Accounting Principles. Over the course of her career, Ms. Charlton has provided services to both public and private sector clients reporting in Canada and in the United States, over a broad range of industries including technology, blockchain, financing, mining & exploration, oil & gas, and air transportation. She has also played a central role in the completion of many successful, complex transactions. Ms. Charlton obtained her Chartered Professional Accountant designation in 2015 and holds a Bachelor in Business

Administration from the University of Nevada, Reno. Ms. Charlton served as the Manager of Financial Reporting for CHC Group LLC for two years and was a public company auditor at Davidson & Company LLP for six years. Ms. Charlton's current role as the Managing Partner of Charlton & Company Chartered Professional Accountants, a full-service accounting firm in Vancouver, British Columbia, will add exceptional value to the Immutable team by contributing her strong technical expertise and knowledge of the Canadian markets.

Donald Thibeau - Former CPO

Mr. Thibeau joined the Company in June 2022 as the Chief Product Officer. Mr. Thibeau was the co-founder and Chief Strategy Officer of the HBAR Foundation, an ecosystem fund supporting projects within the Hedera ecosystem. Previously, he held senior product and business management roles at Hedera Hashgraph and IBM. Mr. Thibeau received a bachelor in business administration in finance & economics from William & Mary.

Alberto Franco – Director

Mr. Franco is the founder and principal of Franco Partners, Inc., a private investment firm that has focused primarily on aircraft leasing and real estate investments since 2000. Mr. Franco served as director of Sears Hometown and Outlet Stores, Inc. from April to November of 2019. He has also served as a Senior Advisor to Cyrus Capital Partners L.P. since April 2016. Prior to 2000, Mr. Franco was engaged for fifteen years in the proprietary trading operations of several investment banks. Mr. Franco brings to the Board extensive knowledge of capital markets and related financial matters. In the course of his many endeavors, he acquired vast experience in evaluating financial statements presenting a breadth and level of complexity comparable to the work he will undertake as Chairman of key committees on the Board.

Roger Rai – Director

Mr. Rai is the Managing Director of R3 Concepts Inc., a company that acts as a basis for investments he makes and consulting services he provides. Mr. Rai was previously the Managing Director of E.S. Rogers Enterprises. In his capacity as Managing Director, Roger advised Edward Rogers, the representative controlling shareholder of Rogers Communications, on business development, revenue development, talent development and sports. Prior to which, Roger was the Vice President, Business Development, of Keek Inc. (TSXV:KEK). In his role at Keek Inc., he oversaw and advised on many corporate issues which range from operational to board/corporate governance affairs. He is currently an advisor to Chobani, Inc., a retail food services company, and is the founder and on the board of the ONEXONE foundation, a charitable organization focused on global child welfare. Mr. Rai holds a Bachelor of Arts from the University of Western Ontario. Throughout his many years of experience, he has acquired an ability to assess both the general and specific application of accounting principles in connection with accounting for estimates, accruals, reserves, as well as planning for future expansion and investment.

Happy Walters – Director

Mr. Walters co-founded and serves as CEO of Catalyst Sports & Media. He earlier co-founded and served as co-president and CEO of Relativity Sports. At Relativity Sports, he led acquisitions and aggressive recruiting, growing the company into the second largest sports agency in the world. He has represented star athletes including Larry Fitzgerald, Leonard Williams and Dez Bryant. He oversaw key areas of the company's day-to-day operations in business segments, including music, fashion, and digital technology. Mr. Walters also presently serves on the board of LifeMD Inc., a NASDAQ-listed Company. In his many years of experience and various roles, he regularly supervised a lead or team of individuals responsible for preparing, analyzing, and evaluating financial statements. Mr. Walters has produced more than 20 films and television productions, such as "We're the Miller", "One in a Billion", and the Grammy-nominated, "I'll Sleep When I'm Dead". He has also supervised and created soundtracks for more than 80 films, including the blockbusters "The Fighter", "The Big Lebowski", "American Pie" and "Blade II."

Jeffrey Long – Director

Mr. Long is an attorney based in Washington, D.C. Mr. Long attended Harvard Law School where he graduated magna cum laude and was an executive editor of the Harvard Law Review. Following law school, he clerked for a judge on the United States Court of Appeals for the District of Columbia Circuit. In the years since, he has spent time in private practice, with a specialization in litigation and counsel in highly regulated industries, and in the federal government.

Share Ownership by Directors and Executive Officers

As of December 31, 2023, as a group, the Company's directors and executive officers beneficially owned, directly or indirectly, or exercised control over 59,064 Multiple Voting Shares and 2,527,509 Subordinate Voting Shares, representing 89.06% of the issued and outstanding Multiple Voting Shares and 7.95% of the issued and outstanding Subordinate Voting Shares of the Company.

As of December 31, 2023, as a group, the Company's directors and executive officers beneficially owned, directly or indirectly, or exercised control over 48,077 Warrants and 2,066,100 Options.

On a fully diluted, fully exchanged basis, the Company's directors and executive officers beneficially own, directly or indirectly, or exercise control over 59,064 Multiple Voting Shares and 4,641,686 Subordinate Voting Shares, representing 89.06% of the issued and outstanding Multiple Voting Shares and 12.08% of the issued and outstanding Subordinate Voting Shares on a fully diluted and fully exchanged basis (and assuming all options and warrants were exercised and "in the money").

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS

No director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days:

- that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as disclosed below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has

entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Other than as disclosed herein, none of our directors, officers or principal shareholders and no associates or affiliates of any of them, have or have had any material interest in any transaction which materially affects us. There are potential conflicts of interest to which our directors and officers will be subject in connection with our operations. In particular, certain of our directors are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with our operations or with entities which may, from time to time, provide financing to, or make equity investments in, our competitors. See *“Risk Factors – Managing different business lines could present conflicts of interest”*.

Some of the individuals acting as directors, managers or officers of the Company, as applicable, are also directors, officers and/or promoters of other reporting and non-reporting issuers. As of the date of this AIF and to the knowledge of the directors and officers of the Company, there are no existing conflicts of interest between the Company or a subsidiary or affiliate of the Company and a proposed director, officer or promoter of the Company or a subsidiary or affiliate of the Company, as applicable

As a blockchain holding company, the Company intends to engage in a broad spectrum of activities, and it is possible that situations could arise in which the activities of the Company or its affiliates or their partners, members, directors, officers and employees conflict with the interests of the Company's clients and investors.

The Company is committed to monitoring conflicts of interest (real or perceived) of members of the Board and management in accordance with internal policies and report to the Board on compliance with, material departures from, and investigations and any resolutions of complaints received under, such internal policies and approve waivers from such internal policies as deemed appropriate, and where necessary recommend changes to the Board for approval. It is expected that the Company generally will not approve such a related party's transaction or activity if it is subject to an internal restriction (such as those related to the receipt of material, non-public information), or competes or conflicts with the Company's or its affiliates' activities or a client's transaction, or violates the Company's internal policies or any fiduciary duties of the Company or its affiliates to any client, or creates the appearance of impropriety.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings or regulatory actions that the Company is, or has been, a party to, or of which any of its property is, or has been, the subject matter. To the knowledge of the management of the Company, there are no such legal proceedings or regulatory actions contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person, as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), of the Company, no proposed director of the Company, and no associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction or in any proposed transaction which has materially affected or would materially affect the Company.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is Richter LLP (the “**Auditor**”) at its offices located at 1981 McGill College, Montréal QC, H3A 0G6. As of the date of this AIF, the transfer agent and registrar of the Company is Odyssey Trust Company (the “**Transfer Agent**”), at its offices located at 350-409 Granville Street, Vancouver, BC, V6C 1T2.

MATERIAL CONTRACTS

The Company is a party to the following material contracts as defined in NI 51-102:

1. HBAR Purchase and Sale Agreement among Hedera Hashgraph, LLC, Immutable HBAR Opportunity 1 LLC, and Immutable Asset Management, LLC dated July 30, 2021, in connection with the purchase of the Hedera network's HBAR cryptocurrency.
2. Marketing and Call Services Agreement between 1-800-Bitcoin LLC and another party dated August 2, 2021, in connection with the procurement of the exclusive right to receive all call traffic to the toll-free telephone number 1-800-Bitcoin.
3. Business Combination Agreement among Bexar Ventures Inc., Immutable Holdings Inc., 1309023 B.C. Ltd., Bexar Ventures BC Subco Inc., and Bexar Ventures Delaware Subco Inc. dated August 4, 2021, in connection with the three cornered amalgamation of the parties thereto.
4. Agency Agreement among 1309023 B.C. Ltd., Immutable Holdings Inc., Bexar Ventures Inc., Stifel Nicolaus Canada Inc., Haywood Securities Inc., Richardson Wealth Limited, and PI Financial Corp., dated August 4, 2021, in connection with the brokered offering of subscription receipts of 1309023 B.C. Ltd.
5. Amalgamation Agreement among Bexar Ventures Inc., 1309023 B.C. Ltd., and Bexar Ventures BC Subco Inc. dated September 24, 2021, in connection with the amalgamation of certain of the parties thereto.
6. Assignment and Assumption Agreement between Bexar Ventures Inc. and Bexar Ventures BC Subco Inc. dated September 24, 2021, in connection with the assignment, assumption and payment of certain of the debts, liabilities and assets of the parties thereto.
7. Agreement and Plan of Merger among Bexar Ventures Inc., Immutable, and Bexar Ventures BC Subco Inc. dated September 24, 2021, in connection with the merger of certain of the parties thereto.
8. Warrant Indenture between National Securities Administrators Ltd. and Immutable dated December 17, 2021, in connection with the issuance of warrants of the Company.
9. Agency Agreement among Immutable, Stifel Nicolaus Canada Inc., Canaccord Genuity Corp., Eight Capital, Gravitas Securities Inc., Paradigm Capital Inc., and Beacon Securities Limited dated December 17, 2021, in connection with the brokered offering of units of the Company.
10. Supplemental Warrant Indenture between Immutable and National Securities Administrators Ltd. dated December 30, 2021, in connection with the issuance of warrants of the Company.

INTEREST OF EXPERTS

The Company's financial statements for the fiscal year ended December 31, 2023 were audited by Richter LLP. Richter LLP has confirmed that they were independent from the Company within the meaning of the relevant rules and related interpretations prescribed in the relevant professional bodies in Canada and any applicable legislation or regulation through to the audit report date.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee of the Board (the "**Audit Committee**") operates under a written charter that sets out its responsibilities and composition requirements. The text of the Audit Committee charter is appended as Appendix "A" to this AIF.

Composition of the Audit Committee

The Audit Committee is comprised of Roger Rai, Alberto Franco and Happy Walters all of whom are “financially literate” as such term is defined in NI 52-110. Each member of the Audit Committee is considered “independent” pursuant to NI 52-110. A description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member may be found above under the heading “*Executive Officers and Directors – Identifying Information and Holdings*”.

Relevant Education and Experience

See heading “*Executive Officers and Directors – Identifying Information and Holdings*” above for a description of the education and experience of each of the members of the Audit Committee that is relevant to their performance as an audit committee member, in particular, the education and experience that provides the members with:

- an understanding of the accounting principles used by the issuer to prepare its financial statements;
- the ability to assess the general application of those principles in connection with the accounting for estimates, accruals and provisions;
- experience preparing, auditing, analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Additional information is contained in the Company's most recently filed Management Information Circular available under the Company's SEDAR+ profile at www.sedarplus.ca.

Reliance on Certain Exemptions

At no time since January 1, 2021 has the Company relied on the exemptions in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), subsection 3.2 of NI 52-110 (*Initial Public Offerings*), subsection 3.3(2) of NI 52-110 (*Controlled Companies*), subsection 3.4 of NI 52-110 (*Events Outside Control of Member*), subsection 3.5 of NI 52-110 (*Death, Incapacity or Resignation*), subsection 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*), subsection 3.8 of NI 52-110 (*Acquisition of Financial Literacy*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) by a securities regulatory authority or regulator.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Company's Board.

Pre-Approval Policies and Procedures

The Audit Committee has authority and responsibility for pre-approval of all non-audit services to be provided to the Company or its subsidiary entities by the external auditors or the external auditors of the Company's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit Committee.

External Auditor Service Fees by Category

The aggregate fees billed by the Company's auditor in the last two (2) financial years for services in each of the categories indicated are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit-Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
December 31, 2023	\$145,000	Nil	Nil	Nil
December 31, 2022	\$241,000	Nil	Nil	Nil

Notes:

- (1) "Audit Fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audit-Related Fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" above.
- (3) "Tax Fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit Fees", "Audit-Related Fees" and "Tax Fees" above.
- (5) Invoiced and paid in USD\$.

MARKET CONTROLS AND REGULATION

Below is a description of the regulation, requirements or regimes that are, or are expected to be, applicable to Immutable businesses by jurisdiction.

The worldwide regulation of investing and financial businesses is extremely complex; digital assets make up a relatively new and rapidly evolving space. Immutable is expected to be guided in significant part by regulatory regimes that are not clear or are not yet developed. Immutable intends to use its internal legal and compliance expertise, in consultation with its outside counsel, to determine how to engage in its business activities so as to obtain the appropriate licenses or to be able to rely on an exception or exemption from any relevant registration requirement. Immutable will continue to monitor the laws and guidance issued in these jurisdictions that may be applicable to its business.

United States

CFTC Regulation – The Commodity Futures Trading Commission ("CFTC") regulates markets in listed futures and various types of over-the-counter derivatives on commodities, when traded in, into or from the United States. The CFTC has taken the position that certain virtual currencies are commodities for purposes of the regulatory scheme of the Commodity Exchange Act of 1936 (the "CEA"). Generally speaking, trading in a principal capacity in commodities in the "spot" or "cash" markets would not subject a person to a licensing or regulation requirement under the CEA. The CFTC does have jurisdiction over these spot commodity trading activities with respect to its anti-fraud and anti-manipulation authority under the CEA. The CEA imposes registration and regulatory requirements, including disclosure, reporting, and other requirements, on market participants engaged in commodity derivatives intermediary activities. This includes, for example, providing investment advice or fund management services to clients regarding commodity derivatives or engaging in principal or agency trading activities in commodity derivatives. Under the CEA, commodity derivatives may include swaps, futures, and retail commodity transactions.

SEC Regulation – The SEC, which regulates the offering, sale and trading of securities as well as various requirements applicable to public companies under U.S. federal securities laws, considers certain digital assets to be securities. Immutable's contemplated businesses may relate to products that the SEC or U.S. courts could determine are securities for purposes of U.S. federal securities laws and regulations. For

example, in December 2020, the SEC filed a complaint against Ripple Labs, Inc. alleging that XRP, a digital asset issued and sold by the company for more than seven years, was and continues to be a security under the U.S. federal securities laws. As a general matter, any transaction in securities, including purchases and sales for principal investment, would be subject to the SEC's anti-fraud and anti-manipulation authority under the U.S. Securities Act and the 1934 Act. In addition, offers and sales of securities may require registration under the Securities Act or, alternatively, compliance with various rules and regulations for exemptions from registration. The regulatory requirements of the Securities Act and the 1934 Act require a careful facts and circumstances analysis of any involvement by the Company in digital assets activities and is an important part of Immutable's compliance framework. Additionally, Immutable's activities with respect to securities may require registration with the SEC depending on their nature, particularly if the Company engages in customer-facing businesses such as brokerage or asset management. (See "*Broker-Dealer*" for a description of SEC regulation relevant to our trading business and "*Investment Adviser*" for a description of the SEC Regulation applicable to aspects of our asset management business.)

Virtual Currency Business Activity in New York – The New York State Department of Financial Services ("NYDFS") requires that any persons or entity engaging in virtual currency activity for third parties in or involving New York, excluding merchants and consumers, must apply for a license, commonly referred to as a BitLicense, from the NYDFS and must comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. Subject to certain exemptions, virtual currency business activity includes virtual currency transmission, storing, holding, maintaining custody, buying or selling as a customer business or controlling, administering or issuing virtual currency. Immutable is exploring the feasibility of applying for a New York BitLicense in order to effect aspects of its trading business.

Canada

IAM's diversified asset management firm dedicated to the digital currency and blockchain sectors intends, in the future, to register or file for a registration exemption in Canada to sell or distribute securities, or to advise with respect to investments in securities, or to act as an investment fund manager, if required.

RISK FACTORS

Readers and investors should carefully consider the risks and uncertainties described below as well as the other information contained in this AIF. Investing in our securities is speculative and involves a high degree of risk due to the nature of our business. The following risk factors, as well as risks currently unknown to us, could materially adversely affect our future business, operations and financial condition, each of which could cause purchasers of our securities to lose part or all of their investment.

The following risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that are currently considered immaterial, may also impair the Company. If events occur which cause the Company's business, prospects, financial condition, cash flows and operating results to be materially harmed, the Company would also be adversely affected.

Risks Related to the Company and the securities of the Company

The market price and trading volume of the Company's securities may be volatile.

The market price and trading volume of the Company's securities has been volatile and will likely continue to be subject to significant fluctuations in response to, among other factors: developments in the digital assets industry; market fluctuations in digital assets generally or changes in the underlying values and trading volumes of the digital assets that the Company holds or trades, as applicable; the Company's financial performance and prospects or changes in the financial performance and prospects of companies engaged in businesses that are similar to the Company's businesses; changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company's businesses; sales of securities of the Company by the Shareholders; general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events; speculation in the press or investment community regarding the Company's business or

investments, or factors or events that may directly or indirectly affect its businesses or investments; and further issuances of securities of the Company.

In recent years, stock markets have experienced significant price and volume fluctuations, which have had a significant impact on the market price of securities issued by many companies, irrespective of the operating performance of the affected companies. Moreover, as applicable, the prices of the digital assets that the Company holds or trades have historically been, and will likely continue to be, highly volatile. Accordingly, the price of securities of the Company could fluctuate based upon factors that have little or nothing to do with the Company's operating performance, which could materially and adversely affect the value of any investment in the securities of the Company. Additionally, in the absence of an active trading market relatively small sales may result in a significant negative effect on the price of the securities of the Company.

Changes in law could cause the securities of the Company to be de-listed or undergo costly restructuring, liquidation or sale.

The Company could be adversely affected by changes in law, regulation, interpretation of such law or regulation or regulator or exchange discretion. Such changes are difficult to predict but could conceivably lead to a cease-trade or the de-listing of the Company's securities, the inability to list the securities of the Company in other jurisdictions or a costly restructuring or even liquidation of the Company.

The Company may need or want to raise additional capital, but there are many reasons why it might be unable to do so.

If, whether by reason of changes in law, regulation or interpretation, or by reason of the Company's conduct, the Company became unable to sell securities to investors in particular jurisdictions, the liquidity and market price of the securities of the Company would be negatively impacted, which would make it more difficult for the Company to sell additional securities of the Company or otherwise raise capital. Such difficulties could lead to the bankruptcy or insolvency of the Company, which may lead to material or complete losses for holders of securities of the Company.

Holders of securities of the Company will generally not benefit from protections of investment company statutes in various jurisdictions, and may suffer from the restrictions that such statutes place on the liquidity of securities of the Company and on the Company's fundraising, businesses or other activities.

The Company is not an investment fund and does not intend to operate as an investment fund in the future. Nonetheless, it is possible that the Company may effectively be classified as the equivalent of a commodity pool or an investment fund under the investment company laws of various jurisdictions, including the Commodity Exchange Act, the 1940 Act and the European Union Alternative Investment Fund Managers Directive.

The Company's business is designed to comply with exemptions from the application of such laws, which means that holders of securities of the Company do not and will not benefit from the investor protections provided by such laws. At the same time, the Company may be constrained by such laws from listing securities of the Company or raising additional capital in certain jurisdictions, to the potential detriment of the value and liquidity of securities of the Company, and the Company may be restricted or precluded from operating in certain jurisdictions without additional financial registrations or licenses that it does not currently have.

Furthermore, if, whether by reason of changes in law, regulation or interpretation or by reason of the Company's conduct, the Company no longer qualifies for applicable exemptions from commodity pool or investment company laws, the results may materially adversely affect the Company and could lead to the Company's liquidation or sale, which may lead to material or complete losses for holders of securities of the Company.

The Company is required to indemnify directors and certain officers or other agents against a wide range of potential liabilities. These indemnification obligations could be material.

The constating documents of the Company provide for customarily broad rights of indemnification for directors as well as certain officers or other agents. The constating documents also provide for the possibility of advancement of expenses to such indemnified persons. In addition, the Company has entered into indemnification agreements with its directors and officers. While rights of indemnification are typically viewed as a key protection and inducement for indemnified persons to serve in senior roles in which they may be exposed to liability, indemnification payments and advancement of expenses may be material and may have an adverse effect on the Company. Furthermore, indemnified persons may be subject to derivative or other similar claims brought by the shareholders or the Company itself, which claims would generally be expected to be covered by rights of indemnification and, potentially, advancement of expenses. In certain circumstances, subject to applicable laws in the relevant jurisdictions, indemnified persons may be entitled to indemnification even if their liabilities arose from their own negligence or unlawful conduct. The Company has incurred, and is expected to continue to incur, significant expense to procure directors and officers' liability insurance that both supports potential indemnification obligations of the Company and, in some cases, provides indemnified persons with additional protection beyond the scope of these obligations. If the Company is unable to maintain adequate insurance, there could be adverse consequences.

Service on foreign directors and officers.

The Company is a corporation formed under the laws of British Columbia, Canada; however its principal place of business is in the United States. Most of the Company's management and advisors, as well as the majority of the Company's assets, are located in the United States. It may be difficult for investors in the United States to effect service of process within the United States upon those directors who are not residents of the United States or to enforce against them judgments of the United States courts based upon civil liability under the United States federal securities laws or the securities laws of any state within the United States. There is doubt as to the enforceability in Canada against the Company or against any of its non-U.S. directors, in original actions or in actions for enforcement of judgments of United States courts of liabilities based solely upon the United States federal securities laws or securities laws of any state within the United States. Similarly, it may be difficult for investors in Canada to effect service of process within Canada upon those directors, officers and experts who are residents of the United States, or to enforce against them judgments of the Canadian courts based upon civil liability under Canadian securities laws. There is doubt as to the enforceability in the United States against any of the Issuer's non-Canadian directors, in original actions or in actions for enforcement of judgments of Canadian courts of liabilities based solely upon Canadian law.

The holding of, or trading in, securities of the Company may be, or become, illegal in certain countries or other jurisdictions.

One or more countries or jurisdictions, including but not limited to the United States and Canada, may take regulatory actions now or in the future that severely restrict the right to acquire, own, hold, sell or use digital assets. Such actions or restrictions may also result in the restriction of holding or trading in securities of the Company or cause the price of any affected digital asset to decrease, possibly substantially. Such actions or restrictions would likely materially and adversely affect the effectiveness of the Company's investment and trading strategies, the value of its assets and the value of any investment in the Company. Shareholders are urged to consult legal advisors in their own relevant jurisdictions with respect to the current and prospective lawfulness of their purchasing, holding or selling securities of the Company.

Risks Related to the Company

The Company has limited operating history. Its business lines are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction and are not assured to be profitable.

The Company and its subsidiaries have limited operating history on which an investor might evaluate their performance. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues, any of which could have a material adverse effect on the Company and may force it to reduce or curtail operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations. Even if the Company accomplishes these objectives, it may not generate the anticipated positive cash flows or profits. No assurance can be given that the Company will ever be successful in its operations and operate profitably. Furthermore, the Company's business lines are nascent, unproven and subject to material legal, regulatory, operational, reputational, tax and other risks in every jurisdiction and are not assured to be profitable. The Company may fail to be able to implement its investment or trading strategies, achieve its investment objectives, develop its business lines or produce a return for its investors. The Company has chosen to pursue a number of different businesses in this evolving industry. It is possible that some of these businesses may be difficult to enter and/or it may become evident that a particular business is not a productive use of capital or time. This could result in the Company modifying its businesses and focus. In particular, the Company may become involved in investments and projects that are not directly related to the digital asset or blockchain industry. These projects are likely to relate to industries and clients that the Company believes will benefit in the future from blockchain technology and the Company's experience and network in the digital assets industry.

From time to time, the Company may also launch new lines of business, offer new products and services within existing lines of business or undertake other strategic projects. There are substantial risks and uncertainties associated with these efforts and the Company would invest significant capital and resources in such efforts. Regulatory requirements can affect whether initiatives are able to be brought to market in a manner that is timely and attractive to customers of the Company. Initial timetables for the development and introduction of new lines of business, products or services and price and profitability targets may not be met.

Furthermore, the Company's revenues and costs may fluctuate due to start-up costs associated with new businesses or products and services while revenues may take time to develop, which may adversely impact the Company's results of operations. If the Company is unable to successfully manage its business while reducing expenses, its ability to continue in business could depend on the ability to raise sufficient additional capital, obtain sufficient financing and monetizing assets. The occurrence of any of the foregoing risks would have a material adverse effect on the Company's financial results, business and prospects.

The Company's businesses may require regulatory licenses and qualifications that the Company does not currently have and that may be costly and time-consuming to obtain and, if obtained, may subsequently be revoked.

The Company's businesses involve certain activities which may require regulatory licenses and qualifications such as dealing, management and advisory activities. These activities are often subject to material, costly and constraining financial regulation in jurisdictions worldwide. The process of acquiring and maintaining these licenses and qualifications will be costly and time-consuming, will occupy material management attention and is not certain to be successful, given that the Company may not meet the requirements for such licenses or qualifications or may fail to secure discretionary approval of relevant regulatory bodies. The law and regulation surrounding the operation of financial businesses with respect to digital assets is also unclear, uncertain, rapidly evolving and not assured to develop in a way that is favorable to the Company. There is a risk that aspects of the Company's businesses could be outlawed in jurisdictions around the world.

Changes in law or regulation could subject the Company to further material, costly and constraining regulation, registration, licensing and other requirements.

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

Legal or regulatory changes or interpretations of the Company's existing and planned activities (including those of its subsidiaries), including the mere buying and selling of digital assets, could require the registration or licensing of the Company and/or its subsidiaries in additional, costly and constraining capacities, such as a money services business under the regulations promulgated by U.S. Financial Crimes Enforcement Network under the authority of the U.S. Bank Secrecy Act, or pursuant to applicable laws of Canada and other jurisdictions, and would therefore require the Company and/or its subsidiaries to comply with applicable regulatory, licensing, examination and supervision requirements. Such additional requirements could cause the Company to incur extraordinary expenses, possibly materially and adversely affecting the Company's investment and trading strategies, the value of its assets and the value of any investment in the Company.

If the Company is unable to successfully identify, hire and retain qualified individuals, it will not be able to implement its growth strategy successfully.

The Company's growth strategy is based, in part, on its ability to attract and retain highly qualified individuals. Competition presented by other firms may create difficulty for the Company in recruiting and retaining professionals of a caliber consistent with its business strategy. If the Company is unable to successfully identify qualified professionals, this failure could materially and adversely affect the Company's investment and trading strategies, the value of its assets and the value of any investment in the Company.

In addition, there is a risk that an employee of or contractor to the Company or any of its affiliates could engage in misconduct that adversely affects its business and results. It is not always possible to deter such misconduct, and the precautions the Company takes to detect and prevent such misconduct may not be effective in all cases. Misconduct by an employee of or contractor to the Company or any of its affiliates, or even unsubstantiated allegations of such misconduct, could result in both direct financial harm to those entities and the Company.

The Company or its subsidiaries and affiliates, face substantial litigation and regulatory risks.

As an enterprise whose material business lines include financial services, the Company or its subsidiaries and affiliates, depend to a significant extent on its relationships with its clients and counterparties and its reputation for integrity and high-caliber professional services. As a result, if a client is not satisfied with the Company's services, a counterparty has a dispute or if there are allegations of improper conduct by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to the Company, or if there is negative publicity and press speculation about the Company, whether or not valid, the Company's reputation may be harmed and may be more damaging to the Company's businesses than to businesses in other non-financial industries.

The Company or its subsidiaries and affiliates could be the subject of inquiries, investigations, lawsuits and proceedings by counterparties, clients, other third parties and regulatory and other governmental agencies in Canada, the U.S. and abroad, which could lead to increased expenses or reputational damage. Responding to inquiries, investigations, lawsuits and proceedings, regardless of the ultimate outcome of the matter, is time-consuming and expensive and can divert the attention of senior management. The outcome of such proceedings may be difficult to predict or estimate until late in the proceedings, which may last a number of years.

Certain aspects of the Company and its subsidiaries may be subject to periodic examination by regulatory authorities. If compliance failures or other violations are found during an examination, a regulatory agency could initiate actions and impose sanctions for violations, including, for example, regulatory agreements, cease and desist orders, civil monetary penalties or termination of a license and could lead to litigation by investors or clients, any of which could adversely impact the Company.

If the Company and/or any governmental agency believe that it has accepted capital contributions by, or is otherwise holding assets of, any person or entity that is acting directly or indirectly, in violation of Canadian, U.S., international or other anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker or senior foreign political figure(s) suspected in engaging in foreign corruption, the Company and/or such governmental agency may “freeze the assets” of such person or entity. The Company may also be required to report and remit or transfer those assets to a governmental agency.

As a publicly listed company, the Company is also subject to the risk of claims under applicable Canadian securities laws. Volatility in the stock price of the Company increases the risk of such claims.

The Company’s use of technology, proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk.

The Company relies heavily on the use of technology, proprietary and non-proprietary software, data and intellectual property of the Company and third parties in the digital asset sector. The reliance on this technology and data is subject to a number of important risks. Much of the existing technology for the financial services businesses was not built to service digital assets, which require a unique set of considerations. The Company may work with service providers to help develop technology to service the industry. If these platforms and technology solutions do not work as planned, or do not meet the level of quality required by the Company, it may make transacting business less efficient, more expensive and potentially prone to errors.

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 its technology and the technology of third parties. 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. Furthermore, if the Company’s software, hardware, data or other intellectual property is found to infringe on the rights of, or the Company’s rights therein are found to be infringed upon by, any third party, the underlying value of the assets of the Company could be materially and adversely affected.

Third parties with which the Company does business or that facilitate the Company’s business activities, including exchanges, financial intermediaries or vendors that provide services or security solutions for the Company’s operations, could also be sources of technology risk to the Company, including from breakdowns or failures of their own systems or capacity constraints or other services that impair the Company’s ability to process transactions and communicate with customers and counterparties. In addition, the Company is exposed to the risk that a technology disruption or other information security event at a vendor to the Company’s third-party service providers could impede their ability to provide products or services to the Company. The Company may not be able to effectively monitor or mitigate operational risks relating to the use of vendors by third-party service providers.

The Company’s businesses rely on third-party service providers.

The Company’s operations could be interrupted if the Company’s third-party service providers experience operational or other systems difficulties, terminate their services or fail to comply with regulations. The Company may outsource some of its operational activities and accordingly may depend on relationships with certain third-party service providers. Specifically, the Company relies on third parties for certain services, including, but not limited to, legal, accounting, financial operations, trade related activity, IT infrastructure and systems, trade reconciliation, and margin and collateral movement. The Company’s business depends on the successful and uninterrupted functioning of the Company’s information technology and telecommunications systems and third-party service providers. The failure of these

systems, a cybersecurity breach involving any of the Company's third-party service providers or the termination or change in terms of a third-party software license or service agreement on which any of these systems is based could interrupt the Company's operations. Because the Company's information technology and telecommunications systems interface with and depend on third-party systems, the Company could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. Replacing vendors or addressing other issues with the Company's third-party service providers could entail significant delay, expense and disruption of service. As a result, if these third-party service providers experience difficulties, are subject to cybersecurity breaches, or terminate their services, and the Company is unable to replace them with other service providers, particularly on a timely basis, the Company's operations could be interrupted. If an interruption were to continue for a significant period, the Company's business, financial condition and results of operations could be adversely affected. Should the Company be required to replace third-party service providers, it may be at a higher cost to the Company, which could adversely affect the Company's business, financial condition and results of operations.

Cybersecurity incidents and other systems and technology problems may materially and adversely affect the Company.

Cybersecurity incidents and other issues related to our information systems, technology and data may materially and adversely affect us. Cybersecurity incidents and cyberattacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The digital asset industry is a particular target for cybersecurity incidents, which may occur through intentional or unintentional acts by individuals or groups having authorized or unauthorized access to our systems or our clients' or counterparties' information, which may include confidential information. These individuals or groups include employees, vendors and customers, as well as hackers. The information and technology systems used by us and our service providers, and other third parties, are vulnerable to damage or interruption from, among other things: hacking, ransomware, malware and other computer viruses; denial of service attacks; network failures; computer and telecommunication failures; phishing attacks; infiltration by unauthorized persons; security breaches; usage errors by their respective professionals; power outages; terrorism; and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

We may experience cybersecurity incidents in the future. While we take efforts to protect our systems and data, including establishing internal processes and implementing technological measures designed to provide multiple layers of security, and contract with third-party service providers to take similar steps, there can be no assurance that our safety and security measures (and those of our third-party service providers) will prevent damage to, or interruption or breach of, our information systems, data (including personal data) and operations. We have recently taken steps to expand and enhance our cybersecurity controls and practices and, as cybersecurity-related threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

Nevertheless, it is possible we could suffer an impact or disruption that could materially and adversely affect us. Our operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of our employee, or otherwise, and, as a result, an unauthorized party may obtain access to our accounts, private keys, data, or digital assets. Additionally, outside parties may attempt to fraudulently induce our employees to disclose sensitive information in order to gain access to our infrastructure. 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, we may be unable to anticipate these techniques or implement adequate preventative measures. Additionally, due to the COVID-19 pandemic, there is an increased risk that we may experience cybersecurity-related incidents as a result of our employees, service providers and other third parties working remotely on less secure systems and environments.

Controls employed by our information technology department and our customers and third-party service providers, including cloud vendors, could prove inadequate. If an actual or perceived breach of any of our digital asset account occurs, the market perception of our effectiveness could be harmed. Moreover, there could be public announcements regarding any cybersecurity-related incidents and any steps we take to

respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could, among other things, have a substantial adverse effect on the price of our Subordinate Voting Shares. Further, otherwise conduct business may discourage consumers from doing business with us, which could have a material and adverse effect on our business, financial condition and results of operations.

It is difficult or impossible to defend against every risk being posed by changing technologies, as well as criminals' intent to commit cybercrime, and these efforts may not be successful in anticipating, preventing, detecting or stopping attacks, or reacting in a timely manner. The increasing sophistication and resources of cybercriminals and other non- state threat actors and increased actions by nation-state actors make it difficult to keep up with new threats and could result in a breach of security. Additionally, we cannot guarantee that our insurance coverage would be sufficient to cover any such losses.

To the extent the operation of our systems relies on our third-party service providers, through either a connection to, or an integration with, third parties' systems, the risk of cybersecurity attacks and loss, corruption, or unauthorized access to or publication of our information or the confidential information and personal data of customers and employees may increase. Third-party risks may include insufficient security measures, data location uncertainty, and the possibility of data storage in inappropriate jurisdictions where laws, security measures or other controls may be inadequate or in which there are uncertainties regarding governmental intervention and use of such data, and our ability to monitor our third-party service providers' data security practices are limited. Although we generally have agreements relating to cybersecurity and data privacy in place with our third-party service providers, they are limited in nature and we cannot guarantee that such agreements will prevent the accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data (including personal data) or enable us to obtain adequate or any reimbursement from our third-party service providers in the event we should suffer any such incidents. Due to applicable laws and regulations or contractual obligations, we may be held responsible for any information security failure or cybersecurity attack attributed to our vendors as they relate to the information we share with them. A vulnerability in or related to a third-party service provider's software or systems, a failure of our third-party service providers' safeguards, policies or procedures, or a breach of a third-party service provider's software or systems could result in the compromise of the confidentiality, integrity or availability of our systems or the data housed in our third-party solutions.

The security of the information and technology systems used by us and our service providers may continue to be subjected to cybersecurity threats that could result in material failures or disruptions in our business. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, we or a service provider may have to make a significant investment to fix or replace them. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to shareholders (and the beneficial owners of shareholders). Such a failure could harm our reputation, subject to legal claims and otherwise materially and adversely affect our investment and trading strategies and our value.

Operational risk may materially and adversely affect the Company's performance and results.

Operational risk is the risk of an adverse outcome resulting from inadequate or failed internal processes, people, systems or from external events. The Company's exposure to operational risk arises from routine processing errors, as well as extraordinary incidents, such as major systems failures or legal and regulatory matters. As the Company operates businesses that are reliant on both technology and human expertise and execution, the Company is exposed to material operational risk arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the Company's service providers, counterparties or other third parties, failed or inadequate processes and technology or system failures.

Digital asset transfers are typically 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 or theft of digital assets generally will not be reversible and the Company may not be capable of seeking compensation for any such transfer or theft. Although the Company has

processes and procedures in place to limit any such transfers, nonetheless it is possible that, through computer or human error, or through theft or criminal action, the Company digital assets could be subject to these operations errors and transferred from its accounts in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Operational errors or significant operational delays could materially negatively impact the Company's ability to conduct its business or service its clients, which could adversely affect results of operations due to potentially higher expenses and lower revenues, create liability for the Company or its clients or negatively impact its reputation. Recurring operational issues may raise concerns among regulators regarding our governance and control environment.

Unexpected market disruptions may cause major losses for the Company.

We 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 us. Any such disruptions and events may have a material and adverse effect on our investment and trading strategies and on any investment in us.

The Company may not be effective in mitigating risk.

The Company seeks to mitigate risk and has established policies and procedures to provide a sound operational environment for the types of risk to which it is subject, including operational risk, credit risk, market risk and liquidity risk. However, as with any risk management framework, there are inherent limitations to the Company's current and future risk management strategies, including risks that it has not appropriately anticipated or identified. Accurate and timely enterprise-wide risk information is necessary to enhance management's decision-making in times of crisis. If the Company's risk management framework proves ineffective or if the Company's enterprise-wide management information is incomplete or inaccurate, it could suffer unexpected losses, which could materially adversely affect its results of operations or financial condition.

Managing different business lines could present conflicts of interest.

The Company is building a full service, institutional-quality financial services business through its business lines. Subject to applicable regulatory approvals, the Company may also launch additional business lines from time to time. There are certain inherent and potential conflicts of interest in managing different business lines. Due to the broad scope of the Company's businesses, potential conflicts of interest include situations where its services to a particular client or the Company's own investments or other interests conflict, or are perceived to conflict, with the interests of another client, as well as situations where one or more of the Company's businesses have access to material non-public information that may not be shared with its other businesses and situations where the Company may be an investor or creditor of an entity with which it also has an advisory or other relationship. Furthermore, the allocation of investment opportunities among funds and the Company could also present a conflict of interest. In managing these different conflicts, fiduciary duty obligations may require the Company to resolve conflicts in favor of clients over the firm or other third parties. Employees and executives may also have conflicts of interest in allocating their time and activity between the businesses. The Company manages conflicts of interest through a number of ways. However, appropriately identifying and dealing with conflicts of interest is complex and difficult, and the Company's reputation could be damaged and the willingness of clients to enter into transactions with the Company may be affected if the Company fails, or appears to fail, to identify, disclose and deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions. A failure to appropriately identify and address potential conflicts of interest could adversely affect the Company's businesses.

The Company incurs increased costs as a result of the requirements applicable to the Company as a public company.

The Company incurs significant levels of legal, accounting and other expenses in respect of its status as a publicly listed company. Canadian securities law, together with the listing requirements of the exchanges (or any other stock exchange on which securities of the Company may be listed on in the future), impose significant requirements relating to disclosure controls and procedures and internal control over financial reporting. The Company incurs significant costs as a result of compliance with these public company requirements which require additional resources and make some activities more time-consuming. As a company in the digital assets industry, the Company may experience higher-than-anticipated operating expenses as well as higher independent auditor and consulting fees and may need to hire additional qualified personnel to continue to satisfy these public-company requirements. The Company is required to expend considerable time and resources with respect to the Company's compliance with public company regulations. If the Company is unable to satisfy the Company's obligations as a public company, the Company could be subject to de-listing of securities of the Company, fines, sanctions or other detrimental regulatory actions.

Force majeure events may materially and adversely affect the business continuity of the Company.

The Company may be affected by events beyond its control, including acts of nature, fires, floods, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism and labor strikes. Some such events may adversely affect the ability of the Company or a counterparty to the Company to perform its obligations. In addition, the cost to the Company of repairing or replacing damaged reputation or assets as a result of such an event could be considerable. Certain events such as war or an outbreak of an infectious disease could have a broader negative impact on the world economy and international business activity generally, or in any location in which the Company may invest or conduct its business specifically.

Pandemics, such as the COVID-19 pandemic, and resulting impacts on the global economy may materially and adversely affect the Company.

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial condition. For example, in December 2019, a novel strain of the coronavirus COVID-19 emerged as a global pandemic. As a result, during the first quarter of 2020, global financial markets experienced a period of sharp decline and volatility due in large part to the real and perceived economic impact of the COVID-19 pandemic. The public health impact of the coronavirus (including new strains and variants of concern), as well as the steps taken by governments and businesses around the world to combat its spread, have had, and may continue to have, an adverse impact on the global economy. The Company could be materially and adversely affected by a range of factors and developments related to global health pandemics that are largely beyond its control. The extent to which a pandemic impacts the Company's business, including its operations and market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the outbreak.

During the global financial crisis of 2007 to 2008, various sectors of the global financial markets experienced an extended period of adverse conditions featuring market uncertainty, reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. To the extent that similar marketplace events were to occur in the future, either as a result of a pandemic or otherwise, these events may have an adverse impact on the Company's investments. In addition, governments from time to time intervene, directly and by regulation in ways that are unpredictable during times of crisis. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction.

Business activities could also be materially adversely impacted as the fundraising for asset management products and advisory transactions may be delayed during such situations. In particular, a pandemic could materially and adversely impact the Company's business including, and without limitation, employee health,

workforce productivity, increased expenses and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on its business, financial condition, results of operations and cash flows. Such adverse effects could be rapid and unexpected.

Foreign exchange risk.

The Company is a Canadian company, and a material amount of its expenses and fundraising is done in Canadian dollars. Most of the expenses and revenues of the Company's subsidiaries are denominated in U.S. dollars. As a result, the Company is subject to foreign exchange risks relating to the relative value of the U.S. dollar as compared to the Canadian dollar. A decline in the U.S. dollar would result in a decrease in the real value of the Company's revenues and adversely impact financial performance.

Additional taxation may apply to dividends paid to non-residents.

Any future cash dividends paid on Shares to a non-resident of Canada will be subject to Canadian withholding tax at a rate of 25 percent unless the rate is reduced under the provisions of an applicable double taxation treaty. Where a non-resident is a United States resident entitled to benefits of the Canada – United States Income Tax Convention, 1980 and is the beneficial recipient of the dividends, then the rate of Canadian withholding tax is generally reduced to 15 per cent.

The Company will have a focused investment strategy.

The Company will be focused on investments related to the crypto asset ecosystem and other blockchain technologies. The specific investment focus is inherently more risky than traditional investments and could cause the Company to be more susceptible to particular economic, political, regulatory, technological or industry conditions or occurrences when compared with a company that has a more mature business model. In addition, as materials made available to the Company in the course of its due diligence process relating to potential investment opportunities will generally not be available to them, investors will generally be unable to ascertain the merits or risks of any particular target's operations.

Sourcing of investments.

The Company will depend on its senior management and directors to source suitable investment opportunities for the Company. In addition, the Company will encounter competition for such investment opportunities from other entities having similar business objectives including private investors, pension funds and private equity firms and such competition may impact the Company's ability to close on an investment as well as the purchase price for any such investment. There is no assurance that the Company will be able to source suitable investment opportunities or that it will be able to do so at an appropriate price.

Although the Company conducts considerable due diligence on potential investments, the presence of one or more material liabilities that are unknown to the Company at the time of investment, or the materialization of one or more material risks after the time of investment, could lead to a loss of value of such investment and, in turn, have a material adverse effect on the business, results of operations, prospects and financial condition of the Company.

In addition, there can be no assurance that the Company's existing investments will be successful. To the extent that the Company experiences a loss of value in these investments, the Company's market value will accordingly decrease.

The Company will be reliant, in part, on attracting and retaining skilled management and directors.

The success of the Company will, in part, be dependent upon the skill, judgment, industry relationships and expertise of the Company's Board and management. The loss of a director or key management personnel may materially and adversely affect the business of the Company. There can be no assurance that these individuals will continue to be employed by, or remain involved with, the Company for a particular period of time.

Risks Related to the Company's Lines of Business

There are material risks and uncertainties associated with custodians of cryptocurrencies and other digital assets.

The Company uses custodians, exchanges and third-party wallet providers to hold its cryptocurrencies and other digital assets. Such parties may or may not be subject to regulation by Canadian, U.S. state or federal or non-U.S. governmental agencies or other regulatory or self-regulatory organizations. While not currently anticipated, the Company could have a high concentration of its digital assets in one location or with one custodian, exchange or wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware or cyberattacks. Certain custodians, exchanges or third-party wallet providers may not indemnify the Company against any losses of digital assets or may not have full insurance over the assets under custody. Digital assets held by certain custodians, exchanges or third-party wallet providers may be transferred into "cold storage" in which case there could be a delay in retrieving such digital assets.

The Company may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost or loss of digital assets associated with the use of a custodian could materially and adversely affect the Company's investment and trading strategies, the value of its assets and the value of any investment in the Company.

Given the characteristics of digital assets and the relative immaturity of the asset class, there are limited numbers of "qualified custodians" available at this time (if any). Difficulties in finding a "qualified custodian" could have a material adverse effect on the asset management business, including potentially causing it to liquidate a substantial portion of its portfolio. There is also a risk that applicable securities regulators determine that certain custodians used are not, regardless of their representations to the contrary, "qualified custodians", which would potentially require the asset management group to move certain digital assets and/or subject it to regulatory action. The uncertainty and potential difficulties associated with this question and related questions could materially and adversely affect the Company's asset management business.

The asset management business is highly regulated and regulators may apply or interpret these regulations with respect to digital assets in novel and unexpected ways.

Asset management is a highly regulated business subject to numerous legal and regulatory requirements. These regulations are intended to protect customers whose assets are under management and, as such, may limit the Company's ability to develop, expand or carry out its asset management business in the intended manner. The Company is guided in significant part by regulatory regimes that are not clear or are not yet developed. To the extent that there is any ambiguity as to whether an asset under management is a security, the applicability of many regulations to the Company's asset management business will not be clear. Furthermore, the Company must address conflicts of interest, as well as the perception of conflicts of interest, between itself (including the other business lines of the Company) and its clients and funds. In particular, the Company will be required to act in the best interest of its clients and funds, which may include allocating opportunities to its clients and funds rather than to its own principal business lines. In addition, the regulators have substantial discretion in determining what is in the best interest of a client of a fund and have increased their scrutiny of potential conflicts. Appropriately dealing with conflicts of interest is complex and if the Company fails, or appears to fail, to deal appropriately with any of these conflicts of interest, it may face reputational damage, litigation, regulatory proceedings, or penalties, fines or sanctions, any of which may have a material and negative impact on the Company's asset management business. In addition, to the extent that the Company is required to obtain client or investor consent in connection with any potential conflict, any failure or delay in obtaining such consent may have a material and negative impact on the Company's ability to take advantage of certain business opportunities.

Increased competition may cause the Company's revenue and earnings to decline.

The asset management industry is highly competitive and has relatively low barriers to entry. The Company currently expects that, as digital assets become more mainstream, additional competitors, potentially in large numbers, may begin providing asset management services with respect to digital assets. The

Company competes based on a number of factors including: investment performance, the level of fees charged, the quality and diversity of services and products provided, name recognition and reputation, and the ability to develop new investment strategies and products to meet the changing needs of investors. In addition, the introduction of new technologies, as well as regulatory changes, may significantly alter the competitive landscape for investment managers in digital assets. This could lead to fee compression or require the Company to spend more to modify or adapt its product offerings to attract and retain customers and remain competitive with products and services offered by new competitors in the industry. Increased competition on the basis of any of these factors, including competition leading to fee reductions, may cause our revenue and earnings to decline. Any of these could materially and negatively impact the success of the Company's asset management business.

The business of the Company is subject to competition from staking companies.

The Company will compete with cryptocurrency and distributed ledger technology businesses, including businesses focused on developing substantial digital asset staking operations. Any market participant with sufficient capital and know-how has the ability to acquire crypto tokens on the open market and start staking, which would inherently increase competition. Although, because there are a wide range of crypto tokens being staked across the networks the Company participates in, and accordingly, the Company's management believes that any negative impact on the Company's operations as a result of competition in the sector would not be materially adverse, it is possible that such competition and the lack of barriers to entry to the market could have a material adverse effect on the Company or the value of the Securities of the Company.

The success of the Company's advisory services business will depend on generating and maintaining ongoing, profitable client demand for its services and solutions, and the failure of that demand to materialize or any future significant reduction in such demand or an inability to respond to the evolving technological environment could materially negatively affect the Company's advisory services business.

The success of the Company's advisory services business, which is conducted through one or more subsidiaries, depends on creating and maintaining a demand for its services and solutions with favorable margins. The ability to realize or maintain this demand could be negatively affected by numerous factors, many of which will be beyond the control of the Company and unrelated to its future work product.

Developments in the digital asset industry, which are expected to be rapid, could shift demand to new services and solutions. If, as a result of new technologies or changes in the industries the Company serves, or clients demand new services that the Company does not or is unable to provide, the Company may be less competitive in these new areas or need to make significant investment to meet that demand. The Company's strategy for developing its advisory business focuses on responding to these types of developments by driving innovation that will enable the Company to expand its advisory business into new growth areas. If the Company does not sufficiently invest in new technology and adapt to industry developments or evolve and expand its business at sufficient speed and scale, the success or even the viability of the Company's advisory services business would be negatively affected.

The Company may become involved in advisory projects that are not directly related to the digital asset or blockchain industry. These projects are likely to relate to industries and clients that the Company believes will benefit in the future from blockchain technology and the Company's experience and network in the digital assets industry.

The success of the Company's advisory services business could materially suffer if it is unable to obtain favorable pricing for services and solutions or if the Company is unable to remain competitive.

The success of the Company's advisory services business may be significantly affected by its ability to price its advisory services properly. If the Company is not able to obtain favorable pricing for its advisory services and solutions, the success of the Company's advisory services business may materially suffer.

The rates the Company charges for its services and solutions may be affected by a number of factors, including:

- general economic and political conditions;
- the competitive environment in our industry; and
- the procurement practices of clients and their use of third-party advisors.

The Company believes that currently there are limited persons providing the digital asset advisory services that the Company provides. However, the barrier to entry is very low and competitors can easily and will likely provide similar services in the near future. The success of the Company's advisory services business could suffer if it is not able to remain competitive. The less the Company is able to differentiate its services and solutions or clearly convey the value of its services and solutions, the more risks the Company will face in winning new work in sufficient volumes and at target pricing, which could materially negatively impact the success or viability of the Company's advisory services business. In addition, the introduction of new services or products by competitors could reduce the Company's ability to obtain favorable pricing and impact the overall economics for the services or solutions offered.

Risks Related to Digital Assets

The continuing development and acceptance of digital assets and distributed ledger technology are subject to a variety of risks.

Cryptocurrencies, such as Bitcoin and HBAR, and the other types of digital assets in which the Company invests and trades involve a new and rapidly evolving industry of which blockchain technology is a prominent, but not unique, part. The growth of 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.

Many digital asset networks, including Bitcoin, HBAR and ETH, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions in maintaining and developing the network protocol. A failure to properly monitor and upgrade network protocol could damage digital asset networks. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols.

Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support will continue or be sufficient in the future. To the extent that material issues arise with certain digital asset network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, such digital asset networks, and any corresponding digital assets held may be adversely affected.

A decline in the adoption and use of digital assets would materially and adversely affect the performance of the Company.

Digital assets are a new asset class and represent a technological innovation and they are subject to a high degree of uncertainty. The adoption of digital assets will require growth in usage and in the blockchain technology generally for various applications. Adoption of digital assets will also require greater regulatory clarity. A lack of expansion in use of digital assets and blockchain technologies would adversely affect the financial performance of the Company. In addition, there is no assurance that digital assets generally will maintain their value over the long term. The value of digital assets is subject to risks related to its use. If growth in the use of digital assets generally occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A contraction in use of digital assets may result in increased volatility or a reduction in digital asset prices, which would materially and adversely affect the Company's investment and trading strategies, the value of its assets and the value of any investment in the Company.

The prices of digital assets are extraordinarily volatile.

Values of digital assets have historically been highly volatile. A decline in digital assets that the Company holds and advises on would negatively impact its financial position. A significant portion of demand for digital assets is generated by speculators and investors seeking to profit from the short- or long-term holding of these assets. Speculation regarding future appreciation in the value of a digital asset may inflate and make more volatile the price of that digital asset.

Several factors may affect the price of digital assets, particularly cryptocurrencies, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of cryptocurrencies or the use of cryptocurrencies as a form of payment. Additionally, some purportedly decentralized digital assets may be more centralized than widely believed, or may become more centralized over time, increasing the risk that an adverse event impacting an individual personality or entity could result in a reduction in the price of digital assets. While digital assets networks are typically decentralized and do not need to rely on any single government or institution to create, transmit and determine value, in reality a single personality or entity may have the ability to exert centralized authority over a network. Where a single personality or entity exerts an outsize influence, an adverse event impacting that individual or entity, such as an insolvency proceeding, could result in a reduction in the price of digital assets.

There is no assurance that cryptocurrencies will maintain their long-term value in terms of purchasing power in the future, or that acceptance of cryptocurrency payments by mainstream retail merchants and commercial businesses will continue to grow. Only a limited number of cryptocurrencies, including Bitcoin, have become sometimes accepted as a means of payment for some goods and services, and use of cryptocurrencies by consumers to pay at retail and commercial outlets remains very limited. In part, this is because cryptocurrencies face significant scaling obstacles that can lead to high fees or slow transaction settlement times and attempts to increase the volume of transactions may not be effective. A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such limited use as has developed to date, may result in increased volatility or a reduction in the value of that cryptocurrency or cryptocurrencies generally, either of which could materially and adversely affect the Company's investment strategies, the value of its assets and the value of any investment in the Company.

Political or economic crises may motivate large-scale sales of digital assets, which would result in a reduction in values and materially and adversely affect the Company.

Cryptocurrencies, as an alternative to fiat currencies that are backed by central governments, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. For example, political or economic crises could motivate large-scale acquisitions or sales of digital assets either globally, regionally or locally. Large-scale sales of certain digital assets would result in a reduction in their value and could materially and adversely affect the Company's investment strategies, the value of its assets and the value of the Company.

The value of cryptocurrencies and other 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. Cryptocurrency and other digital asset market prices 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 cryptocurrencies and other digital assets, inflating and making their market prices more volatile, and such effects may be material and adverse. As a result, cryptocurrencies and other digital assets may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could materially adversely affect the value of the Company's cryptocurrency and other digital asset inventory and thereby affect the Company's shareholders.

The regulation of digital assets continues to evolve in every jurisdiction, and regulatory changes or actions may restrict the use of digital assets, the operation of distributed ledger technologies that support such digital assets and platforms that facilitate the trading of such assets.

As digital assets have grown in popularity and in market size, governments, regulators and self-regulators (including law enforcement and national security agencies) around the world are examining the operations of digital asset issuers, users and platforms. To the extent that any Canadian, U.S. or other government or quasi-governmental agency exerts regulatory authority over the digital asset industry in general, the issuance of digital assets, and trading and ownership of, and transactions involving the purchase and sale or pledge of, such assets, may be adversely affected, which could adversely affect the Company's businesses and investments. The effect of any future regulatory change on digital asset issuers and participants in general is impossible to predict, but such change could materially and adversely affect the Company's investment strategies, the value of its assets and the value of any investment in the Company.

The legal status of digital assets varies substantially from jurisdiction to jurisdiction and is still undefined and changing in many of them. Likewise, various government agencies, departments, and courts have classified and continue to classify digital assets differently. In Canada and the United States, courts and regulators have classified many digital assets as securities subject to regulation under applicable securities laws. Changes in laws, regulations, policies and practices could have an adverse effect on the Company, its strategies, business and investments. For example, regulatory agencies could shut down or restrict the use of platforms or exchanges using digital assets or otherwise limit the use of digital assets. This, and any other changes in laws, regulations, policies and practices, could lead to a loss of any investment made by or in the Company, and may trigger regulatory action by securities or other regulators.

Furthermore, various jurisdictions may, in the near future, adopt laws, regulations or directives that affect digital assets, the related markets and exchanges and the ability to use, trade and hold digital assets. Such laws, regulations or directives may conflict with one another and may negatively affect the acceptance of digital assets by users, merchants and service providers and may therefore impede the growth or sustainability of the Bitcoin economy in Canada, the United States, or other locations and globally, or otherwise negatively affect the value of digital assets. Although there continues to be uncertainty about the full impact of these and other regulatory changes, the Company may become subject to a more complex regulatory framework in the near future and incur additional costs to comply with new requirements as well as to monitor for compliance with any new requirements in the future.

The loss or destruction of a private key required to access certain cryptocurrencies or digital assets 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 investments could adversely affect the Company.

Cryptocurrencies are controllable only by the possessor of the private key or keys relating to the "digital wallet" in which the digital asset is held. Private keys must be safeguarded and kept private in order to prevent a third party from accessing the cryptocurrencies while held in such wallet. To the extent 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 held in the related digital wallet. Any loss of private

keys relating to digital wallets used to store the Company's or its affiliates' cryptocurrencies could adversely affect its business and financial position.

Any loss of private keys relating to digital wallets used to store the Company's cryptocurrencies and digital assets could materially and adversely affect the Company's investment strategies, the value of its assets and the value of any investment in the Company. If the Company's cryptocurrency or other digital assets are lost, stolen or destroyed under circumstances rendering a party liable to the Company, the responsible party may not have the financial resources sufficient to satisfy the Company's claims, which could lead to a material adverse effect on the Company. Access to the Company's cryptocurrencies or other digital assets could also be restricted or prevented by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack).

The need to adopt technology in response to changing security threats poses a challenge to the safekeeping of the Company's digital asset holdings.

Holders of digital assets must adapt to technological change to secure and safeguard accounts. As technological change occurs, the security threats to the Company's digital asset holdings will likely adapt, and previously unknown threats may emerge. Furthermore, the Company may become a greater target of security threats as the Company's size and reputation increases. If the Company is unable to identify and mitigate or stop new security threats, the Company's assets may be subject to theft, loss, destruction or other attack, which could result in a loss of the Company's assets or materially and adversely affect the Company's investment and trading strategies, the value of its assets and the value of any investment in the Company.

Due to the unregulated nature and lack of transparency surrounding the operations of exchanges, they may experience fraud, security failures or operational problems, which may adversely affect the value of digital assets traded on those exchanges and, consequently, the Company's investments and the securities of the Company.

Digital asset exchanges on which digital assets trade are relatively new and, in some cases, unregulated. Furthermore, 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 the less transparent or unregulated exchanges, including prominent exchanges that handle a significant volume of trading in these assets.

For example, in 2019 there were reports claiming that 80-95% of Bitcoin trading volume on exchanges was falsified or non-economic in nature, with specific focus on unregulated exchanges located outside of the U.S. Such reports may indicate that the Bitcoin exchange market is significantly smaller than expected and that the U.S. makes up a significantly larger percentage of such market than is commonly understood. Nonetheless, any actual or perceived false trading in exchanges, and any other fraudulent or manipulative acts and practices, could adversely affect the value of digital assets and/or negatively affect the market perception of such assets.

In addition, over the past several years, some exchanges have been closed due to fraud and manipulative activity, business failure or security breaches. In many of these instances, the customers of such exchanges were not compensated or made whole for the partial or complete losses of their account balances. While smaller exchanges are less likely to have the infrastructure and capitalization that make larger exchanges more stable, larger exchanges are more likely to be appealing targets for hackers and malware and may be more likely to be targets of regulatory enforcement action.

Negative perception, a lack of stability in these exchange markets and the temporary or permanent closure of such exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation 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 Company's investment strategies, the value of its assets and the value of any investment in the Company and, therefore, the securities of the Company.

Blockchain networks, digital assets and the exchanges on which these assets are traded are dependent on internet infrastructure and susceptible to system failures, security risks and rapid technological change.

The success of cryptocurrency-based blockchain and other digital asset platforms will depend on the continued development of a stable public infrastructure, with the necessary speed, data capacity and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Digital assets have experienced, and are expected to continue to experience, significant growth in the number of users and amount of content. There is no assurance that the relevant digital asset infrastructure will continue to be able to support the demands placed on it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. There is also no assurance that the infrastructure or complementary products or services necessary to make digital assets a viable product for their intended use will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs to adapt to changing technologies. The failure of these technologies or platforms or their development could materially and adversely affect the Company's investment strategies, the value of its assets and the value of any investment in the Company. Cryptocurrencies are created, issued, transmitted, and stored according to protocols run by computers in the cryptocurrency network. It is possible these protocols have undiscovered flaws or could be subject to network scale attacks which could result in losses to the Company. Advancements in quantum computing could break the cryptographic rules of protocols which support certain of the Company assets.

Proposed ETH upgrades to enhance the network's scalability and throughput may not be delivered, and network congestion could cause users to migrate to other blockchains, which could materially and adversely affect several of the Company's investments and trading strategies

Like all blockchain networks, rising adoption leads to network congestion, as space on decentralized ledgers is inherently scarce. From a design standpoint, striking a balance between security, decentralization, and scalability (or transactional throughput) is subject of great debate among innovators and has led to the creation of a variety of networks that make different trade-offs to achieve different outcomes. Pragmatically speaking, if network congestion rises to the point where transaction fees make it prohibitively expensive for average users to operate on the network, those users may stop using the network, and application developers may seek to build on other networks where users can afford to transact.

While no challenger networks have yet offered meaningful competition to ETH for either users or application developers, there is pressure on ETH protocol developers to deploy "Ethereum 2.0," which promises significant scaling improvements and ease network congestion. If Ethereum 2.0 takes too long to launch, or doesn't launch at all, an alternative blockchain network may attract users and developers, challenging ETH's position as the most valuable and widely used smart contracting platform. Even if Ethereum 2.0 does launch, major protocol changes and upgrades are risky and there could be design flaws or bugs that could be exploited in ways that are difficult to anticipate. A reduction in ETH's adoption or usage relative to challenger smart contracting networks could materially and adversely affect several of the Company's investments and trading strategies.

Risks associated with Decentralized Finance ("DeFi")

DeFi refers to a variety of blockchain-based applications or protocols that provide for peer-to-peer financial services using smart contracts and other technology rather than such services being offered by central intermediaries. Common DeFi applications include borrowing/lending digital assets and providing liquidity or market making in digital assets. DeFi applications and ecosystems, mostly built on Ethereum, are demonstrating how public blockchains and smart contracts can revolutionize financial services, but the nascent technology comes with several risks that could materially and adversely affect the Company's investments and strategies. It is difficult to quantify the amount of leverage that exists within the DeFi ecosystem and price volatility can result in deleveraging that moves asset prices dramatically. In addition, smart contracts may contain bugs which put funds at risk of theft or loss. Furthermore, in certain decentralized protocols, it may be difficult or impossible to verify the identity of a transaction counterparty

necessary to comply with any applicable anti-money laundering, countering the financing of terrorism, or sanctions regulations or controls.

The complexity and interconnectedness of digital asset networks, applications, and economic systems enables new forms of malicious attacks that leverage a feature or vulnerability of one system to attack another. Such an attack may take the form of a temporary manipulation of the price of certain digital assets that trigger second order behaviors, such as automatic collateral liquidations on decentralized applications or Digital Asset trading platforms. Such an attack could adversely affect investments. A malicious actor can exploit the structure of one or a series of smart contracts or applications in ways that do not technically constitute exploitation of a “bug” or flaw in the smart contract or application. For example, such an exploit has occurred repeatedly in the ETH DeFi ecosystem, whereby a decentralized exchange or lending application is designed to reference an external pricing source of a particular Digital Asset to determine when to liquidate collateral. By manipulating the price of the particular Digital Asset on a third-party platform (such as a Digital Asset trading platform), the pricing source used by the decentralized trading platform or application is consequently manipulated, which then leads to uneconomic collateral liquidations on the decentralized trading platform or application. Such liquidations may be processed automatically and could have a material adverse effect on the Company’s investments and trading strategies.

Risks related to Non-fungible Tokens (“NFTs”).

The Company may invest in, advise on, 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 investments and 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 and 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.

Malicious actors could manipulate the blockchain networks and smart contract technology upon which digital assets rely and increase the vulnerability of the blockchain networks.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers), including a state-sponsored actor, is able to hack or otherwise exert unilateral control over a particular blockchain network such as by obtaining a majority of the processing power dedicated to mining on the blockchain, or the digital assets on such a network, that actor could attempt to prevent the confirmation of transactions recorded in that digital asset on that blockchain and, in worst case scenario, potentially render the chain unusable. Digital assets have been the subject of attempted manipulation by hackers to use them for malicious purposes. The collective processing power of that blockchain network would be reduced, which would adversely affect the confirmation process for transactions by decreasing the speed of the adjustment in the difficulty for transaction block solutions. Lower block rewards could also make it less expensive for a malicious actor to obtain a majority of network hash rate. Any of the above events could materially and adversely affect certain of the Company’s investments and strategies, the value of its assets and the value of any investment in the Company.

The network contributors for certain digital assets could propose amendments to the network protocols and software for these digital assets that, if accepted and authorized by the network for these digital assets, could adversely affect an investment in the Company or the Company.

The networks for certain digital assets are based on a protocol governing the peer-to-peer interactions between computers connected to each other within that network. The development team for a network (if any) might propose and implement amendments to a network’s source code through software upgrades altering the original protocol, including fundamental ideas such as the irreversibility of transactions and

limitations on the validation of blockchain software distributed ledgers. Such changes to original protocols and software could materially and adversely affect the Company's investment and trading strategies, the value of its assets and the value of any investment in the Company.

Intellectual property rights claims may adversely affect the operation of portfolio companies and digital asset networks.

Third parties may assert intellectual property claims relating to portfolio companies or digital asset networks and their source code. Regardless of the merit of any claim, any threatened action that reduces confidence in portfolio companies or digital asset networks could materially and adversely affect the Company's investment and strategies, the value of its assets and the value of any investment in the Company. Additionally, a meritorious intellectual property claim could lead to a loss of value in the impacted portfolio company or prevent the Company or other end users from accessing a specific blockchain network or holding or transferring their digital assets, which could force the liquidation of certain digital assets in which the Company has an interest or cause the value of such digital assets to decline significantly. As a result, an intellectual property claim against a portfolio company or large participants on certain blockchain networks could materially and adversely affect the Company's investment and strategies, the value of its assets and the value of any investment in the Company.

Banks or other third-party services providers may decline to provide services to companies engaged in digital asset-related businesses, including the Company.

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, including the Company, for a number of reasons, such as perceived compliance risks or costs. The Company's inability to procure or keep banking services would have a material and adverse effect on the Company. Similarly, continued general banking difficulties may decrease the utility or value of digital assets or harm public perception of those assets. In addition to banks, other third-party service providers including accountants, lawyers and insurance providers may also decline to provide services to companies engaged in digital asset-related businesses because of the perceived risk profile associated with such businesses or the lack of regulatory certainty. The failure of digital asset-related businesses to be banked or obtain other services could materially and adversely affect the Company's businesses, investment and strategies, the value of its assets and the value of any investment in the Company.

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.

Digital assets may be subject to hold periods.

Crypto tokens used for staking are intended to be able to be withdrawn from their respective wallet at the request of the Company, however this process may take up to 30 days depending on the time of withdrawal and staking provider. In addition, several digital assets require validators to commit to securing the network, and locking up their crypto tokens, for an extended period of time. In particular, Ethereum 2.0 requires that validators commit to securing the network for a period of 12 to 18 months. The validator still controls the crypto tokens during this period, but is not able to liquidate the tokens being staked. An inability to withdraw digital assets in the time desired or at all may adversely affect the Company's business and liquidity, and the value of the Securities of the Company.

Other Risks Related to Trading, Investments and Assets

The Company may fail to develop and execute successful investment strategies.

The success of the Company's investment and advisory activities will depend on the ability of the investment team to identify overvalued and undervalued investment opportunities and to exploit price discrepancies. This process involves a high degree of uncertainty. No assurance can be given that the Company will be able to identify suitable or profitable investment opportunities in which to deploy its capital. The success of investment activities depends on the Company's ability to source deals and obtain favorable terms. Competition in investment activities is based on relationships, the ability to offer strategic advice to portfolio companies and reputation. The barrier to entry in each of these businesses is very low and competitors can easily and will likely provide similar services in the near future. The success of the Company's investment business could suffer if it is not able to remain competitive.

The Company is exposed to a concentration of assets in a particular asset class, which could increase volatility, investment and market risk.

The Company trades, invests, advises on and holds primarily digital assets and investments in the blockchain space and conducts related businesses. The Company may accumulate significant positions in, or otherwise have significant exposure to, a single digital asset or asset type. If the Company chooses to invest in concentrated positions, it could increase the volatility of investment results over time and exacerbate the risk that a loss in any position would have a material and adverse effect on the Company's investment and strategies, the value of its assets and the value of any investment in the Company.

The Company is exposed to significant market risk based on its positions in digital assets, securities, commodities and other assets. The prices or values of digital and non-digital assets in which the Company may invest or trade can be, and likely will be, highly volatile. Sustained market declines and periods of significant market volatility may limit the ability of the Company to produce positive investment and trading results, and there can be no assurance that the Company's strategies will be successful in the markets and assets in which it invests or trades.

There may not be an active and liquid trading market for digital assets.

Some digital assets may be more difficult to value than other investments because such assets may not have a liquid or transparent trading market. Although there may be an institutional market for certain digital assets, it is not possible to predict exactly how the market for such assets will develop or whether it will continue to exist. A digital asset that was liquid at the time of purchase may subsequently become illiquid, and its value may decline as a result. In addition, transaction costs are generally higher for digital assets.

The Company's investments in other investment vehicles may be subject to substantial risk.

The Company may make direct or indirect investments in pooled investment vehicles, which may expose the Company to all of the risks of those vehicles' investments. The values of pooled investment vehicles are subject to change as the values of their respective assets fluctuate. To the extent that the Company invests in managed pooled investment vehicles, the performance of the Company's investments in such vehicles will be dependent on the investment and research abilities of persons other than the Company. The securities offered by such vehicles typically are not registered under applicable securities laws because they are offered in transactions that are exempt from registration.

The Company's investments in currencies may be subject to substantial risk.

The Company may trade currencies in the interbank market, a global network of commercial banking institutions that make markets in foreign currencies. There is no limitation on daily price moves of contracts traded through banks and dealers. Banks and dealers may require the Company to deposit margin with respect to such trading. Banks and dealers are not required to continue to make markets in currencies.

There have been periods during which certain banks have refused to quote prices for currency contracts or have quoted prices with an unusually wide bid-ask spread. Arrangements to trade currency contracts may be made with only one or a few banks, and liquidity problems might therefore be greater than if such arrangements were made with numerous banks. The imposition of credit controls by government authorities might limit such trading to less than that which the Company would otherwise undertake. In respect of such trading, the Company is subject to the risk of bank failure or the inability of, or refusal by, a bank to perform with respect to such contracts. Most, if not all, of these contracts are directly affected by changes in interest rates. The effects of governmental intervention may also be particularly significant at certain times in the interbank market.

The Company's investments and trading transactions may be subject to credit risk.

Credit risk is the risk that an issuer of a security or a counterparty will be unable or unwilling to satisfy payment or delivery obligations when due and the related risk that the value of an investment or trade may decline because of concerns about the issuer's or the counterparty's ability to make such payments. In addition to the risk of an issuer of a security in which the Company invests failing or declining to perform on an obligation under the security, the Company is exposed to the risk that third parties, including trading counterparties, clearing agents, exchanges, clearinghouses, custodians, administrators and other financial intermediaries that may owe the Company money, securities or other assets will not perform their obligations. Any of these parties might default on their obligations to the Company because of bankruptcy, lack of liquidity, operational failure or other reasons, in which event the Company may lose all or substantially all of the value of any such investment or trading transaction. When the Company trades on exchanges that specialize in digital asset futures and derivatives, it is exposed to the credit risk of that exchange.

The Company is not obligated to hedge its exposures, and, if it does, hedging transactions may be ineffective or reduce the Company's overall performance.

The Company is not obligated to, and often times may not, hedge its exposures. However, from time to time, it may use a variety of financial instruments and derivatives, such as options, swaps, and forward contracts, for risk management purposes, including to: protect against possible changes in the market value of the Company's investment or trading assets resulting from fluctuations in the securities markets and changes in interest rates; protect the Company's unrealized gains in the value of its investments or trading assets; facilitate the sale of any such assets; enhance or preserve returns, spreads or gains on any trade or investment; hedge the interest-rate or currency-exchange risk on any of the Company's liabilities or assets; protect against any increase in the price of any assets that the Company anticipates purchasing at a later date; or to any other end that the Company deems appropriate. The success of any hedging activities by the Company will depend, in part, on its ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the assets being hedged. Since the characteristics of many assets change as markets change or time passes, the success of the Company's hedging strategy will also be subject to its ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. In addition, while the Company may enter into hedging transactions to seek to reduce risk, such transactions may actually increase risk or result in a poorer overall performance for the Company than if it had not engaged in such hedging transactions.

The Company may make, or otherwise be subject to, trade errors.

Errors may occur with respect to trades executed on behalf of the Company. Trade errors can result from a variety of situations, including, for example, when the wrong investment is purchased or sold or when the wrong quantity is purchased or sold. Trade errors frequently result in losses, which could be material. To the extent that an error is caused by a third party, the Company may seek to recover any losses associated with the error, although there may be contractual limitations on any third party's liability with respect to such error.

Unexpected market disruptions may cause major losses for the Company.

The Company 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 Company. Any such disruptions and events may have a material and adverse effect on the Company's investment and strategies and on any investment in the Company.

The Company is exposed to losses due to lack of perfect information.

As a trader in digital assets, the Company will trade in a variety of assets with a number of different counterparties on both an anonymous and disclosed basis. The Company may at times trade with others who have information that is more accurate or complete than the Company's, and as a result the Company may accumulate unfavorable positions at unfavorable prices preceding large price movements in a given instrument. If the frequency or magnitude of these events increases, the Company's losses would likely increase correspondingly, which could have a material and adverse effect on the effectiveness of the Company's investment or trading strategies and on any investment in the Company.

Valuation involves significant risks and uncertainties, including the fact that methodologies involve subjective judgments.

Digital assets, including but not limited to, Bitcoin, can fluctuate dramatically in value and can lose a material portion of their value in a short period of time. There can be no assurance as to the value of the Company's portfolio as of any date in the future. Any future valuation could diverge from previous estimates as a result of market fluctuations or additional third-party valuations of underlying assets using different and potentially inconsistent methods, financial reporting requirements under the International Financial Reporting Standards ("IFRS") or other factors.

For purposes of IFRS-compliant financial reporting, the Company's assets and liabilities are valued in accordance with IFRS. Accordingly, the Company is required to follow a specific framework for measuring the fair value of its assets and liabilities and, in its audited financial statements, to provide certain disclosures regarding the use of fair value measurements.

The fair value measurement accounting guidance establishes a hierarchical disclosure framework that ranks the observability of market inputs used in measuring financing instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value.

The Company holds certain securities, such as privately placed equity, debt, warrants or options, that will not have readily assessable market values. In such instances, the Company will determine the fair value of such securities based on various factors. In connection with securities for which no external pricing information is available, the Company may rely on internal pricing models or third-party valuation agents. Such valuations may vary from similar valuations performed by other independent third parties for similar types of securities. The valuation of illiquid securities is inherently subjective and subject to increased risk that the information used to value the security or to create the price models may be inaccurate or subject to other error. Inaccurate valuations may, among other things, hinder the Company from effectively managing its investment portfolios and risks.

The value of the Company's portfolio may also be affected by changes in accounting standards, policies or practices. From time to time, the Company will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that the Company is required to adopt could materially change the valuation of the Company's assets and liabilities.

Because of a wide variety of market factors and the nature of investments held by the Company, there is no guarantee that the value determined by the Company or a third-party valuation agent will represent the value that will be realized by the Company on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the Company or a third-party valuation agent are inherently different from the valuation of the Company's securities that would be performed if the Company were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

Changes in, or the development of guidance relating to, accounting standards governing the preparation of the Company's financial statements and future events could have a material impact on its reported financial condition, results of operations, cash flows and other financial data.

From time to time, regulators change the financial accounting and reporting standards governing the preparation of the Company's financial statements or the interpretation of those standards. These changes are difficult to predict and can materially impact how the Company records and reports its financial condition, results of operations, cash flows and other financial data. In some cases, the Company may be required to apply a new or revised standard retroactively or to apply an existing standard differently, also retroactively, in each case potentially resulting in the restatement of prior period financial statements and related disclosures. Additionally, the Company's accounting policies and methods are fundamental to how it records and reports its financial condition and results of operations. The preparation of financial statements in conformity with IFRS requires management to make estimates based upon assumptions about future economic and market conditions which affect reported amounts and related disclosures in our financial statements. If subsequent events occur that are materially different than the assumptions and estimates the Company used, its reported financial condition, results of operation and cash flows may be materially negatively impacted.

In addition, the accounting for, and audit standards relating to, digital assets remain subject to further guidance. To the extent that such guidance imposes obligations on audit firms that they are not able to meet with respect to the review of digital assets, the Company could have difficulty in obtaining an audit opinion, filing audited financial statements in a timely manner or obtaining an unqualified opinion.

Risks Related to Taxation

U.S. holders of securities of the Company may suffer adverse tax consequences if we are characterized as a Passive Foreign Investment Company.

Special U.S. federal income tax rules apply to U.S. persons (defined to include but not limited to persons who are U.S. citizens or individual residents of the U.S. (green card holders), or other entities that are treated as U.S. persons under the U.S. federal tax rules) that hold stock (*i.e.*, a "U.S. Holder") of a "passive foreign investment company" (a "**PFIC**"). The determination of PFIC status is inherently complex, factual, and subject to a number of uncertainties, and can be determined only annually after the close of the relevant calendar year. Generally, if for any taxable year 75% or more of our gross income is passive income, or at least 50% of our assets are held for the production of, or produce, passive income, we would be characterized as a passive foreign investment company for U.S. federal income tax purposes. A U.S. Holder who held shares in the Company during any year the Company was classified as a PFIC potentially faces adverse tax consequences, including having any gains realized on the sale of the shares treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on the shares by individuals who are U.S. Holders, having interest charges apply to distributions on the shares and the proceeds of share sales, and being subject to additional tax filings and reporting requirements.

If you are a U.S. holder of securities of the Company, we strongly urge you consult with your tax adviser regarding the application of these rules to you and your owners, as applicable. The Company is unable to provide advice and nothing described above or in any other public filings of the Company should be construed as advice.

The Canadian and U.S. federal income tax treatment of digital assets is unclear.

Due to the new and evolving nature of digital currencies and the absence of comprehensive guidance with respect to digital currencies, many significant aspects of the Canadian and U.S. federal income tax treatment of digital currencies are uncertain. The operations and dealings of the Company in or in connection with digital assets could be subject to adverse tax consequences in one or more jurisdictions, including as a result of development of the legal regimes surrounding digital assets, and the Company's operating results could be adversely affected thereby. Similarly, the purchase, holding or disposition of securities of the Company could also be subject to adverse treatment or adverse legal developments as a result of the Company's investment and dealings in digital assets through the Company.

There can be no assurance that applicable regulatory authorities will not alter their position with respect to digital currencies in the future. It is also unclear what additional guidance on the treatment of digital currencies for Canadian and U.S. federal income tax purposes may be issued in the future. Any such alteration of the current regulatory positions or additional guidance could result in adverse tax consequences for investors in the Company. Because of the evolving nature of digital currencies, it is not possible to predict potential future developments that may arise with respect to digital currencies. Such developments may increase the uncertainty with respect to the treatment of digital currencies for Canadian and U.S. federal income tax purposes.

The U.S. state, Canadian provincial, local and non-U.S. tax treatment of digital assets is unclear.

It is unclear what further guidance on the treatment of digital currencies for U.S. state and Canadian provincial tax purposes may be issued in the future. Any future guidance on the treatment of digital currencies for U.S. state, Canadian provincial or local tax purposes could result in adverse tax consequences for investors in the Company.

The treatment of digital currencies for tax purposes by non-U.S. jurisdictions may differ from the treatment of digital currencies for U.S. federal, state or local tax purposes. It is possible, for example, that a non-U.S. jurisdiction would impose sales tax or value-added tax on purchases and sales of digital currencies for fiat currency. For instance, if a foreign jurisdiction with a significant share of the market of Bitcoin users imposes onerous tax burdens on digital currency users, or imposes sales or value-added tax on purchases and sales of digital currency for fiat currency, such actions could result in decreased demand for digital currencies in such jurisdiction, which could adversely affect the price of digital currencies.

Shareholders and prospective purchasers of securities of the Company are urged to consult their own tax advisors regarding the treatment of digital assets and the consequences of investing in the Company, which, indirectly through the Company, will invest in digital assets.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, the Company's principal Shareholders, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's most recently filed Management Information Circular available under the Company's SEDAR+ profile at www.sedarplus.ca.

Additional financial information is provided in the:

- audited financial statements of the Company for the fiscal year ended December 31, 2023, together with the notes thereto and the auditor's report thereon; and
- management's discussion and analysis of financial condition and results of operations of the Company for the fiscal year ended December 31, 2023. (collectively, the "**Financial Disclosure**").

The Financial Disclosure is available under the Company's SEDAR+ profile at www.sedarplus.ca.

**APPENDIX A -
AUDIT COMMITTEE CHARTER
IMMUTABLE HOLDINGS INC.**

Mandate

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of at least three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee should have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate so as to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following each annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least once quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases pertaining to financial matters before the Company publicly discloses this information, and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement from the external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board - Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements; and to review any related-party transactions.