

## FORM 51-102F3

### MATERIAL CHANGE REPORT

**1. Name and Address of Company**

LUXXFOLIO Holdings Inc. (the “Company”)  
212 – 1080 Mainland Street  
Vancouver, British Columbia V6B 2T4

**2. Date of Material Change**

August 31, 2020

**3. News Release**

The Company disseminated a news release in respect of the material change on August 31, 2020, via Baystreet and Stockwatch news wire services. The news release was filed on SEDAR on August 31, 2020.

**4. Summary of Material Change**

The Company closed the second tranche of a non-brokered private placement and revised the terms of the offering.

**5.1 Full Description of Material Change**

In connection with the Company’s non-brokered private placement (the “Offering”) that was previously announced on June 2, 2020, and July 3, 2020, the Company completed the second tranche (“Second Tranche”) of the Offering. The Offering was to be comprised of a maximum of 4,000,000 Class A Convertible Preferred Shares of the Company at a price of \$0.05 per preferred share. It is now composed of the sale of up to 8,000,000 Special Warrants (“Special Warrants”) of the Company at a price of C\$0.05 per Special Warrant. The Second Tranche consisted of the sale of 1,300,000 Special Warrants Shares for aggregate gross proceeds of C\$65,000.00

Each Special Warrant will be non-transferrable and will entitle the holder to automatically receive, without payment of additional consideration one common share in the capital of the Company on the earlier of:

- (a) 5 business days after the holder elects to convert all of their Special Warrants;  
and

- (b) The day the Company has cumulatively raised \$500,000 via equity financings after the close of the Offering; and
- (c) The day that is three years after the date of the closing of the Offering.

The holder of the Special Warrant will have limited voting rights on certain corporate matters including share consolidations and election of directors. The Company may also seek the approval of the Special Warrant holders for private placements or public offerings for the sale of equity securities of its own issuance after the close of the Offering ("Future Offerings").

Subject to any Special Warrants remaining outstanding during the three-year term, the Company will only undertake a Future Offering if:

- (a) The offering price of the equity security (the "Future Offering Price") is greater than \$0.055 within the first 18-month period following the close of the Offering; or
- (b) The Future Offering Price is greater than \$0.0575 after the 18-month period immediately following the close of the Offering; or
- (c) The Future Offering is approved by a majority vote of the Special Warrant holders.

Any Future Offering Price will be adjusted to account for any share consolidation, stock split, recapitalization, and the like that occurs after the close of the Offering.

All securities issued and issuable pursuant to the Offering will be subject to a hold period of four months and one day from the date of issuance. Completion of the Offering is subject to the receipt of all regulatory approvals, including the approval of the Canadian Securities Exchange.

Insiders of the Company subscribed for 300,000 Special Warrants in the Second Tranche and such subscriptions are considered to be a "related party transaction" as defined in Multilateral Instrument 61-101 ("MI 61-101"). The transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves the insiders, exceeds 25% of the Company's market capitalization. The Company did not file a material change report 21 days prior to the transaction because the Company had not received and accepted a subscription from an insider at that time.

The Company intends to use the proceeds from the Offering for general working capital and to enable the Company to pursue the strategic review which was announced in December (the "Strategic Review") and related opportunities, which may include, but are not limited to, the Letter of Intent disclosed in March of this year, changes to the capital structure, the acquisition or merger of a strategic opportunity, the disposition of certain assets of the Company, or the further

development and expansion of the Company's wholly owned subsidiary's authentication and distributed ledger technology.

There is no assurance that the Strategic Review or the Offering or both will result in the approval or completion of any strategic alternative or transaction in the future. The Company continues to proceed expeditiously but has not set a timetable for completion of the Strategic Review. The Company will provide updates on the Strategic Review at such time as it determines that further disclosure is appropriate or required.

**5.2 Disclosure for Restructuring Transaction**

Not applicable.

**6. Reliance on subsection 7.1(2) of National Instrument 51.102**

This report is not being filed on a confidential basis

**7. Omitted Information**

No significant facts required to be disclosed have been omitted.

**8. Executive Officer**

For further information contact:

Name: Dean Linden

Officer: Chief Executive Officer

Telephone: (604) 398-3837

**9. Date of Report**

August 31, 2020