

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: **LUXXFOLIO Holdings Inc. (the “Issuer”, the “Company”)**

Trading Symbol: **LUXX**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer’s unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer’s first, second and third fiscal quarters. This statement is not intended to replace the Issuer’s obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term “Issuer” includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

All related party transactions are disclosed in the Issuer's unaudited Interim Condensed Consolidated Financial Statements, note 8, and the Issuer's Interim MD&A – Quarterly Highlights, under Related Party Transactions, for the three and nine months ended May 31, 2022, and 2021, attached hereto as Schedules A and C.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

No securities were issued during the quarter ending May 31, 2022. Subsequently, since the Issuer's last filing of a Listing Statement (Form 2A), an aggregate total of 12,500,000 common shares ("Shares") and 12,500,000 share purchase warrants ("Warrants") were issued as part of a private placement (the "Unit Offering"), that closed on June 9, 2022.

The Unit Offering is comprised of one Share issued at \$0.16 per share with one whole Warrant exercisable at \$0.21 for a period of 2 years. If over a period of 20 consecutive trading days, occurring at any time after the closing date of the Unit Offering, the volume-weighted average market closing price (the “VWAM”) for the Company’s Shares on the Canadian Securities Exchange (or such other Canadian exchange as applicable at the time) is equal to or greater than a VWAM of CAD\$0.50 (the end of such 20 day period being the “Acceleration Event”), then the expiry date of the Warrants may be accelerated by the Company to a date not later than the 20th day that immediately follows the Acceleration Event. The Company has the option to offer further units with subsequent closings in addition to the Unit Offering.

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
June 9, 2022	Combined units each comprised of one Share & one Warrant	Private placement	12,500,000	\$0.16	\$2.0 M	Cash	Related Person (~15% of the issued & outstanding Shares Issuer)	N/A

(b) summary of options granted during the period,

None.

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative,

redemption and conversion provisions,

- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

A summary of securities is included in the Issuer's unaudited Interim Condensed Consolidated Financial Statements for the three and nine months ended May 31, 2022, and 2021 attached hereto as Schedule A. Please refer to the unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity and note 10.

- 4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Name	Position(s) held
Geoffrey McCord	Chief Financial Officer
Anthony Wong	Corporate Secretary
Kien Tran	Chief Operating Officer
Kelly Klatik	Director
Ken MacLean	Director, President
Dr. Michael J. Byron	Director
Brad Farquhar	Director
David Gens	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

The Issuer's Interim MD&A – Quarterly Highlights for the three and nine months ended May 31, 2022, and 2021, is attached hereto as Schedule C.

SCHEDULE A: FINANCIAL STATEMENTS

**Interim Condensed Consolidated Financial Statements
For the three and nine months ended May 31, 2022 and 2021
(Unaudited)**



LUXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Financial Statements
For the three and nine months ended May 31, 2022 and 2021
(Expressed in US Dollars)
(Unaudited)

Dated: August 2, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a) continuous disclosure requirement, if any auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Financial Position (unaudited)
(Expressed in US Dollars)

As at	May 31, 2022	August 31, 2021
Assets		
Current assets		
Cash	\$ 191,381	\$ 313,604
Accounts receivable and GST receivable	134,968	64,508
Prepaid expenses	2,515	248,288
Digital Assets – Held in Custody (note 5)	1,667,593	1,281,962
	1,996,457	1,908,362
Non-current assets		
Investment in private company	10,000	10,000
Deposits on equipment (note 6)	7,713,378	8,758,725
Plant and equipment – net (note 7)	14,519,242	3,229,102
Goodwill (note 11)	4,438,142	4,622,303
	26,680,762	16,620,130
Total assets	\$ 28,677,219	\$ 18,528,492
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 850,774	\$ 541,919
Deferred income	152,752	-
Short-term debt	11,970	-
Current portion of the long-term debt	7,436,784	4,215,043
	8,452,280	4,756,962
Non-current liabilities		
Long-term debt (note 9)	4,948,976	4,742,497
	13,401,256	9,499,459
Shareholders' equity		
Common shares (note 10)	19,336,719	8,763,996
Special warrants (note 10)	-	2,187,866
Contributed surplus (note 10)	805,393	214,805
Warrant reserves (note 10)	1,361,998	1,477,963
Accumulated deficit	(6,228,147)	(3,626,177)
Accumulated other comprehensive income	-	10,580
	15,275,963	9,029,033
Total liabilities and shareholders' equity	\$ 28,677,219	\$ 18,528,492

Going Concern – Note 2. The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Approved on behalf of the Board:

Signed: "Kelly Klatik"

Kelly Klatik, Director

Signed: "Brad Farquhar"

Brad Farquhar, Director

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)
(Expressed in US Dollars)

	For the three months ended May 31, 2022	For the three months ended May 31, 2021	For the nine months ended May 31, 2022	For the nine months ended May 31, 2021
Revenue				
Bitcoin mining	\$ 2,746,473	\$ -	\$ 8,913,587	\$ -
Hosting revenue	152,752	-	458,542	-
Total revenues	2,899,225	-	9,372,129	-
Operating expenses				
Advertising	-	-	27,454	-
Consulting (note 8)	75,169	141,171	685,788	151,295
Depreciation (note 7)	1,869,693	-	4,011,751	-
Electricity	626,206	-	1,537,422	-
General and administration	125,201	152,747	555,869	160,072
Interest (note 9)	495,824	34,816	1,366,016	54,812
Insurance (note 8)	59,927	-	119,577	-
Compensation	269,487	-	643,042	-
Management fees (note 8)	33,381	60,000	132,240	64,500
Professional fees	20,517	1,009	318,588	5,445
Rent (note 8)	15,288	8,000	49,533	11,000
Supplies and maintenance	49,502	-	201,892	-
Total operating expenses	3,640,195	397,743	9,649,172	447,124
Other expenses				
Share-based payments (note 10)	249,789	186,228	925,547	206,464
Amortization of financing fees	30,902	3,375	88,496	6,749
Realized loss on digital assets	421,670	-	661,950	-
Unrealized loss on digital assets	738,660	-	765,346	-
Total other expenses	1,441,021	189,603	2,441,339	213,213
Net income (loss)	\$ (2,181,991)	\$ (587,346)	\$ (2,718,382)	\$ (660,337)
Basic and diluted net loss per share	\$ (0.03)	\$ (0.02)	\$ (0.04)	\$ (0.03)

Weighted average number of shares outstanding:

Basic and diluted	74,217,944	32,696,471	68,389,153	24,453,690
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The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(Expressed in US Dollars)

	Note	Number of common shares	Common shares	Special warrants	Contri- buted surplus	Warrant reserves	Deficit	Accumu- lated OCI	Total
Balance, August 31, 2020		17,647,415	\$ 1,636,540	\$ 122,626	\$ -	\$ 51,894	\$ (1,735,868)	\$ 693	\$ 75,885
Issuance of common shares		9,772,060	1,577,411	-	-	-	-	-	1,577,411
Issuance of special warrants		-	-	65,561	-	-	-	-	65,561
Issuance of share purchase warrants		-	-	-	-	59,560	-	-	59,560
Share-based compensation		-	-	-	111,467	-	-	-	111,467
Exercise of special warrants		5,000,000	189,995	(189,995)	-	-	-	-	-
Exercise of share purchase warrants		526,000	134,675	-	-	(51,296)	-	-	83,379
Expired share purchase warrants		-	-	-	-	(2,345)	2,345	-	-
Currency translation adjustment		-	225,907	1,808	-	1,747	(162,483)	-	66,979
Net income (loss)		-	-	-	-	-	(527,341)	-	(527,341)
Balance, May 31, 2021		32,945,475	\$ 3,764,528	\$ -	\$ 111,467	\$ 59,560	\$ (2,423,347)	\$ 693	\$ 1,512,901
Issuance of special warrants		-	-	2,187,866	-	64,349	-	-	2,252,215
Issuance of units		470,000	126,655	-	-	3,725	-	-	130,380
Issuance of share purchase warrants		-	-	-	-	665,073	-	-	665,073
Finder's fees		-	(40,787)	-	-	-	-	-	(40,787)
Acquisition of WestBlock		16,000,000	5,073,299	-	-	685,258	-	-	5,758,557
Share-based compensation		-	-	-	103,338	-	-	-	103,338
Currency translation adjustment		-	(159,699)	-	-	(2)	97,911	(178,623)	(240,413)
Revaluation of cryptocurrencies		-	-	-	-	-	-	188,510	188,510
Net income (loss)		-	-	-	-	-	(1,300,741)	-	(1,300,741)
Balance, August 31, 2021		49,415,475	\$ 8,763,996	\$ 2,187,866	\$ 214,805	\$ 1,477,963	\$ (3,626,177)	\$ 10,580	\$ 9,029,033
Issuance of units	10	13,600,000	6,824,023	-	-	265,965	-	-	7,089,988
Issuance of compensation options	10	-	-	-	-	311,373	-	-	311,373
Conversion of special warrants	10	8,118,912	2,187,866	(2,187,866)	-	-	-	-	-
Exercise of share purchase warrants	10	2,583,554	1,416,754	-	-	(603,532)	-	-	813,222
Expired share purchase warrants	10	-	-	-	-	(89,676)	89,676	-	-
Asset purchase of Blackcloud	10	500,003	327,366	-	-	-	-	-	327,366
Share-based compensation	10	-	-	-	590,504	-	(22,360)	-	568,144
Currency translation adjustment		-	(183,286)	-	84	(95)	49,096	(10,580)	(144,781)
Net income (loss)		-	-	-	-	-	(2,718,382)	-	(2,718,382)
Balance, May 31, 2022		74,217,944	\$ 19,336,719	\$ -	\$ 805,393	\$ 1,361,998	\$ (6,228,147)	\$ -	\$ 15,275,963

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Cash Flows (unaudited)
(Expressed in US Dollars)

	For the nine months ended May 31, 2022	For the nine months ended May 31, 2021
Operating Activities		
Net income (loss)	\$ (2,718,382)	\$ (517,140)
Changes in non-cash operating items:		
Depreciation	4,011,751	-
Share-based payments	925,547	161,692
Bitcoin mining revenue	(8,913,587)	-
Hosting revenue	(458,542)	-
Amortization of financing fees	88,496	(231,733)
Realized (gain) loss on Digital Assets	654,080	-
Unrealized (gain) loss on Digital Assets	765,346	-
Changes in non-cash working capital:		
Digital Assets – sold	7,780,473	-
Accounts receivable and GST receivable	(70,460)	(11,645)
Prepaid expenses	245,773	-
Accounts payable and accrued liabilities	308,855	32,366
Cash provided by (used in) operating activities	2,619,350	(566,460)
Investing Activities		
Purchase of plant and equipment	(6,243,407)	-
Deposit on plant and equipment	(7,605,412)	(6,847,043)
Cash provided by (used in) investing activities	(13,848,819)	(6,847,043)
Financing Activities		
Issuance of units through public offering	6,824,023	-
Issuance of common shares	-	1,558,651
Issuance of special warrants	-	66,567
Exercise of share purchase warrants	813,222	82,387
Proceeds from short-term debt	463,950	-
Proceeds from long-term debt	7,943,662	6,064,526
Repayment of short-term debt	(451,980)	-
Repayment of long-term debt	(4,485,631)	(52,808)
Cash provided by (used in) financing activities	11,107,246	7,719,323
Inflow (outflow) of cash	(122,223)	305,820
Cash, Beginning of the period	313,604	95,339
Cash, End of the period	\$ 191,381	\$ 401,159

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

1. NATURE OF OPERATIONS

Luxxfolio Holdings Inc. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on October 10, 2017. On March 21, 2019, the Company’s shares began trading on the Canadian Securities Exchange (“CSE”), under the symbol LUXX. The head office of the Company is located at 212 – 1080 Mainland Street, Vancouver, British Columbia. The Company’s business is that of its wholly owned subsidiaries, Luxxfolio Network Inc. (“Luxxfolio”) and WestBlock Capital Inc. (“WestBlock”). The Company’s goal is to become a vertically integrated Blockchain and digital asset company that participates in the decentralized financial system.

The Company completed the amalgamation of WestBlock on June 14, 2021. WestBlock operates an industrial scale digital asset mining and hosting platform through its wholly owned subsidiary WestBlock Hosting Arizona Inc. located in New Mexico. The mining platform, owned 100% by the Company, was originally developed in partnership with the Navajo Tribal Utility Authority (“NTUA”) and resides on Navajo Tribal lands.

2. GOING CONCERN

These unaudited interim condensed consolidated financial statements have been prepared on a going concern basis which assumes the Company will continue operating for the foreseeable future and will be able to realize a return on its assets and discharge its liabilities and commitments in the ordinary course of its business.

For the nine months ended May 31, 2022, the Company realized a net loss of \$2,718,382 (2021 – \$527,341) and as of May 31, 2022, had a working capital deficiency of \$6,455,823 (August 31, 2021 – \$2,848,600) and an accumulated deficit of \$6,228,147 (August 31, 2021 - \$3,626,177). In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's continued existence is dependent upon its ability to raise additional capital, obtain financing, realize revenue and positive cash flows from its Bitcoin mining operations. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These consolidated financial statements do not include any adjustments that would be necessary, should the Company be unable to continue as a going concern. Such adjustments could be material

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

3. BASIS OF PRESENTATION

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Standards Interpretation Committee ("IFRIC").

The Company is in the business of mining for digital assets, specifically Bitcoin. As such, there are many aspects of its business that are not specifically addressed by current IFRS guidance. The Company is required to make judgements as to the application of IFRS and the selection of appropriate accounting policies. The Company has disclosed its presentation, recognition and derecognition, and measurement of digital assets and the related recognition of revenues, significant assumptions, and judgements. If, however, specific guidance is issued by the IASB in the future, the impact on the Company's financial position and results of operations may be material.

These unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 2, 2022.

(b) Basis of presentation and Principals of consolidation

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and digital currencies that have been measured at fair value, on the reporting date.

These unaudited interim condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Luxxfolio Network Inc., WestBlock Capital Inc., WestBlock Hosting Inc., WestBlock Hosting Arizona Inc., and WestBlock, LLC. All intercompany balances, transactions, unrealized gains, and losses resulting from intercompany transactions have been eliminated on consolidation.

(c) Functional and presentation currency

Transactions and balances in the unaudited interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates. These unaudited interim condensed consolidated financial statements are presented in United States dollars ("USD"). The functional currency is USD for all the entities with the exception of Luxxfolio Holdings Inc. which is Canadian dollars ("CAD").

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

3. BASIS OF PRESENTATION (continued)**(d) Use of estimates and judgements**

The preparation of these unaudited interim condensed consolidated financial statements in accordance with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim condensed consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company remain unchanged and are consistent with those described in the audited consolidated financial statements for the year ended August 31, 2021 and 2020.

5. DIGITAL ASSETS – HELD IN CUSTODY**(a) Digital Assets**

As at May 31, 2022, the Company held Bitcoin, Ethereum, and Filecoin as its digital assets in segregated custody vaults with Anchorage Digital Bank NA, a US federally chartered digital bank and registered custodian. The digital assets are recorded at their fair value on the date they are received as revenues and are revalued at their current market value at each reporting date. Fair value is determined by taking the closing price listed on Yahoo Finance at the reporting date. The continuity of digital assets is as follows:

<i>(At fair value)</i>	Bitcoin		Ethereum		Filecoin	
	Units	\$	Units	\$	Units	\$
Opening balance, Aug 31, 2020	-	nil	-	nil	-	nil
Ending balance, May 31, 2021	-	-	-	-	-	-
Acquired	20.81	819,122	-	-	-	-
Digital assets mined	13.73	607,330	-	-	-	-
Digital assets sold	(7.22)	(293,259)	-	-	-	-
Revaluation	-	148,769	-	-	-	-
Ending balance, Aug 31, 2021	27.32	1,281,962	-	-	-	-
Acquired	-	-	51.99	220,433	1,105	22,240
Digital assets mined	192.54	8,771,531	40.85	125,878	-	-
Digital assets sold	(167.57)	(7,780,473)	(91.85)	(239,325)	-	-
Revaluation	-	(616,232)	-	(105,068)	-	(13,353)
Ending balance at, May 31, 2022	52.29	1,656,788	0.99	1,918	1,105	8,887
Collateralized, May 31, 2022	48.54	1,537,971	-	-	-	-
Uncollateralized, May 31, 2022	3.75	118,817	0.99	1,918	1,105	8,887

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

5. DIGITAL ASSETS – HELD IN CUSTODY (continued)**(b) Non-fungible Tokens**

During the nine months ended May 31, 2022, the Company acquired non-fungible tokens (“NFTs”) through an NFT marketplace. The NFTs are recorded at their fair value on the date they were acquired and are revalued at their current market value at each reporting date. Fair value is determined by the bidding price of the NFTs on an active NFT marketplace at the reporting date. The Company had written off the NFTs as at May 31, 2022.

The continuity of NFT is as follows:

	NFT	
	Units	\$
Opening balance, August 31, 2020	-	nil
Ending balance at fair value, May 31, 2021	-	-
Ending balance at fair value, August 31, 2021	-	-
Acquired	1	97,088
Revaluation	(1)	(97,088)
Ending balance at fair value, May 31, 2022	-	nil

6. DEPOSITS ON EQUIPMENT

	May 31, 2022	May 31, 2021
Deposits on mining equipment	\$6,203,473	\$7,242,370
Deposits on immersion equipment	1,509,905	-
Total	\$7,713,378	\$7,242,370

As at May 31, 2022, the Company had a total deposit of \$6,203,473 (2021 - \$7,272,370) towards the purchase of 2,900 Bitmain S19j Pro Bitcoin miners. The Company had received a total of 1,800 of the 2,900 Bitmain Miners as at May 31, 2022. The Company was granted price protection in the event of any material spot price declines on the Bitmain Miners.

During the nine months ended May 31, 2022, the Company had a total deposit of \$1,509,905 (2021 - \$nil) towards the purchase of an immersion-cooling system. The immersion-cooling system is scheduled to be installed in the last fiscal quarter of 2022 (see “Related Party Transactions” and “Subsequent Events”).

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

7. PLANT AND EQUIPMENT

	Mining servers	Equipment	Infrastructure	Total
Cost				
As at August 31, 2020	\$nil	\$nil	\$nil	\$nil
As at May 31, 2021	-	-	-	-
Acquired through acquisition	-	19,534	1,306,381	1,325,915
Additions	2,039,341	7,420	-	2,046,761
As at August 31, 2021	2,039,341	26,954	1,306,381	3,372,676
Acquired through asset purchase	70,400	36,533	-	106,933
Additions	14,208,052	429,384	560,012	15,197,448
As at May 31, 2022	\$16,317,793	\$492,871	\$1,866,393	\$18,677,057
Accumulated depreciation				
As at August 31, 2020	\$nil	\$nil	\$nil	\$nil
As at May 31, 2021	-	-	-	-
Depreciation	71,217	2,490	72,357	146,064
As at August 31, 2021	71,217	2,490	72,357	146,064
Depreciation	3,754,842	11,708	245,201	4,011,751
As at May 31, 2022	\$3,826,059	\$14,198	\$317,558	\$4,157,815
Net Book Value, May 31, 2021	\$nil	\$nil	\$nil	\$nil
Net Book Value, May 31, 2022	\$12,491,734	\$478,673	\$1,548,835	\$14,519,242

8. RELATED PARTY TRANSACTIONS

During the nine months ended May 31, 2022, the Company incurred management fees of \$132,240 (2021 - \$50,510) and rental fees of \$21,533 (2021 - \$8,614) from a company controlled by a director of the Company and a director of the Company's subsidiaries. During the same period, the Company incurred compensation and consulting fees of \$515,572 (2021 - \$27,452) by certain officers and directors of the Company and its subsidiaries, representing monthly consulting fees and compensation for key management functions.

On December 24, 2020, the Company placed an order for 590 Avalon 1246 Pro Bitcoin miners (the "Avalon Miners") at a total purchase price of \$1,174,100. The purchase price was satisfied through a combination of cash and an asset backed lending structure (the "ABL I") provided by NYDIG ABL LLC ("NYDIG"; formerly Arctos ABL LLC). Subsequent to the structuring of the ABL transaction, a related party, CHP Agent Services Inc., entered into a participation agreement to acquire a 100% participation interest in ABL I (see Note 9) amounting to \$880,575. CHP Agent Services Inc. is controlled by a director of the Company and a director of the Company's subsidiaries. During the nine months ended May 31, 2022, the company paid \$51,455 (2021 - \$42,923) in interest to CHP Agent Services Inc. relating to ABL I (See "Subsequent Events").

LUXXFOLIO HOLDINGS INC.

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8. RELATED PARTY TRANSACTIONS (continued)

On May 27, 2021, the Company placed an order for 2,400 Bitmain S19j Pro Bitcoin miners (the "Bitmain Miners") at a total purchase price of \$17,023,800. The purchase price will be satisfied through a combination of cash and asset backed lending structures ("ABL II" and "ABL III") provided by NYDIG. Subsequent to the structuring of asset backed lending transactions, a related party, CHP Agent Services Inc., entered into a participation agreement to acquire a 100% participation interest in ABL III (see Note 9). During the nine months ended May 31, 2022, the company paid \$79,258 (2021 - \$nil) in interest to CHP Agent Services Inc. relating to ABL III.

On June 14, 2021, the Company assumed debt amounting to \$869,000 as a result of the acquisition of WestBlock. 50% of the \$869,000 loan ("CAS - Facility I") was provided by CHP Agent Services Inc., a related party (see Note 9). On July 29, 2021, the Company placed an order for 100 S19j Pro Bitcoin miners at a total purchase price of \$755,000. The purchase price was satisfied through a combination of cash and an asset backed loan facility of \$377,500 ("CAS - Facility II") provided by CHP Agent Services Inc., a related party (see Note 9). On November 25, 2021, the Company finalized the order with CES Corporation ("CES") on the Immersion-Cooling System for a total purchase price of \$2,353,240 (the "Purchase Price"). The Purchase Price was satisfied through a combination of cash and an asset backed loan facility ("CAS - Facility III") provided by CHP Agent Services Inc., a related party (see Note 9).

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the "Senior Debt Facility") to refinance the CAS facilities with CHP Agent Services Inc., a related party (see Note 9). Total interest paid to the Senior Debt Facility amounted to \$206,677 (2021 - \$nil) during the nine months ended May 31, 2022.

During the nine months ended May 31, 2022, the Company had utilized a line of credit facility provided by CHP Capital Inc., a related party controlled by a director of the Company. The Company paid interest amounting to \$13,104 (2021 - \$nil) and repaid in full all amounts owed under the line of credit (see Note 9).

During the nine months ended May 31, 2022, the Company financed its property insurance of \$59,546 through InHand Financial Inc., a related party, controlled by a director of the Company and a director of the Company's subsidiaries. During the nine months ended May 31, 2022, the Company paid interest amounting to \$2,738 (2021 - \$nil) to InHand Financial Inc.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers and are included in the amounts described above. All related party transactions are in the normal course of operations and have been recorded at the fair values on the date they occur.

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9. LONG-TERM DEBT

	May 31, 2022	May 31, 2021
Senior Debt Facility	\$2,106,632	\$nil
NTUA note	309,089	-
ABL I	130,821	824,672
ABL II	8,114,670	4,255,950
ABL III	203,078	1,243,425
NYDIG asset backed facility ("ABL IV")	1,676,609	-
Less: Financing fees	(155,140)	-
Less: Current portion	(7,436,783)	(4,727,800)
Total long-term debt	\$4,948,976	\$1,596,247

Scheduled principal repayments of total long-term debt are as follows:

FY2022	\$ 1,906,275
FY2023	9,008,654
FY2024	1,625,970
	\$12,540,899

Asset Backed Lending Facilities:

<i>As at May 31, 2022</i>	ABL I	ABL II	ABL III	ABL IV
Total debt	\$880,575	\$11,065,470	\$1,243,425	\$1,750,000
Amounts outstanding	\$130,821	\$8,114,670	\$203,078	\$1,676,609
Interest rate	16%	15%	16%	15%
Duration	19 months	30 months	14 months	26 months
Payment frequency	Monthly	Monthly	Monthly	Monthly
FY2022 principal reduction	\$130,821	\$1,310,377	\$203,078	\$225,722
FY2023 principal reduction	\$nil	\$5,758,323	\$nil	\$991,913
FY2024 principal reduction	\$nil	\$1,045,970	\$nil	\$458,974

On December 24, 2020, the Company placed an order for 590 Avalon Miners at a total purchase price of \$1,174,100. The purchase price was satisfied through a combination of cash and an asset backed lending facility ("ABL I") provided by NYDIG. Interest expense relating to the ABL I amounted to \$51,455 (2021 - \$42,923) for the nine months ended May 31, 2022. Security for the ABL I consists of a first priority charge on the Avalon Miners and any Bitcoin and related assets generated from the use of the Avalon Miners.

On May 27, 2021, the Company placed an order for 2,400 Bitmain S19j Pro Bitcoin miners (the "Bitmain Miners") at a total purchase price of \$17,023,800. The purchase price was satisfied through a combination of cash and asset backed lending structures ("ABL II" and "ABL III") provided by NYDIG as summarized above. ABL II is interest only payments for the initial eight months. ABL III is interest only payments for the first month. ABL III is a refinancing of the original Avalon Miner purchase. As at May 31, 2022, the Company paid a total down payment of \$1,293,945 plus financing fees of \$221,309 for the Bitmain Miners. Interest expenses relating to the ABL II and III amounted to \$874,598 (2021 - \$nil) and \$79,258 (2021 - \$nil) respectively for the nine months ended May 31, 2022. Security for ABL II and III consist of a first priority charge on the related Miners and any Bitcoin and related assets generated from the use of the Miners.

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9. LONG-TERM DEBT (continued)

On December 16, 2021, the Company placed an order for 500 S19J Pro Bitcoin miners at a cost of \$3,020,000 to be satisfied by a combination of working capital and ABL IV provided by NYDIG. ABL IV is interest only for the initial four months. Interest expense relating to the ABL IV amounted to \$118,125 (2021 - \$nil) during the nine months ended May 31, 2022. Security for the ABL IV consists of a first priority charge on the related Bitcoin Miners and any Bitcoin and related assets generated from the use of the Bitcoin Miners.

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the "Senior Debt Facility") with CHP Agent Services Inc., a related party. The Senior Debt Facility replaced the existing CAS - Facility I, CAS - Facility II, and CAS - Facility III. During the nine months ended May 31, 2022, the company paid a total of \$206,677 (2021 - \$nil) in interest expenses relating to the Senior Debt Facility. The facility may also be used to acquire additional Bitcoin mining servers and equipment.

The Senior Debt Facility carries the following terms:

- Available loan proceeds established at \$3 million CAD, but may be expanded to \$5 million CAD if agreed by both parties;
- The facility term is 24 months following the closing date;
- Security provided by WestBlock and its subsidiaries consisted of a general security agreement on all WestBlock operations and a first charge on cryptocurrency mining equipment and cryptocurrency units;
- A variable interest rate between 16% and 13% that decreases as the total collateral coverage increases in relation to the total debt outstanding; and
- A facility fee amounting to 0.75%

CAS - Facility I

As a result of the acquisition of WestBlock, the Company assumed debt amounting to \$869,000 on June 14, 2021. This debt was incurred by WestBlock to facilitate the acquisition of the 51% partnership interest in the hosting facilities owned by the Navajo Tribal Utility Authority ("NTUA"), providing WestBlock with 100% ownership of this operation. CHP Agent Services Inc., a related party, provided the CAS – Facility I for 50% of the \$869,000 loan. CAS – Facility I carries an interest rate of 12% and a term of 19 months with interest only payments for the initial four months. Security of CAS – Facility I consists of a general security agreement on WestBlock and its subsidiaries which includes the Bitcoin held by WestBlock. The other 50% of the \$869,000 loan was provided by the NTUA.

The debt facility provided by NTUA carries an interest rate of 7% and a term of 36 months. Interest expenses relating to the NTUA debt facility amounted to \$13,082 (2021 - \$nil) for the nine months ended May 31, 2022.

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9. LONG-TERM DEBT (continued)***CAS - Facility II***

On July 29, 2021, the Company placed an order for 100 S19j Pro Bitcoin miners at a total purchase price of \$755,000. The purchase price was satisfied through a combination of cash and CAS – Facility II provided by CHP Agent Services Inc., a related party. The debt facility financed 50% of the purchase amount totaling \$377,500, carries an interest rate of 16% and a term of 16 months with an interest only payment for the initial month. Security for the debt consists of a general security agreement on WestBlock and its subsidiaries.

CAS - Facility III

On November 25, 2021, WestBlock finalized the order with CES on the Immersion-Cooling System. The purchase price of the Immersion System is \$2,353,240 of which \$1,942,200 will be paid in cash and \$410,040 will be paid by the issuance of 612,000 common shares of the Company at a deemed price of \$0.83 CAD per share. The cash portion will be satisfied through an asset backed loan facility provided by CHP Agent Services Inc., a related party.

Line of Credit

On July 29, 2019, the Company entered into a Line of Credit and Security Agreement (the “LOC Agreement”) with CHP Capital Inc. (“CHI”), a related company controlled by a director of the Company. Under the terms of the LOC Agreement, CHI will provide the Company with a line of credit facility (“LOC”) to a maximum of \$500,000 CAD. The term of the LOC Agreement is 24 months and the LOC bears interest at 9% per annum. On July 25, 2021, the LOC Agreement has been extended for another 24 months, expiring July 25, 2023. Under the terms of the LOC Agreement, the Company is restricted to using the LOC for research and development expenses or for other purposes approved by CHI. The Company has provided CHI with a General Security Agreement covering all assets of the Company as security for the LOC, except for the Avalon Miners, Bitmain Miners, and their related assets. The terms and conditions of LOC are consistent with those that may be available from a third-party lender. Further, the LOC becomes immediately due and payable should a change of control occur in the ownership of the Company’s equity or the composition of the Board of Directors. During the nine months ended May 31, 2022, the Company paid \$13,104 (2021 - \$nil) in interest charges relating to the LOC. As at May 31, 2022, the LOC had been completely repaid and the security interest released.

10. SHARE CAPITAL**(a) Authorized**

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the nine months ended May 31, 2022, the Company issued 24,802,469 common shares (2021 - 15,298,060) as follows:

- On October 1, 2021, the Company issued 2,172,840 shares through exercise of warrants at an exercise price of \$0.40 CAD per warrant on a one-for-one basis for gross proceeds

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10. SHARE CAPITAL (continued)**(b) Issued and outstanding (continued)**

of \$869,136 CAD. These warrants were granted to WestBlock shareholders as part of the Company's acquisition of WestBlock in June 2021.

- On November 1, 2021, the Company issued 8,118,912 shares through the automatic conversion of special warrants, previously issued through a non-brokered private placement, without payment of additional consideration.
- During the nine months ended May 31, 2022, the Company issued a total of 410,714 shares through exercise of share purchase warrants at a weighted average exercise price of \$0.40 CAD per share purchase warrant previously issued for gross proceeds of \$164,821 CAD.
- The Company, through its subsidiary WestBlock, entered into an Asset Purchase Agreement dated September 1, 2021, which was amended November 24, 2021, with Blackcloud Crypto Investments. Under the terms, WestBlock acquired Ethereum mining equipment that included 88 installed and operating Ethereum miners located in Alberta, Canada, and 52 Ethereum coins (the "Assets"). In consideration for the Assets, the Company issued 500,003 shares at a deemed price of \$0.38 CAD per share, for a total aggregate consideration of \$190,001 CAD.
- On December 7, 2021, the Company closed its previously announced underwritten public offering of units of the Company. The underwriters exercised their option to purchase 600,000 units of the overallotment option, and as a result, the Company issued a total of 13.6 million units at a price of \$0.70 CAD per unit and 350,000 additional common share purchase warrants for gross proceeds of \$9.534 million CAD. Each unit consisted of one common share and one-half warrant. A total of 13,600,000 shares were issued at a deemed price of \$0.68 CAD per share.

During the nine months ended May 31, 2021, the Company issued 15,298,060 common shares as follows:

- On December 30, 2020, the Company issued 5,200,000 common shares at \$0.075 per share for gross proceeds of \$390,000 through a non-brokered private placement. A total of 400,000 of the 5,200,000 common shares were issued to a related party. The common shares issued are subject to a four-month and one day hold period under securities laws.
- On January 4, 2021, the Company issued 426,000 common shares at an exercise price of \$0.20 CAD per common share following the exercise of share purchase warrants issued on March 15, 2019 for total proceeds of \$85,200 CAD.
- On March 10, 2021, the Company issued 100,000 common shares at an exercise price of \$0.20 per common share following the exercise of share purchase warrants issued on March 15, 2019 for total proceeds of \$20,000.

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10. SHARE CAPITAL (continued)**(b) Issued and outstanding (continued)**

- On March 19, 2021, the Company issued 4,572,060 common shares at \$0.35 per share for gross proceeds of \$1,600,221 through a non-brokered private placement. A total of 114,200 of the 4,572,060 common shares were issued to a related party. The common shares issued are subject to a four-month and one day hold period under securities laws.
- During the nine months end May 31, 2021, the Company issued 5,000,000 common shares at \$0.05 CAD per share as per conversion of special warrants, previously issued through a non-brokered private placement, without payment of additional consideration.

(c) Special warrants

During the nine months ended May 31, 2022, the Company did not issue any special warrants. On November 1, 2021, a total of 8,118,912 special warrants, previously issued through a non-brokered private placement, were automatically converted into Units of the Company, at no additional cost to the holder. Each Unit is comprised of one common share and one share purchase warrant.

During the nine months ended May 31, 2021, the Company issued 1,700,000 special warrants for total proceeds of \$85,000. Each special warrant entitled subscribers thereof to automatically receive, without payment of additional consideration and without further action on the part of the subscriber, and subject to adjustment, one common share in the capital of the Company upon the earlier of (i) five business days after the subscriber elects to convert all of their special warrants pursuant to the terms of the special warrant certificate; or (ii) the day that the Company has cumulatively raised \$500,000 through equity financings after closing the sale of the special warrants; and (iii) the day that is three years after the date of the special warrants offering close. During the nine months ended May 31, 2021, 5,000,000 (2020 – nil) special warrants were converted into common shares, without payment of additional consideration.

Special warrants transactions and the number of special warrants outstanding are summarized as follows:

	Number of Special Warrants	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2020	3,300,000	\$ 0.05
Issued	1,700,000	\$ 0.35
Converted	(5,000,000)	\$ 0.05
Outstanding, May 31, 2021	-	-
Issued	8,118,912	\$ 0.35
Outstanding, August 31, 2021	8,118,912	\$ 0.35
Converted	(8,118,912)	\$ 0.35
Outstanding, May 31, 2022	-	-

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10. SHARE CAPITAL (continued)**(d) Share purchase warrants**

During the nine months ended May 31, 2022, the Company issued 15,268,912 (2021 – nil) share purchase warrants as follow:

- On November 1, 2021, a total of 8,118,912 special warrants, previously issued through a non-brokered private placement, were automatically converted into Units of the Company. Each of these special warrants convert, at no additional cost to the holder, into one Unit of the Company with each Unit comprised of one common share and one share purchase warrant.
- On December 7, 2021, the Company closed its previously announced underwritten public offering of units of the Company. The underwriters exercised their option to purchase 600,000 units of the overallotment option, and as a result, the Company issued a total of 13,600,000 units at a price of \$0.70 CAD per unit and 350,000 additional common share purchase warrants for gross proceeds of \$9,534,000 CAD. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable to acquire one common share at an exercise price of \$1.00 CAD until December 7, 2023. The Company issued a total of 7,150,000 share purchase warrants relating to this public offering of units of the Company.

On October 1, 2021, a total 2,172,840 of the 2,500,000 share purchase warrants issued to WestBlock shareholders as part of the acquisition were exercised at a price of \$0.40 CAD per warrant into common shares of the Company. The remaining 327,160 unexercised warrants expired on that date.

During the nine months ended May 31, 2022, a total 310,714 share purchase warrants were exercised at an exercise price of \$0.45 CAD per warrant into shares of the Company. In addition, a total of 100,000 share purchase warrants were exercised at an exercise price of \$0.25 CAD per warrant into shares of the Company on a one-for-one basis.

During the nine months ended May 31, 2021, the Company issued 350,000 (2021 – nil) share purchase warrants (the “Warrants”) as compensation for services rendered. Each Warrant may be exercise into one common share of the Company at an exercise price of \$0.25 per share. These Warrants expire one year from the date of issuance. The exercise price of the share purchase warrants issued were based on the closing price of the common shares on the day prior to the grant date. The share purchase warrants issued were accounted for at their fair value determined by the Black-Scholes option pricing model with the following weighted average assumptions:

# of Warrants	350,000
Risk-free interest rate	0.13%
Expected life of options	1 years
Annualized volatility	166%
Dividend rate	0%
Weighted average fair value per Warrant	\$0.205

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10. SHARE CAPITAL (continued)**(d) Share purchase warrants (continued)**

The annualized volatility was based on historical monthly data of the Company. Share-based compensation expense of these Warrants amounted to \$71,901 (2020 - \$nil).

During the nine months ended May 31, 2021, a total of 526,000 Warrants were exercised into 526,000 common shares of the Company at an exercise price of \$0.20 CAD per share for total proceeds of \$105,200 CAD. A total of 28,000 Warrants expired. As at May 31, 2021, there were 350,000 Warrants issued and outstanding. Share purchase warrant transactions and the number of share purchase warrants outstanding are summarized as follows:

	Number of share purchase warrants	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2020	554,000	\$0.200
Exercised	(526,000)	\$0.200
Expired	(28,000)	\$0.200
Issued	350,000	\$0.250
Outstanding, May 31, 2021	350,000	\$0.250
Issued	5,787,032	\$0.402
Outstanding, August 31, 2021	6,137,032	\$0.393
Exercised	(2,583,554)	\$0.400
Expired	(327,160)	\$0.400
Issued	15,268,912	\$0.708
Outstanding, May 31, 2022	18,495,230	\$0.652

The weighted average contractual life of share purchase warrants outstanding as at May 31, 2022 is 1.22 (2021 – 0.99) years.

(e) Compensation Options

In connection with the underwritten public offering closed on December 7, 2021, the Company issued 796,050 (2021 – nil) compensation options to the Underwriters ("Compensation Option"). Each Compensation Option will entitle the holder to purchase one unit (a "Compensation Unit") at an exercise price of \$0.70 CAD per Compensation Unit. Each Compensation Unit will comprise of one common share and one-half of one share purchase warrant (each such whole warrant being a "Compensation Warrant"). Each Compensation Warrant will entitle the holder to acquire one Common Share at an exercise price of \$1.00 CAD per share for a period of 18 months after the closing of the public offering of units. The Compensation Options granted were accounted for at their fair value determined by the Black-Scholes option pricing model with the following weighted average assumptions:

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10. SHARE CAPITAL (continued)**(e) Compensation Options (continued)**

	Common share component	Compensation Warrant component
Exercise price per share/warrant	\$0.70 CAD	\$1.00 CAD
Risk-free interest rate	0.23%	0.23%
Expected life of share/warrant	1.5 years	1.5 years
Annualized volatility	149.86%	149.86%
Dividend rate	0%	0%
Weighted average fair value per share/warrant	\$0.344 CAD	\$0.306 CAD

The annualized volatility was based on historical weekly data of the Company. Share-based expense for the nine months ended May 31, 2022 relating to the Compensation Options amounted to \$327,941 (2021 - \$nil).

The following table summarizes information on the movement of the Compensation Options:

	Number of Compensation Options	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2020	-	-
Outstanding, May 31, 2021	-	-
Outstanding, August 31, 2021	-	-
Granted	796,050	\$0.70
Outstanding, May 31, 2022	796,050	\$0.70
Options exercisable, May 31, 2022	796,050	\$0.70

The weighted average contractual life of Compensation Option outstanding as at May 31, 2022 is 1.02 (2021 – nil) years.

(f) Stock Options

During the nine months ended May 31, 2022, the Company granted 2,203,000 (2021 – 2,175,000) stock options to certain employees, consultants, officers, and directors of the Company. The options have a five-year term and vest over a two-year period at a rate of 25% every six months. The exercise price of the share options granted were based on the closing price of the common shares on the day prior to the grant date. The share options granted were accounted for at their fair value determined by the Black-Scholes option pricing model with the following weighted average assumptions:

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10. SHARE CAPITAL (continued)

(f) Stock Options (continued)

Exercise price per share	\$0.456 CAD
Risk-free interest rate	0.69%
Expected life of options	5 years
Annualized volatility	191.88%
Dividend rate	0%
Weighted average fair value per option	\$0.414 CAD

The annualized volatility was based on historical weekly data of the Company. The fair value of the stock options is amortized over the vesting period. Share-based compensation for the nine months ended May 31, 2022 amounted to \$590,504 (2021 - \$111,467).

The following table summarizes information on the movement of the stock options:

	Number of Stock Options	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2020	-	-
Granted	2,175,000	\$0.226
Outstanding, May 31, 2021	2,175,000	\$0.226
Granted	1,010,000	\$0.420
Outstanding, August 31, 2021	3,185,000	\$0.287
Granted	2,203,000	\$0.456
Expired	(125,000)	\$0.550
Outstanding, May 31, 2022	5,263,000	\$0.352
Options exercisable, May 31, 2022	1,340,000	\$0.262

The weighted average contractual life of stock options outstanding as at May 31, 2022 is 4.14 (2021 – 4.64) years.

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11. ACQUISITION OF WESTBLOCK

On June 14, 2021, the Company completed the acquisition of WestBlock, a private company incorporated in 2017 under the Alberta Business Corporations Act. WestBlock became a wholly owned subsidiary of the Company operating under the name of WestBlock Capital Inc. WestBlock operates an industrial scale digital assets mining and hosting platform through its wholly owned subsidiary, WestBlock Hosting AZ Inc., located in New Mexico, USA. Consideration paid to WestBlock shareholders consisted of 16 million common shares at a deemed price of \$0.385 CAD per share, with a fair value of \$5,073,299 and 2.5 million share purchase warrants, with a fair value of \$685,258. The total deemed value of the purchase price paid for the acquisition of WestBlock is \$5,758,557. The share purchase warrants were accounted for at their fair value determined by the Black-Scholes option pricing model with the following assumptions:

Exercise price per share	\$0.40 CAD
Risk-free interest rate	0.16%
Expected life of warrants	2 years
Annualized volatility	212.36%
Dividend rate	0%
Weighted average fair value per warrant	\$0.333 CAD

The table below shows the assets and liabilities acquired and the amount allocated to Goodwill relating to the acquisition:

Description	Amount
Identifiable assets	\$ 2,356,392
Assumed liabilities	(1,201,138)
Goodwill	4,603,303
Total purchase price	\$ 5,758,557

On closing, the Company also issued 2.5 million performance warrants (the "Performance Warrants") to the WestBlock management team and certain other persons who have assisted WestBlock with its business. The Performance Warrants have a term of 24 months and are exercisable at \$0.40 CAD per share for the first 12 months from the closing date, and \$0.50 CAD per share if exercised in the second 12-month period. The Performance Warrants are subject to a financing condition such that they will not be exercisable unless an aggregate of \$2 million CAD is raised via an equity financing or series of equity financings undertaken by and for the Company (the "Financing Condition"). If the Financing Condition is not satisfied by the date that is 12 months from the date of issue of the Performance Warrants, then the Performance Warrants will expire. The Performance Warrants were recognized under share-based payments for the year ended August 31, 2021 and are not a part of the WestBlock purchase price. On December 7, 2021, in connection with the closing of the public equity issue, the Financing Condition governing the exercise of the Performance Warrants has been met and these warrants can now be exercised by the holders.

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12. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS

(a) Fair value

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company determined that the carrying value of cash, accounts receivable, and prepaid expense approximate fair value due to relatively short period to maturity. The investment in the private company is tested for impairment annually and the carrying value reflects the net realizable value of the investment.

Digital assets are revalued using quoted prices provided by CoinDesk and are valued at the closing price on the last trading day of the reporting period. The Company considers this to be a Level 2 fair value.

(b) Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk, in respect of its cash and funds held in trust by placing its cash balances at a recognized major Canadian and US financial institutions.

Digital assets are held only in the custody vaults of Anchorage Digital Bank NA, a US federally chartered digital asset bank and registered custodian. The Company does not self-custody its Bitcoin assets.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. Budgeting and Cash flow projections are completed and reviewed on a regular basis to ensure the Company has sufficient cash resources available to meet its financial obligations. The Company is exposed to liquidity risk in respect of its accounts payable and accrued liabilities, short-term debt, and long-term debt. As at May 31, 2022, the Company has the following contractual maturities:

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

12. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS (continued)**(c) Liquidity risk (continued)**

	Carrying amount	Contractual cash flows	FY2022	FY2023	FY2024
Accounts Payable and accrued Liabilities	\$850,774	\$850,774	\$850,774	\$nil	\$nil
Short-term debt	11,970	11,970	11,970	-	-
Long-term debt(i)	12,385,760	12,540,899	1,906,275	9,008,654	1,625,970
	\$13,248,504	\$13,403,643	\$2,769,019	\$9,008,654	\$1,625,970

(i) Carrying amount is net of unamortized financing fees.

(d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company's exposure to interest rate risk is limited and relates only to its ability to earn interest income on cash balances held from time to time at variable rates. Changes in short term rates will not have a significant effect on the fair value of the Company's cash positions.

(e) Foreign currency risk

Currency risk relates to the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. The Bitcoin mined by the Company and most major expenditures and loans related to mining equipment, infrastructure and ongoing operating costs are denominated in USD, the functional currency of the Company's mining operations segment. Exchange rate fluctuations will affect those parts of the Company's operations managed in CDN dollars and consequently may impact the Company's financial results.

(f) Digital currency pricing risk

Bitcoin pricing is affected by numerous factors including international supply and demand, interest rates, inflation or deflation, and global political and economic conditions. The profitability of the Company is directly related to the current and future pricing of Bitcoin. A decline in the market price of Bitcoin could have a negative impact on the Company's future operations and financial results. In addition, a lack of market liquidity could limit the Company's ability to sell Bitcoin on a timely basis and at acceptable pricing levels.

As at May 31, 2022, had the market price of Bitcoin increased or decreased by 10% with all other variables held constant, the corresponding digital asset value increase or decrease would amount to \$165,871.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

13. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at May 31, 2022, the Company considers capital to consist of short-term debt, long-term debt and all components of shareholders' equity. The Company manages its capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue common shares, promissory notes, or dispose of assets or adjust the amount of cash on hand.

At this stage of the Company's development, to maximize ongoing operational development efforts, the Company does not pay dividends. There were no changes to the Company's capital management approach for the nine months ended May 31, 2022.

14. SEGMENT INFORMATION

The Company has a single operating line of business, Bitcoin mining, which is conducted at its mining facilities in New Mexico, USA. Company management, administration and development functions are carried out in British Columbia and Alberta, Canada. The following table segments the relevant financial results by geographic territory:

<i>For the nine months ended May 31, 2022</i>	Canada	USA	Consolidated
Total revenue	\$nil	\$9,372,129	\$9,372,129
Operating expenses			
Advertising	27,454	-	27,454
Consulting	685,788	-	685,788
Depreciation	-	4,011,751	4,011,751
Electricity	-	1,537,422	1,537,422
General and administration	294,379	261,490	555,869
Insurance	-	119,577	119,577
Interest	(57)	1,366,073	1,366,016
Payroll and labour	350,469	292,573	643,042
Management fees	132,240	-	132,240
Professional fees	273,480	45,108	318,588
Rent	21,533	28,000	49,533
Supplies and maintenance	39,533	162,359	201,892
Total operating expenses	1,824,819	7,824,353	9,649,172
Other expenses (1)	925,806	1,515,533	2,441,339
Net income (loss)	(\$2,750,625)	\$32,243	(\$2,718,382)
<i>As at May 31, 2022</i>			
Current assets	261,889	1,734,568	1,996,457
Non-current assets	4,419,142	22,261,620	26,680,762
Total assets	\$4,681,031	\$23,996,188	\$28,677,219
Current liabilities	334,870	8,117,410	8,452,280
Non-current liabilities	-	4,948,976	4,948,976
Total liabilities	\$334,870	\$13,066,386	\$13,401,256

(1) Other expenses include realized and unrealized loss on Digital Assets, share-based payments, depreciation, and financing fees.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

15. SUBSEQUENT EVENTS**(a) Private Placement**

On June 9, 2022, the Company announced the closing of a \$2.0 million CAD private placement for 12.5 million common shares and 12.5 million warrants of the Company (the "Unit Offering") with a single strategic investor.

The Unit Offering comprised one common share of the Company at \$0.16 CAD per share and one whole warrant exercisable into one common share of the Company at \$0.21 CAD for a period of twenty-four months. The warrants also provide for an accelerated exercise if the volume weighted average closing price is equal to or greater than \$0.50 CAD for twenty consecutive trading days (the "Acceleration Event"). In such event, the Company may accelerate the exercise date to a date not later than twenty days following the Acceleration Event.

(b) Debt Repayment and Dispositions of Bitcoin Miners

On June 30, 2022, the Company repaid, in advance, the remaining debts under ABL I and III related to the Canaan Avalon miners. These repayments amounted to \$415,000 CAD, and were paid to CHP Agent Services Inc., a related company controlled by a Director of the Company at the direction of NYDIG.

Debt repayments were also announced by the Company on July 15, 2022 in connection with the sale of miners and accompanying two year mining hosting agreement. The Company sold 970 Bitmain miners for proceeds of \$3.5 million CAD. \$3.2 million CAD of the total proceeds were used to repay related debt obligations under ABL II and IV (See Note 10). As part of the sale, the Company will continue to host the Bitmain miners under a two-year immersion mining agreement which provides the Company with steady and predictable revenue streams from hosting fees, as well as continued participation in Bitcoin mining through the overclocking enabled by the immersion technology.

On Jul 27, 2022, the Company agreed to sell an additional 590 Avalon miners for proceeds of \$450,000, of which \$310,000 has been paid, with the balance due on the delivery of the Avalon miners.

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

**Interim MD&A – Quarterly Highlights
For the three and nine months ended May 31,
2022 and 2021**



LUXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights
For the three and nine months ended May 31,
2022 and 2021

Dated: August 2, 2022

LUXXFOLIO HOLDINGS INC.**Interim MD&A – Quarterly Highlights**

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

This Interim MD&A – Quarterly Highlights (“Interim MD&A”) of the financial condition and results of operation of Luxxfolio Holdings Inc. (the “Company”) is for the three and nine months ended May 31, 2022 and 2021. This interim MD&A is dated August 2, 2022 and should be read in conjunction with the Company’s interim condensed consolidated financial statements and the accompanying notes for the three and nine months ended May 31, 2022 and 2021, which are available on SEDAR at www.sedar.com. Together with the interim condensed consolidated financial statements and the related notes, this Interim MD&A has been prepared by the management of the Company in accordance with the requirements of National Instrument 51-102 and the International Financial Reporting Standards (“IFRS”) as at the date of this Interim MD&A. All dollar amounts are expressed in US dollars (“USD”) unless otherwise stated.

Unless otherwise indicated, the Company’s significant accounting policies and estimates, contractual obligations, commitments, contingencies, and business risks and uncertainties, as described in its audited consolidated financial statements for the year ended August 31, 2021 and 2020, remain unchanged. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results presented in the Interim MD&A are not necessarily indicative of the results that may be expected for any future period.

FORWARD-LOOKING STATEMENTS

This Interim MD&A contains certain “forward-looking statements” and “forward looking information” (collectively, “forward looking information”) within the meaning of Canadian securities laws. This forward-looking information relates to future events or future performance and reflect management’s expectations regarding Company’s growth, results of operations, performance and business prospects and opportunities. Such forward-looking statements reflect management’s current beliefs and are based on information currently available to management. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, “target” or the negative of these terms or other comparable terminology.

Forward-looking information in this Interim MD&A includes, but is not limited to:

- Raising capital, and the use of funds;
- Business opportunities for the Company; and
- Future sales and cash flows of the Company.

The risk factors described in this Interim MD&A are not necessarily all the important factors that could cause actual results to differ materially from those expressed in the Company’s forward-looking information.

In addition, any forward-looking information represents the Company’s estimates only as of the date of this Interim MD&A and should not be relied upon as representing the Company’s estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking information in this Interim MD&A include: (a) execution of the Company’s existing business plans and growth strategy which may change due to changes in the market place, the views of management, or if new information arises which makes it prudent to change such business plans and growth strategy; and (b) the accuracy of current research results and the interpretation thereof, since new information or new interpretation of existing information may result in changes in the Company’s expectations. Forward looking information is based on several assumptions that may prove to be incorrect including but not limited to assumptions about:

- ability to obtain customer contracts and establish relationships;
- the impact of competition;
- the ability to obtain and maintain existing financing on acceptable terms;
- the ability to retain skilled management and staff;

LUXXFOLIO HOLDINGS INC.

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(Expressed in US Dollars)

- the ability to acquire a significant market position within a target market;
- currency, exchange, and interest rates;
- pricing and volatility risks of Cryptocurrency;
- the availability of financing opportunities;
- economic conditions;
- the retention of management, and avoidance of conflicts of interest; and
- the progress and success of product marketing.

The preceding list is not exhaustive of all possible factors. All factors should be considered carefully when making decisions with respect to the Company.

Readers should not place undue reliance on the Company's forward-looking information, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking information if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that such forward-looking information will materialize. The Company does not undertake to update any forward-looking information, except as, and to the extent required by, applicable securities laws. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking information in this Interim MD&A, see "Bitcoin and Cybersecurity Risks" and "Other Risks and Uncertainties".

While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in sections titled "Bitcoin and Cybersecurity Risks" and "Other Risks and Uncertainties".

LUXXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights

For the three and nine months ended May 31, 2022 and 2021

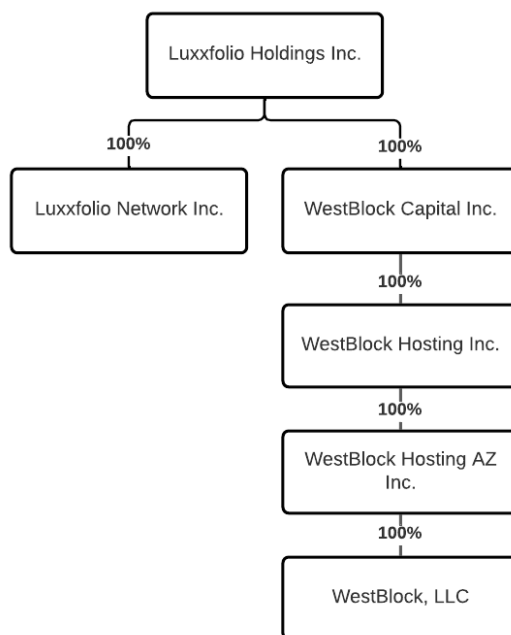
(Expressed in US Dollars)

DESCRIPTION OF BUSINESS

The Company, based in Vancouver, was incorporated under the Business Corporations Act (British Columbia) on October 10, 2017. The Company's head and registered office is located at 212 - 1080 Mainland Street, Vancouver, BC, Canada, V6B 2T4. The Company's corporate website address is www.luxxfolio.com.

The Company is listed on the CSE under the trading symbol "LUXX" as well as on the OTCQB under "LUXFF", the Frankfurt Stock Exchange under the symbol "LUH", and on the Börse Berlin under the symbol "LUH".

The Company's business is that of its wholly owned subsidiaries, Luxxfolio Network Inc. ("LNI") and WestBlock Capital Inc. ("WestBlock"), both of which share the same head and registered office as the Company. The intercorporate relationships are shown in the organizational chart below.



WestBlock owns and manages an industrial scale Bitcoin mining operation in Shiprock, New Mexico, USA (the "New Mexico Facility") at which WestBlock manages and operates both LNI's Bitcoin miners as well as third party servers. Power, consumed in the Bitcoin mining process, is approximately 60% renewable and is supplied by the Navajo Tribal Utility Authority ("NTUA").

The recent volatility in crypto markets that began with the implosion of LUNA and UST at the beginning of May 2022 appears to be settling down. The rash of high and largely negative publicity concerning bankruptcy filings by a crypto lender Celsius, a crypto exchange Voyager and crypto fund Three Arrows Capital has destabilized much of crypto market, irrespective of the business focus of the individual market participants. Prior to this market implosion, Bitcoin had been trading in the \$35,000 to \$45,000 range for most of 2022 and even peaked above \$48,000 per Bitcoin at the end of March 2022. The dramatic market correction since that date, taking Bitcoin to a cycle low of \$17,500 per Bitcoin, is challenging many participants to quickly adjust their operations into sustainable business models for this new value reality.

LUXXFOLIO HOLDINGS INC.**Interim MD&A – Quarterly Highlights**

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

OVERALL PERFORMANCE

The Bitcoin mining sector has recently experienced a number of factors impacting mining economics. In the calendar year 2021, mining difficulty hit an all-time high just as mines were shut down in China with excess miners relocating globally. At the same time, access to properly stepped-down power remained limited. Going into calendar year 2022, mining difficulty has again tested the new all-time highs at 31.35 TH and it is anticipated new generation miners added to the network will continue to move difficulty higher.

The Company achieved gross revenues of \$2,695,617 or 70.68 BTC during the nine months ended May 31, 2022 from its Bitcoin mining operation. Hashrate increased from 139 petahash per second ("PH/s") at the beginning of the fiscal quarter to 180 PH/s at May 31, 2022.

As the date of this Interim MD&A, the Company has:

- Extended its business operation to immersion as a strategy to develop steady monthly revenues while earning Bitcoin from the over-clocking of Bitcoin miners;
- Completed final installation and energizing of the immersion technology in New Mexico;
- Closed the sale of 970 Bitmain miners for \$3.5 million and entered a two-year immersion hosting contract with a third party;
- Partially repaid existing debt facilities with NYDIG from the proceeds of the miner sale;
- Repaid early and without penalty the outstanding miner debt obligations of \$415,036 CAD with CHP Agent Services Inc., a related party;
- Agreed to a sale transaction of 590 Avalon miners for total proceeds of \$450,000.
- Successfully raised \$2 million CAD of equity funding through a private placement from a single strategic investor for general working capital.

Most of these recent activities have been taken to reposition operations to better respond to the continuing difficult market conditions, the macro impact of inflation and supply chain inefficiencies. The newly added focus on immersion mining differentiates Luxxfolio while de-risking the platform from the market pricing volatility.

Monthly Performance

	Operating level	Rewards			Reserve at month end	
Month	PH/s at month end	BTC	ETH	Total revenues	BTC	ETH
Mar 2022	139	20.07	6.89	\$862,772	65.3	20.7
Apr 2022	180	25.39	5.84	\$1,069,107	60.7	26.5
May 2022	180	25.22	5.89	\$814,593	52.3	1.0

Bitcoin Miners

At the date of this Interim MD&A, the Company has Bitcoin miners scheduled for calendar quarterly delivery as follows:

- Q3 2022: 300 Miners

Security of Digital Assets

Security of the Digital Assets is critical to the protection of Company assets. To this end, the Company engaged Anchorage Digital Bank NA as custodian to hold in multiple vaults the various Bitcoin, Ethereum, and Filecoin pools of the Company. Anchorage is a US federally regulated digital asset bank with SOC I compliance registration.

LUXXFOLIO HOLDINGS INC.**Interim MD&A – Quarterly Highlights**

For the three and nine months ended May 31, 2022 and 2021

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Acquisition of Ethereum Mining Assets

The Company entered into an asset purchase agreement ("Purchase Agreement") with Blackcloud Crypto Investments to acquire 88 Ethereum miners located in Alberta, Canada, 52 Ethereum coins and portable hosting containers in exchange for 500,003 common shares of the Company at a deemed share price of \$0.38 CAD per share for a total aggregate consideration of \$190,001 CAD. The acquisition closed on November 25, 2021.

Immersion Cooling System

One of the challenging factors of Bitcoin mining in New Mexico is the heat during the summer months. To optimize the efficiency of the Bitcoin miners, the Company purchased immersion technology from CES Intelliflex ("CES") and paid a deposit of \$1,509,905 against a total purchase price of \$2,627,240 in December 2021. The immersion equipment was delivered to the New Mexico Facility in July 2022.

Private Placement

On June 9, 2022 the Company announced that BIGG Digital Assets Inc. had made a strategic investment in the amount of \$2,000,000 CAD in exchange for the issuance of 12.5 million common shares at \$0.16 CAD per share and 12.5 million warrants for the purchase of common shares with a term of two years and an exercise price of \$0.21 CAD per share. The terms further provide for an acceleration of the warrant conversion should the Company's common shares closing price on the Canadian Securities Exchange be equal to or greater than \$0.50 CAD per share for twenty consecutive days on a weighted average basis.

Disposition of Bitcoin miners

On July 15, 2022, the Company announced the sale of 970 Bitmain miners and a related immersion mining agreement with the purchaser. Proceeds from the sale amounted to \$3.5 million (see "Liquidity and Capital Resources"). The Company agreed on July 27, 2022 to sell an additional 590 Avalon miners for proceeds of \$450,000 of which \$310,000 has been paid as at the date of this Interim MD&A, with the balance due on delivery of the miners.

Diversification into Filecoin Mining

The Company, having completed the research into Filecoin has discontinued its Filecoin mining operations. Of key concern to management were the uncertainty of the future token economics and the length of time required to commercialize the storage offering. Ultimately, we continue to believe Filecoin will be a leader in decentralized storage, however, recent challenges in the broader crypto industry have extended time horizons and marginalized the return potential.

The Company's objectives over the next 12 months include (i) expanding its Bitcoin immersion mining at the New Mexico Facility, and (ii) securing additional power supply opportunities to expand the Company's current footprint in immersion mining.

DISCUSSION OF OPERATIONS***Acquisition of WestBlock Capital Inc.***

On June 14, 2021, the Company completed the acquisition of WestBlock, whereby WestBlock became a wholly owned subsidiary of the Company. WestBlock was an important milestone for the Company as WestBlock provided the infrastructure and secured power supply that can be expanded to meet the growth needs of the Company.

WestBlock operates a digital asset mining facility at its New Mexico location, at which it manages both Company owned Bitcoin miners as well as third party servers.

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The New Mexico Facility was developed jointly by WestBlock and the NTUA through a partnership with interests of 49% and 51% respectively. Prior to the closing of the WestBlock acquisition, the 51% NTUA interest was acquired by WestBlock, giving it a 100% ownership interest in the facility. As a result of the acquisition, the Company assumed a debt obligation amounting to \$869,000 in connection to this purchase.

Expansion of the New Mexico Facility

In April 2022, the Company completed the expansion of its New Mexico facility raising total capacity to 15 megawatts (“MW”) at a cost of \$1,700,000. In July 2022, with the installation of immersion technology, effective capacity has been further increased through the ability to over-clock miner output by as much as 50% owing to consistently cooler operating temperatures resulting in significant output gains.

Senior Debt Facility

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a Senior Debt facility with CHP Agent Services Inc., a related party controlled by Kelly Klatik, a director of the Company and Dean Linden, a director of LNI and WestBlock. The facility was primarily established to finance the cash portion of the Immersion Cooling System equipment purchase announced on November 25, 2021 and may also be used to acquire Bitcoin mining servers and equipment.

The facility carries the following terms:

- Available loan proceeds established at \$3 million CAD, but may be expanded to \$5 million CAD if agreed by both parties;
- The facility term is 24 months following the closing date;
- Security provided by WestBlock and its subsidiaries consisted of a general security agreement on all WestBlock operations and a first charge on cryptocurrency mining equipment and cryptocurrency units; and
- A variable interest rate between 16% and 13% that decreases as the total collateral coverage increases in relation to the total debt outstanding.

Public Equity Issue-Bought Deal

On December 7, 2021, the Company closed its previously announced and oversubscribed public offering of units of the Company. The underwriters exercised their option to purchase 600,000 units of the overallotment option, and as a result, the Company issued a total of 13.6 million units at a price of \$0.70 CAD per unit and 350,000 additional common share purchase warrants for gross proceeds of \$9.534 million CAD. Each unit consisted of one common share and one-half warrant. Each whole warrant is exercisable to acquire one common share at an exercise price of \$1.00 CAD until December 7, 2023.

Performance Warrants

On December 7, 2021, in connection with the closing of the public equity issue, the Financing Condition governing the exercise of the 2.5 million Performance Warrants issued at the date of the WestBlock Acquisition has been met and these warrants can now be exercised by the holders. The Performance Warrants are exercisable at \$ 0.40 CAD in the first 12 months of the closing date, and \$0.50 CAD in the second 12 months of the closing date.

Bitcoin Miners

On December 16, 2021, the Company confirmed the order of 500 S19J Pro Bitcoin miners at a cost of \$3.02 million to be satisfied by a combination of working capital and an asset backed facility (“ABL IV”) provided by NYDIG ABL LLC. ABL IV carries an interest rate of 15% and a term of 26 months with interest only payments for the initial four

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months. Security for the ABL IV consists of a first priority charge on the related Bitcoin Miners and any Bitcoin and related assets generated from the use of the Bitcoin Miners.

Stock Option Issuance

On January 20, 2022, the Company granted 2,078,000 of stock options to directors, officers, employees, and consultants of the Company. The stock options are exercisable for a term of five years from the date of the grant at an exercise price of \$0.45 CAD per common share. The stock options vest over a 24-month period, at a rate of 25% after each 6-month period. A total of 1,795,500 of the 2,078,000 stock options were granted to related parties.

Executive Appointments

On June 14, 2022, the Company announced that as part of its corporate realignment and efforts to reduce overheads, Mr. Kelly Klatik would step down from his paid position as Executive Chairman and remain a Director of the Company.

ANALYSIS OF FINANCIAL PERFORMANCE

	For the three months ended May 31, 2022	For the three months ended May 31, 2021	For the nine months ended May 31, 2022	For the nine months ended May 31, 2021
Total revenues	\$ 2,899,225	\$ nil	\$ 9,372,129	\$ nil
Operating expenses				
Advertising	-	-	27,454	-
Consulting	75,169	141,171	685,788	151,295
Depreciation	1,869,693	-	4,011,751	-
Electricity	626,206	-	1,537,422	-
General and administration	125,201	152,747	555,869	160,072
Interest	495,824	34,816	1,366,016	54,812
Insurance	59,927	-	119,577	-
Compensation	269,487	-	643,042	-
Management	33,381	60,000	132,240	64,500
Professional	20,517	1,009	318,588	5,445
Rent	15,288	8,000	49,533	11,000
Supplies and maintenance	49,502	-	201,892	-
Total operating expenses	3,640,195	397,743	9,649,172	447,124
Total other expenses	1,441,021	189,603	2,441,339	213,213
Net income (loss)	\$ (2,181,991)	\$ (587,346)	\$ (2,718,382)	\$ (660,337)

For the three months ended May 31, 2022 vs. May 31, 2021

The Company had a net loss of \$2,181,991 for the three months ended May 31, 2022 compared to a net loss of \$587,346 for the comparable period in 2021. The Company generated \$2,746,473 (2021 - \$nil) in revenue from its Bitcoin and Ethereum mining operation and \$152,752 (2021 - \$nil) from hosting services.

The Company realized total operating expenses of \$3,640,195 (2021 - \$397,743) primarily associated with depreciation expense of \$1,869,693 (2021 - \$nil) relating to the amortization of the Bitcoin miners, loan interest of

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\$495,824 (2021 - \$34,816), electricity costs related to Bitcoin and Ethereum mining of \$626,206 (2021 - \$nil) and compensation expenses of \$269,487 (2021 - \$nil).

The Company realized total other expenses of \$1,441,021 (2021 - \$189,603) composed primarily of share-based payments of \$249,789 (2021 - \$186,228), realized losses on digital assets of \$421,670 (2021-\$nil), and unrealized losses on digital assets of \$738,660 (2021 - \$nil).

For the nine months ended May 31, 2022 vs. May 31, 2021

The Company had a net loss of \$2,718,382 for the nine months ended May 31, 2022 compared to a net loss of \$660,337 for the comparable period in 2021. The Company generated \$8,913,587 (2021 - \$nil) in revenue from its Bitcoin and Ethereum mining operation and \$458,542 (2021 - \$nil) from hosting services.

During the first three quarters, the Company realized total operating expenses of \$9,649,172 (2021 - \$447,124) primarily associated with depreciation expenses of \$4,011,751 (2021 - \$nil) relating to the amortization of the Bitcoin miners, loan interest of \$1,366,016 (2021 - \$54,812), electricity costs related to Bitcoin and Ethereum mining of \$1,537,422 (2021 - \$nil), consulting fees of \$685,788 (2021 - \$151,295) and general and administration expenses of \$555,869 (2021 - \$160,072).

Also, other expenses of \$2,441,339 (2021 - \$213,213) composed primarily of share-based payments of \$925,547 (2021 - \$206,464), realized losses on digital assets of \$661,950 (2021 - \$nil) and unrealized losses on digital assets of \$765,346 (2021 - \$nil).

ANALYSIS OF CASH FLOWS

	For the nine months ended May 31, 2022	For the nine months ended May 31, 2021
Net cash provided by (used in)		
Operating activities	\$ 2,619,350	\$ (566,460)
Investing activities	(13,848,819)	(6,847,043)
Financing activities	11,107,246	7,719,323
Inflow (outflow) of cash	\$ (122,223)	\$ 305,820

Operating Activities

The total cash provided by operating activities for the nine months ended May 31, 2022 amounted to \$2,619,350 (2021 - (\$566,460)). The cash provided by operating activities was attributed to proceeds from the sale of Bitcoin of \$7,780,473 (2021 - \$nil), decrease in prepaid expenses of \$245,773 (2021 - \$nil) and increase in accounts payable and accrued liabilities of \$308,855 (2021 - \$32,366).

During the nine months ended May 31, 2022, the cash used in operating activities was attributed to an increase in accounts receivable and GST receivable of \$70,460 (2021 - \$11,645).

Investing Activities

The total cash used in investing activities for the nine months ended May 31, 2022 amounted to \$13,848,819 (2021 - \$6,847,043) related to the purchase of mining equipment and cost of New Mexico site expansion of \$6,243,407 (2021 - \$nil) and deposits on additional Bitcoin miners and immersion cooling equipment of \$7,605,412 (2021 - \$6,847,043) (see "Discussion of Operations").

LUXXFOLIO HOLDINGS INC.**Interim MD&A – Quarterly Highlights**

For the three and nine months ended May 31, 2022 and 2021

(Expressed in US Dollars)

Financing Activities

The total cash provided by financing activities for the nine months ended May 31, 2022 amounted to \$11,107,246 (2021 - \$7,719,323). The cash provided by financing activities primarily comprised of proceeds from the issuance of units of the Company through public offering of \$6,824,023 (2021 - \$nil) (see “Discussion of Operations”), proceeds from long-term debt of \$7,943,662 (2021 - \$6,064,526), and exercise of share purchase warrants of \$813,222 (2021 - \$82,387).

The long-term debt was provided CHP Agent Services Inc., a related party. The long-term debt proceeds were used for the purchase of additional Bitcoin miners and deposits for the immersion-cooling equipment.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company began generating revenue from operations in July 2021. The following is a breakdown of the material costs incurred for the nine months ended May 31, 2022 and 2021:

- (a) General and administration expenses \$555,869 (2021 – \$160,072) - being costs associated with regulatory filing, travels, investor relations, shipping fees, and administration of the Company;
- (b) Consulting fees - \$685,788 (2021 - \$151,295), being monthly engagement fees, key management compensation and consulting fees paid to various of officers, directors, and consultants of the company relating to strategic planning, operations, and administration of the Company. (see “Transactions with Related Party”).
- (c) Depreciation expenses - \$4,011,751 (2021 - \$nil), being the amortization of the Bitcoin miners, the mining equipment, and the New Mexico mining facility;
- (d) Electricity expenses - \$1,537,422 (2021 - \$nil), being the monthly electricity charges paid to the NTUA incurred in the production of Bitcoin;
- (e) Interest expenses - \$1,366,016 (2021 – \$54,812), being the monthly interest charges on the asset backed lending facilities provided by NYDIG ABL LLC and CHP Agent Services Inc., a related party;
- (f) Insurance expenses - \$119,577 (2021 - \$nil), being costs associated with placing property insurance on the Bitcoin miners at the New Mexico facility;
- (g) Compensation- \$643,042 (2021 – \$nil) – being the monthly salaries paid to the management and employees of the Company and contract fees paid for the provision of part-time workers at the New Mexico facility for installation of new Bitcoin miners received and regular maintenance of the site;
- (h) Management fees - \$132,240 (2021 - \$64,500), being fees paid to Cypress Hills Partners Inc., a related party, for accounting, operational, and administrative functions;
- (i) Professional fees - \$318,588 (2021 - \$5,445), being costs associated with the annual financial audit, legal fees incurred relating to the public offering of units of the Company and legal expenses incurred relating to compliance and due diligence on existing and potential transactions;
- (j) Rent - \$49,533 (2021 - \$11,000), being the monthly head office rental and the monthly lease of the New Mexico mining site;
- (k) Share-based payments - \$925,547 (2021 - \$206,464), being expenses relating to the grant of stock options recognized over a graded vesting schedule; and

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- (l) Supplies and maintenance - \$201,892 (2021 - \$nil), being expenses relating to the general maintenance of the New Mexico facilities including repair of faulty Bitcoin miners, optimizing space for cooling, and scheduled maintenance of mining equipment.

SEGMENT ANALYSIS

The Company currently has a single operating line of business, Bitcoin mining, which is conducted at its mining facilities in New Mexico, USA. Company management, administration and development functions are carried out in British Columbia and Alberta, Canada. The following table segments the relevant financial results by geographic territory:

<i>For the nine months ended May 31, 2022</i>	Canada	USA	Consolidated
Total revenue	\$nil	\$9,372,129	\$9,372,129
Operating expenses	1,824,819	7,824,353	9,649,172
Other expenses	925,806	1,515,533	2,441,339
Net income (loss)	(\$2,750,625)	\$32,243	(\$2,718,382)
<i>As at May 31, 2022</i>			
Current assets	261,889	1,734,568	1,996,457
Non-current assets	4,419,142	22,261,620	26,680,762
Total assets	\$4,681,031	\$23,996,188	\$28,677,219
Current liabilities	334,870	8,117,410	8,452,280
Non-current liabilities	-	4,948,976	4,948,976
Total liabilities	\$334,870	\$13,066,386	\$13,401,256

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital to maintain its ability to continue as a going concern, with a long-term view of providing returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash, cash equivalents, including Bitcoin, long-term debts, and equity comprised of issued common shares, special warrants, share purchase warrant reserves and deficit. The Company manages its capital structure and adjusts it considering economic conditions and financial needs. Upon approval from its Board, the Company will balance its overall capital structure through issuance of securities or by undertaking other activities as deemed appropriate under the specific circumstances.

Working Capital

On May 31, 2022, the Company had a working capital deficiency of \$6,455,823 compared to the \$2,848,600 deficiency that existed on August 31, 2021. The increase in working capital deficiency during the nine months ended May 31, 2022 is primarily attributed to an increase in accounts payable and accrued liabilities of \$308,855, a decrease in cash holdings of \$122,223, a decrease in prepaid expenses of \$245,773, an increase in short-term debt of \$715,622 and an increase in the current portion of long-term debt of \$2,518,089.

Asset backed lending structures

On May 27, 2021, the Company committed to purchase 2,400 S19J Pro Bitcoin miners at a total purchase price of \$17.02 million. The purchase was satisfied through a combination of cash and asset backed lending structures ("ABL II" and "ABL III") provided by NYDIG. On December 16, 2021, the Company committed to purchase 500 S19J Pro Bitcoin miners at a cost of \$3.02 million to be satisfied by a combination of working capital and an asset backed facility ("ABL IV") provided by NYDIG.

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The terms and outstanding amounts of the asset backed lending facilities provided by NYDIG as at May 31, 2022 are as follows:

	ABL I	ABL II	ABL III	ABL IV
Total debt facility	\$880,575	\$11,065,470	\$1,243,425	\$1,750,000
Amounts outstanding	\$130,821	\$8,114,670	\$203,078	\$1,676,609
Interest rate	16%	15%	16%	15%
Duration	19 months	30 months	14 months	26 months
Payment period	Monthly	Monthly	Monthly	Monthly
FY2022 principal reduction	\$130,821	\$1,310,377	\$203,078	\$225,722
FY2023 principal reduction	\$nil	\$5,758,323	\$nil	\$991,913
FY2024 principal reduction	\$nil	\$1,045,970	\$nil	\$458,974

Debt Repayments

On June 30, 2022, the Company repaid the remaining debts under ABL I and III related to the Canaan Avalon miners. These repayments amounted to \$415,035 CAD, and were paid to CHP Agent Services Inc., a related company controlled by a Director of the Company, at the direction of NYDIG (See “Related Party Transactions”).

Debt repayments were also announced by The Company on July 15, 2022 that it had entered into a miner sale and two year hosting agreement whereby the Company sold 970 Bitmain miners for proceeds of \$3.5 million, \$3.2 million of which has been used to repay related debt obligations under ABL II and IV previously mentioned. As part of the sale, the Company will continue to host the miners under a two-year immersion mining agreement which provides the Company with steady and predictable revenue streams from hosting fees, as well as continued participation in Bitcoin mining through the overclocking enabled by the immersion technology.

Requirement of Additional Debt and Equity Financing

The Company has relied on debt and equity financings for all funds raised to date for their operations. The Company will need additional funds in the future to expand its business and to meet its monthly debt payments. There is no certainty that debt or equity financings will be available at the times and in the amounts required to fund the Company’s activities. The audited financial statements do not include any adjustments that might result from these uncertainties.

No dividends have been paid by the Company to date. The Company anticipates that, for the foreseeable future, it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board after considering many factors, including the Company’s financial condition and current and anticipated cash needs. The Company is not subject to any externally imposed capital requirement as at the date of this Interim MD&A.

RELATED PARTY TRANSACTIONS

During the nine months ended May 31, 2022, the Company entered into the following transactions with related parties:

- a) paid management fees of \$132,240 (2021 - \$50,510) and rental fees of \$21,533 (2021 - \$8,614) to a company controlled by Kelly Klatik, a director of the Company, and Dean Linden, a director of LNI and WestBlock, for accounting and administrative functions, operational management of the Company, and the Company’s head office lease;
- b) paid compensation and consulting expenses of \$515,572 (2021 - \$27,452) for contracts with the directors and management of the Company;

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- c) The following transactions are associated with the Company's borrowings with related party:

Related party	Controlled by
CHP Agent Services Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock
CHP Capital Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock
InHand Financial Inc.	Kelly Klatik, Director of the Company; Dean Linden, Director of LNI and WestBlock

- i. On December 24, 2020, the Company placed an order for 590 Avalon miners at a total purchase price of \$1,174,100. The purchase price was satisfied through a combination of cash and an asset backed lending structure (the "ABL I") provided by NYDIG. Subsequent to the structuring of the ABL transaction, CHP Agent Services Inc. entered into an agreement to acquire a 100% participation interest in ABL I amounting to \$880,575. During the nine months ended May 31, 2022, the company paid \$51,455 (2021 - \$42,923) in interest expenses relating to ABL I;
- ii. On May 27, 2021, the Company placed an order for 2,400 Bitmain miners at a total purchase price of \$17,023,800. The purchase price will be satisfied through a combination of cash and asset backed lending structures ("ABL II" and "ABL III") provided by NYDIG. Subsequent to the structuring of asset backed lending transactions, CHP Agent Services Inc. entered into an agreement to acquire a 100% participation interest in ABL III. During the nine months ended May 31, 2022, the company paid \$79,258 (2021 - \$nil) in interest expenses relating to ABL III;
- iii. On June 14, 2021, the Company has assumed debt amounting to \$869,000 as a result of the acquisition of WestBlock. 50% of the \$869,000 loan ("CAS – Facility I") was provided by CHP Agent Services Inc. On July 29, 2021, the Company placed an order for 100 S19j Pro Bitcoin miners at a total purchase price of \$755,000. The purchase price will be satisfied through a combination of cash and asset backed loan of \$377,500 ("CAS – Facility II") provided by CHP Agent Services Inc. On November 25, 2021, WestBlock finalized the order with CES Corporation on the Immersion-Cooling System at a purchase price of \$2,353,240 of which \$1,942,200 will be paid in cash and \$410,040 will be paid by the issuance of 612,000 common shares of the Company at a deemed price of \$0.83 CAD per share. The cash portion will be satisfied through an asset backed loan facility ("CAS – Facility III") provided by CHP Agent Services Inc.

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the "Senior Debt Facility") with CHP Agent Services Inc. The Senior Debt Facility replaced the existing CAS - Facility I, CAS - Facility II, and CAS - Facility III. During the nine months ended May 31, 2022, the company paid a total of \$206,677 (2021 - \$nil) in interest expenses relating to the Senior Debt Facility. This amount includes the interests paid to CAS - Facility I, CAS - Facility II, and CAS - Facility III prior to the restructuring of the debt facilities. The facility may also be used to acquire additional Bitcoin mining servers and equipment;

- iv. During the nine months ended May 31, 2022, the Company had drawn \$500,000 CAD from a line of credit facility provided by CHP Capital Inc. The Company paid interest amounting to \$13,104 (2021 - \$nil) and repaid, in full, all amounts owed under the line of credit; and
- v. During the nine months ended May 31, 2022, the Company financed its property insurance of \$59,546 through InHand Financial Inc. and paid \$2,738 (2021 - \$nil) for interest during the period.

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers and are included in the amounts

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described above. All related party transactions are in the normal course of operations and have been recorded at the fair values on the date they occur.

CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim condensed consolidated financial statements and the accompanying Interim MD&A for the nine months ended May 31, 2022 and 2021.

CRYPTOCURRENCY AND CYBERSECURITY RISKS***Digital Asset Pricing Risk***

Bitcoin pricing is affected by numerous factors including international supply and demand, interest rates, inflation or deflation, and global political and economic conditions. The profitability of the Company is directly related to the current and future pricing of Bitcoin. A decline in the market price of Bitcoin could have a negative impact on the Company's future operations and financial results. In addition, a lack of market liquidity could limit the Company's ability to sell Bitcoin on a timely basis and at acceptable pricing levels.

Risk of Security Breaches

Breaches in network security, computer malfeasance and hacking are continuing concerns in the Bitcoin Exchange markets. Typically, security breaches result in unauthorized access, from internal or external sources, to information, systems, and control, to cause intentional damage and disruption of data transactions, hardware and related technologies which could result in unquantifiable loss to the Company's business operations and loss of assets.

Technology Security

Constantly changing technology used in the Bitcoin Network, Bitcoin mining and Blockchain Networks continually introduces opportunities for malicious actors to breach security protocols and potentially damage, steal or control Company assets.

Bitcoin Halving Risk

Bitcoin halving, which occurs every four years, is an event that triggers a 50% reduction in the Bitcoin revenue earned by the Bitcoin miners for every transaction verified by the miner. The reward, currently 6.25 Bitcoin per block, will halve again in 2024. Each halving event has historically resulted in a reduction in network difficulty rates that have corresponded to the reduction in the reward. This, however, cannot be assured or even forecast, and as such, represents a risk to the profitability of Bitcoin mining and the Company's ability to continue as a going concern.

Bitcoin Pricing Volatility Risk

The wide fluctuation of Bitcoin pricing creates a risk to the earnings capability and Bitcoin asset valuations that could be material to the results of operations and financial position of the Company.

Bitcoin Market Adoption

Currently, there is relatively small use of Bitcoin in the retail and commercial marketplace in comparison to the relatively larger use by speculators and investors. This uneven growth will contribute to volatility in pricing and could adversely affect an investment in the Company's shares. Further, if fees increase for recording transactions on the Bitcoin Blockchain, demand for Bitcoin may be reduced and contribute to slowing growth of the Bitcoin Network to retail and commercial enterprises resulting in market limitations and associated Bitcoin demand and valuation challenges.

Continuity of Power Supply

Bitcoin mining consumes large amounts of electrical power and as such, the Company is dependent on NTUA for the continual supply of power at rates that make Bitcoin mining operations efficient and profitable. Disruption in the power supply will have immediate financial consequences to the Company, and if prolonged, result in material losses in Bitcoin earnings, and additional expenses that may be incurred to replace or rectify the power supply.

The current Power Supply Agreement (PSA) with NTUA expires on December 31, 2022. While the Company has commenced negotiations with NTUA on renewing the PSA, there can be no assurance that the negotiations will be resolved in a commercially satisfactory manner.

Bitcoin Miner Obsolescence and Replacement

Technical advances in the efficiency of Bitcoin miners are being made on a continual basis and periodic introductions of new advanced miners can quickly obsolete the Company's existing miners in terms of efficiency and performance, relative to other industry Bitcoin miners. This could result in a reduction in Bitcoin rewards earned and ultimate profitability. Replacement of obsolete miners, or replacement of defective machines, cannot be assured due to competitive market conditions and uncertain pricing.

OTHER RISKS AND UNCERTAINTIES

Credit risk

Credit risk refers to the potential that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company manages credit risk by placing its cash balances at a recognized Canadian and US financial institutions.

Digital assets are held in the custody of Anchorage Digital Bank NA, a US federal chartered digital asset bank and registered custodian. The Company does not self-custody any of its Bitcoin assets.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. Cash flow projections are completed and reviewed on a regular basis to ensure the Company has sufficient cash flows to meet its financial obligations. The Company is exposed to liquidity risk in respect of its accounts payable, accrued liabilities and debt obligations.

Limited Operating History

The Company was recently commenced full operations at its Bitcoin mining facility and has no previous operating history. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as Bitcoin mining and blockchain technology. There is no certainty that the Company will attain its business objectives or operate profitably on a sustainable basis.

Profits to Date

The Company has three quarters of profitability since its incorporation. The Company's continued future profitability depends upon its success in developing and managing its digital currency mining operations, and the extent to which these are able to generate significant revenues.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to successfully develop and scale its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its

anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Debt Facilities and Collateral

In the expansion of the Company's Bitcoin mining business, it has incurred debt obligations, including the asset backed lending facilities (ABL I, II, III and IV), and Senior Debt Facility. Where the Company to default on its payment obligations under the terms of these facilities, the Company could lose possession of its Bitcoin miners and related infrastructure, rendering significant damage to the Company ability to carry on operations.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations could adversely impact the Company's business. Failure or delays in obtaining necessary approvals could have a materially adverse effect on the Company's financial condition and results of operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. Regulatory agencies could shut down or restrict the use of Bitcoin and the mining of Bitcoin. This could lead to a loss of any investment made in the Company and may trigger regulatory action by the authorities.

Key Personnel

The future success of the Company will depend, in large part, upon its ability to retain its key management personnel and to attract and retain additional qualified marketing, sales and operational personnel to form part of its technical and customer services team. The Company may not be able to enlist, train, retain, motivate, and manage the required personnel. Competition for these types of personnel is intense. Failure to attract and retain personnel, could make it difficult for the Company to manage its business and meet its objectives.

Failure to manage growth successfully may adversely impact the Company's operating results. The growth of the Company's operations places a strain on managerial, financial, and human resources. The Company's ability to manage future growth will depend in large part upon several factors, including the ability to rapidly:

- hire and train development, sales, and marketing staff to create an expanding presence in the evolving marketplace for the Company's products;
- attract and retain qualified technical personnel in order to administer technical support required for the Company's Bitcoin mining operations; and
- expand internal management and financial controls significantly, so that control can be maintained over operations as the number of personnel and size of the Company increases.

Inability to achieve any of these objectives could harm the business and operating results of the Company.

Litigation

The Company may become involved in litigation that may materially adversely affect either company or both companies. From time to time in the ordinary course of the Company's business, it may become involved in various legal proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results, or financial condition.

Conflicts of interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her

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interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

To the best of the Company's knowledge, and other than disclosed herein and in the Company's annual audited financial statements, there are no known existing or potential conflicts of interest between the Company and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and equivalents) that are denominated in a currency other than United States dollars, the functional currency of the Company. Management does not hedge its foreign currency risk exposures.

COVID-19

The outbreak of COVID-19 has spread globally causing companies and various jurisdictions, including Canada and the United States of America, to impose restrictions, such as quarantines, closures, cancellations, and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions domestically and internationally and related financial impact cannot be reasonably estimated at this time. At this point, the extent to which COVID-19 may impact our results and business is uncertain, however, it is possible that our future consolidated results may be negatively impacted by this event. The extent of any impact, will depend on future developments, including actions taken to contain COVID-19 and its variants.

Other Information

Additional information regarding the Company is available on SEDAR at www.sedar.com.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated 2022-08-02

Geoffrey McCord

Name of Director or Senior Officer

"Geoffrey McCord"

Signature

Chief Financial Officer

Official Capacity

Issuer Details		For Quarter Ended	Date of Report
Name of Issuer		2022-05-31	YY/MM/D 2022-08-02
Luxxfolio Holdings Inc.			
Issuer Address			
Suite 212 - 1080 Mainland St.			
City/Province/Postal Code		Issuer Fax	Issuer Telephone No.
Vancouver, BC. V6B 2T4		No. None	(888) 928-8883
Contact Name		Contact	Contact Telephone No.
Geoffrey		Position CFO	(888) 928-8883
McCord			EXT 702
Contact Email Address		Web Site	
gmccord@luxxfolio.com		Address	
		Luxxfolio.com	