

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer Luxxfolio Holdings Inc. (the "Issuer").

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 in the Issuer's Interim MD&A – Quarterly Highlights, under Related Party Transactions, for the three months ended November 30, 2022, attached 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 November 30, 2022.

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

(b) summary of options granted during the period,

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 included in the Issuer's unaudited Interim Condensed Consolidated Financial Statements for the three months ended November 30, 2022 attached hereto as Schedule A.

- 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.**

Ken Maclean – Director and President
Kien Tran – Director and Chief Operating Officer
Geoffrey McCord – Director and Chief Financial Officer

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 months ended November 30, 2022 is attached as Schedule C

SCHEDULE A: FINANCIAL STATEMENTS
Interim Condensed Consolidated Financial Statements
For the three months ended November 30, 2022 and 2021



LUXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Financial Statements
For the three months ended November 30, 2022 and 2021
(Expressed in US Dollars)
(Unaudited)

Dated: March 6, 2023

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	November 30, 2022 ⁽¹⁾	August 31, 2022
Assets		
Current assets		
Cash	\$ 606,866	\$ 331,894
Accounts receivable	-	136,272
Prepaid expenses	13,619	2,515
Intangible – Digital Assets (note 4)	11,144	1,103,483
	631,629	1,574,164
Non-current assets		
Deposit on equipment (note 5)	1,509,905	1,509,905
Plant and equipment – net (note 6)	3,100,747	3,360,140
	4,610,652	4,870,045
Total assets	\$ 5,242,281	\$ 6,444,209
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 1,419,249	\$ 1,486,781
Deferred income	367,297	310,000
Current portion of the long-term debt	154,348	938,759
	1,940,894	2,735,540
Non-current liabilities		
Long-term debt (note 9)	1,079,509	1,147,657
	3,020,403	3,883,197
Shareholders' equity		
Common shares (note 10)	19,938,673	20,453,519
Contributed surplus (note 10)	1,267,016	1,182,463
Warrant reserves (note 10)	1,054,529	1,086,460
Accumulated deficit	(20,234,110)	(20,161,430)
Accumulated other comprehensive income	195,770	-
	2,221,878	2,561,012
Total liabilities and shareholders' equity	\$ 5,242,281	\$ 6,444,209

(1) Going Concern – Note 1.

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

Approved on behalf of the Board:

Signed: "Ken MacLean"

Ken MacLean, Director

Signed: "Geoffrey McCord"

Geoffrey McCord, Director

LUXXFOLIO HOLDINGS INC.

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

	For the three months ended November 30, 2022	For the three months ended November 30, 2021
Revenue		
Bitcoin mining	\$ 130,841	\$ 3,377,884
Hosting revenue	662,167	147,059
Total revenues	793,008	3,524,943
Operating expenses		
Advertising	4,527	10,931
Consulting (note 8)	42,822	169,092
Depreciation (note 7)	259,393	843,417
Electricity	432,999	238,041
General and administration	180,415	307,917
Interest (note 9)	50,101	363,976
Compensation and labour	119,822	120,765
Management fees (note 8)	16,684	59,722
Professional fees	5,954	78,217
Rent (note 8)	6,625	7,167
Repairs and maintenance	9,515	59,181
Total expenses	1,128,857	2,258,426
Other expenses		
Share-based payments (note 10)	119,499	288,077
Realized loss on digital assets	13,442	-
Amortization of financing fees	-	26,823
	132,941	314,900
Net income (loss)	\$ (468,790)	\$ 951,617
Other comprehensive income		
Currency translation adjustment	195,770	512,805
Revaluation of cryptocurrencies	-	295,537
Total other comprehensive income	195,770	808,342
Comprehensive income (loss)	\$ (273,020)	\$ 1,759,958
Basic net income (loss) per share	\$ (0.00)	\$ 0.03
Diluted net income (loss) per share	n/a	\$ 0.02
Weighted average number of shares outstanding:		
Basic	86,717,944	55,164,172
Diluted	n/a	74,859,896

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)

For the three months ended November 30, 2022 and 2021

(Expressed in US Dollars)

	Notes	Number of common shares	Common shares	Special warrants	Contributed surplus	Warrant reserves	Deficit	Accumulated OCI	Total
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
Conversion of special warrants		8,118,912	2,187,866	(2,187,866)	-	-	-	-	-
Exercise of share purchase warrants		2,573,554	1,408,172	-	-	(603,405)	-	-	804,767
Expired share purchase warrants		-	-	-	-	(89,676)	89,676	-	-
Asset purchase of Blackcloud		500,003	327,366	-	-	-	-	-	327,366
Share-based compensation		-	-	-	144,957	-	-	-	144,957
Currency translation adjustment		-	(296,327)	-	-	(10,842)	(132,374)	512,805	73,262
Revaluation of cryptocurrencies		-	-	-	-	-	-	295,537	295,537
Net income (loss)		-	-	-	-	-	951,617	-	951,617
Balance, November 30, 2021		60,607,944	\$ 12,391,073	\$ -	\$ 359,762	\$ 774,040	\$ (2,717,258)	\$ 818,922	\$ 11,626,539
Issuance of units		26,100,000	8,540,377	-	-	256,662	-	-	8,797,039
Issuance of compensation options		-	-	-	215,581	95,678	-	-	311,259
Finder's fees		-	(497,427)	-	-	-	-	-	(497,427)
Exercise of share purchase warrants		10,000	4,381	-	-	(124)	-	-	4,257
Expired share purchase warrants		-	-	-	-	(18,869)	18,869	-	-
Share-based compensation		-	-	-	643,251	-	(21,592)	-	621,659
Currency translation adjustment		-	15,115	-	(36,131)	(20,927)	361,684	(818,922)	(499,181)
Net income (loss)		-	-	-	-	-	(17,803,133)	-	(17,803,133)
Balance, August 31, 2022		86,717,944	\$ 20,453,519	\$ -	\$ 1,182,463	\$ 1,086,460	\$ (20,161,430)	\$ -	\$ 2,561,012
Share-based compensation	10	-	-	-	119,499	-	-	-	119,499
Currency translation adjustment		-	(514,846)	-	(34,946)	(31,931)	396,110	195,770	10,157
Net income (loss)		-	-	-	-	-	(468,790)	-	(468,790)
Balance, November 30, 2022		86,717,944	19,938,673	\$ -	\$ 1,267,016	\$ 1,054,529	\$ (20,234,110)	\$ 195,770	\$ 2,221,878

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 three months ended November 30, 2022	For the three months ended November 30, 2021
Operating Activities		
Net income (loss)	\$ (468,790)	\$ 951,617
Changes in non-cash operating items:		
Depreciation	259,393	843,417
Share-based payments	119,499	288,077
Bitcoin mining revenue	(130,841)	(3,377,884)
Realized loss on digital assets	13,442	-
Hosting revenue	-	(147,059)
Amortization of financing fees	-	26,823
Changes in non-cash working capital:		
Cryptocurrency - sold	1,184,183	1,924,186
Accounts receivable	136,272	(127,381)
Prepaid expenses	(11,104)	243,830
Accounts payable and accrued liabilities	(67,532)	(158,604)
Deferred income	57,297	-
Cash provided by (used in) operating activities	1,091,819	467,022
Investing Activities		
Purchase of plant and equipment	-	(152,948)
Deposit on plant and equipment	-	(4,346,895)
Proceeds from sale of mining equipment	9,500	-
Cash provided by (used in) investing activities	9,500	(4,499,843)
Financing Activities		
Proceeds from short-term debt	-	47,434
Proceeds from long-term debt	-	3,474,014
Repayment of long-term debt	(826,347)	(470,439)
Exercise of share purchase warrants	-	804,767
Cash provided by (used in) financing activities	(826,347)	3,855,776
Inflow (Outflow) of Cash	274,972	(177,045)
Cash, Beginning of the quarter	331,894	313,604
Cash, End of the quarter	\$ 606,866	\$ 136,559

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 months ended November 30, 2022 and 2021

(Expressed in US Dollars)

1. NATURE OF OPERATIONS and GOING CONCERN

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 LXXX. The head office of the Company is located at 119-6th Ave. SW Calgary, Alberta. 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 ("New Mexico Facility"). The mining platform was developed in partnership with the Navajo Tribal Utility Authority and resides on Navajo Tribal lands.

The Company suspended its operations at the New Mexico Facility on November 21, 2022. The facilities power supply contract, which expired on December 31, 2022, was not renewed as detailed in Note 6. Accordingly, the Company has no plans to reopen this facility.

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 three months ended November 30, 2022, the Company realized a net loss of \$468,790 (2021 – net income of \$951,617) and as of November 30, 2022, has a working capital deficiency of \$1,309,265 (August 31, 2021 – \$1,161,376) and an accumulated deficit of \$20,234,110 (August 31, 2021 - \$20,161,430). 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, restructure its business operations and/or seek viable business opportunities. Failure to do so will 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 months ended November 30, 2022 and 2021

(Expressed in US Dollars)

2. 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 March 6, 2023.

(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 have been presented in United States dollars ("USD"). The functional currency of all entities is USD with the exception of Luxxfolio Network Inc. which is Canadian dollars ("CAD").

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three months ended November 30, 2022 and 2021

(Expressed in US Dollars)

2. 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.

3. 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 years ended August 31, 2022 and 2021.

4. INTANGIBLE – DIGITAL ASSETS

As at November 30, 2022, the Company held Bitcoin as digital assets. 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	\$
Ending balance, Aug 31, 2021	27.32	1,281,962	-	-	-	-
Acquired through asset purchase	-	-	51.99	220,433	-	-
Digital currency mined	60.08	3,377,884	-	-	-	-
Digital currency sold	(36.27)	(1,924,186)	-	-	-	-
Revaluation	-	128,282	-	-	-	-
Ending balance, Nov 30, 2021	51.13	2,863,942	51.99	220,433	-	-
Acquired	-	-	-	-	1,294	22,367
Digital assets mined	170.46	6,275,390	50.36	138,585	-	-
Digital assets sold	(167.60)	(6,934,047)	(93.64)	(307,132)	-	-
Revaluation	-	(1,122,769)	-	(38,357)	-	(14,930)
Ending balance at, Aug 31, 2022	53.99	1,082,516	8.71	13,529	1,294	7,437
Digital assets mined	6.54	130,615	0.15	226	-	-
Digital assets sold	(60.07)	(1,167,869)	(8.86)	(10,568)	(1,294)	(5,746)
Revaluation	-	(34,118)	-	(3,187)	-	(1,691)
Ending balance at, Nov 30, 2022	0.46	11,144	-	-	-	-

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three months ended November 30, 2022 and 2021

(Expressed in US Dollars)

5. DEPOSITS ON EQUIPMENT

	November 30, 2022	November 30, 2021
Deposits on immersion equipment	\$1,509,905	\$1,234,905
Deposits on transformers	-	86,202
Deposits on mining equipment	-	6,685,336
	\$1,509,905	\$8,006,443

During the three months ended November 30, 2022, the Company had a total deposit of \$1,509,905 (2021 - \$1,234,905) towards the purchase of an immersion-cooling system (See “Related Party Transactions” and “Subsequent Events”).

6. PLANT AND EQUIPMENT

	Mining servers	Equipment	Infrastructure	Total
Cost				
As at August 31, 2021	2,039,341	26,954	1,306,381	3,372,676
Acquired through asset purchase	106,933	-	-	106,933
Additions	5,872,477	10,969	-	5,883,446
As at November 30, 2021	8,018,751	37,923	1,306,381	9,363,055
Reclassification	-	128,506	(409,590)	(281,084)
Additions	8,202,585	-	1,581,381	9,783,966
Dispositions	(14,448,355)	(2,344)	-	(14,450,699)
As at August 31, 2022	1,772,981	164,085	2,478,172	4,415,238
As at November 30, 2022	\$1,772,981	\$164,085	\$2,478,172	\$4,415,238
Accumulated Depreciation				
As at August 31, 2021	71,217	-	72,357	143,574
Depreciation	766,080	10,921	64,093	841,094
As at November 30, 2021	837,297	10,921	136,450	984,668
Depreciation	4,364,805	1,545	306,877	4,673,227
Dispositions	(4,602,797)	-	-	(4,602,797)
As at August 31, 2022	599,305	12,466	443,327	1,055,098
Depreciation	167,721	2,006	89,666	259,393
As at November 30, 2022	\$767,026	\$14,472	\$532,993	\$1,314,491
Net Book Value Nov 30, 2021	\$7,181,454	\$27,002	\$1,169,931	\$8,378,387
Net Book Value Nov 30, 2022	\$1,005,955	\$149,613	\$1,945,179	\$3,100,747

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three months ended November 30, 2022 and 2021

(Expressed in US Dollars)

6. PLANT AND EQUIPMENT (continued)

On July 15, 2022, the Company closed a transaction for the sale of 970 Bitcoin miners valued at \$3,500,000. Under the terms of the agreement, the Company and the Purchaser have entered into a 24-month immersion hosting agreement to manage the miner operation in return for a monthly fee plus bitcoin earned from overclocking using the immersion technology (see note 9).

On July 20, 2022, the Company entered into a transaction for the sale of 590 Avalon miners for \$450,000 and received a \$310,000 deposit as of August 31, 2022. The transfer of the miners to the purchaser is conditional upon receiving full payment of the balance of the sale price, which remains outstanding on November 30, 2022. This deposit is recorded under deferred income pending final payment of \$140,000.

The Company suspended operations indefinitely at the New Mexico Facility on November 21, 2022 due to the negative economics of Bitcoin mining and the quoted power supply contract renewal rates for 2023. This suspension included termination of the third-party immersion hosting contract.

7. GOODWILL IMPAIRMENT

The value of Goodwill, which arose on the acquisition of WestBlock, was written-off on August 31, 2022 due to the continuing uneconomic Bitcoin mining conditions and the outlook for power consumption rates quoted for a renewal of the NTUA power consumption contract. Accordingly, \$4,282,085 was charged against income during the fiscal year ended August 31, 2022.

8. RELATED PARTY TRANSACTIONS

During the three months ended November 30, 2022, the Company incurred management fees of \$16,684 (2021 - \$59,722) and rental fees of \$625 (2021 - \$7,167) 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 \$42,822 (2021 - \$14,333) by an officer of the Company for monthly consulting fees and compensation for key management functions.

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the "Senior Debt Facility") to refinance its loan facilities with CHP Agent Services Inc., a related party (see Note 9). Total interest paid to the Senior Debt Facility amounted to \$48,618 (2021 - \$nil) during the three months ended November 30, 2022. On October 28, 2022, the Company repaid to its principal lender, CHP Agent Services Inc., a related party, an amount of \$1.1 million CAD (see "Subsequent Events").

On November 2, 2022, CHP Agent Services Inc. ceased to be a related party following the resignation of Kelly Klatik, a director of CHP Agent Services Inc., from the Board of Directors.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three months ended November 30, 2022 and 2021

(Expressed in US Dollars)

9. LONG-TERM DEBT

	November 30, 2022	November 30, 2021
Senior Debt Facility	\$996,595	\$nil
CAS – Facility I	-	434,500
CAS – Facility II	-	308,433
CAS – Facility III	-	1,234,905
CHP Capital Inc. – line of credit	-	390,869
NTUA note	237,262	368,292
ABL I	-	491,764
ABL II	-	8,114,670
ABL III	-	757,251
Less: Financing fees	-	(181,813)
Less: Current portion	(154,348)	(4,279,267)
Total long-term debt	\$1,079,509	\$7,639,604

Scheduled principal repayments are as follows:

FY2023	154,348
FY2024	1,079,509
	<u>\$1,233,857</u>

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 loan facilities also provided by CHP Agent Services Inc., a related party. During the three months ended November 30, 2022, the company paid a total of \$48,618 (2021 - \$nil) in interest expenses relating to the Senior Debt Facility.

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 two of its subsidiaries (collectively the “WestBlock Group”) consisted of a general security agreement on WestBlock Group assets 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%

Asset Backed Lending Structures

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).

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three months ended November 30, 2022 and 2021

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9. LONG-TERM DEBT (continued)

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.

The terms and outstanding amounts of the asset backed lending facilities provided by NYDIG as at November 30, 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	\$nil	\$nil	\$nil	\$nil
Interest rate	16%	15%	16%	15%
Duration	19 months	30 months	14 months	26 months
Payment frequency	Monthly	Monthly	Monthly	Monthly

The asset backed lending structures provided by NYDIG (ABL I, II, III, & IV) were settled during the year ended August 31, 2022, as follows:

- ABL I & III - On June 30, 2022, the Company repaid, in advance, the remaining debts related to the Canaan Avalon miner purchase amounting to \$415,000 CAD;
- ABL II & IV – On July 15, the Company sold Bitcoin miners for total proceeds of \$3.5 million of which \$3.2 million was used to reduce outstanding debts;
- ABL II & IV – On August 10, 2022, a debt settlement arrangement between the Company and NYDIG was agreed in which the Company transferred 1930 Bitmain miners to NYDIG in exchange for full and final settlement of all outstanding debts.

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 carried 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 consisted 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.

LUXXFOLIO HOLDINGS INC.

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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, carried an interest rate of 16% and a term of 16 months with an interest only payment for the initial month. Security for the debt consisted 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.

NTUA Debt Facility

The debt facility provided by NTUA carries an interest rate of 7% and has a term of 36 months. Interest expenses relating to the NTUA debt facility amounted to \$4,333 (2021 - \$7,949) for the three months ended November 30, 2022.

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

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the three months ended November 30, 2022, the Company did not issue any common shares.

During the three months ended November 30, 2021, the Company issued 11,192,469 common shares (2020 - nil) 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 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.

LUXXFOLIO HOLDINGS INC.

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

- During the three months ended November 30, 2021, the Company issued a total of 400,714 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 \$160,321 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.

(c) Special warrants

During the three months ended November 30, 2022, the Company did not issue any special warrants.

During the three months ended November 30, 2021, 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.

	Number of Special Warrants	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2021	8,118,912	\$ 0.350
Converted	(8,118,912)	\$ 0.350
Outstanding, November 30, 2021	-	-
Outstanding, August 31, 2022	-	-
Outstanding, November 30, 2022	-	-

(d) Share purchase warrants

During the three months ended November 30, 2022, the Company did not issue any share purchase warrants.

During the three months ended November 30, 2021, the Company issued 8,118,912 share purchase 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. 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.

LUXXFOLIO HOLDINGS INC.

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

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 October 1, 2021.

During the three months ended November 30, 2021, a total 300,714 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.

Warrant transactions and the number of Warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2021	6,137,032	\$0.393
Exercised	(2,573,554)	\$0.400
Expired	(327,160)	\$0.400
Issued	8,118,912	\$0.450
Outstanding, November 30, 2021	11,355,230	\$0.432
Exercised	(10,000)	\$0.450
Expired	(200,000)	\$0.300
Issued	20,048,025	\$0.507
Outstanding, August 31, 2022	31,193,255	\$0.481
Outstanding, November 30, 2022	31,193,255	\$0.481

The weighted average contractual life of Warrants outstanding as at November 30, 2022 is 1.05 (2021 – 1.53) 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 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:

LUXXFOLIO HOLDINGS INC.

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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.

The Company did not issue any Compensation Options during the three months ended November 30, 2022.

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

	Number of Compensation Options	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2021	-	-
Outstanding, November 30, 2021	-	-
Granted	796,050	\$0.70
Outstanding, August 31, 2022	796,050	\$0.70
Outstanding, November 30, 2022	796,050	\$0.70
Options exercisable, November 30, 2022	796,050	\$0.70

The weighted average contractual life of Compensation Options outstanding as at November 30, 2022 is 0.52 (2021 – nil) years.

(f) Share-based compensation

During the three months ended November 30, 2022, the Company did not grant any stock options.

During the three months ended November 30, 2021, the Company granted 125,000 stock options to an employee 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:

LUXXFOLIO HOLDINGS INC.

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10. SHARE CAPITAL (continued)

(f) Share-based compensation (continued)

Exercise price per share	\$0.55 CAD
Risk-free interest rate	0.16%
Expected life of options	5 years
Annualized volatility	198.28%
Dividend rate	0%
Weighted average fair value per option	\$0.535 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 three months ended November 30, 2022 amounted to \$119,499 (2021 - \$288,077).

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

	Number of Stock Options	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2021	3,185,000	\$0.287
Granted	125,000	\$0.550
Outstanding, November 30, 2021	3,310,000	\$0.297
Granted	2,078,000	\$0.450
Canceled	(125,000)	\$0.550
Outstanding, August 31, 2022	5,263,000	\$0.352
Outstanding, November 30, 2022	5,263,000	\$0.352
Options exercisable, November 30, 2022	2,655,750	\$0.307

The weighted average contractual life of stock options outstanding as at November 30, 2022 is 3.64 years (2021 – 4.34).

LUXXFOLIO HOLDINGS INC.

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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 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"). On December 7, 2021, in connection with the closing of the public equity issue, the Financing Condition governing the exercise of the Performance Warrants was met. 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.

LUXXFOLIO HOLDINGS INC.

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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 and Solvency 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. The Company is actively seeking to restructure and refinance its business. The inability to achieve these objectives on a timely basis may result in the Company becoming insolvent. 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 November 30, 2022, the Company has the following contractual maturities:

LUXXFOLIO HOLDINGS INC.

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

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years
Accounts Payable and accrued Liabilities	\$1,319,249	\$1,319,249	\$1,319,249	\$nil	\$nil
Long-term debt	1,233,857	1,233,857	154,348	1,079,509	-
	\$2,553,106	\$2,553,106	\$1,473,597	\$1,079,509	-

(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 November 30, 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 \$1,114.

LUXXFOLIO HOLDINGS INC.

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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 November 30, 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 three months ended November 30, 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 three months ended Nov 30, 2022</i>	Canada	USA	Consolidated
Total revenue	\$305,698	\$487,309	\$793,008
Expenses			
Operational expenses	196,322	623,040	819,362
Depreciation	-	259,393	259,393
Interest expenses	(2,849)	52,951	50,102
Share-based payments	119,499	-	119,499
Realized loss on digital assets	-	13,442	13,442
Total expense	312,972	948,826	1,261,798
Total net loss	\$7,274	\$461,517	\$468,790
<i>As at Nov 30, 2022</i>			
Current assets	\$602,386	\$29,243	\$631,629
Non-current assets	-	4,610,652	4,610,652
Total assets	\$602,386	\$4,639,895	\$5,242,281
Current liabilities	\$274,758	\$1,666,136	\$1,940,894
Non-current liabilities	-	1,079,509	1,079,509
Total liabilities	\$274,758	\$2,745,645	\$3,020,403

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

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14. SEGMENT INFORMATION (continued)

<i>For the three months ended Nov 30, 2021</i>	Canada	USA	Consolidated
Total revenue	\$nil	\$3,524,943	\$3,524,943
Expenses			
Advertising	9,431	1,500	10,931
Consulting	163,116	5,976	169,092
Electricity	-	238,041	238,041
General and administration	107,753	200,164	307,917
Interest	-	363,976	363,976
Compensation and Labour	27,265	93,500	120,765
Management fees	59,722	-	59,722
Professional fees	30,380	47,837	78,217
Rent	7,167	-	7,167
Repairs and maintenance	-	59,181	59,181
Total expenses	404,834	1,010,175	1,415,010
Other expenses ⁽¹⁾	288,077	870,240	1,158,317
Total net income (loss)	(\$692,911)	\$1,644,528	\$951,617
<i>As at Nov 30, 2021</i>			
Current assets	166,303	3,250,979	3,417,282
Non-current assets	4,603,304	16,413,830	21,017,134
Total assets	\$4,769,607	\$19,664,809	\$24,434,416
Current liabilities	231,993	4,936,280	5,168,273
Non-current liabilities	-	7,639,604	7,639,604
Total liabilities	\$231,993	\$12,575,884	\$12,807,877

(1) Other expenses include share-based payments, depreciation, and financing fee

15. SUBSEQUENT EVENTS**(a) Default on Debt Obligations**

Luxxfolio announced on December 8, 2022, that it had received a Notice of Default concerning its debt obligations with CHP Agent Services Inc. Under the terms of the Senior Secured Loan Facility due November 30, 2023, certain covenants, not including payment, had been breached. Full and immediate payment of the outstanding obligation of \$1,155,000 was demanded in the Notice of Default.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

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15. SUBSEQUENT EVENTS (continued)**(b) Debt Settlement**

On January 17, 2023, the Company announced it had reached a debt settlement agreement with its lender CHP Agent Services Inc. On January 16, 2023, the debt outstanding principal interest and fees amounted to \$1,155,000 CAD.

Under the terms of the Agreement, the Company paid CHP Agent Services Inc, on behalf of WestBlock Capital Inc. and certain of its subsidiaries, \$99,546 as well as its rights, interests, and title, as applicable, in the immersion equipment, Bitcoin miners and certain related mining equipment. The cash payment and transfer of equipment were made in full and final settlement of all the debt and all related obligations, guarantees, and general security agreements.

SCHEDULE: C
Interim MD&A – Quarterly Highlights
For the three months ended November 30, 2022 and 2021



LUXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights
For the three months ended November 30,
2022 and 2021

Dated: March 6, 2023

LUXXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights

For the three months ended November 30, 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 months ended November 30, 2022 and 2021. This Interim MD&A is dated March 6, 2023 and should be read in conjunction with the Company’s interim condensed consolidated financial statements and the accompanying notes for the three months ended November 30, 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 years ended August 31, 2022 and 2021, 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.**Interim MD&A – Quarterly Highlights**

For the three months ended November 30, 2022 and 2021

(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".

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 119-6th Ave. SW Calgary, Alberta, Canada. 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 subsidiary, WestBlock Capital Inc. ("WestBlock"), which shares the same head and registered office as the Company. Luxxfolio Network Inc. ("LNI") became a non-operating subsidiary on October 28, 2022 with the transfer of its remaining Bitcoin miners to the Company's lender in exchange for full and final settlement of LNI debts (see "Debt Settlements").

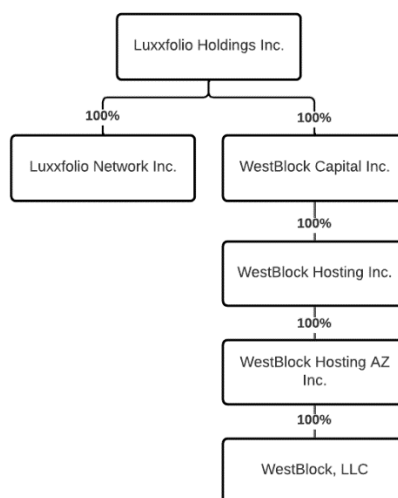
The intercorporate relationships are shown in the organizational chart below.

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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 WestBlock 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 prolonged weakness in the Bitcoin mining industry continues as Bitcoin values remain weak while network difficulty rates increase to new all-time highs. Management does not have confidence that mining economics will recover in the foreseeable future and announced on November 21, 2022, that the Company has suspended operations at its New Mexico Facility. Further, the power supply contract with NTUA, which expired on December 31, 2022, has not been renewed, as newly quoted power rates significantly increase the negative mining economics at the New Mexico Facility.

Following this decision, the Company’s principal lender CHP Agent Services Inc., issued a Notice of Default and demanded immediate repayment of the \$1,155,000 CAD debt it was owed under its Senior Debt Facility, citing covenants for deteriorating industry economic conditions and collateral valuation deficiencies. Subsequently, the Company entered a debt settlement agreement with CHP for the settlement of all outstanding debts and other obligations (see “Debt Settlements”).

As a consequence of these actions, the Company has eliminated all secured debt obligations, but has lost access to key pieces of equipment necessary for operation of the mining facility. Accordingly, at the date of this Interim MD&A, it is highly unlikely that the Company will be returning to Bitcoin mining at the New Mexico Facility.

OVERALL PERFORMANCE

The Company achieved gross revenues of or during the three months ended November 30, 2022 from its Bitcoin mining operation.

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

- Suspended operations at the New Mexico mining facility effective November 21, 2022;
- Concluded debt settlement arrangements with both of the Company’s equipment lenders to exchange mining equipment assets in full settlement of all related debts;
- Actively sought opportunities to restructure and/or refinance the Luxxfolio business which is ongoing;
- Reduced operating expenses to a minimum to conserve available cash resources;
- Reduced staffing levels to the minimum necessary to maintain ongoing business operations; and

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Monthly Performance

	Hosting	Hosting	Mining		
Month	Revenues	Fees	BTC	ETH	Revenues
Sep 2022	\$141,000	-	5.21	0.15	\$104,000
Oct 2022	\$103,000	-	1.04	-	\$20,000
Nov 2022	\$118,000	\$300,000	0.29	-	\$6,000

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 and Ethereum pools of the Company. Anchorage is a US federally regulated digital asset bank with SOC I compliance registration.

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 towards a total purchase price of \$2,627,240 in December 2021. The immersion equipment was delivered to the New Mexico Facility in July 2022. The immersion equipment was subject to a third party hosting agreement miner which commenced July 2022. With the suspension of operations at the New Mexico Facility, the hosting agreement was terminated. On January 17, 2023, the Company’s interest in the immersion equipment was transferred to CHP Agent Services under the debt settlement arrangement.

Debt Settlements

During the fourth quarter of fiscal 2022, the Company, facing the uncertainty and continuing negative effects of the Bitcoin and cryptocurrency market weakness, took decisive action to reduce the debt burden. This was accomplished through multiple transactions involving both the sale of mining equipment and agreements with lenders to settle outstanding liabilities.

On June 30, the company repaid \$415,035 CAD to CHP Agent Services Inc., a related party controlled by a director of the Company (See “Related Party Transactions”).

On July 15, 2022, the Company announced the sale of 970 Bitmain miners and a related immersion mining hosting agreement with the purchaser. Proceeds from the sale amounted to \$3.5 million, of which \$3.2 million was committed to repaying debt obligations with NYDIG ABL, LLC (“NYDIG”) related to the equipment sold.

A further debt settlement with NYDIG was announced on August 10, 2022 where the Company agreed to a debt settlement arrangement in which the Company transferred approximately 1930 miners to NYDIG in exchange for full and final settlement of all debt obligations outstanding between the two parties, subject to delivery and inspection by NYDIG. The Company received NYDIG’s confirmation and closure of this transaction on October 28, 2022.

On October 28, 2022, the Company repaid, in advance, \$1,100,000 CAD of the Senior Debt Facility with CHP Agent Services Inc., a related party controlled by a director of the Company through liquidation of Bitcoin held as collateral.

A notice of default was received by the Company on December 8, 2022 from CHP Agent Services Inc. citing deterioration in WestBlock’s business prospects as well as collateral valuation deficiencies, and demanded immediate repayment of the outstanding balance of the Senior Debt Facility amounting to \$1,155,000 CAD. The

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Company settled this debt, on behalf of WestBlock and certain of its subsidiaries, on January 17, 2023 through a payment of \$99,546 and the transfer of WestBlock's rights, interest and title to the immersion cooling system, Bitcoin miners and certain related mining equipment. Upon payment and transfer, all remaining obligations under the loan facility, including guarantees and general security agreements, were terminated.

The Company's focus and objectives over the next six months involve refinancing and/or restructuring the Company

DISCUSSION OF OPERATIONS***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, through WestBlock LLC, operates a digital asset mining facility at its New Mexico location, at which it managed both Company owned Bitcoin miners as well as third party servers until operations were suspended on November 28, 2022.

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 Luxxfolio, through WestBlock, assumed a debt obligation amounting to \$869,000 in connection to this purchase. At the date of this Interim MD&A, WestBlock owed NTUA \$237,262 in connection with this debt as well as outstanding power charges. Due to the non-payment of these liabilities, the New Mexico facility has been secured by NTUA pending payment of outstanding debts by WestBlock. These debts are specific to WestBlock and its subsidiaries and are not guaranteed or otherwise secured by the Luxxfolio Holdings Inc.

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 (See "Debt Settlements").

The facility carries the following terms:

- Available loan proceeds established at \$3 million CAD;
- The facility term is 24 months following the closing date;
- Security provided by WestBlock and its subsidiaries consisted of a general security agreement on certain of WestBlock operations and a first charge on certain 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.

Equity Issues

On December 7, 2021, the Company closed its previously announced 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.

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On June 9, 2022, Luxxfolio announced a \$2.0 million CAD private placement for 12.5 million common shares at \$0.16 CAD per share and 12.5 million warrants, exercisable into common shares at \$0.21 for a period of two years.

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.

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 15, 2022, the Company announced that as part of its corporate realignment and efforts to reduce overheads, Mr. Kelly Klatik would step down from his position as Executive Chairman and remain a Director of the Company.

The Company announced on October 28, 2022 that Bradley Farquhar had resigned his position as a director of the Corporation. Kelly Klatik and David Gens resigned on November 2, 2022 and Michael Byron resigned on December 2, 2022.

On December 7, 2022, the Company announced that Geoffrey McCord CPA, CA, Chief Financial Officer and Kien Tran, Chief Operating Officer, were appointed to the Board.

ANALYSIS OF FINANCIAL PERFORMANCE

<i>(For the three months ended)</i>			
	Nov 30, 2022		Nov 30, 2021
Total revenues	\$	793,008	\$ 3,524,943
Expenses			
Operational expenses		819,362	1,051,033
Depreciation		259,393	843,417
Interest expenses		50,102	363,976
Share-based payments		119,499	288,077
Realized loss on digital assets		13,442	-
Amortization of financing fees		-	26,823
Total expenses		1,261,798	2,573,326
Net income (loss)	\$	(468,790)	\$ 951,617

For the three months ended November 30, 2022

The Company had a net loss of \$468,790 for the three months ended November 30, 2022. Revenues generated amounted to \$793,008, \$130,841 from Bitcoin mining, \$300,000 from installation fees, and \$362,167 from hosting operations. The increase in net loss compared to the three months ended November 30, 2021 can be attributed to expansion of its Bitcoin operations, depreciation of mining equipment, electricity expenses, and interest expenses.

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The net loss for the three months ended November 30, 2022 was primarily composed of operating expenses of \$819,362, depreciation expenses of \$259,393, interest expense of \$50,102, share-based payments of \$119,499, and realized loss on digital assets of \$13,442. The operating expenses included electricity expense of \$432,999, general and administrative expenses of \$180,415 and compensation expenses of \$119,822.

For the three months ended November 30, 2021

The Company had a net income of \$951,617 for the three months ended November 30, 2021, its first profitable fiscal quarter since inception. The Company generated \$3,337,884 in revenue from its Bitcoin mining operations and \$147,059 from hosting services provided to third parties.

During the three months ended November 30, 2021, the Company realized a total expenses of \$1,415,009 primarily associated with depreciation expenses of \$843,417 relating to the amortization of Bitcoin miners, loan interest of \$363,976, general and administration expenses of \$307,917, power costs paid to the NTUA related to Bitcoin mining of \$238,041, and consulting fees of \$169,092.

The other non-operating expenses for the three months ended November 30, 2021 is composed of share-based payments of \$288,077 and amortization of financing fees on long-term debts of \$26,823.

ANALYSIS OF CASH FLOWS

	For the three months ended Nov 30, 2022	For the three months ended Nov 30, 2021
Net cash provided by (used in)		
Operating activities	\$ 1,091,819	\$ 467,022
Investing activities	9,500	(4,499,843)
Financing activities	(826,347)	3,855,776
Inflow (outflow) of cash	\$ 274,972	\$ (177,045)

Operating Activities

The total cash provided by operating activities for the three months ended November 30, 2022 amounted to \$1,091,819 (2021 – \$467,022). The cash provided by operating activities was attributed to proceeds from the sale of Bitcoin of \$1,184,183 (2021 – \$1,924,186), decrease in accounts receivable of \$136,272 (2021 – (\$127,381)), and increase in deferred income of \$57,297 (2021 - \$nil).

During the three months ended November 30, 2022, the cash used in operating activities was attributed to an increase in prepaid expenses of \$11,104 (2021 – (\$243,830)) and decrease in accounts payable and accrued liabilities of \$67,532 (2021 - \$158,604).

Investing Activities

The total cash provided in investing activities for the three months ended November 30, 2022 amounted to \$9,500 (2021 – (\$4,499,843)) related to the sale of Bitcoin miners.

Financing Activities

The total cash used in financing activities for the three months ended November 30, 2022 amounted to \$826,347 (2021 – (\$3,855,776)) related to long-term debt repayment on the Senior Debt facility amounting to \$805,920 (2021 - \$nil) and the NTUA note amounting to \$20,427 (2021 - \$nil) (see “Debt Settlements”).

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ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company began generating revenue from operations in July 2021. The Company realized a net loss of \$574,681 during the three months ended November 30, 2022. The following is a breakdown of the material costs incurred for the three months ended November 30, 2022 and 2021:

- (a) General and administration expenses - \$180,415 (2021 - \$307,917), being costs associated with regulatory filing, travels, investor relations, shipping fees, and administration of the Company;
- (b) Consulting fees - \$42,822 (2021 - \$169,092), 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 - \$259,393 (2021 - \$843,417), being the amortization of the Bitcoin miners, the mining equipment, and the New Mexico mining facility;
- (d) Electricity expenses - \$432,999 (2021 - \$238,041), being the monthly electricity charges paid to the NTUA incurred in the production of Bitcoin;
- (e) Interest expenses - \$50,101 (2021 - \$363,976), being the monthly interest charges on the Senior Debt Facility provided by CHP Agent Services Inc., a related party, and the NTUA note;
- (f) Compensation - \$119,822 (2021 - \$120,765) – 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;
- (g) Management fees - \$16,684 (2021 - \$59,722), being fees paid to Cypress Hills Partners Inc., a related party, for accounting, operational, and administrative functions;
- (h) Professional fees - \$5,954 (2021 - \$78,217), 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;
- (i) Rent - \$6,625 (2021 - \$7,167), being the monthly head office rental and the monthly lease of the New Mexico mining site;
- (j) Repairs and maintenance - \$9,515 (2021 - \$59,181), 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;
- (k) Share-based payments - \$119,499 (2021 - \$288,077), being expenses relating to the grant of stock options recognized over a graded vesting schedule; and
- (l) Realized loss on digital assets - \$13,442 (2021 - \$nil), being the realized loss on disposition of digital assets for cash.

SEGMENT ANALYSIS

The Company had, until it was suspended on November 21, 2022, a single operating line of business, Bitcoin mining, which was 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:

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<i>For the three months ended Nov 30, 2022</i>	Canada	USA	Consolidated
Total revenue	305,698	487,309	793,008
Total expense	312,972	948,826	1,261,798
Total net loss	\$7,274	\$461,517	\$468,790
<i>As at Nov 30, 2022</i>			
Current assets	602,386	29,243	631,629
Non-current assets	-	4,610,652	4,610,652
Total assets	\$602,386	\$4,639,895	\$5,242,281
Current liabilities	274,758	1,666,136	1,940,894
Non-current liabilities	-	1,079,509	1,079,509
Total liabilities	\$274,758	\$2,745,645	\$3,020,403

<i>For the three months ended Nov 30, 2021</i>	Canada	USA	Consolidated
Total revenue	-	3,524,943	3,524,943
Total expense	692,911	1,880,415	2,573,327
Total net income (loss)	(\$692,911)	\$1,644,528	\$951,617
<i>As at Nov 30, 2021</i>			
Current assets	166,303	3,250,979	3,417,282
Non-current assets	4,603,304	16,413,830	21,017,134
Total assets	\$4,769,607	\$19,664,809	\$24,434,416
Current liabilities	231,993	4,936,280	5,168,273
Non-current liabilities	-	7,639,604	7,639,604
Total liabilities	\$231,993	\$12,575,884	\$12,807,877

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 November 30, 2022, the Company had a working capital deficiency of \$1,309,265 compared to the \$1,161,376 deficiency that existed on August 31, 2021. The change in working capital deficiency during the three months ended November 30, 2022 is primarily attributed to increase in cash holdings of 274,972, decrease in accounts receivable of \$136,272, decrease in accounts payable and accrued liabilities of \$67,532, increase in deferred income \$57,297, and decrease in the current portion of long-term debt of \$784,411.

Asset backed lending structures

On December 24, 2020, the Company placed an order for 590 Avalon 1246 Pro Bitcoin miners (the “Avalon Miners”)

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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.

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.

The terms and outstanding amounts of the asset backed lending facilities provided by NYDIG as at November 30, 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	\$nil	\$nil	\$nil	\$nil
Interest rate	16%	15%	16%	15%
Duration	19 months	30 months	14 months	26 months
Payment frequency	Monthly	Monthly	Monthly	Monthly

All of the debt facilities provided by NYDIG; ABL I, ABL II, ABL III, and ABL IV, were settled during the fourth quarter of 2022 and the first three months of 2023 with all security charges terminated.

Requirement of Additional Debt and Equity Financing

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 it will not be in a position to pay dividends for the foreseeable future, as it will retain 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 MD&A.

RELATED PARTY TRANSACTIONS

During the three months ended November 30, 2022, the Company entered into the following transactions with related parties:

- a) paid management fees of \$16,684 (2021 - \$59,722) and rental fees of \$625 (2021 - \$7,167) 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 \$42,822 (2021 - \$14,333) to Geoffrey McCord, an officer of the Company for monthly consulting fees and compensation for key management functions; and
- c) On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the “Senior Debt Facility”) to refinance its loan facilities with CHP Agent Services Inc., a related party (see “Senior Debt Facility”). Total interest paid to the Senior Debt Facility amounted to \$48,618 (2021 - \$nil) during the three months ended November 30, 2022. On October 28, 2022, the Company repaid to

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its principal lender, CHP Agent Services Inc., a related party, an amount of \$1.1 million CAD (see “Subsequent Events”).

On November 2, 2022, CHP Agent Services Inc. ceased to be a related party following the resignation of Kelly Klatik, a director of CHP Agent Services Inc., from the Board of Directors.

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.

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 three months ended November 30, 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.

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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 expired on December 31, 2022. The Company has not renewed the PSA with NTUA due to uneconomic power costs quoted for the renewal contract and disposition of the mining equipment.

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 and Solvency 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. The Company has limited cash resources and is actively seeking opportunities to restructure and refinance its business. The inability to achieve these objectives on a timely basis will result in the Company becoming insolvent.

Profits to Date

The Company has three quarters of profitability since its incorporation and has no prospect of profitability unless the Company can restructure its business and /or obtain additional financing.

Additional Requirements for Capital

Substantial additional financing is required if the Company is to successfully continue to 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.

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 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.

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 2022-03-08.

Geoffrey McCord
Name of Director or Senior Officer

"Geoffrey K. McCord"
Signature

Chief Financial Officer
Official Capacity

Issuer Details		For Quarter Ended	Date of Report YY/MM/D
Name of Issuer		2022-11-30	2023-03-08
Luxxfolio Holdings Inc.			
Issuer Address			
119 6 th Ave SW, Calgary			
City/Province/Postal Code		Issuer Fax No. ()	Issuer Telephone No. ()
Calgary, Alberta		None	(888) 928-8883
Contact Name		Contact Position	Contact Telephone No.
Geoffrey K. McCord		CFO	(888) 928-8883 (Ext 702)
Contact Email Address		Web Site Address	
gmccord@luxxfolio.com		Luxxfolio.com	