

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 7, and in the Issuer's Interim MD&A – Quarterly Highlights, under Related Party Transactions, for the three and six months ended February 29, 2024 and 2023, 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,

There were no securities or options issued during the period December 1, 2023 and February 29, 2024.

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 is included in the Issuer's unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended February 29, 2024 and 2023 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.**

Geoffrey McCord – Director, interim Chief Executive Officer, 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 and six months ended February 29, 2024 and 2023 is attached as Schedule C.

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 April 29, 2024.

Geoffrey McCord
Name of Director or Senior Officer

/s/ "Geoffrey McCord"
Signature

Chief Financial Officer
Official Capacity

Issuer Details		For Quarter Ended	Date of Report YY/MM/DD
Name of Issuer		Feb 29, 2024	24/04/29
Luxxfolio Holdings Inc.			
Issuer Address			
417-1080 Mainland St.			
City/Province/Postal Code		Issuer Fax No. ()	Issuer Telephone No. ()
Vancouver, British Columbia		None	(888) 928-8883
Contact Name		Contact Position	Contact Telephone No.
Geoffrey McCord		CFO	(888) 928-8883 (Ext 702)
Contact Email Address		Web Site Address	
gmccord@luxxfolio.com		Luxxfolio.com	

“Schedule A”



LUXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Financial Statements
For the three and six months ended February 29, 2024 and 2023
(Expressed in Canadian Dollars)
(Unaudited)

Dated: April 29, 2024

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

(Expressed in Canadian Dollars)

(Unaudited)

As at	February 29, 2024 ⁽¹⁾	August 31, 2023
Assets		
Current assets		
Cash	\$ 33,915	\$ 69,719
Accounts and GST receivables	11,205	9,493
	45,120	79,212
Total assets	\$ 45,120	\$ 79,212
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 213,221	\$ 215,124
	213,221	215,124
Shareholders' equity		
Common shares (note 9)	25,008,109	25,008,109
Contributed surplus (note 9)	227,838	186,620
Warrant reserves (note 9)	-	336,704
Accumulated deficit	(25,404,048)	(25,667,345)
	(168,101)	(135,912)
Total liabilities and shareholders' equity	\$ 45,120	\$ 79,212

*(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: "Rodney Stevens"

Rodney Stevens, Director

Signed: "Jason Cihelka"

Jason Cihelka, Director

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended February 29, 2024	For the three months ended February 28, 2023	For the six months ended February 29, 2024	For the six months ended February 28, 2023
Revenue				
Bitcoin mining	\$ nil	\$ nil	\$ nil	\$ 176,211
Hosting revenue	-	-	-	893,074
Total revenues	-	-	-	1,069,285
Operating expenses				
Advertising	-	-	-	6,106
Consulting (note 8)	-	94,929	-	152,670
Depreciation	-	-	-	349,869
Electricity	-	-	-	584,029
General and administration	14,163	12,577	20,507	255,921
Interest	-	-	-	67,576
Compensation and labour	-	-	-	161,616
Management fees (note 8)	-	22,500	-	45,000
Legal and professional fees	-	55,017	15,000	63,035
Rent	-	-	-	8,936
Repairs and maintenance	-	-	-	12,834
Total operating expenses	14,163	185,023	35,507	1,707,592
Other expenses				
Share-based payments (note 10)	18,802	129,854	41,218	291,019
Loss on deconsolidation (note 3)	-	-	-	2,877,530
Debt forgiveness	-	-	(3,318)	-
Realized loss (gain) on digital assets	-	(6,437)	-	11,694
Total other expenses	18,802	123,417	37,900	3,180,243
Net income (loss)	\$ (32,965)	\$ (308,440)	\$ (73,407)	\$ (3,818,550)
Basic and diluted net loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.04
Weighted average number of shares outstanding:				
Basic and diluted	86,717,944	86,717,944	86,717,944	86,717,944

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

For the six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	Number of common shares	Common shares	Contributed surplus	Warrant reserves	Deficit	Total
Balance, August 31, 2022		86,717,944	\$ 25,008,109	\$ 1,550,327	\$ 1,424,458	\$ (24,625,152)	\$ 3,357,742
Expired stock options		-	-	(639,008)	-	639,008	-
Share-based compensation		-	-	291,019	-	-	291,019
Net income (loss)		-	-	-	-	(3,818,550)	(3,818,550)
Balance, February 28, 2023		86,717,944	\$ 25,008,109	\$ 1,202,338	1,424,458	\$ (27,804,694)	\$ (169,789)
Expired stock options		-	-	(890,868)	-	890,868	-
Expired compensation options		-	-	(274,197)	-	274,197	-
Expired share purchase warrants		-	-	-	(1,087,754)	1,087,754	-
Share-based compensation		-	-	149,347	-	-	149,347
Net income (loss)		-	-	-	-	(115,470)	(115,470)
Balance, August 31, 2023		86,717,944	\$ 25,008,109	\$ 186,620	\$ 336,704	\$ (25,667,345)	\$ (135,912)
Share-based compensation	9	-	-	41,218	-	-	41,218
Expired share purchase warrants	9	-	-	-	(336,704)	336,704	-
Net income (loss)		-	-	-	-	(73,407)	(73,407)
Balance, February 29, 2024		86,717,944	\$ 25,008,109	\$ 227,838	\$ -	\$ (25,404,048)	\$ (168,101)

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

(Expressed in Canadian Dollars)

(Unaudited)

	For the six months ended February 29, 2024	For the six months ended February 28, 2023
Operating Activities		
Net income (loss)	\$ (73,407)	\$ (3,818,550)
Changes in non-cash operating items:		
Depreciation	-	349,869
Share-based payments	41,218	291,019
Bitcoin mining revenue	-	(176,211)
Realized loss on digital assets	-	39,266
Realized loss on sale of equipment	-	(10,453)
Loss on deconsolidation	-	2,877,530
Changes in non-cash working capital:		
Cryptocurrency - sold	-	1,594,976
Accounts receivable	(1,712)	172,834
Prepaid expenses	-	3,297
Accounts payable and accrued liabilities	(1,903)	62,872
Deferred income	-	(406,440)
Cash provided by (used in) operating activities	(35,804)	980,009
Investing Activities		
Cash provided by (used in) investing activities	-	-
Financing Activities		
Repayment of long-term debt	-	(1,234,258)
Cash provided by (used in) financing activities	-	(1,234,258)
Inflow (Outflow) of Cash	(35,804)	(254,249)
Cash, Beginning of the quarter	69,719	435,146
Cash, End of the quarter	\$ 33,915	\$ 180,897

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

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Luxxfolio Holdings Inc. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on October 10, 2017. On March 21, 2019, the Company’s shares began trading on the Canadian Securities Exchange (“CSE”), under the symbol LUXX. The head office of the Company is located at 417 – 1080 Mainland Street, Vancouver, British Columbia.

2. GOING CONCERN

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

For the six months ended February 29, 2024, the Company realized a net loss of \$73,407 (2023 - \$3,818,550). As at February 29, 2024, the Company had a working capital deficiency of \$168,101 (August 31, 2023 - \$135,912) and an accumulated deficit of \$25,404,048 (August 31, 2023 - \$25,667,345). In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

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

3. BASIS OF PRESENTATION

(a) Statement of compliance

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

The Company was in the business of mining for digital assets, specifically Bitcoin until the closing of the Company’s mining facility in November 2022. 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.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)**(b) Basis of presentation**

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. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company lost control of WestBlock Capital Inc. and its subsidiaries ("WestBlock") as well as WestBlock's mining facility assets on November 30, 2022 due to access restrictions imposed by the Navajo Tribal Utility Authority ("NTUA") for non-payment of the unsecured note due May 2024 and the accumulated power supply charges under WestBlock, operator of the facility. Accordingly, the Company has written down its investment in the WestBlock operating subsidiaries and derecognised these in the consolidated financial statements for the year ended August 31, 2023. The Company recognized a loss amounting to \$2,877,530 on the loss of control and deconsolidation of WestBlock during the three months ended November 30, 2022. Any value realized on the disposition of the remaining assets will be recognised at the time of disposition.

(c) Principals of consolidation

Assets, liabilities, income, and expenses of the subsidiaries are included in the unaudited interim condensed consolidated financial statements from the date that the Company gains control until the date that the Company ceases to control the subsidiary. As at November 30, 2023, the unaudited interim condensed consolidated statements of financial position include only accounts of the Company and its wholly owned subsidiary Luxxfolio Networks Inc. All other former operating subsidiaries have not been included as the Company ceased to control these entities effective November 30, 2022.

For the three months ended November 30, 2022 and for the period prior to the loss of control, the 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, as appropriate.

(d) Approval of the unaudited interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on April 29, 2024.

(e) Functional and presentation currency

Transactions and balances in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates. These consolidated financial statements have been presented in Canadian dollars ("CAD"). The functional currency of all entities is CAD at February 29, 2024. The functional currency of the US entities was the USD prior to the derecognition of WestBlock.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)**(f) Use of estimates and judgments**

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgments, 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates. Accounting estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities include, but are not limited to the following:

(i) Valuation of digital assets

Prior to the loss of control, the Company derived the majority of its revenue from the mining of Bitcoin and held Bitcoin at the comparative reporting date. Bitcoin is considered an identifiable non-monetary asset without physical substance and is treated as intangible assets not subject to amortization under IAS 38 Intangible Assets.

Bitcoin is measured at fair value using the quoted prices provided by Yahoo Finance and are valued at the closing price on the last trading day of the reporting period.

(ii) Fair value of options and warrants

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involve uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(iii) Business combinations

In business combinations transacted by the Company, identifiable assets acquired, and liabilities assumed are recorded at their fair values. In determining the allocation of the purchase price in a business combination requires management to make certain judgements and estimates about future events, including but not limited to future revenues, future digital asset prices and future operating costs.

(iv) Business acquisitions

Management determines whether assets acquired, and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs to create outputs of measurable value. The Company completed the acquisition of WestBlock Capital Inc. in June 2021 which was determined to be a business combination and was accounted for under IFRS 3 (*Business Combinations*).

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)

(f) Use of estimates and judgements (continued)

(v) Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

(vi) Depreciation of mining equipment

The measurement of the estimated useful economic life of the specific use computers (Miners) used in the mining of Bitcoin requires judgement in determining the impact of the future Miner generation's ability to achieve higher processing speeds while reducing power requirements. Previous generations of these Miners have been subject to considerable obsolescence in the past resulting in short duration economic life. The actual future technological advancements of the Miners may differ from previous experience, and accordingly impact the financial results of the Company.

(vii) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgements in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the consolidated financial statements.

(viii) Research and development expenditures

Costs to develop the Company's platform are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the platform is technically and economically feasible, which management assesses based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers those factors in aggregate and applies significant judgement to determine whether the platform is feasible. The Company has not capitalized any research and development costs as at February 29, 2024.

(ix) Impairment of non-financial assets and goodwill

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. These calculations are based on available data, other observable inputs, and projections of cash flows, all of which are subject to estimates and assumptions. Recoverable amounts are also sensitive to assumptions about the future usefulness of in process development and contractual rights to use inputs for these assets.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company remain unchanged and are consistent with those described in the audited consolidated financial statements for the years ended August 31, 2023 and 2022.

5. DIGITAL ASSETS – HELD IN CUSTODY

As at February 29, 2024, the Company held no digital assets. During the six months ended February 28, 2023, the Company held Bitcoin, Ethereum, and Filecoin as its digital assets in segregated custody vaults with Anchorage Digital Bank NA, a US federally chartered digital bank and registered custodian. The digital assets are recorded at their fair value on the date they are received as revenues and are revalued at their current market value at each reporting date. Fair value is determined by taking the closing price listed on Yahoo Finance at the reporting date.

The continuity of digital assets is as follows:

<i>(At fair value)</i>	Bitcoin		Ethereum		Filecoin	
	Units	\$	Units	\$	Units	\$
Ending balance, Aug 31, 2022	53.99	1,419,288	8.71	17,738	1,294	9,751
Mined	6.54	175,920	0.15	304	-	-
Sold	(60.53)	(1,587,964)	(8.86)	(14,234)	(1,294)	(7,739)
Revaluation	-	(7,244)	-	(3,808)	-	(2,012)
Ending balance, Feb 28, 2023	-	-	-	-	-	-
Ending balance, Aug 31, 2023	-	-	-	-	-	-
Ending balance, Feb 29, 2024	-	-	-	-	-	-

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

6. PLANT AND EQUIPMENT

	Mining servers	Equipment	Infrastructure	Total
Cost				
As at August 31, 2022	\$2,324,555	\$215,132	\$3,249,131	\$5,788,818
Dispositions and derecognition	(2,324,555)	(215,132)	(3,249,131)	(5,788,818)
As at February 28, 2023	-	-	-	-
As at August 31, 2023	-	-	-	-
As at February 29, 2024	-	-	-	-
	Mining servers	Equipment	Infrastructure	Total
Accumulated Depreciation				
As at August 31, 2022	\$785,749	\$16,344	\$581,246	\$1,383,339
Depreciation	228,450	3,359	118,060	349,869
Dispositions and derecognition	(1,014,199)	(19,703)	(699,306)	(1,733,208)
As at February 28, 2023	-	-	-	-
As at August 31, 2023	-	-	-	-
As at February 29, 2024	-	-	-	-
Net Book Value, Feb 28, 2023	-	-	-	-
Net Book Value, Feb 29, 2024	-	-	-	-

On November 30, 2022, the Company was advised that access to its New Mexico Mining Facility had been restricted by NTUA, the provider of power to the facility and as a result the Company lost the control of its subsidiaries.

7. RELATED PARTY TRANSACTIONS

During the six months ended February 29, 2024, the Company did not incur any related party transactions.

During the six months ended February 28, 2023, the Company incurred management fees of \$45,000 from a company controlled by a former director of the Company and a former director of the Company's subsidiaries. During the same period, the Company incurred consulting fees of \$77,917 by an officer of the Company for key management functions.

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

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into a senior debt facility (the "Senior Debt Facility") to refinance three existing loan facilities with CHP, a related party. On October 28, 2022, the Company repaid \$1,100,000 to CHP, its principal lender and a related party. Total interest paid on the Senior Debt Facility amounted to \$82,021 during the six months ended February 28, 2023.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

8. LONG-TERM DEBT

	February 29, 2024	February 28, 2023
NTUA note	-	347,523
Less: Current portion	-	(121,532)
Total long-term debt	-	\$225,991

Senior Debt Facility

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. ("CHP"), a related party. The Senior Debt Facility replaced the existing asset-backed facilities with CHP. During the six months ended February 28, 2023, the company paid a total of \$82,021 in interest expenses relating to the Senior Debt Facility.

The Senior Debt Facility carries the following terms:

- Available loan proceeds established at \$3 million;
- 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%

On October 28, 2022, the Company repaid \$1,100,000 to CHP, its principal lender and a related party.

On December 8, 2022, the Company received a notice of default under the Senior Debt Facility with CHP citing deteriorating industry economic conditions and collateral valuation deficiencies. The notice of default demanded immediate repayment of the outstanding loan balance of \$1,155,005.

A settlement agreement was concluded between the Company and CHP on January 16, 2023. The terms of the settlement agreement provided that in exchange for full and final settlement of all debt obligations and security charges with CHP, the Company would pay \$99,546 USD on behalf of WestBlock Capital Inc. and certain of its subsidiaries, as well as transfer its right, title and interest in the immersion equipment, the collateralized Bitcoin miners and certain mining equipment to CHP. As a result of this settlement, the Senior Debt Facility and all related obligations and security interests have been terminated.

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

Unlimited number of common shares without par value.

(b) Issued and outstanding

During the six months ended February 29, 2024 and 2023, the Company did not issue any common shares.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)**(c) Share purchase warrants**

During the six months ended February 29, 2024 and 2023, the Company did not issue any share purchase warrants.

Share purchase warrant transactions and the number of share purchase warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, August 31, 2022	31,193,255	\$0.48
Outstanding, February 28, 2023	31,193,255	\$0.48
Expired	(11,543,255)	\$0.45
Outstanding, August 31, 2023	19,650,000	\$0.50
Expired	(7,150,000)	\$1.00
Outstanding, February 29, 2024	12,500,000	\$0.21

The weighted average contractual life of share purchase warrants outstanding as at February 29, 2024 was 0.27 (2023 – 0.79) years.

(d) Compensation Options

The Company did not issue any Compensation Options during the six months ended February 29, 2024 and 2023.

In connection with the underwritten public offering closed on December 7, 2021, the Company issued 796,050 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 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", totaling 398,025 Compensation Warrants). Each Compensation Warrant will entitle the holder to acquire one Common Share at an exercise price of \$1.00 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:

	Common share component	Compensation Warrant component
Exercise price per share/warrant	\$0.70	\$1.00
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	\$0.306

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)**(d) Compensation Options (continued)**

The annualized volatility was based on historical weekly data of the Company.

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

	Number of Compensation Options	Weighted Average Exercise Price
Outstanding, August 31, 2022	796,050	\$0.70
Outstanding, February 28, 2023	796,050	\$0.70
Expired	(796,050)	\$0.70
Outstanding, August 31, 2023	-	-
Outstanding, February 29, 2024	-	-

The weighted average contractual life of Compensation Options outstanding as of February 29, 2024 was nil (2023 – 0.27) years.

(e) Stock options

During the three and six months ended February 29, 2024 and 2023, the Company did not grant any stock options. A total of 1,908,000 options were canceled during the six months ended February 28, 2023 in accordance with the terms of the Company's Stock Option Plan.

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

	Number of Stock Options	Weighted Average Exercise Price (CAD)
Outstanding, August 31, 2022	5,263,000	\$0.352
Canceled	(1,908,000)	\$0.354
Outstanding, February 28, 2023	3,355,000	\$0.350
Granted	8,230,000	\$0.015
Canceled	(2,915,000)	\$0.362
Outstanding, August 31, 2023	8,670,000	\$0.028
Outstanding, February 29, 2024	8,670,000	\$0.028
Options exercisable, February 29, 2024	6,612,500	\$0.033

The weighted average contractual life of stock options outstanding as of February 29, 2024 is 4.27 (2023 – 3.40) years.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

10. 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 and accounts receivable 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 Yahoo Finance and are valued at the closing price on the last trading day of the reporting period. The Company considers this to be Level 2 fair value.

(b) Credit risk

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

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

(c) Liquidity risk and Working Capital deficiency

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The working capital deficiency on February 29, 2024 and August 31, 2023 is a measure of the liquidity risk that exists. The Company manages its liquidity risk on an ongoing basis in accordance with policies and procedures in place. Budgeting and Cash flow projections are completed and reviewed on a regular basis to ensure the Company has sufficient cash resources available to meet its financial obligations. The Company is exposed to liquidity risk in respect of its accounts payable and accrued liabilities, and long-term debt. As of February 29, 2024, the Company has the following contractual maturities:

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

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

	Carrying amount	Contractual cash flows	FY2024	FY2025	FY2026
Accounts Payable and accrued Liabilities				\$nil	\$nil
				\$nil	\$nil

(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. Exchange rate fluctuations will affect those parts of the Company's operations managed in USD dollars and consequently may impact the Company's financial results, and assets and liabilities denominated in USD.

11. TAX LOSS CARRY-FORWARD

As of August 31, 2023, the Company had capital losses of \$2,877,531 (2022 - \$nil) and non-capital losses of approximately \$14,537,204 (2022 - \$14,344,652) available for carry-forward to reduce future years' Canadian taxable income. These non-capital losses expire as follows:

	Amount
2037	1,279,519
2038	375,764
2039	330,620
2040	278,532
2041	739,497
2042	11,340,720
2043	192,552
	<u>14,537,204</u>

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at February 29, 2024, the Company considers capital to consist of short-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

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT (continued)

the capital structure, the Company may issue common shares, promissory notes, dispose of assets or adjust the amount of cash on hand.

At this stage of the Company's development, and to maximize available capital, ongoing operational development efforts, the Company does not pay dividends. There were no changes to the Company's capital management approach for the six months ended February 29, 2024.

13. CHANGE IN PRESENTATION CURRENCY

The impact of the change in presentation currency is shown below:

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss (unaudited)

	For the three months ended Feb 28, 2023	For the three months ended Feb 28, 2023 ⁽¹⁾	For the six months ended Feb 28, 2023	For the six months ended Feb 28, 2023 ⁽²⁾
	(USD)	(CAD)	(USD)	(CAD)
Revenue				
Bitcoin mining	\$ nil	\$ nil	\$ 130,841	\$ 176,211
Hosting revenue	-	-	662,167	893,074
Total revenues	-	-	793,008	1,069,285
Operating expenses				
Advertising	-	-	4,527	6,106
Consulting (note 8)	70,357	94,929	113,178	152,670
Depreciation	-	-	259,367	349,869
Electricity	-	-	432,956	584,029
General and administration	9,322	12,577	189,721	255,921
Interest	-	-	50,096	67,576
Compensation and labour	-	-	119,810	161,616
Management fees (note 8)	16,676	22,500	33,360	45,000
Legal and professional fees	40,776	55,017	46,729	63,035
Rent	-	-	6,624	8,936
Repairs and maintenance	-	-	9,514	12,834
Total operating expenses	137,131	185,023	1,265,883	1,707,592
Other expenses				
Share-based payments (note 10)	96,242	129,854	215,740	291,019
Loss on deconsolidation (note 3)	-	-	2,133,188	2,877,530
Realized loss (gain) on digital assets	(4,771)	(6,437)	8,669	11,694
Total other expenses	91,471	123,417	2,357,597	3,180,243
Net income (loss)	\$ (228,602)	\$ (308,440)	\$ (2,830,472)	\$ (3,818,550)

(1) A translation rate of 1.3492 was used for conversion from USD to CAD.

(2) A translation rate of 1.3489 was used for conversion from USD to CAD.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and six months ended February 29, 2024 and 2023

(Expressed in Canadian Dollars)

14. CONTINGENT LIABILITY

On February 26, 2024, the Company's subsidiary, Luxxfolio Network Inc., received a note from the Internal Revenue Service (IRS) that a penalty had been assessed amounting to \$25,000 USD plus interest for failing to file an Information return for non-resident corporations operating in the United States. The Company believes it filed this return prior to the due date and is attempting to resolve the matter with the IRS.

“Schedule C”



LUXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights
For the three and six months ended
February 29, 2024 and 2023

Dated: April 29, 2024

This Interim MD&A – Quarterly Highlights (“Interim MD&A”) of the financial condition and results of operation of Luxxfolio Holdings Inc. (the “Company”) is for the three and six months ended February 29, 2024 and 2023. This Interim MD&A is dated April 29, 2024 and should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements and the accompanying notes for the three and six months ended February 29, 2024 and 2023, 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 Canadian dollars (“CAD”) 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, 2023 and 2022, 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
- 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;
- 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 "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 "Risks and Uncertainties".

DESCRIPTION OF BUSINESS

The Company, based in Vancouver British Columbia was incorporated under the Business Corporations Act (British Columbia) on October 10, 2017. The Company's head and registered office is located at 417-1080 Mainland St., Vancouver, British Columbia, Canada. The Company's corporate website address is www.luxxfolio.com.

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

The Company's business was that of its then wholly owned subsidiaries, Luxxfolio Network Inc. ("LNI") and WestBlock Capital Inc. ("WestBlock"), which share the same head and registered office as the Company. Both LNI and WestBlock became non-operating subsidiaries on November 30, 2022, following the closure of WestBlock's Bitcoin mining facility in Shiprock, New Mexico (the "New Mexico Mining Facility"). Further, the Company lost control of its Westblock subsidiaries and related assets following the notification by the Navajo Tribal Utility Authority ("NTUA") that it had seized the Company's property and restricted access to the mining facility (See "Overall Performance").

Following the decision to close mining operations, the Company's principal lender CHP Agent Services Inc. ("CHP"), issued a Notice of Default and demanded immediate repayment of the \$1,155,000 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 "Discussion of Operations").

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, the Company will not be returning to Bitcoin mining at the New Mexico Facility.

The Company's continued existence is dependent upon its ability to raise additional capital, obtain financing and realize revenue and positive cash flows from future operations. Failure to do so would have an adverse effect on the financial position of the Company and its ability to continue as a going concern.

The Company continues to explore all options for strategic alternatives with respect to the Company's business, its blockchain platform, and other more broadly defined options, including changes to the capital structure, mergers and acquisitions, sales, and divestitures.

OVERALL PERFORMANCE

Operational performance was impacted by many negative pressures throughout 2022 and 2023. Declining mining economics and Bitcoin valuation, late delivery of critical equipment for mine upgrading and expansion and limited capital opportunities contributed to poor economic results and ultimately, closure of the mining facility.

The Company had no revenues during the three and six months ended February 29, 2024 due to the suspension of operations at the New Mexico Mining Facility.

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

- Permanently closed operations at the New Mexico mining facility effective November 30, 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 are ongoing;
- Reduced operating expenses to a minimum to conserve available cash resources; and
- Reduced staffing levels to the minimum necessary to maintain ongoing business operations.

New Mexico Mining Facility

The Company lost control of WestBlock and its subsidiaries as well as WestBlock's mining facility assets on November 30, 2022 due to access restrictions imposed by the NTUA for non-payment of the unsecured note due May 2024 and the accumulated power supply charges incurred by WestBlock, LLC, the operator of the facility. Accordingly, the Company has written down its investment in the WestBlock operating subsidiaries and derecognised these in the audited consolidated financial statements for the year ended August 31, 2023, incurring a loss on deconsolidation of \$2,877,530. Any value realized on the disposition of the remaining assets will be recognised at the time of disposition.

Tax Loss Carry-forward

As of August 31, 2023, the Company had capital losses of \$2,877,531 (2022 - \$nil) and non-capital losses of approximately \$14,537,204 (2022 - \$14,344,652) available for carry-forward to reduce future years' Canadian taxable income.

Contingent Liability

On February 26, 2024, the Company's subsidiary, Luxxfolio Network Inc., received a notice from the Internal Revenue Service (IRS) that a penalty had been assessed of USD \$25,000 plus interest for failing to file an information return for non-resident corporations operating in the United States. The Company believes this form was filed on time and is currently seeking information from the IRS concerning this matter.

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, operated 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 in November 2022.

Senior Debt Facility

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. (“CHP”), a related party. The Senior Debt Facility replaced the existing asset-backed facilities with CHP. During the six months ended February 29, 2024, the company paid a total of \$nil (2023 - \$66,326) in interest expenses relating to the Senior Debt Facility.

The Senior Debt Facility carries the following terms:

- Available loan proceeds established at \$3 million;
- 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%

On October 28, 2022, the Company repaid \$1,100,000 to CHP, its principal lender and a related party.

On December 8, 2022, the Company received a notice of default under the Senior Debt Facility with CHP citing deteriorating industry economic conditions and collateral valuation deficiencies. The notice of default demanded immediate repayment of the outstanding loan balance of \$1,155,005.

A settlement agreement was concluded between the Company and CHP on January 16, 2023. The terms of the agreement provided that in exchange for full and final settlement of all debt obligations and security charges with CHP, the Company would pay \$99,546 USD on behalf of WestBlock Capital Inc. and certain of its subsidiaries, as well as transfer its right, title and interest in the immersion equipment, the collateralized Bitcoin miners and certain mining equipment to CHP. As a result of this settlement, the Senior Debt Facility and all related obligations and security interests have been terminated.

Stock Option Issuance

On June 5, 2023, the Company granted 2,100,000 options to consultants of the Company in connection with the termination of their respective consulting agreements. On August 4, 2023, the Company granted 6,130,000 options to certain directors, officers, and consultants of the Company. 50% of these options vested on the date the options were granted (the “Grant Date”), the next 25% will vest six months from the Grant Date and the last 25% will vest twelve months from the Grant Date.

These stock options are exercisable for a period of five years from the date of the grant at an exercise price of \$0.015 per common share. The stock options were granted in accordance with the terms of the Company’s stock option plan and the policies of the CSE.

LUXXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights

For the three and six months ended February 29, 2024 and 2023

Director and Executive Movements

The Company announced on October 28, 2022 that Bradley Farquhar had resigned from 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 Geoffrey McCord, CPA, CA, Chief Financial Officer and Kien Tran, Chief Operating Officer, were appointed to the Board. Anthony Wong resigned his position as Corporate Secretary on January 31, 2023.

On June 7, 2023, Ken MacLean, director, and Chief Executive Officer and Kien Tran, director and Chief Operating Officer, resigned from their positions as directors and officers of the Company. On July 28, 2023, Geoffrey McCord CPA, CA was appointed interim Chief Executive Officer of the Company.

On August 4, 2023, the Company announced the appointment of Rodney Stevens and Jason Cihelka as Directors of the Company. Mr. Stevens will serve as an independent director.

ANALYSIS OF FINANCIAL PERFORMANCE*(For the three months ended)*

	Feb 29, 2024	Feb 28, 2023
Total revenues	\$ nil	\$ nil
Expenses		
General and administrative	14,163	12,577
Consulting	-	94,929
Management	-	22,500
Legal and professional	-	55,017
Share-based payments	18,802	129,854
Realized loss on digital assets	-	(6,437)
Total expenses	32,965	308,440
Net income (loss)	\$ (32,965)	\$ (308,440)

For the three months ended February 29, 2024 and 2023

The Company had no revenues during the three months ended February 29, 2024 and 2023.

The Company had a net loss of \$32,965 for the three months ended February 29, 2024 composed of general and administrative expenses of \$14,163 relating to regulatory filings and share-based payments of \$18,802.

The Company had a net loss of \$308,440 for the three months ended February 28, 2023 primarily due to consulting fees of \$94,929, management fees of \$22,500, and share-based payments of \$129,854.

LUXXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights

For the three and six months ended February 29, 2024 and 2023

(For the six months ended)

	Feb 29, 2024	Feb 28, 2023
Total revenues	\$ nil	\$ 1,069,285
Expenses		
Consulting	-	152,670
Depreciation	-	349,869
Electricity	-	584,029
General and administrative	17,189	283,797
Interest	-	67,576
Compensation and labour	-	161,616
Management	-	45,000
Legal and professional	15,000	63,035
Share-based payments	41,218	291,019
Loss on deconsolidation	-	2,877,530
Realized loss on digital assets	-	11,694
Total expenses	73,407	4,887,835
Net income (loss)	\$ (73,407)	\$ (3,818,550)

For the six months ended February 29, 2024 and February 28, 2023

The Company had no revenues during the six months ended February 29, 2024. The Company had a net loss of \$73,407 for the six months ended February 29, 2024, relating to general and administrative expenses of \$17,189, legal and professional expense of \$15,000, and share-based payments of \$41,218.

During the six months ended February 28, 2023, the Company generated \$1,069,285 in revenues from its Bitcoin mining operations and hosting services provided to third parties. The net loss of \$3,818,550 was primarily due to consulting fees of \$152,670, depreciation expenses of \$349,869, electricity expense of \$584,029, general and administration expenses of \$283,797, compensation and labour expense of \$161,616, and share-based payments of \$291,019. The company also realized a loss on deconsolidation of \$2,877,530 relating to the loss of control of WestBlock and its subsidiaries as well as WestBlock's mining facility assets on November 30, 2022 due to access restrictions imposed by the NTUA (see "Overall Performance").

ANALYSIS OF CASH FLOWS

	For the six months ended Feb 29, 2024	For the six months ended Feb 28, 2023
Cash provided by (used in)		
Operating activities	\$ (35,804)	\$ 980,009
Investing activities	-	-
Financing activities	-	(1,234,258)
Inflow (outflow) of cash	\$ (35,804)	\$ (254,249)

Operating Activities

The total cash used in operating activities for the six months ended February 29, 2024 amounted to \$35,804 primarily relating to legal and professional fees of \$15,000, general and administration expenses of \$20,507, a decrease in accounts receivable of \$1,712, and a decrease in accounts payable and accrued liabilities of \$1,903.

The total cash provided by operating activities for the six months ended February 28, 2023 amounted to \$980,009. The cash provided by operating activities was attributed to proceeds from the sale of Bitcoin of \$1,594,976, decrease in accounts receivable of \$172,834, and increase in accounts payable and accrued liabilities of \$62,872.

Investing Activities

There was no cash provided by or used in investing activities during the six months ended February 29, 2024 and 2023.

Financing Activities

There was no cash provided by or used in financing activities during the six months ended February 29, 2024.

The total cash used in financing activities for the six months ended February 28, 2023 amounted to \$1,234,258 relating to long-term debt repayment on the Senior Debt facility and the NTUA note (see “Discussion of Operations”).

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company realized a net loss of \$40,442 during the six months ended February 29, 2024. The following is a breakdown of the material costs incurred:

- (a) General and administration expenses - \$20,507 (2023 - \$255,921), representing costs associated with regulatory filing and administration of the Company;
- (b) Legal and professional fees - \$15,000 (2023 - \$63,035), relating to the annual audit of the Company; and
- (c) Share-based payments - \$41,218 (2023 - \$291,019) representing expenses relating to the grant of stock options recognized over a graded vesting schedule.

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 February 29, 2024, the Company had a working capital deficiency of \$168,101 compared to the \$135,912 working capital deficiency on August 31, 2023. The working capital deficiency during the six months ended February 29, 2024 is primarily attributed to decrease in cash holdings of \$35,804.

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 Interim MD&A.

RELATED PARTY TRANSACTIONS

During the six months ended February 29, 2024, the Company did not incur any related party transactions.

During the six months ended February 28, 2023, the Company incurred management fees of \$45,000 from a company controlled by a former director of the Company and a former director of the Company's subsidiaries. During the same period, the Company incurred consulting fees of \$77,917 charged by Geoffrey McCord, the Chief Financial Officer of the Company, for key management functions.

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

On December 1, 2021, the Company, through its wholly owned subsidiary WestBlock, entered into the Senior Debt Facility to refinance three existing loan facilities with CHP, a related party. Total interest paid on the Senior Debt Facility amounted to \$nil (2023 - \$82,021) during the six months ended February 29, 2024. On October 28, 2022, the Company repaid \$1,100,000 to CHP, its principal lender and a related party.

CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings, the Interim 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 and six months ended February 29, 2024 and 2023.

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, in respect of its cash and funds held in trust by placing its cash balances at a recognized major Canadian and US financial institutions.

Liquidity risk

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

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.

Limited Operating History

The Company was recently discontinued operations at its Bitcoin mining facility. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development. There is no certainty that the Company will attain its business objectives or operate profitably.

No Profits to Date

The Company has not made any profits since its incorporation. The Company's future profitability depends upon its ability to refinance and/or restructure its business operations.

Additional Requirements for Capital

Substantial additional financing is required if the Company is to successfully develop and/or restructure 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, its continued existence will likely cease.

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.

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 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. Exchange rate fluctuations will affect those parts of the Company's operations managed in USD dollars and consequently may impact the Company's financial results.

LUXXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights

For the three and six months ended February 29, 2024 and 2023

Other Information

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