LUXXFOLIO HOLDINGS INC.

Interim MD&A – Quarterly Highlights
For the three and nine months ended
May 31, 2024 and 2023

Dated: July 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 nine months ended May 31, 2024 and 2023. This Interim MD&A is dated July 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 nine months ended May 31, 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 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 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, it's 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 nine months ended May 31, 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 nine months ended May 31, 2024, the company paid a total of $nil (2023 - $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 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 it's 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.

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)		May 31, 2024		May 31, 2023
Total revenues	$	nil	$	nil
Expenses				
General and administrative		6,362		36,478
Consulting		-		30,000
Legal and professional		-		1,875
Share-based payments		4,525		76,662
Realized loss on digital assets		-		16,907
Total expenses		10,887		161,922
Net income (loss)	**$**	**(10,887)**	**$**	**(161,922)**

For the three months ended May 31, 2024 and 2023

The Company had no revenues during the three months ended May 31, 2024 and 2023.

The Company had a net loss of $10,887 for the three months ended May 31, 2024 composed of general and administrative expenses of $6,362 relating to regulatory filings and share-based payments of $10,887.

The Company had a net loss of $161,922 for the three months ended May 31, 2023 primarily due to general and administrative expenses of $36,478, consulting fees of $30,000, and share-based payments of $76,662.

(For the nine months ended)		May 31, 2024		May 31, 2023
Total revenues	$	nil	$	1,069,285
Expenses				
Advertising		-		6,106
Consulting		-		182,679
Depreciation		-		349,869
Electricity		-		449,150
General and administrative		23,550		100,228
Interest		-		64,652
Compensation and labour		-		353,041
Management		-		45,000
Legal and professional		15,000		70,760
Repairs and maintenance		-		12,834
Supplies and materials		-		17,314
Share-based payments		45,744		367,674
Loss on deconsolidation		-		2,877,530
Realized/unrealized loss on digital		-		39,266
Realized loss on sale of equipment		-		(10,453)
Total expenses		84,297		4,925,650
Net Loss	**$**	**84,294**	**$**	**3,856,365**

For the nine months ended May 31, 2024 and 2023

The Company had no revenues during the nine months ended May 31, 2024. The Company had a net loss of $84,294 during the nine months ended May 31, 2024, relating to general and administrative expenses of $23,550, legal and professional expense of $15,000, and share-based payments of $45,744.

During the nine months ended May 31, 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 $3,856,365 was primarily due to consulting fees of $182,679, depreciation expenses of $349,869, electricity expense of $449,150, general and administration expenses of $100,228, compensation and labour expense of $353,041, and share-based payments of $367,674.

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 nine months ended May 31, 2024		For the nine months ended May 31, 2023
Cash provided by (used in)				
Operating activities	$	(49,044)	$	891,467
Investing activities		-		-
Financing activities		-		(1,234,258)
Inflow (outflow) of cash	$	(49,044)	$	(342,791)

Operating Activities

The net loss was $84,294 during the nine months ended May 31, 2024. The total cash used in operating activities for the nine months ended May 31, 2024 amounted to $49,044 primarily relating to legal and professional fees of $15,000, general and administration expenses of $23,550, and a decrease in accounts payable and accrued liabilities of $9,586.

The net loss was $3,856,365 during the nine months ended May 31, 2023. The total cash provided by operating activities for the nine months ended May 31, 2023 amounted to $891,467. The cash provided by operating activities was attributed to proceeds from the sale of Bitcoin of $1,594,976 and decrease in accounts receivable of $169,173.

Investing Activities

There was no cash provided by or used in investing activities during the six months ended May 31, 2024 and 2023.

Financing Activities

There was no cash provided by or used in financing activities during the nine months ended May 31, 2024.

The total cash used in financing activities for the nine months ended May 31, 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 $84,294 during the nine months ended May 31, 2024. The following is a breakdown of the material costs incurred:

(a) General and administration expenses - $23,550 (2023 - $100,228), representing costs associated with regulatory filing and administration of the Company;

(b) Legal and professional fees - $15,000 (2023 - $70,760), relating to the annual audit of the Company; and

(c) Share-based payments - $45,744 (2023 - $367,674) 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 Mat 31, 2024, the Company had a working capital deficiency of $174,462 compared to the $135,912 working capital deficiency that existed on August 31, 2023. The working capital deficiency during the nine months ended May 31, 2024 was primarily attributed to decrease in cash holdings of $49,044.

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 nine months ended May 31, 2024, the Company did not incur any related party transactions.

During the nine months ended May 31, 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 $87,917 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 nine months ended May 31, 2024. On October 28, 2022, the Company repaid $1,100,000 to CHP, its principal lender and a related party.

CONTROLS AND PRODCEDURES

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 nine months ended May 31, 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, it's 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.

Other Information

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