



**LUXXFOLIO HOLDINGS INC.**

Interim MD&A – Quarterly Highlights  
For the three and six months ended  
February 28, 2025 and 2024

**Dated: April 28, 2025**

## LUXXFOLIO HOLDINGS INC.

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*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 28, 2025 and 2024. This Interim MD&A is dated April 28, 2025 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 28, 2025 and 2024, which are available on SEDAR at [www.sedar.com](http://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, 2024 and 2023, 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:

- the ability to establish market presence and establish relationships;
- the impact of competition;
- the ability to obtain and maintain existing financing on acceptable terms;
- the ability to acquire a significant market position within a cryptocurrency market;

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- 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 strategic business Growth.

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](http://www.luxxfolio.com).

The Company is listed on the CSE under the trading symbol "LUXX".

The Company operates within the digital asset industry, most recently mining Bitcoin through its 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").

Since the closure of its mining facilities, the Company has been focused on exploring its strategic alternatives. The Company announced on November 28, 2024, that it intended to adopt a digital asset staking strategy and announced a related financing to provide the capital to support this new strategy. Details of the financing, announced on December 4, 2024, provided that up to \$1.3 million would be raised through the issuance of up to 43,333,333 million units at a price of \$0.03 per unit. Each unit in the offering will consist of one common share of the Company and one warrant to acquire one additional common share at an exercise price of \$0.07 per share for a period of eighteen months from the closing date of the issue.

On March 3, 2025, the Company announced that it was terminating the aforesaid financing due to changing market conditions and announced its intention to undertake a share consolidation on a 1-for-10 basis and an accompanying financing for up to \$1.2 million and up to 8 million common shares at a post-consolidation price of \$0.15 per share. This financing was closed on March 25, 2025 (see "Discussion of Operations").

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The Company's most significant asset as of August 31, 2024 are its consolidated non-capital tax loss carry-forward amounts totalling \$14,682,045 (2023 - \$14,537,204), expiring between 2037 and 2044. These tax losses may be available to reduce future years' Canadian taxable income.

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.

#### OVERALL PERFORMANCE

The Company had no revenues during the three and six months ended February 28, 2025, since the mining operating activity had been shut down.

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

- announced a 1 for 10 share consolidation and closed its non brokered private placement of common shares (see "Discussion of Operations");
- Concluded debt settlement arrangements with both Company's equipment lenders to exchange mining equipment assets in full settlement of all related debts;
- announced the Company's new strategic direction in cryptocurrency staking;
- reduced operating expenses to a minimum to conserve available cash resources; and
- reduced staffing levels to the minimum necessary to maintain ongoing business operations.

#### DISCUSSION OF OPERATIONS

##### ***Non-brokered private placement***

On November 28, 2024, the Company announced a cryptocurrency proof-of-stake ("POS") strategy to offer shareholders a diversified pure-play, rolling portfolio of top proof-of-stake cryptocurrencies by market capitalization. It is intended that staking revenue will be enhanced through participation in yield generating decentralized financial ("DeFi") opportunities. To facilitate the execution of this strategy, the Company announced on December 4, 2024, details of the accompanying financing. The non-brokered private placement comprised up to 43,333,333 units at \$0.03 per unit for maximum gross proceeds of \$1.3 million. Each unit will consist of one common share of the Company and one common share purchase warrant, exercisable at \$0.07 per common share of the Company for a period of eighteen months.

On March 4, 2025, the Company announced its intention to affect a share consolidation on a 1-for-10 basis, the termination of the aforesaid financing and a new financing for the issuance of up to 8 million common shares at a post consolidation price of \$0.15 per share for proceeds of up to \$1,200,000, before expenses related to the new issue. The proceeds will be used for the previously announced cryptocurrency staking strategy and for general working capital requirements.

On March 25, 2025, the Company announced the closing of the non-brokered private placement for gross proceeds of \$1,163,755 and the issuance of 7,758,367 common shares. Finder's fees of \$64,558 and share purchase warrants totaling 406,119, were paid to certain arm's length parties. The share purchase warrants may be exercised for common shares by the holders at \$0.15 per common share for a period of 24 months from the date of issuance. All securities issued in connection with the non-brokered private placement are subject to a hold period of four months and one day in accordance with securities legislation.

On March 31, 2025, the Company announced a refined corporate strategy focused on building next-generation on-chain payment infrastructure, supported by a Litecoin-backed treasury. As part of this strategy, Luxxfolio completed an initial purchase of 4,982 LTC and plans to deploy its own Litecoin node to enhance participation in the network

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and support future Litecoin-based services. The Company is actively developing technology to enable crypto payments, including stablecoin integration, wallet tools, and merchant processing solutions.

***Bridge Loan Facility***

On January 13, 2025, Luxxfolio entered into a bridge loan facility with Cypress Hills Partners Inc. (“Cypress Hills”) in the amount of \$35,000, bearing an annual interest rate of 14% for a term of 90 days. The proceeds of the loan shall be used for expenses related to the completion and filing of the Company's audited Annual Consolidated Financial Statements and the accompanying Management Discussion and Analysis in the amount of \$25,000, as well as other administrative and regulatory filing expenses of \$10,000, subject to the approval of Cypress Hills.

The loan is secured by a general security agreement on all present and after-acquired property of the Company. Repayment shall be due on the earliest of the following: 90 days from the date of the loan facility agreement, the date on which the Company completes a private placement with proceeds of at least \$75,000, or the date on which Cypress Hills demands repayment following the occurrence of an event of default. Cypress Hills retains the sole discretion to extend the maturity date.

The Company repaid fully the bridge loan facility of \$35,000 on March 26, 2025, together with interest of \$830.41 and loan commitment fees of \$1,000. The related general security agreement was cancelled.

***Contingent Liabilities***

On February 26, 2024, the Company's in-active subsidiary, Luxxfolio Network Inc., received a letter 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.

***Director and Executive Movements***

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 that Rodney Stevens and Jason Cihelka were appointed to the Board. Mr. Stevens was appointed as an independent director.

On October 3, 2024, the Company announced that Jason Cihelka had resigned his position as a director. Anthony Wong was appointed to the Board.

Geoffrey McCord resigned his position as Interim Chief Executive Officer on March 25, 2025 and will remain the Company's Chief Financial Officer and director. Also on that date, Tomek Antoniak was appointed Chief Executive Officer and director.

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**ANALYSIS OF FINANCIAL PERFORMANCE**

	For the three months ended February 28, 2025	For the three months ended February 29, 2024	For the six months ended February 28, 2025	For the six months ended February 29, 2024
<b>Operating expenses</b>				
Consulting	5,100	-	5,100	-
General and administrative	(621)	14,163	6,195	20,507
Legal and professional fees	-	-	-	15,000
<b>Total operating expenses</b>	<b>4,479</b>	<b>14,163</b>	<b>11,295</b>	<b>35,507</b>
<b>Other expenses</b>				
Share-based payments	-	18,802	-	41,218
Debt forgiveness	-	-	-	(3,318)
<b>Total other expenses</b>	<b>-</b>	<b>18,802</b>	<b>-</b>	<b>37,900</b>
<b>Net income (loss)</b>	<b>\$ (4,479)</b>	<b>\$ (32,965)</b>	<b>\$ (11,295)</b>	<b>\$ (73,407)</b>

**For the three months ended February 28, 2025 and 2024**

The Company had no revenues during the three months ended February 28, 2025. The Company had a net loss of \$4,479 for the three months ended February 28, 2025 relating to consulting fees of \$5,100. During the same period, the Company recovered \$621 in general and administrative fees.

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

**For the six months ended February 28, 2025 and 2024**

The Company had no revenues during the six months ended February 28, 2025. The Company had a net loss of \$11,295 for the six months ended February 28, 2025, relating to consulting fees of \$5,100 and general and administrative expenses of \$6,195.

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, composed of general and administrative expenses of \$17,189, legal and professional expense of \$15,000, and share-based payments of \$41,218.

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**ANALYSIS OF CASH FLOWS**

<i>(For the six months ended)</i>	February 28, 2025	February 29, 2024
<b>Net cash provided by (used in)</b>		
Operating activities	\$ (55,513)	\$ (35,804)
Investing activities	-	-
Financing activities	44,000	-
<b>Inflow (outflow) of cash</b>	<b>\$ (11,513)</b>	<b>\$ (35,804)</b>

**Operating Activities**

The total cash used in operating activities for the six months ended February 28, 2025 amounted to \$55,513 primarily relating to consulting fees of \$5,100, general and administrative expenses of \$6,195, an increase in accounts receivable of \$754, and a decrease in accounts payable and accrued liabilities of \$43,464.

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, an increase in accounts receivable of \$1,712, and a decrease in accounts payable and accrued liabilities of \$1,903.

**Investing Activities**

There was no cash used in or provided by investing activities during the six months ended February 28, 2025 and 2024.

**Financing Activities**

The total cash provided by financing activities for the six months ended February 28, 2025 amounted to \$44,000. The Company received \$35,000 from a bridge loan facility (see “Discussion of Operations”) and \$9,000 from exercise of stock options. There were no cash used in or provided by financing activities during the six months ended February 28, 2024.

**ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

The Company realized a net loss of \$32,965 during the six months ended February 28, 2025. The following is a breakdown of the material costs incurred:

- (a) General and administration expenses – \$6,195 (2024 - \$20,507), representing costs associated with regulatory filing and administration of the Company; and
- (b) Consulting expenses – \$5,100 (2024 - \$nil), relating to fees paid to an officer of the Company for key management functions.

**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.

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***Working Capital***

For the three months ended November 30, 2024, the Company realized a net loss of \$6,816 (2023 - \$40,442). As at November 30, 2024, the Company had a working capital deficiency of \$217,549 (August 31, 2024 - \$210,733) and an accumulated deficit of \$25,462,113 (August 31, 2024 - \$25,455,297). 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.

***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. These unaudited interim 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.

**OFF-BALANCE SHEET ARRANGEMENTS**

There are no material off-balance sheet arrangements being pursued or negotiated by the Company as at the date of this Interim MD&A.

**RELATED PARTY TRANSACTIONS**

During the six months ended February 28, 2025, the Company paid consulting fees of \$5,100 to an officer of the Company for key management functions.

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

**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 28, 2025 and 2024.

**CRYPTOCURRENCY AND CYBERSECURITY RISKS**

The Company has announced its strategy to engage in the cryptocurrency staking (mining), which may include Bitcoin at the date of this MD&A. The following risks will be relevant to operating in this industry.

***Digital Asset Pricing Risk***

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

***Risk of Security Breaches***

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

***Technology Security***

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

***Bitcoin Halving Risk***

Bitcoin halving, which occurs every four years, is an event that has in the past triggered a 50% reduction in the Bitcoin valuations and has similarly impacted the value of many cryptocurrencies. The future effect of any Bitcoin halving on Bitcoin and the broader cryptocurrency market cannot be forecast, and as such, represents a risk to the valuation of cryptocurrencies and the Company's ability to continue as a going concern.

***Cryptocurrency Pricing Volatility Risk***

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

***Cryptocurrency Market Adoption***

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

**OTHER RISKS AND UNCERTAINTIES**

***Credit risk***

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

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

***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 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. Regulatory agencies could shut down or restrict the use of Bitcoin and the mining of Bitcoin. This could lead to a loss of any investment made in the Company and may trigger regulatory action by the authorities.

***Litigation***

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

***Conflicts of interest***

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA.

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

***Currency risk***

Currency risk 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.

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***Other Information***

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).