



LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Financial Statements
For the three and nine months ended May 31, 2025 and 2024
(Expressed in Canadian Dollars)
(Unaudited)

Dated: July 29, 2025

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	May 31, 2025 ⁽¹⁾	August 31, 2024
Assets		
Current assets		
Cash and cash equivalent	\$ 154,198	\$ 15,592
Accounts and GST receivables	16,278	10,681
Intangible – Digital Assets (note 5)	650,251	-
	820,727	26,273
Total assets	\$ 820,727	\$ 26,273
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 105,892	\$ 237,006
	105,892	237,006
Shareholders' equity		
Common shares (note 8)	26,131,306	25,008,109
Additional Paid-In Capital (note 8)	23,431	-
Contributed surplus (note 8)	213,024	236,455
Warrant reserve (note 8)	81,746	-
Accumulated deficit	(25,734,672)	(25,455,297)
	714,835	(210,733)
Total liabilities and shareholders' equity	\$ 820,727	\$ 26,273

(1) Going Concern – Note 2.

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

Approved on behalf of the Board:

Signed: "Tomek Antoniak"

Tomek Antoniak, Director

Signed: "Geoffrey Balderson"

Geoffrey Balderson, Director

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	For the three months ended May 31, 2025	For the three months ended May 31, 2024	For the nine months ended May 31, 2025	For the nine months ended May 31, 2024
Operating expenses				
Advertising	2,535	-	2,535	-
Interest expense	641	-	608	-
Meals and entertainment	1,797	-	1,797	-
Legal and professional fees	12,475	-	12,475	15,000
Travel	5,651	-	5,651	-
Consulting (note 7)	79,000	-	84,100	-
General and administration	33,956	6,362	40,168	23,550
Total operating expenses	136,055	6,362	147,334	38,550
Other expenses				
Share-based payments (note 8)	81,746	4,525	81,746	45,744
Unrealized loss on digital assets (note 5)	48,760	-	48,760	-
Exchange loss	1,519	-	1,535	-
Total other expenses	132,025	4,525	132,041	45,744
Net income (loss)	\$ (268,080)	\$ (10,887)	\$ (279,375)	\$ (84,294)
Basic and diluted net loss per share	\$ 0.02	\$ 0.00	\$ 0.03	\$ 0.01

Weighted average number of shares outstanding:

Basic and diluted	14,517,625	8,671,794	10,637,767	8,671,794
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The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

LUXXFOLIO HOLDINGS INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

For the nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	Number of common shares	Common shares	Additional Paid-In Capital	Contribute d surplus	Warrant reserves	Deficit	Total
Balance, August 31, 2023		8,671,794	\$ 25,008,109	\$ -	\$ 186,620	\$ 336,704	\$ (25,667,345)	\$ (135,912)
Share-based compensation		-	-	-	45,744	-	-	45,744
Expired share purchase warrants		-	-	-	-	(336,704)	336,704	-
Net income (loss)		-	-	-	-	-	(84,294)	(84,294)
Balance, May 31, 2024		8,671,794	\$ 25,008,109	\$ -	\$ 232,364	\$ -	\$ (25,414,935)	\$ (174,462)
Share-based compensation		-	-	-	4,091	-	-	4,091
Net income (loss)		-	-	-	-	-	(40,362)	(40,362)
Balance, August 31, 2024		8,671,794	\$ 25,008,109	\$ -	\$ 236,455	\$ -	\$ (25,455,297)	\$ (210,733)
Issuance of common shares	8	7,758,367	1,163,755	-	-	-	-	1,163,755
Issuance of share purchase warrants	8	-	-	-	-	81,746	-	81,746
Finder's fees	8	-	(64,558)	-	-	-	-	(64,558)
Exercise of stock options	8	160,000	24,000	23,431	(23,431)	-	-	24,000
Net income (loss)		-	-	-	-	-	(279,375)	(279,375)
Balance, May 31, 2025		16,590,161	\$ 26,131,306	\$ 23,431	\$ 213,024	\$ 81,746	\$ (25,734,672)	\$ 714,835

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 nine months ended May 31, 2025	For the nine months ended May 31, 2024
Operating Activities		
Net income (loss)	\$ (279,375)	\$ (84,294)
Changes in non-cash operating items:		
Share-based payments (note 8)	81,746	45,744
Expenses paid in digital assets (note 5)	989	-
Unrealized loss on digital assets (note 5)	48,760	-
Changes in non-cash working capital:		
Accounts receivable	(5,597)	(908)
Accounts payable and accrued liabilities	(131,114)	(9,586)
Cash provided by (used in) operating activities	(284,591)	(49,044)
Investing Activities		
Purchase of digital assets (note 5)	(700,000)	-
Cash provided by (used in) investing activities	(700,000)	-
Financing Activities		
Proceeds from issuance of common shares (note 8)	1,163,755	-
Proceeds from short-term loan (note 6)	35,000	-
Repayment of short-term loan (note 6)	(35,000)	-
Finders' fees (note 8)	(64,558)	-
Exercise of stock options (note 8)	24,000	-
Cash provided by (used in) financing activities	1,123,197	-
Inflow (Outflow) of Cash	138,606	(49,044)
Cash, Beginning of the period	15,592	69,719
Cash, End of the period	\$ 154,198	\$ 20,675

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

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(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. The Company is listed on the Canadian Securities Exchange under the symbol “LUXX” and the OTCQB under the symbol “LUXFF”. The head office of the Company is located at 417 – 1080 Mainland Street, Vancouver, British Columbia. The Company is focused on developing and operating infrastructure for the Litecoin blockchain ecosystem including cleaning energy crypto mining, on-chain Litecoin treasury, and infrastructure for native stablecoins and smart contracts. Through these initiatives, the Company aims to position itself as an infrastructure leader in the Litecoin economy, leveraging low-fee, high-throughput blockchain technology to support scalable financial applications and decentralized systems.

2. GOING CONCERN

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

For the nine months ended May 31, 2025, the Company realized a net loss of \$279,375 (2024 - \$84,294). As at May 31, 2025, the Company had a net working capital of \$714,835 (August 31, 2024 - (\$210,733)) and an accumulated deficit of \$25,734,672 (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.

On March 3, 2025, the Company announced a non-brokered private placement of up to 8 million common shares at a post-consolidation price of \$0.15 per share (see Note 8), targeting gross proceeds of up to \$1.2 million. The offering closed on March 25, 2025, resulting in gross proceeds of \$1,163,755 through the issuance of 7,758,367 common shares. Finder’s fees of \$64,558 were paid and 406,119 share purchase warrants were issued to arm’s length parties (see Note 8). These warrants are exercisable for 24 months at \$0.15 per common share. All securities issued are subject to a four-month and one day hold period in accordance with applicable securities laws.

The proceeds from the recent financing are intended to support working capital requirements and advance the Company’s strategic initiatives. The successful completion of this financing enhances the Company’s liquidity position and demonstrates its continued ability to access external capital to fund operations. While management believes these developments support the Company’s ongoing viability, its continued existence remains dependent on the ability to raise additional capital, secure future financing, and generate revenue and positive cash flows from operations. Failure to do so could adversely impact the Company’s financial position and its 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”).

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (continued)**(a) Statement of compliance (continued)**

The Company is currently engaged in developing and operating infrastructure for the Litecoin blockchain ecosystem, including clean energy mining, a digital asset treasury strategy, and support for Litecoin-native smart contracts and stablecoins. As aspects of the Company's operations—particularly those involving digital assets, decentralized technologies, and blockchain infrastructure—are not specifically addressed by existing IFRS guidance, management is required to exercise judgment in applying IFRS and in selecting appropriate accounting policies. This includes determining the classification, recognition, derecognition, and measurement of digital assets, as well as the recognition of related revenues and expenses.

The Company has disclosed its approach to the presentation, recognition and derecognition, and measurement of digital assets and related revenue recognition, along with the significant assumptions and judgments applied. However, should the IASB issue specific guidance in the future that applies to the Company's activities, the resulting changes in accounting policies may have a material impact on the Company's financial position and results of operations.

(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.

(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 May 31, 2025, the unaudited interim condensed consolidated statements of financial position include only accounts of the Company and its wholly owned subsidiary Luxxfolio Networks Inc.

(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 July 29, 2025.

(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 as at May 31, 2025.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(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

The Company has adopted Litecoin as an integral component of its treasury strategy. Litecoin 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.

Litecoin 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.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(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) 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.

(vii) 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 May 31, 2025.

(viii) 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.

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, 2024 and 2023.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

5. INTANGIBLE – DIGITAL ASSETS

At May 31, 2025, the Company held Litecoin as its digital assets. The digital assets are recorded at their fair value on the date they are acquired and are revalued to current market value at each reporting date. Fair value is determined by taking the closing price listed on Netcoins Inc. at the reporting date.

The continuity of digital assets is as follows:

<i>(At fair value)</i>	Litecoin	
	Units	Amount
Ending balance, August 31, 2023	Nil	\$nil
Ending balance, May 31, 2024	-	-
Ending balance, August 31, 2024	-	-
Purchases	5,444	\$700,000
Expenses	(8)	(989)
Revaluation	-	(48,760)
Ending balance at, May 31, 2025	5,436	\$650,251

6. SHORT-TERM LOAN

On January 13, 2025, the Company 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 are to 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 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.

On March 26, 2025, the Company fully repaid the short-term loan of \$35,000 provided by Cypress Hills, including interest of \$830 and loan commitment fees of \$1,000. The related general security agreement was discharged.

7. RELATED PARTY TRANSACTIONS

During the nine months ended May 31, 2025, the Company paid consulting fees of \$73,100 to certain officers of the Company for key management functions.

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

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

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

Unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

(b) Issued and outstanding

On March 3, 2025, the Company announced its intention to complete a consolidation of its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares.

The Company further announced that post-consolidation trading of its common shares on the CSE would commence on March 21, 2025, the consolidation record date. All outstanding stock options and compensation options were adjusted on the same 1-for-10 basis, including a corresponding adjustment to their exercise prices.

The share consolidation was completed in accordance with the Company's Articles and did not require shareholder approval. Approval from the Canadian Securities Exchange ("CSE") was obtained. All references to common shares, stock options, warrants, and compensation options in these financial statements have been retrospectively adjusted to reflect the share consolidation.

During the nine months ended May 31, 2025, the Company issued 7,918,367 common shares as follows:

- On December 12, 2024, the Company issued 60,000 common shares upon the exercise of stock options granted on August 4, 2023. The options were exercised at a price of \$0.15 per share, for total proceeds of \$9,000;
- On March 25, 2025, the Company issued 100,000 common shares upon the exercise of stock options granted on August 4, 2023. The options were exercised at a price of \$0.15 per share, for total proceeds of \$15,000; and
- On March 25, 2025, the Company issued 7,758,367 common shares at a price of \$0.15 per share pursuant to a non-brokered private placement, for gross proceeds of \$1,163,755. In connection with the financing, the Company paid finders' fees totaling \$64,558 and issued 406,119 share purchase warrants to certain arm's length parties as broker warrants.

During the nine months ended May 31, 2024, the Company did not issue any common shares.

Common shares and preferred shares transactions and the number of shares outstanding are summarized as follows:

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

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

	Number of Common Shares	Number of Preferred Shares
Outstanding, August 31, 2023	8,671,794	nil
Outstanding, May 31, 2024	8,671,794	nil
Outstanding, August 31, 2024	8,671,794	nil
Issued	7,918,367	nil
Outstanding, May 31, 2025	16,590,161	nil

(c) Share purchase warrants

During the nine months ended May 31, 2025, the Company issued 406,119 (2024 – nil) share purchase warrants in connection with a non-brokered private placement that closed on March 25, 2025. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.15 for a period of 24 months from the date of issuance.

The warrants issued were accounted for at their fair value determined by the Black-Scholes option pricing model with the following weighted average assumptions:

Exercise price per share	\$0.15
Risk-free interest rate	2.64%
Expected life of warrants	2 years
Annualized volatility	224.86%
Dividend rate	0%
Weighted average fair value per warrant	\$0.20

The annualized volatility was based on historical weekly data of the Company. Share-based compensation expense amounted to \$81,746 (2024 - \$nil) for these warrants. Share purchase warrant transactions and the number of share purchase warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, August 31, 2023	1,965,000	\$5.00
Expired	(715,000)	\$10.00
Outstanding, May 31, 2024	1,250,000	\$2.10
Expired	(1,250,000)	\$2.10
Outstanding, August 31, 2024	-	-
Issued	406,119	\$0.15
Outstanding, May 31, 2025	406,119	\$0.15

The weighted average contractual life of share purchase warrants outstanding as at May 31, 2025 is 1.81 (2024 – 0.02) years.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)**(d) Stock options**

During the nine months ended May 31, 2025, the Company did not grant any stock options. During the same period, the Company issued 160,000 common shares upon the exercise of stock options granted on August 4, 2023. The options were exercised at a price of \$0.15 per share, for total proceeds of \$24,000.

During the nine months ended May 31, 2024, the Company did not grant any stock options.

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

	Number of Stock Options	Weighted Average Exercise Price
Outstanding, August 31, 2023	867,000	\$0.028
Outstanding, May 31, 2024	867,000	\$0.028
Outstanding, August 31, 2024	867,000	\$0.028
Exercised	(160,000)	\$0.015
Outstanding, May 31, 2025	707,000	\$0.315
Options exercisable, May 31, 2025	707,000	\$0.315

The weighted average contractual life of stock options outstanding as at May 31, 2025 is 2.98 (2024 – 4.02) years.

9. 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.

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.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS (continued)**(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 in a custody account at Netcoins Inc, a Canadian based, regulated cryptocurrency trading platform. The Company does not self-custody its Litecoin 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 May 31, 2025 and August 31, 2024 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 at May 31, 2025, the Company has the following contractual maturities:

	Carrying amount	Contractual cash flows	FY2025	FY2026	FY2027
Accounts Payable and accrued Liabilities	\$105,892	\$105,892	\$105,892	\$nil	\$nil
	\$105,892	\$105,892	\$105,892	\$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.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND DIGITAL ASSETS (continued)**(f) Digital asset pricing risk**

Litecoin pricing is affected by numerous factors including international supply and demand, interest rates, inflation or deflation, and global political and economic conditions. The liquidity and profitability of the Company are directly related to the current and future pricing of Litecoin. A decline in the market price of Litecoin 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 Litecoin on a timely basis and at acceptable pricing levels.

10. TAX LOSS CARRY-FORWARD

The Company has amended the August 31, 2024 tax loss carry forward amounts resulting from completion of the annual tax returns. Capital losses of \$7,192,362 (2023 - \$7,192,362) and non-capital losses of approximately \$11,867,183 (2023 - \$11,717,540) are available for carry-forward to reduce future years' Canadian taxable income. The Company had previously estimated its capital losses and non-capital losses at \$2,877,532 (2023 - \$2,877,531) and \$ 14,682,045 (2023 - \$14,537,204) respectively.

11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. As at May 31, 2025, 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 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 nine months ended May 31, 2025.

12. SUBSEQUENT EVENTS**(a) Private Placement Financing**

On June 23, 2025, the Company announced a non-brokered private placement of up to 10 million units in the capital of the Company at a price of \$0.25 per unit for gross proceeds of up to \$2,500,000 (the "Offering"). Each unit consists of one common share and one-half of a share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase an additional share (each, a Warrant Share) at an exercise price of \$0.50 per Warrant Share for a period of 24 months from the closing of the Offering (the "Closing"). The expiry of the Warrants can be accelerated if the closing price of the Company's shares on the Canadian Securities Exchange is \$0.60 or greater for a minimum of ten consecutive trading days, and a notice of the acceleration is provided in accordance with the terms of the Warrants.

The Company may pay finder's fees in connection with the Offering in accordance with applicable securities laws and policies of the Canadian Securities Exchange.

LUXXFOLIO HOLDINGS INC.

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

For the three and nine months ended May 31, 2025 and 2024

(Expressed in Canadian Dollars)

12. SUBSEQUENT EVENTS (continued)**(a) Private Placement Financing (continued)**

On July 14, 2025, the Company announced that the non-brokered private placement had been closed for gross proceeds of \$2,500,000 and the issuance of 10,000,000 units. Finder's fees of \$142,569 were paid and share purchase warrants (the "Finder's Warrants") totaling 570,276 were issued to certain arms-length parties. The Finder's Warrants may be exercised for a period of 24 months from the date of issuance into common shares at the price of \$0.50 per common share. The acceleration provisions of the Warrants also apply to the Finder's Warrants.

In connection with the Offering, an insider of the Company subscribed for 40,000 Units for gross proceeds of \$10,000. All securities issued in connection with the Offering are subject to a hold period of four months and one day in accordance with applicable securities legislation.

(b) Incentive Stock Options

The Company announced on June 23, 2025, that 1,400,000 incentive stock options were granted to officers and consultants of the Company, 800,000 exercisable at \$0.25 per common share and expiring on June 25, 2035 (the "Options"), and 600,000 exercisable at a price of \$0.25, expiring June 25, 2030 (the "Additional Options"). The exercise of the Additional Options will be subject to approval by the shareholders of the Company of an updated incentive equity compensation plan allowing for the grant of such number of awards as may be adequate to allow for the grant of the Additional Options. Both the Options and Additional Options will vest 25% on each three-, six-, nine- and twelve-month anniversaries of the grant date.