



LUXXFOLIO HOLDINGS INC.

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NEWS RELEASE

Debt Settlement Agreement

VANCOUVER, BC – January 17, 2023 - LUXXFOLIO Holdings Inc. (the “**Company**” or “**LUXXFOLIO**”) (CSE: LUXX) (OTCQB: LUXFF) (Frankfurt/Berlin: LUH), announces that on January 16, 2023, it entered into a Debt Settlement Agreement with CHP Agent Services Inc. (“**CHP**”). Westblock Capital Inc (“**Westblock Capital**”), Westblock Hosting Inc. (“**Westblock Hosting**”), and Westblock Hosting Arizona Inc. (“**Westblock Arizona**”) (collectively referred to as the “**Westblock Group**”), which are direct and indirect wholly-owned subsidiaries of the Company, are also parties to the Debt Settlement Agreement.

Background

Westblock Capital had entered into a Master Financing Agreement dated December 1, 2021, with CHP, under which CHP provided a loan facility to Westblock Capital (the “**Loan Facility**”). The Loan Facility was used for Westblock Capital’s business operations. As security for the Loan Facility, Westblock Hosting and Westblock Arizona Inc. each guaranteed Westblock Capital’s obligations under the Loan Facility. In addition, each member of the Westblock Group executed a general security agreement in favour of CHP.

As previously announced, CHP notified Westblock that Westblock was in default of its obligations under the Loan Facility. As of January 16, 2023, the total amount of CAD\$1,155,004.77, plus interest and fees, was owed to CHP pursuant to the Master Financing Agreement (the “**Debt**”).

Debt Settlement

Under the Debt Settlement Agreement, the Company made a payment of USD\$99,546.00 to CHP on behalf of Westblock Capital and the Westblock Group transferred all their rights, interest, and title to each of their assets which included an immersion mining cooling system, approximately 655 mining machines, and related equipment. The cash payment and transfer of assets were made in full and final settlement of the Debt, and as such, all obligations under the Loan Facility, including the guarantees and general security agreements, are now terminated and are no longer of any further force or effect.

Operations

Westblock, LLC, the Company’s indirect wholly-owned subsidiary (“**LLC**”), which operated the Company’s Bitcoin mining facility (the “**BTC Facility**”), is not a party to the Debt Settlement Agreement and therefore did not transfer any of its rights and interests in and to the BTC Facility to CHP. As previously announced, the BTC Facility’s operations were idled due to the continued negative pressures faced by the BTC mining industry and the subsequent generation of



insufficient mining revenues. The transactions under the Debt Settlement Agreement, in addition to other factors, further obstruct the Company's ability to resume the BTC Facility's operations. The fundamentals of bitcoin mining remain very difficult and uneconomic. Rising mining difficulty rate to earn a coin offsets the recent minor price increase. The industry may be very difficult and unprofitable in the near and mid-term. As such, the Company is not certain when and if the BTC Facility will be operational again. , however, it intends to continue to seek beneficial strategic opportunities in the digital asset industry.

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The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Certain information contained herein may constitute "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects", "anticipates", "will be", "intends" or variations of such words and phrases or statements that certain actions, events, or results "will" occur. Forward-looking statements regarding the Company and its business and strategies are based on the Company's estimates and are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and its subsidiaries to be materially different from those expressed or implied by such forward-looking statements or forward-looking information, including capital expenditures and other costs. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information. The Company will not update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.