

LUXXFOLIO HOLDINGS INC.

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NEWS RELEASE

Close of First Tranche of Private Placement

VANCOUVER, BC – July 3, 2020 – LUXXFOLIO Holdings Inc. (the “Company”) (CSE: LUXX) announces that, in connection with its previously announced non-brokered private placement (the “Offering”), the Company has completed the first tranche (“First Tranche”) of the Offering. The Offering was initially to be comprised of common shares of the Company, but is now composed of the sale of Class A Convertible Preferred Shares (“Preferred Shares”) of the Company at a price of C\$0.05 per Preferred Share. The First Tranche consisted of the sale of 2,000,000 Preferred Shares for aggregate gross proceeds of C\$100,000.00

The Preferred Shares have the following rights and restrictions:

Dividends

There will be no dividend preference nor accruing dividend on the Preferred Shares. The holders of the Preferred Shares (“Preferred Shareholders”) will participate on a pro-rata basis with the holders of common shares of the Company (“Common Shareholders”) in any dividends declared and paid on the common shares on an as converted basis.

Liquidation

Upon a liquidation of the Company, the Preferred Shareholders will participate in any payment of the assets to shareholders on a pro-rata basis with the Common Shareholders on an as converted basis.

Voting

The Preferred Shares carry ordinary voting rights to vote with the Common Shareholders on all matters brought to a vote of the common shares. A Preferred Shareholder will have the number of votes that they would have if they converted their Preferred Shares into common shares. These voting rights are in addition to any voting rights that may be provided by law.

Conversion Ratio & Price

Subject to the Anti-Dilution provisions, each Preferred Share is convertible into one common share in the capital of the Company at no additional cost (a “Conversion Share”). Upon conversion of Preferred Share, such share will be cancelled and no longer be considered outstanding.

Automatic Conversion

A Preferred Share that remains outstanding on the day that is 3 years from the date of its issuance (the “Automatic Conversion Date”) will be automatically converted into one Conversion Share.

Conversion by Holder:

A Preferred Shareholder may at any time before the Automatic Conversion Date convert all or any portion of their outstanding Preferred Shares. To effect a conversion of Preferred Shares, the holder must (a) submit a written election to the Company that such holder elects to convert Preferred Shares, the number of Preferred Shares elected to be converted and (b) surrender, along with such written election, to the Company the certificate or certificates representing the Preferred Shares being converted, duly assigned or endorsed for transfer to the Company (or accompanied by duly executed share transfers for such Preferred Shares being converted). The conversion of such Preferred Shares will be deemed effective as of the date of surrender of such Preferred Share certificate or certificates.

Anti-Dilution

If the Company completes a sale of equity securities (a “Financing”) within the 18 month period immediately following the close of the entire Offering (the “Close”), and the price per share of such equity securities sold in the Financing (the “Share Price”) is less than \$0.055 (as adjusted for stock splits, dividends, recapitalizations and the like), each holder of Preferred Shares will receive such additional number of Preferred Shares so that the subscription price equals 90% of the Share Price.

If the Company completes a Financing after the 18 month period immediately following the Close, and the Share Price is less than \$0.0575 per (as adjusted for stock splits, dividends, recapitalizations and the like), each holder of Preferred Shares will receive such additional number of Preferred Shares so that the Subscription Price equals 85% of the Share Price.

Preferred Shares converted prior to any Financing will not be included in the calculation of any additional Preferred Shares.

No fractional additional Preferred Shares will be issued. If, by reason of an adjustment a holder of Preferred Shares would be entitled to receive a fractional interest in an additional Preferred Share, the Company will round up to the nearest whole number the number of additional Preferred Shares to be issued.

Each outstanding Preferred Share, taking into account any additional Preferred Shares, will automatically convert on the day that the Company has cumulatively raised \$500,000 via Financings subsequent to the final Close.

All securities issued and issuable pursuant to the Offering will be subject to a hold period of four months and one day from the date of issuance. Completion of the Offering is subject to the receipt of all regulatory approvals, including the approval of the Canadian Securities Exchange.

The Company intends to use the proceeds from the Offering for general working capital and to enable the Company to pursue the strategic review which was announced in December (the “Strategic Review”) and related opportunities, which may include, but are not limited to, the Letter of Intent disclosed in March of this year, changes to the capital structure, the acquisition or merger of a strategic opportunity, the disposition of certain assets of the Company, or the further development and expansion of the Company’s wholly owned subsidiary’s authentication and distributed ledger technology.

There is no assurance that the Strategic Review or the Offering or both will result in the approval or completion of any strategic alternative or transaction in the future. The Company continues to proceed expeditiously but has not set a timetable for completion of the Strategic Review. The Company will provide updates on the Strategic Review at such time as it determines that further disclosure is appropriate or required

About LUXXFOLIO

The Company’s focus is the development of its subsidiary’s permissioned based distributed ledger platform to enable an organization or individual to authenticate, secure, and track via a highly secure verifiable ledger their digital based assets, contracts and documents, physical based assets such as luxury or collector goods, and other unique products (“Uniquely Identified Assets”). The platform aims to provide a secure and reliable place to authenticate and track Uniquely Identified Assets and provide the ability to monetize or securitize these assets.

Contact Information:

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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, "will be", "expected", "vision" or variations of such words and phrases or statements that certain actions, events, or results "will" occur. Forward-looking statements regarding the Strategic Review and related opportunities, the Offering, and the Company's development of its permissioned based distributed ledger platform 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 subsidiary 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.