

**NETCOINS HOLDINGS INC.  
(FORMERLY GAR LIMITED)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

**(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)**

**MANAGEMENT'S COMMENTS ON  
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM  
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Netcoins Holdings Inc. (the "Company") have been prepared and are the responsibility of the Company's management. The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor, MNP LLP, has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of the condensed consolidated interim financial statements by an entity's auditor.

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
**CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2019 (UNAUDITED)**

*(Expressed in Canadian Dollars)*

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 6)	\$ 2,873,180	\$ 5,598,712
Trade and other receivables (Note 7)	241,718	196,140
Cryptocurrency inventory (Note 9)	-	38,708
Prepaid expenses (Note 8)	-	38,775
	3,114,898	5,872,335
Property, plant and equipment (Note 10)	932	106,476
<b>Total Assets</b>	<b>\$ 3,115,830</b>	<b>\$ 5,978,811</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 11)	\$ 703,822	\$ 373,786
Deferred revenue	-	426,895
	703,822	800,681
Deferred income taxes	-	36,465
<b>Total Liabilities</b>	<b>703,822</b>	<b>837,146</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 13)	22,353,190	22,203,190
Contributed Surplus	760,511	760,511
Reserves (Notes 14 and 15)	4,928,039	4,441,419
Deficit	(25,629,732)	(22,263,455)
	2,412,008	5,141,665
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 3,115,830</b>	<b>\$ 5,978,811</b>

Going concern (Note 2)

**Approved on behalf of the Board of Directors**

/s/ Kevin Ma  
Kevin Ma,  
Director

/s/ Desmond Balakrishnan  
Desmond Balakrishnan,  
Director

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
**CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

*(Expressed in Canadian Dollars)*

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
<b>OPERATING EXPENSES</b>				
Marketing and advertising	\$ 66	\$ 25	\$ 66	\$ 248,120
Consulting fees	397,500	31,182	500,000	99,470
Depreciation (Note 10)	140	140	419	186
Office and administrative	18,696	54,526	78,809	58,032
Legal and professional fees (Note 22)	133,887	13,759	356,850	252,820
Listing fees (Note 5)	-	-	-	15,781,089
Share-based payments (Note 15)	102,235	869,126	636,620	2,936,095
Transfer agent and regulatory fees	5,464	8,315	21,367	30,007
Travel	3,001	-	18,866	136
Operating Expenses	660,989	977,073	1,612,997	19,405,955
<b>OTHER EXPENSES</b>				
Interest expenses	-	(6)	-	(6)
Foreign exchange gain (loss)	24	-	134	-
Other income	5,088	-	5,088	14,762
<b>NET LOSS AND COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS</b>	<b>(655,877)</b>	<b>(977,079)</b>	<b>(1,607,775)</b>	<b>(19,391,199)</b>
<b>NET GAIN (LOSS) AND COMPREHENSIVE GAIN (LOSS) FROM SALE OF DISCONTINUED OPERATIONS (Note 20)</b>	<b>1,917,357</b>	<b>(325,442)</b>	<b>1,241,498</b>	<b>(1,547,841)</b>
<b>NET GAIN (LOSS) AND COMPREHENSIVE GAIN (LOSS)</b>	<b>\$ 1,261,480</b>	<b>\$ (1,302,521)</b>	<b>\$ (366,277)</b>	<b>\$ (20,939,040)</b>
<b>Basic and diluted loss per share from continuing operations (Note 21)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.29)</b>
<b>Weighted average number of shares outstanding (basic and diluted) (Note 21)</b>	<b>121,414,611</b>	<b>65,738,807</b>	<b>121,019,007</b>	<b>65,738,807</b>

The accompanying notes are integral to these consolidated interim financial statements

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

*(Expressed in Canadian Dollars)*

	<b>Nine months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2019</b>		<b>2018</b>	
<b>Cash Flows from (used in) Operating Activities</b>				
Net loss	\$	(366,277)	\$	(20,939,040)
Adjustments for items not affecting cash				
Depreciation expense (Note 10)		419		22,929
Interest expense		-		6,861
Share-based payments (Note 15)		636,620		2,936,095
Listing expense		-		11,781,089
Gain on sale of Subsidiaries (Note 20)		(2,312,755)		-
		(2,041,993)		(6,192,066)
Changes in non-cash working capital:				
Cryptocurrency inventory		38,708		(191,800)
Trade and other receivables		(45,578)		5,007,774
Prepaid expenses		38,775		-
Trade and other payables		330,036		(426,677)
Due to related party		-		(138,700)
Customer deposits		(426,895)		161,537
Deferred income tax		(36,465)		-
		(2,143,412)		(1,779,932)
<b>Cash Flows from Investing Activities</b>				
Purchase of property, plant and equipment (Note 10)				(140,429)
Sale of property, plant and equipment		105,125		-
Sale of Subsidiaries (Note 20)		(687,245)		-
Reverse takeover of GAR Limited		-		5,395,730
		(582,120)		5,255,301
<b>Cash Flows from Financing Activities</b>				
Proceeds from warrant exercises (Note 13)		-		1,369,966
		-		1,369,966
<b>Changes in cash during the period</b>		<b>(2,725,532)</b>		<b>4,845,335</b>
<b>Cash and cash equivalents – Beginning of period</b>		<b>5,598,712</b>		<b>761,071</b>
<b>Cash and cash equivalents – End of period</b>	<b>\$</b>	<b>2,873,180</b>	<b>\$</b>	<b>5,606,406</b>

Supplemental Information (Note 18)

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES OF EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 (UNAUDITED)**

*(Expressed in Canadian Dollars, except number of shares)*

	Common Shares		Contributed Surplus	Reserves	Deficit	Total
	Number of Shares	Amount				
<b>Balance – December 31, 2017</b>	1,000	\$ 1	\$ -	\$ 35,848	\$ (115,891)	\$ (80,042)
Net loss for the period	-	-	-	-	(20,939,040)	(20,939,040)
Shares issued for:						
Conversion of convertible debentures (Note 13)	25,000,000	535,848	-	(35,848)	-	500,000
Exercise of warrants (Note 13)	26,199,664	1,369,966	460,522	(460,522)	-	1,369,966
Vendors' shares (Note 5)	2,857,143	1,000,000	-	-	-	1,000,000
Reverse acquisition (Note 5)	58,837,419	17,500,000	-	2,209,852	-	19,709,852
Finders' fee shares (Note 13)	5,000,000	1,750,000	-	-	-	1,750,000
Netcoins Class A shares exchanged (Note 5)	(1,000)	(1)	-	-	-	(1)
Issuance of stock options (Note 15)	-	-	-	2,936,095	-	2,936,095
Share issuance cost	-	(254,663)	-	-	-	(254,663)
<b>Balance – September 30, 2018</b>	117,894,226	21,901,151	460,522	4,685,425	(21,054,931)	5,992,167
Net loss for the period	-	-	-	-	(1,208,524)	(1,208,524)
Shares issued for:						
Exercise of warrants (Note 13)	1,520,385	152,039	299,989	(299,989)	-	152,039
Restricted share units (Note 13)	1,000,000	150,000	-	61,813	-	211,813
Issuance of stock options	-	-	-	(5,830)	-	(5,830)
<b>Balance – December 31, 2018</b>	120,414,611	22,203,190	760,511	4,441,419	(22,263,455)	5,141,665
Net loss for the period	-	-	-	-	(366,277)	(366,277)
Vesting of stock options (Note 15)	-	-	-	598,712	-	598,712
Shares issued for:						
Restricted share units (Note 13)	1,000,000	150,000	-	(112,092)	-	37,908
Distribution of Purchaser's shares	-	-	-	-	(3,000,000)	(3,000,000)
<b>Balance – September 30, 2019</b>	121,414,611	\$ 22,353,190	\$ 760,511	\$ 4,928,039	\$ (25,629,732)	\$ 2,412,008

The accompanying notes are integral to these consolidated interim financial statements

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

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*(Expressed in Canadian Dollars, except per share amounts)*

**1. General Information**

Netcoins Holdings Inc. (formerly GAR Limited) (“GAR” or the “Company”) was incorporated on February 20, 1987 under the Business Corporation Act (Ontario). These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

GAR is a public company which is listed on the Canadian Securities Exchange (“CSE”) under the symbol “NETC”. The Company’s head office is 800 West Pender Street, Suite 1430, Vancouver, BC, V6C 2V6, and registered and records office is located 1055 W. Georgia Street, Suite 1500, PO Box 11117, Vancouver, BC, V6E 4N7.

**Reverse Takeover**

On March 9, 2018, the Company completed the acquisition of Netcoins Inc. (“Netcoins”), a private British Columbia corporation incorporated on July 8, 2014. Netcoins develops and markets software that enable the efficient purchasing of Bitcoin and uses its software to purchase and sell Bitcoin to customers. The Company acquired all of the issued and outstanding shares of Netcoins under a share purchase agreement (the “Reverse Takeover Transaction”, the “Transaction”, or the “RTO”). In connection to the Transaction, the Company is doing business under the business name “Netcoins Holdings Inc.” and operating the primary business of Netcoins.

On the closing of the RTO, Netcoins became a wholly-owned subsidiary of the Company. As Netcoins is deemed to be the accounting acquirer for accounting purposes, its assets and liabilities and operations since incorporation on July 8, 2014 are included in the consolidated financial statements at their historical carrying value.

The Company’s results of operations are included from March 9, 2018 onwards, the closing date. Please refer to the Reverse Acquisition (Note 5) for more details.

**Disposal of Subsidiaries**

During the nine months ended September 30, 2019, the Company sold Netcoins Inc., a wholly-owned subsidiary, and related operating subsidiaries, to an unrelated third party.

The Company’s results of operations from its subsidiaries are classified as discontinued in its statements of loss and comprehensive loss. Please refer to the Discontinued Operations (Note 20) for more details.

Please refer to the Discontinued Operations (Note 20) for more details.

**2. Nature of Operations and Going Concern**

These condensed consolidated interim financial statements have been prepared by management on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. To date, the Company has not attained profitable operations.

For the nine months ended September 30, 2019, the Company incurred a net loss of \$366,277, a working capital of \$2,411,076 and has an accumulated deficit of \$25,629,732. The Company’s ability to continue as a going concern is dependent upon its ability to achieve and maintain profitable operations and to generate funds therefrom.

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

*(Expressed in Canadian Dollars, except per share amounts)*

**2. Nature of Operations and Going Concern (continued)**

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

**3. Basis of Preparation**

*a. Statement of Compliance*

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Issues Committee ("IFRIC"). Accordingly, these condensed consolidated interim financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application Company's audited financial statements for the year ended December 31, 2018. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued as of November 29, 2019, the date the Board of Directors approved the financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2018.

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

*b. Functional and Presentation Currency*

These condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of the Company is measured using the principal currency of the primary economic environment in which each entity operates. The functional currency of the Canadian entity is in Canadian dollars.

*c. Basis of Consolidation*

These condensed consolidated interim financial statements include the accounts of the Company and its controlled entities. Control is achieved when the Company has the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases.

The following subsidiaries have been consolidated until July 31, 2019; thereafter, the Company deconsolidated these subsidiaries as it no longer has control over them:

<b>Subsidiary</b>	<b>Ownership</b>	<b>Location</b>	<b>Currency</b>
Netcoins Inc.	100%	Canada	CAD
NTC Holdings Corp.	100%	Canada	CAD
NTC Holdings USA Corp.	100%	USA	CAD

All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.



**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

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*(Expressed in Canadian Dollars, except per share amounts)*

#### **4. Critical Accounting Estimates and Judgements**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets and liabilities at the reporting date and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of its financial statements.

##### *Areas of judgement*

(i) *Revenue Recognition*

In recognizing revenue, the Company determines if it acts as a principal in executing transactions with third parties, judgment is required to determine if the Company is acting as the principal or an agent in order to determine if revenue should be recognized on a gross or net basis for cryptocurrency sales and purchases.

(ii) *Going Concern*

Determining if the Company has the ability to continue as a going concern is dependent on its ability to achieve profitable operations. Certain judgments are made when determining if the Company will be able to continue as a going concern. Further disclosure is included in Note 2.

(iii) *Deferred Tax Asset*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Management applies judgment in determining the likelihood of future taxable profits.

##### *Assumptions and critical estimates*

(i) *Determination of Fair Values*

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

(ii) *Impairment of Receivables*

Receivables measured at amortized cost or at FVTOCI are assessed at each reporting date to determine whether there is an objective evidence of impairment. An expected credit loss impairment model is applied, where expected credit losses are the present value of all cash shortfalls over the expected life of the receivable. A receivable is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the receivable, and that the loss event will have a negative effect on the estimated future cash flows of that receivable that can be estimated reliably.

An impairment loss in respect of receivables is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired receivables continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
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*(Expressed in Canadian Dollars, except per share amounts)*

**4. Critical Accounting Estimates and Judgements (continued)**

*(iii) Depreciation of Property, Plant and Equipment*

Depreciation of equipment and leasehold is an estimate of its expected life. In order to determine the useful life of computing equipment, assumptions are required about a range of market and economic factors.

*(iv) Accounting for Digital Assets*

At present, there is limited guidance in IFRS on the recognition and measurement of digital assets.

Noted below are the key policies used to account for these assets.

*(v) Fair Value of Digital Assets*

Digital assets are measured at fair value using the quoted price on [www.coinmarketcap.com](http://www.coinmarketcap.com).

Management considers this fair value to be a level two input under IFRS 13 Fair Value Measurement fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges. The digital assets are valued based on the closing price obtained from [www.coinmarketcap.com](http://www.coinmarketcap.com) at the reporting period corresponding to the digital assets mined by the Company. The Company is relying on the data available at [www.coinmarketcap.com](http://www.coinmarketcap.com) to be an accurate representation of the closing price for the digital assets.

*(vi) Impairment of Non-Financial Assets*

Non-financial assets are tested when there is an indicator of impairment. The calculation requires assumptions and the use of estimates including growth rates for future cash flows, the number of years used in the cash flow model, the discount rate and other estimates.

*(vii) Tax Assets and Liabilities*

Provisions for income taxes are made using the best estimate of the amount expected to be paid or recovered based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of each reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rate as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management closely monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
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*(Expressed in Canadian Dollars, except per share amounts)*

**5. Reverse Acquisition**

On March 9, 2018, pursuant to the terms of the share purchase agreement (the "Agreement") the Company and Netcoins completed an amalgamation, whereby the Company acquired all of the issued and outstanding share capital of the Netcoins, being 52,857,143 common shares, as a means by which the Company will attain a public listing of its common shares.

Pursuant to the Share Purchase Agreement:

- In consideration for the acquisition of all of the Class A Shares, GAR (i) paid to the Class A shareholders pro rata in proportion to their holdings of Netcoins Class A Shares, an aggregate of \$4,000,000, and (ii) issued from treasury to the Class A shareholders pro rata in proportion to their holdings of Class A shares, an aggregate of 2,857,143 common shares at a deemed price of \$0.35 per share in the equity of GAR, free and clear of any encumbrances.
- In consideration for the acquisition of the Netcoins Class B shares, GAR issued from treasury to the Class B shareholders one common share in the equity of GAR for each Netcoins Class B share held, free and clear of any encumbrances for a total of 50,000,000 Class B shares.
- At the time of closing of the Transaction, each of the holders of Class B Warrants disposed of their respective right to acquire Netcoins Class B shares under the outstanding Class B Warrants held by such warrant holders at that time and those outstanding Class B Warrants were deemed immediately cancelled. In consideration for the disposition by a Class B Warrant holder of each right to acquire one Netcoins Class B share pursuant to a Class B Warrant, the Class B Warrant holder received the right to acquire one common share of GAR (each a "Replacement Warrant" and collectively, the "Replacement Warrants"), rounded down to the nearest whole number of common shares. The exercise price under each Replacement Warrant equaled to the exercise price of the particular Class B Warrant that was cancelled in consideration for such Replacement Warrant.
- As a result of the Transaction, GAR issued an aggregate of 52,857,143 GAR common shares to Netcoins shareholders. At the completion of the Transaction, 116,694,562 GAR common shares were outstanding.
- At the closing Transaction, the shareholders of Netcoins hold 45.3% of GAR. Accordingly, Netcoins is considered to have acquired GAR with the transaction being accounted for as a reverse takeover of GAR by Netcoins shareholders (the "RTO").

The acquisition constitutes an asset acquisition as the Company did not meet the definition of a business, as defined in IFRS 3, Business Combinations. Additionally, as a result of the RTO, the statement of financial position has been adjusted for the elimination of the Company share capital, contributed surplus and accumulated deficit within shareholders' equity.

As a result of this asset acquisition, a listing expense of \$16,121,221 has been recorded. This reflects the difference between the estimated fair value of Netcoins shares deemed to have been issued to the Company's shareholders less the fair value of the net assets of the Company's acquired.

The preliminary allocation of estimated consideration transferred is subject to change and is summarized as follows:

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<b>Purchase Price</b>		
52,837,143 common shares of GAR Limited	\$	18,500,000
8,798,842 warrants of GAR Limited		2,209,852
5,000,000 finders' fee shares		1,750,000
Cash payment		4,000,000
<b>Total Purchase Price</b>	<b>\$</b>	<b>26,459,852</b>

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*(Expressed in Canadian Dollars, except per share amounts)*

**5. Reverse Acquisition (continued)**

<b>Allocation of Purchase Price</b>	
Cash	9,742,999
Prepaid expenses and other current assets	922,782
Accounts payables and accrued liabilities	(327,150)
Listing expenses	16,121,221
	\$ 26,459,852

**6. Cash and Cash Equivalents**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Cash held with banks	\$ 2,873,180	\$ 5,598,712
	\$ 2,873,180	\$ 5,598,712

**7. Trade and Other Receivables**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Other receivables	\$ 241,718	\$ 196,140
	\$ 241,718	\$ 196,140

As at September 30, 2019 and December 31, 2018, the Company's trade receivables are current and no allowances for doubtful accounts were considered necessary.

**8. Prepaid Expenses**

	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Deposits	\$ -	\$ 6,988
Prepaid expenses	-	31,786
	\$ -	\$ 38,775

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

*(Expressed in Canadian Dollars, except per share amounts)*

**9. Cryptocurrency Inventory**

	September 30, 2019	December 31, 2018
Apollo currency	\$ -	\$ 115
Autonio	-	52
Bitcoins	-	26,214
Bitcoin Cash	-	-
Bitcoin SV	-	-
BitMart Token	-	-
Cloakcoins	-	13
Dai	-	-
Elastos	-	6
EOS	-	39
Ethereum	-	5,824
Horizen	-	-
Krypton	-	-
Komodo	-	51
Litecoin	-	852
Myraid	-	1
ParetoS	-	3,973
Peerplays	-	4
Steem	-	3
Niostellar	-	29
USD coin	-	-
XRP	-	1,647
	\$ -	\$ 38,708

During the nine months ended September 30, 2019, the total cost of cryptocurrency inventory sold was \$43,016,244 (September 30, 2018 - \$31,428,939).

**NETCOINS HOLDINGS INC. (FORMERLY GAR LIMITED)**  
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**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018 (UNAUDITED)**

*(Expressed in Canadian Dollars, except per share amounts)*

**10. Property, Plant and Equipment**

	Equipment		Leasehold Improvements		Total
As at December 31, 2018					
Opening net book value	\$	-	\$	-	\$ -
Additions		22,419		118,845	141,264
Depreciation		(4,884)		(29,904)	(34,788)
Closing net book value	\$	17,535	\$	88,941	\$ 106,476
As at December 31, 2018					
Cost	\$	22,419	\$	118,845	\$ 141,264
Accumulated depreciation		(4,884)		(29,904)	(34,788)
Closing net book value	\$	17,535	\$	88,941	\$ 106,476
As at September 30, 2019					
Opening net book value	\$	17,535	\$	88,941	\$ 106,476
Additions		668		-	668
Depreciation		(3,220)		(15,954)	(19,174)
Disposal of assets		(14,051)		(72,987)	(87,038)
Closing net book value		932		-	932
As at September 30, 2019					
Cost		23,087		118,845	141,932
Accumulated depreciation		(8,104)		(45,858)	(53,962)
Disposal of assets		(14,051)		(72,987)	(87,038)
Closing net book value		932		-	932

**11. Trade and Other Payables**

	September 30, 2019		December 31, 2018	
Taxes payable	\$	48,262	\$	48,262
Trade payables		655,560		45,217
	\$	703,822	\$	93,479

Trade and other payables comprise primarily of trade payables incurred in the normal course of business. Included in trade payables are amounts total \$65,537 (December 31, 2018 - \$nil) due to related parties (see note 22).

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## **12. Convertible Debentures**

On October 13, 2017, the Company issued 25,000,000 convertible debenture units (the "Debenture Units") for gross proceeds of \$500,000. Each Debenture Unit is convertible into a unit of the Company (the "Netcoins Units") at a conversion price of \$0.02 per Debenture Unit. Each Netcoins Unit consists of one Class B share of the Company and one share purchase warrant to purchase one Class B share ("Class B Warrant"). Each Class B Warrant entitles the holder to acquire an additional Class B share at an exercise price of \$0.05 per share for a period of 3 years.

The loan's embedded conversion feature was determined to meet the definition of a compound financial instrument required to assign a fair value to the debt with any residual amount recorded as equity. The conversion feature value has been determined to be \$35,848. The borrowing amount represents the debt element of the loan, without the conversion option, recorded at its amortized cost, using a discount rate of 28%, at December 31, 2017.

During the year ended December 31, 2018, Netcoins converted the convertible debenture into 25,000,000 Class B shares of the Netcoins. In addition, 25,000,000 Class B Warrants were converted into Class B shares for gross proceeds of \$1,250,000. As part of the share purchase agreement, all Class B shares were exchanged for public company shares on closing of the RTO (see note 5). As at December 31, 2018, there are no convertible debentures outstanding.

## **13. Share Capital**

### **a. Authorized Share Capital**

The Company is authorized to issue unlimited number of common shares without par value. At September 30, 2019, the Company had 121,414,611 (December 31, 2018 – 120,414,611) common shares outstanding.

### **b. Issued Share Capital**

During the nine months ended September 30, 2019, the Company issued 1,000,000 common shares to RSU holders upon the vesting of the remaining RSU.

During the year ended December 31, 2018, the Company issued common shares as follows:

- On October 26, 2018, 50,000 issued Restricted Share Units ("RSU") shares were returned to treasury.
- On October 23, 2018, the Company issued 1,050,000 common shares to RSU holders upon the vesting of RSU.
- On October 9, 2018, the Company issued 1,000,000 common shares to warrant holders who exercised their warrants in return for gross proceeds of \$100,000.
- On October 3, 2018, the Company issued 520,385 common shares to warrant holders who exercised their warrants in return for gross proceeds of \$52,039.
- On August 7, 2018, the Company issued 262,500 common shares to warrant holders who exercised their warrants in return for gross proceeds of \$26,250.
- On July 30, 2018, the Company issued 937,164 common shares to warrant holders who exercised their warrants in return for gross proceeds of \$93,716.

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**13. Share Capital (continued)**

**b. Issued Share Capital (continued)**

- On March 9, 2018, 52,837,143 common shares of the Company were deemed to have been issued on completion of the RTO. The fair value of the 52,837,143 deemed to have issued (\$18,500,000) was determined using a fair value of \$0.35 per share.
- In connection with the closing of the RTO, the Company issued an aggregate of 5,000,000 common shares to an arms' length third party as a finder's fee. The fair value of services is \$1,750,000.
- In connection with the closing of the RTO, the Company issued 2,857,143 of common shares, at a value of \$1,000,000 or \$0.35 per share, to vendors of Netcoins.
- On January 30, 2018, the Company issued 25,000,000 Class B shares on conversion of the Debenture Units (see note 6). The Company also issued 25,000,000 Class B shares on exercise of Class B share purchase warrants for gross proceeds of \$1,250,000. In connection with the closing of the RTO, all Class B shares were exchanged for common shares of the Company.

**c. Restricted Share Units**

Pursuant to the Company's fixed number restricted share unit ("RSU") plan, the Company awarded a total of 2,100,000 RSU to certain directors, officers and employees in October 2018. 50% of the awarded RSU vested immediately and the remaining 50% vested on April 17, 2019. The shares awarded pursuant to the RSU are equity settled and based on the fair value at date of grant.

**14. Warrants**

Details regarding warrants issued and outstanding are summarized as follows:

		Weighted Average exercise price	Number of shares issued or issuable on exercise
Balance – December 31, 2017	\$	-	-
Issuance of warrants on RTO (Note 6)	\$	0.10	7,000,000
Issuance of warrants on RTO (Note 6)	\$	0.35	1,798,556
Exercise of warrants (Note 14)	\$	0.10	(2,720,049)
Expiry of warrants	\$	0.35	(1,798,556)
Balance – December 31, 2018 and September 30, 2019	\$	0.10	4,279,951

The expiry of warrants are as follows:

Grant Date	Expiry Date	Number of warrants issued	Weighted Average Exercise Price
October 31, 2017	October 31, 2019	4,279,951	\$ 0.10
		4,279,951	\$ 0.10



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**14. Warrants (continued)**

On March 9, 2018, pursuant to the RTO all issued and outstanding share purchase warrants of 8,798,556 were cancelled and share purchase warrants of 8,798,556 were issued as replacements. Under IFRS 2 'Share-based payment', the cancellation and reissuance was considered a modification of the terms and conditions on which the equity instrument were granted. As such, the Company is required to recognize the effects of modification that increases the total fair value of the share-based payment arrangements or are otherwise beneficial to the option holders. The incremental fair value was \$2,209,852 for warrants in conjunction to the RTO.

The fair value of the warrants has been estimated using the Black-Scholes Option Pricing Model assuming a risk-free interest rate of 1.61% - 4.55%, an expected life of 1 to 2 years, an expected volatility of 201% - 204% and no expected dividends. The expected volatility was determined using the average historical volatility of similar entities that are publicly listed on the basis that the Company has limited historical information.

Subsequent to the nine months ended September 30, 2019, all issued and outstanding warrants expired.

**15. Stock Options**

The Company adopted a stock option plan (the "Plan") whereby it can grant stock options to directors, officers, employees, and consultants of the Company. The maximum number of shares that may be reserved for issuance under the Plan is limited to 10% of the issued common shares of the Company at any time.

The changes in stock options outstanding are summarized as follows:

	Weighted Average exercise price	Number of shares issued or issuable on exercise	Amount
Balance – December 31, 2017	\$ -	-	\$ -
Stock options granted	\$ 0.32	11,660,000	-
Stock options forfeited	\$ 0.25	(185,000)	-
Stock options vested	\$ 0.33	-	2,930,265
Balance – December 31, 2018	\$ 0.32	11,475,000	2,930,265
Stock options vested	\$ 0.33	-	495,154
Stock options cancelled	0.32	(10,115,714)	103,558
Balance – September 31, 2019	\$ 0.35	1,359,286	\$ 3,528,977

In March 2018, the Company granted 9,770,000 stock options to employees, consultants, and directors. The options may be exercised within 5 years from the date of grant at a price of \$0.35 per share and have vesting periods ranging from 0 to 2 years.

In May 2018, the Company granted 690,000 stock options to employees, consultants and directors. The options may be exercised within 5 years from the date of grant at a price of \$0.25 per share and have vesting periods ranging from 0 to 2 years. 185,000 options were forfeited during the year.

In July 2018, the Company granted 1,200,000 stock options to employees and directors. The options may be exercised within 5 years from the date of grant at a price of \$0.10 per share and have vesting periods ranging from 0 to 2 years.

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**15. Stock Options (continued)**

The fair value of stock options at the date of grant was estimated using the Black-Scholes Option Pricing Model, assuming a risk-free interest rate of 1.41% - 2.11% per annum, an expected life of options of 5 years, an expected volatility of 120%, and no expected dividends.

On July 31, 2019, the Company cancelled majority of the outstanding options due to the sale of its subsidiaries; as such, the Company is required to recognize the effects of cancellation that increases the total fair value of the share-based payment arrangements.

Stock options outstanding and exercisable September 30, 2019 are summarized as follows:

Exercise Price	Options Outstanding			Options Exercisable	
	Number of Shares Issuable on Exercise	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
\$0.35	1,359,286	3.45	\$0.35	1,359,286	\$0.35

**16. Capital Management**

The Company manages its capital structure, consisting of share capital, and will make adjustments to it depending on the funds available to the Company for its future operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent on external financing to fund its activities. In order to carry out its planned operations and pay for future general and administrative expenses, the Company expects to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2019 and for the year ended December 31, 2018.

**17. Financial Instruments**

The Company's financial assets and liabilities by category and information about financial assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position are classified and measured as follows:

Category		September 30, 2019	December 31, 2018
<b>Financial Assets</b>			
Cash	Financial assets at amortized cost	\$ 2,873,180	\$ 5,598,712
Trade and other receivables	Financial assets at amortized cost	\$ 241,718	\$ 196,140
<b>Financial Liabilities</b>			
Trade and other payables	Financial liabilities at amortized cost	\$ 703,822	\$ 373,787

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**17. Financial Instruments (continued)**

The Company's risk management policies are established to identify, analyze and manage the risks faced by the Company and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Company's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Company's use of financial instruments include credit risk, liquidity risk, market risk and currency risk. These risks, and the actions taken to manage them, include:

**(a) Fair value**

Due to the short-term nature of cash and cash equivalents, trade and other receivables, trade and other payables, debentures and due to related party, the Company determined that the carrying amounts of these financial instruments approximate their fair value.

Digital assets are measured using level two fair values, determined by taking the rate from [www.coinmarketcap.com](http://www.coinmarketcap.com).

Digital asset prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is directly related to the current and future market price of digital assets; in addition, the Company may not be able liquidate its inventory of Digital assets at its desired price if required. A decline in the market prices for Digital assets could negatively impact the Company's future operations. The Company has not hedged the conversion of any of its sales of digital assets.

Digital assets have a limited history and the fair value historically has been very volatile. Historical performance of digital assets is not indicative of their future price performance. The Company's digital assets currently solely consist of bitcoin.

**(b) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash held with banks, cash on deposit with fiat to cryptocurrency exchanges and from outstanding trade receivables. The Company minimizes credit risk associated with its cash balance substantially by dealing with financial institutions deemed to be reliable due to their history of operations. Credit risk associated with Bitcoin sale proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 or 15 days.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. Liquidity risk is assessed as low.

**(d) Currency risk**

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies, other than the functional currency of the Company, will fluctuate due to changes in foreign currency exchange rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company previously was exposed to foreign currency risk through cash in banks and cash on deposit with fiat to cryptocurrency exchanges which are denominated in United States dollars (USD). As at September 30, 2019 the Company was not exposed to currency risk.

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**17. Financial Instruments (continued)**

**(e) Price risk**

The Company's net income or loss, and financial condition were subject to price risk due to fluctuations of the following:

Commodity Price Risk

The profitability of the Company's was significantly affected by changes in prices of cryptocurrency. Cryptocurrency fluctuate on a daily basis and were affected by numerous factors beyond the Company's control. The supply and demand for crypto currency, investment decisions by large holders could all cause significant fluctuations in cryptocurrency prices.

**18. Supplemental Cash Flow Information**

The Company paid \$4,754 in income taxes but had no cash receipts for interests during the nine months ended September 30, 2019 and the year ended December 31, 2018.

The acquisition of the GAR Limited (see note 5) is a non-cash transaction, whereby, 52,857,143 shares and 8,798,842 warrants at a price of \$0.35 per share is exchanged as consideration for the net assets.

The disposition of the subsidiaries (see Note 20) is a non-cash transaction, whereby, the Purchaser issued 37,500,000 of its own shares at a deemed price of \$0.08 per share as consideration for the net assets.

**19. Segmented Information**

The Company's operates a single business unit of cryptocurrency sales via its virtual ATMs. The Company's primary business activities are located in Canada. All of the Company's assets, including head office, are located in Canada.

**20. Discontinued Operations**

**a. Description**

On May 27, 2019, the Company announced it entered into a share purchase agreement with an unrelated third party (the "Purchaser") regarding the sale of Netcoins Inc., NTC Holdings Corp. and NTC Holdings USA Corp. (collectively, the "Subsidiaries").

The Subsidiaries were sold on July 31, 2019 with effect from August 1, 2019 and are reported in the current period as discontinued operations. Financial information relating to the discontinued operations for the period to date of disposal is set out below.

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**20. Discontinued Operations (continued)**

**b. Financial Performance and Cash Flow Information**

The financial performance and cash flow information presented are for the three months ended September 30, 2019 and September 30, 2018.

	Nine Month Ended	
	September 30, 2019	September 30, 2018
Cryptocurrency sales	\$ 43,349,627	\$ 32,026,284
Cryptocurrency purchases	(43,016,244)	(31,428,939)
Gross profit	333,383	597,345
Listing revenue	323,675	285,748
Net revenue	657,058	883,093
Expenses	(1,639,083)	(3,532,030)
Other gains (losses)	(89,232)	1,101,096
Gain on sale of Subsidiaries	2,312,755	-
Net loss and comprehensive loss from sale of discontinued operations	\$ 1,241,498	\$ (1,547,841)
Net cash inflow (outflow) from operating activities	\$ 2,344,540	\$ (421,802)
Net cash inflow (outflow) from investing activities	(669)	(138,752)
Net cash inflow from financing activities	(7,003,242)	5,279,543
Net increase (decrease) in cash generated by (from) the subsidiaries	\$ (4,659,371)	\$ 4,718,989

**c. Details of Sale of Subsidiaries**

	September 30, 2019	September 30, 2018
Consideration received:		
37,500,000 Purchasers' shares at \$0.08	\$ 3,000,000	\$ -
Carrying amount of net assets sold	(687,245)	-
Gain on sale of Subsidiaries	\$ 2,312,755	\$ -

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**20. Discontinued Operations (continued)**

**c. Details of Sale of Subsidiaries (continued)**

The carrying amounts of assets and liabilities as at the date of sale (July 31, 2019) were:

	<b>July 31, 2019</b>
Cash	\$ 841,941
Trade and other receivables	32,746
Cryptocurrency inventory	154,775
Prepaid expenses	8,202
Property, plant and equipment	86,526
<b>Total assets</b>	<b>\$ 1,124,190</b>
Trade and other payables	\$ (20,412)
Deferred revenue	(380,068)
Deferred income taxes	(36,465)
<b>Total liabilities</b>	<b>\$ (436,945)</b>
<b>Net assets</b>	<b>\$ 687,245</b>

**d. Assets and Liabilities of Disposal Group Classified as Held for Sale**

There were no assets or liabilities reclassified as held for sale in relation to the discontinued operation as at September 30, 2019 since they have all been disposed on July 31, 2019.

**21. Loss Per Share**

The following table sets forth the computation of basic and diluted loss per share for the three and nine months ended September 30, 2019 and 2018:

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2019</b>	<b>September 30, 2018</b>	<b>September 30, 2019</b>	<b>September 30, 2018</b>
<b>Numerator</b>				
Net loss for the period from continuing operations	\$ (655,877)	\$ (977,079)	\$ (1,607,775)	\$ (19,391,199)
<b>Denominator</b>				
Basic – weighted average number of shares outstanding	121,414,611	65,738,807	121,019,007	65,738,807
Effect of dilutive securities	-	-	-	-
Diluted – adjusted weighted average number of shares outstanding	121,414,611	65,738,807	121,019,007	65,738,807
<b>Loss per share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.29)</b>

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year.

The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive.

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**21. Loss Per Share (continued)**

Share purchase warrants and stock options were excluded from the calculation of diluted weighted average number of common shares outstanding during the nine months ended September 30, 2019 and the year ended December 31, 2018 as the warrants and stock options were anti-dilutive since the Company was in a loss position.

**22. Related Party Transactions**

During the nine months ended September 30, 2019 and 2018, the Company paid and/or accrued salaries, commissions, consulting and professional fees to management personnel and directors:

	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Management	\$ 23,945	\$ 125,591	\$ 241,997	\$ 288,348
Directors	73,672	95,000	427,772	285,000
	\$ 97,617	\$ 220,591	\$ 669,769	\$ 573,348

During the three and nine months ended September 30, 2019, the Company also had share-based payments made to management and directors of \$102,235 (2018 - \$869,126) and \$636,620 (2018 - \$2,936,095), respectively.

During the three and nine months ended September 30, 2019, the Company purchased \$130,443 (2018 - \$158,150) and \$472,603 (2018 - \$275,226) worth of bitcoins from a company with common management, respectively.

**Due to Related Parties**

As at September 30, 2019 and December 31, 2018, the Company has the following amounts due to related parties:

	September 30, 2019	December 31, 2018
Accounts payable and accrued liabilities	\$ 15,609	\$ 92,848
	\$ 15,609	\$ 92,848

**23. Subsequent Event**

On November 11, 2019, the Company completed a consolidation of the authorized and issued common shares of the Company on the basis of one post-consolidated Common Share for twenty-five pre-consolidation Common Shares.

The share numbers in these financial statements have not reflected this consolidation of common shares.