

NETCOINS HOLDINGS INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020**

**(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.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2020 (UNAUDITED)

(Expressed in Canadian Dollars)

	March 31, 2020	December 31, 2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	\$ 1,563,243	\$ 1,934,390
Trade and other receivables (Note 6)	275,776	266,815
Loans Receivable (Note 8)	101,475	-
Prepaid expenses (Note 7)	131,675	65,355
	2,072,169	2,266,560
Property, plant and equipment (Note 9)	699	792
Total Assets	\$ 2,072,868	\$ 2,267,352
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	\$ 423,340	\$ 368,005
Income taxes payable	78,158	78,158
Total Liabilities	501,498	446,163
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	22,353,190	22,353,190
Contributed Surplus	760,511	760,511
Reserves (Notes 13 and 14)	4,991,141	4,991,141
Deficit	(26,533,472)	(26,283,653)
	1,571,370	1,821,189
Total Liabilities and Shareholders' Equity	\$ 2,072,868	\$ 2,267,352

Going concern (Note 2)
Subsequent Event (Note 23)

Approved on behalf of the Board of Directors

/s/ Kevin Ma
Kevin Ma,
Director

/s/ Desmond Balakrishnan
Desmond Balakrishnan,
Director

NETCOINS HOLDINGS INC.
CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
REVENUE		
Cryptocurrency sales (Note 20)	\$ -	\$ 22,202,831
Cryptocurrency purchases	-	(22,056,558)
Gross Profit	-	146,273
Listing revenues	-	112,555
NET REVENUE	-	258,828
OPERATING EXPENSES		
Marketing and advertising	5,375	37,903
Bad debts	-	8,357
Consulting fees	35,049	58,550
Depreciation (Note 9)	93	11,613
Office and administrative (Note 21)	123,387	540,629
Legal and professional fees (Note 21)	61,437	129,105
Share-based payments (Note 14)	-	418,252
Transfer agent and regulatory fees	4,319	3,148
Travel	21,943	6,553
Operating Expenses	251,603	1,214,110
OTHER EXPENSES		
Interest expenses	(2)	-
Interest income (Note 8)	1,475	-
Foreign exchange gain (loss)	313	(86,347)
Other income	-	59
NET AND COMPREHENSIVE LOSS	(249,817)	(1,041,570)
Basic and diluted loss per share (Note 20)	\$ (0.05)	\$ (0.21)
Weighted average number of shares outstanding (basic and diluted) (Note 20)	4,854,617	4,816,584

The accompanying notes are integral to these consolidated interim financial statements

NETCOINS HOLDINGS INC.
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cash Flows from (used in) Operating Activities		
Net loss	\$ (249,817)	\$ (1,041,570)
Adjustments for items not affecting cash		
Depreciation expense (Note 9)	93	11,613
Interest income (Note 8)	(1,475)	-
Share-based payments (Note 14)	-	418,252
Unrealized fair value loss on cryptocurrency inventory	-	10,022
	(251,199)	(601,683)
Changes in non-cash working capital:		
Cryptocurrency inventory	-	(59,634)
Trade and other receivables	(8,962)	(141,419)
Prepaid expenses	(66,320)	17,332
Trade and other payables	55,334	(226,781)
Customer deposits	-	(135,665)
	(271,147)	(1,147,850)
Cash Flows from Investing Activities		
Loan advanced (Note 8)	(100,000)	-
	(100,000)	-
Changes in cash during the period	(371,147)	(1,147,850)
Cash and cash equivalents – Beginning of period	1,934,390	5,598,712
Cash and cash equivalents – End of period	\$ 1,563,243	\$ 4,450,862

Supplemental Information (Note 17)

NETCOINS HOLDINGS INC.
CONSOLIDATED INTERIM STATEMENTS OF CHANGES OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020 (UNAUDITED)

(Expressed in Canadian Dollars, except number of shares)

	Common Shares		Contributed Surplus	Reserves	Deficit	Total
	Number of Shares	Amount				
Balance – December 31, 2018	4,816,589	\$ 22,203,190	\$ 760,511	\$ 4,441,419	\$ (22,263,455)	\$ 5,141,665
Net loss for the period	-	-	-	-	(1,041,570)	(1,041,570)
Vesting of stock options (Note 14)	-	-	-	385,001	-	385,001
Vesting of restricted share units (Note 12)	-	-	-	33,251	-	33,251
Balance – March 31, 2019	4,816,589	22,203,191	760,511	4,859,671	(23,305,025)	4,518,347
Net income for the period	-	-	-	-	33,613	111,770
Adoption of IFRS 16 (Note 3)	-	-	-	-	(12,241)	(12,241)
Vesting of stock options (Note 14)	-	-	-	76,404	-	76,405
Cancellation of options (Note 14)	-	-	-	116,879	-	116,879
Shares issued for restricted share units (Note 12)	40,000	150,000	-	(61,813)	-	88,187
Distribution of Purchaser's shares (Note 19)	-	-	-	-	(3,000,000)	(3,000,000)
Balance – December 31, 2019	4,856,589	22,353,190	760,511	4,991,141	(26,283,653)	1,821,189
Net loss for the period	-	-	-	-	(249,817)	(249,817)
Balance – March 31, 2020	4,856,589	\$ 22,353,190	\$ 760,511	\$ 4,991,141	\$ (26,533,470)	\$ 1,571,372

The accompanying notes are integral to these consolidated interim financial statements

**NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)**

(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.

Disposal of Subsidiaries

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”).

Please refer to the Disposal of Subsidiaries (Note 19) for more details.

Covid-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has already affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Other than the pandemic delaying the Company’s plans for investments, the Company’s business and results of operations were not materially affected by the pandemic.

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 three months ended March 31, 2020, the Company incurred a net loss of \$249,817, a working capital surplus of \$1,570,671 and has an accumulated deficit of \$26,533,470. 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. If the Company is unable to generate sufficient revenue from cryptocurrency sales, it will cast significant doubt on the Company’s ability to continue as a going concern.

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.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

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, 2019. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued as of July 16, 2020, 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, 2019.

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:

Subsidiary	Ownership	Location	Currency
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.

d. Adoption of IFRS 16

The Company adopted IFRS 16, Leases ("IFRS 16") on January 1, 2019. IFRS 16 introduced a single, on-balance sheeting accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

3. Basis of Preparation (continued)

d. *Adoption of IFRS 16 (continued)*

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Company adopted IFRS 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated. Instead, the Company recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening deficit balance at January 1, 2019.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 15 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after January 1, 2019.

On transition to IFRS 16, the Company recognized right-of-use assets and lease liabilities for its leases, resulting in an increase to property, plant and equipment of \$254,433 at January 1, 2019. A corresponding lease liability was recognized for \$266,674 and decrease in deficit was recognized for \$12,241. Both right-of-use assets and lease liabilities were disposed when the Company sold its subsidiaries (Note 19).

Operating lease commitments as at December 31, 2018	\$	312,145
Undiscounted lease payments		312,145
Effect of discounting using the incremental borrowing rate (15%) as at the date of initial adoption		(45,471)
Lease liability recognized at January 1, 2019	\$	266,674

The impact of adopting IFRS 16 on the Company's balance sheet as at January 1, 2019 was as follows:

Right-of-Use Asset	\$	254,433
Retained Earnings	\$	12,241
Lease Liability	\$	(266,674)

Subsequent to the disposal of its subsidiaries, the Company does not have any more leases.

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.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

4. Critical Accounting Estimates and Judgements (continued)

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 probably 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

Certain of the Company's assets and liabilities are measured at fair value. In estimating fair value, the Company uses market-observable data to the extent it is available. In certain cases where Level 1 inputs are not available the Company will engage third party qualified specialist to perform the valuation.

(ii) Depreciation of Property, Plant and Equipment

Depreciation of equipment and leasehold improvements 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.

(iii) Fair Value of Cryptocurrency Inventory

At present, there is limited guidance in IFRS on the recognition and measurement of cryptocurrency inventory. Cryptocurrency inventory is measured at fair value using the quoted price on 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 cryptocurrency inventory is valued based on the closing price obtained from www.coinmarketcap.com at the reporting period. The Company is relying on the data available at www.coinmarketcap.com to be an accurate representation of the closing price for the cryptocurrency inventory.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

4. Critical Accounting Estimates and Judgements (continued)

(iv) 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.

(v) Share-Based Payments

The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and consultants. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based compensation calculation value, however, the most significant estimate is the volatility

(vi) Impairment of Non-Financial Assets

The assessment of any impairment of non-financial assets is dependent upon estimates of recoverable amount that take into account factors such as economic and market conditions, the useful lives of assets, definition of the cash generating unit ("CGU") and estimates used to measure impairment losses. The recoverable value of these assets is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates.

(vii) Leases

The application of IFRS 16 Leases requires assumptions and estimates in order to determine the value of the right-of-use assets and the lease liabilities. Judgment must be applied when determining the implicit and incremental rates of borrowing, as applicable. Judgment must also be applied as to whether renewal options are reasonably certain of being exercised and whether periods covered by an option to terminate are reasonably certain of not being exercised.

(viii) Impairment of Financial Assets

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of other receivables. In determining the ECLs management makes estimates related to the probability-weighted amount of ECLs based on a range of outcomes, the discount rate that reflects the effective interest rate of the asset and other information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

5. Cash and Cash Equivalents

	March 31, 2020		December 31, 2019	
Cash held with banks	\$	1,563,243	\$	1,934,390
	\$	1,563,243	\$	1,934,390

6. Trade and Other Receivables

	March 31, 2020		December 31, 2019	
GST receivables	\$	275,777	\$	266,815
	\$	275,777	\$	266,815

As at March 31, 2020 and December 31, 2019, the Company's trade receivables are current and no allowances for doubtful accounts were considered necessary.

7. Prepaid Expenses

	March 31, 2020		December 31, 2019	
Deposits	\$	86,320	\$	-
Prepaid expenses		45,355		65,355
	\$	131,675	\$	65,355

8. Loans Receivable

On February 24, 2020, the Company entered into a loan agreement with an unrelated company (the "Borrower") for a principal of \$100,000 with interest bearing at 15% per annum and the loan is due on demand when the Borrower completes its next financing. The accrued interest is payable in common shares of the Borrower at \$0.20 per share. The Borrower also agreed to issue warrants at a rate of 15% of the loan principal to the Company. These warrants are exercisable at \$0.20 per share. As at March 31, 2020, the Company recorded an accrued interest of \$1,475.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

9. Property, Plant and Equipment

	Equipment		Leasehold Improvements		Total
COST					
Balance as at January 1, 2019	\$	22,418	\$	118,846	\$ 141,932
Additions		669		-	669
Disposal of assets		(21,410)		(118,846)	(140,256)
Balance as at December 31, 2019	\$	1,677	\$	-	\$ 1,677
DEPRECIATION					
Balance as at January 1, 2019	\$	4,884	\$	29,904	\$ 34,788
Depreciation for the year		3,438		16,389	19,827
Disposal of assets		(7,437)		(46,293)	(53,730)
Balance as at December 31, 2019		885		-	885
Net book value at December 31, 2019	\$	792	\$	-	\$ 792
COST					
Balance as at December 31, 2019	\$	1,677	\$	-	\$ 1,677
Additions (Disposals)		-		-	-
Balance as at March 31, 2020		1,677		-	1,677
DEPRECIATION					
Balance as at December 31, 2019		885		-	885
Depreciation for the period		93		-	93
Balance as at March 31, 2020		978		-	978
Net book value at March 31, 2020		699		-	699

10. Leases

a. Lease Liability

Balance as at December 31, 2018	\$	-
Adoption of IFRS 16		266,674
Payments		(99,212)
Accretion expense		23,636
Balance as at July 31, 2019		190,825
Disposal		(190,825)
Balance as at December 31, 2019	\$	-

b. Right-of-Use Asset

Balance as at December 31, 2018	\$	-
Adoption of IFRS 16		254,433
Depreciation		(81,419)
Balance as at July 31, 2019		173,014
Disposal		(173,014)
Balance as at December 31, 2019	\$	-

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

11. Trade and Other Payables

	March 31, 2020	December 31, 2019
Taxes payable	\$ 48,262	\$ 48,263
Trade payables	375,077	319,742
	\$ 501,497	\$ 368,005

Trade and other payables comprise primarily of trade payables incurred in the normal course of business. Included in trade payables are amounts total \$14,867 (December 31, 2019 - \$590) due to related parties (see Note 21).

12. Share Capital

a. Authorized Share Capital

The Company is authorized to issue unlimited number of common shares without par value. At March 31, 2020, the Company had 4,856,589 (December 31, 2019 – 4,856,589) common shares outstanding.

b. Issued Share Capital

In November 2019, the Company completed a consolidation of its authorized and issued common shares on the basis of one post-consolidated common share for every twenty-five pre-consolidation common shares. All references to shares, per share amounts, warrants and options in these financial statements have been retroactively restated to reflect the share consolidation.

In April 2019, the Company issued 40,000 common shares to RSU holders upon the vesting of the remaining RSU.

c. Restricted Share Units

Pursuant to the Company's fixed number restricted share unit ("RSU") plan, the Company awarded a total of 80,000 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.

13. 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, 2018	\$ 4.00	171,199
Expiry of warrants	\$ 4.00	(171,199)
Balance – March 31, 2020 and December 31, 2019	\$ -	-

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

13. Warrants (continued)

On March 9, 2018, pursuant the RTO all issued and outstanding share purchase warrants of 351,942 were cancelled and share purchase warrants of 351,942 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 share price range of \$2.75 - \$8.75, 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.

During the year ended December 31, 2019, all issued and outstanding warrants expired unexercised.

14. 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 Options Outstanding
Balance – December 31, 2018	\$ 8.00	459,000
Stock options cancelled	\$ 7.88	(404,629)
Balance – March 31, 2020 and December 31, 2019	\$ 8.75	54,371

On July 31, 2019, the Company cancelled majority of the outstanding options due to the sale of its subsidiaries; as such, the Company is accelerated recognition of the unvested amounts for a total of \$116,879.

The Company recorded a total of \$nil (March 31, 2019 - \$385,001) in share-based expenses for the three months ended March 31, 2020.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

14. Stock Options (continued)

Stock options outstanding and exercisable as at March 31, 2020 and December 31, 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	54,371	3.20	\$8.75	54,371	\$8.75

15. 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 three months ended March 31, 2020 and the year ended December 31, 2019.

16. 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		March 31, 2020	December 31, 2019
Financial Assets			
Cash	Financial assets at amortized cost	\$ 1,563,243	\$ 1,934,390
Trade and other receivables	Financial assets at amortized cost	\$ 275,777	\$ 266,815
Loans receivable	Financial assets at amortized cost	\$ 100,000	\$ -
Financial Liabilities			
Trade and other payables	Financial liabilities at amortized cost	\$ 423,339	\$ 368,005
Income tax payable	Financial liabilities at amortized cost	\$ 78,158	\$ -

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:

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

16. Financial Instruments (continued)

(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.

(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. The Company assessed its credit risk to be low.

(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 March 31, 2020 the Company was not exposed to currency risk.

(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. The Company is no longer exposed to commodity price risk after the sale of its subsidiaries.

17. Supplemental Cash Flow Information

The Company paid \$nil (December 31, 2019 - \$4,754) in income taxes and received \$nil in interest during the three months ended March 31, 2020 but received \$20,088 for interest during the year ended December 31, 2019.

The disposition of the subsidiaries (see Note 19) is a non-cash transaction, whereby, the Purchaser issued 37,500,000 of its own shares at a fair value of \$0.075 per share as consideration for the net assets.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

18. Segmented Information

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

19. Disposal of Subsidiaries

The Subsidiaries were sold on July 31, 2019 for a consideration of \$3 million in the form of 37,500,000 common shares of the Purchaser at a fair value of \$0.075 per share. However, actual share price on disposal date was \$0.075, as a result, the Company recorded a gain of \$187,500 on the fair value of the shares, along with a gain of \$2,046,052 on the disposal of Subsidiaries.

Details of Sale of Subsidiaries

	July 31, 2019
Consideration received:	
37,500,000 Purchasers' shares at \$0.075	\$ 2,812,500
Carrying amount of net assets sold	(652,777)
Gain on sale of Subsidiaries	\$ 2,159,723

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

	July 31, 2019
Cash	\$ 841,941
Trade and other receivables	32,746
Cryptocurrency inventory	154,775
Prepaid expenses	8,202
Property, plant and equipment	86,526
Right-of-use asset	173,014
Total assets	\$ 1,297,204
Trade and other payables	\$ (37,068)
Lease liability	(190,826)
Deferred revenue	(94,062)
Customer deposit	(286,005)
Deferred income taxes	(36,465)
Total liabilities	\$ (644,427)
Net assets	\$ 652,777

In August 2019, the Company distributed all 37,500,000 Purchaser's common shares to its shareholders as dividend-in-kind at a fair-value share price of \$0.08.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

20. Revenue

Type of Revenue	For the Three Months Ended	
	March 31, 2020	March 31, 2019
Buyback revenue	\$ -	\$ 15,274,914
Private brokerages	-	6,927,917
	\$ -	\$ 22,202,831

21. Loss Per Share

The following table sets forth the computation of basic and diluted loss per share for the three months ended March 31, 2020 and 2019:

	March 31, 2020	March 31, 2019
Numerator		
Net loss for the year	\$ (249,817)	\$ (1,041,570)
Denominator		
Basic – weighted average number of shares outstanding	4,854,617	4,816,584
Effect of dilutive securities	-	-
Diluted – adjusted weighted average number of Shares outstanding	4,854,617	4,816,584
Loss per share – basic and diluted	\$ (0.05)	\$ (0.21)

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.

Share purchase warrants and stock options were excluded from the calculation of diluted weighted average number of common shares outstanding during the three months ended March 31, 2020 and 2019 as the warrants and stock options were anti-dilutive since the Company was in a loss position.

22. Related Party Transactions

During the three months ended March 31, 2020 and 2019, the Company paid and/or accrued salaries, commissions, consulting and professional fees to management personnel and directors:

	March 31, 2020	March 31, 2019
Management	\$ 77,250	\$ 95,000
Directors	16,594	139,868
	\$ 93,844	\$ 234,868

During the three months ended March 31, 2020, the Company had \$nil (March 31, 2019 - \$418,252) share-based payments made to management and directors.

During the three months ended March 31, 2020, the Company purchased \$nil (March 31, 2019 - \$61,340) worth of bitcoins from a company with common management.

NETCOINS HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)

(Expressed in Canadian Dollars, except per share amounts)

22. Related Party Transactions (continued)

Due to Related Parties

As at March 31, 2020 and December 31, 2019, the Company has the following amounts due to related parties:

		March 31, 2020		December 31, 2019
Accounts payable and accrued liabilities	\$	14,867	\$	590
	\$	14,867	\$	590

23. Subsequent Events

In April 2020, the Company participated in a non-brokered private placement of an unrelated party (the "Offeror A") by subscribing for 1,000,000 units at a price of \$0.35 per unit. Each unit consists of one common share of the Offeror A and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Offeror A at a price of \$0.50 for a period of 12 months from the closing of the private placement.

Also in April 2020, the Company participated in another non-brokered private placement of another unrelated party (the "Offeror B") by subscribing for 2,400,000 units at a price of \$0.25 per unit. Each unit consists of one common share of the Offeror B and one common share purchase warrant. Each warrant is exercisable by the holder to acquire one additional common share of the Offeror B at a price of \$0.25 for a period of 24 months from the closing of the private placement.