

**MIDPOINT HOLDINGS LTD.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

(Unaudited)

(Expressed in Canadian Dollars)

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim condensed consolidated financial statements of Midpoint Holdings Ltd. were prepared by management in accordance with International Financial Reporting Standards. The most significant of these standards are set out in the note 2 of these financial statements. Any applicable changes in accounting policies have also been disclosed in these unaudited interim condensed consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities and for reviewing and approving the unaudited interim financial statements together with other financial information. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying financial statements of the Company have been prepared by and are the responsibility of the Company's management.

These financial statements are being re-filed to correct the presentation of the comparative information on the Statement of Shareholders' Equity on page 7 to include the missing prior period comparative figures. No other changes have been made to the statements.

**MIDPOINT HOLDINGS LTD.  
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SEPTEMBER 30, 2020**

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**MIDPOINT HOLDINGS LTD.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2020 AND JUNE 30, 2020**  
(Amounts in Canadian dollars)  
(Unaudited)

	September 30, 2020	June 30, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (note 3)	\$ 935,332	\$ 710,871
Prepaid expenses	12,180	61,724
Total current assets	947,512	772,595
<b>EQUIPMENT</b>	5,683	6,735
<b>INVESTMENTS</b> (note 4)	35,000	35,000
<b>TOTAL ASSETS</b>	<b>\$ 988,195</b>	<b>\$ 814,330</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 271,899	\$ 160,145
Current portion of settlement provision	98,524	123,524
Total current liabilities	370,423	283,669
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 6)	13,690,134	13,553,017
Warrants and options reserve	494,200	412,900
Contributed surplus (note 6)	1,408,873	1,408,873
Accumulated other comprehensive loss	( 493,015)	( 502,163)
Accumulated deficit	(14,482,420)	(14,341,966)
Total shareholders' equity	617,772	530,661
	<b>\$ 988,195</b>	<b>\$ 814,330</b>

Nature of operations (note 1)

The accompanying notes are an integral part of the consolidated financial statements

On behalf of the Board:

**Signed: "Corbin Comishin"**  
Director

**Signed: "David Wong"**  
Director

**MIDPOINT HOLDINGS LTD.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**  
(Amounts in Canadian dollars)  
(Unaudited)

For the three months ended  
September 30, September 30,  
2020 2019

	September 30, 2020	September 30, 2019
<b>REVENUE</b>	<b>\$ 81,576</b>	<b>\$ 113,359</b>
<b>TRANSACTION COSTS</b>	<b>32,136</b>	<b>77,533</b>
<b>GROSS MARGIN</b>	<b>49,440</b>	<b>35,826</b>
Grant income	49,509	-
Foreign exchange loss	( 5,756)	-
Total other income/(loss)	<b>43,753</b>	-
	<b>93,193</b>	<b>35,826</b>
<b>EXPENSES</b>		
Amortization and depreciation (note 4)	1,269	75,709
Filing fees and transfer fees	4,366	1,064
General and administrative expenses	23,864	14,190
Marketing	12,566	8,887
Professional & consulting fees	91,529	43,568
Rent	8,415	17,743
Software development and website costs	35,723	46,158
Severance wages	-	-
VAT tax recovery	399	(985)
Wages	55,516	61,135
Total expenses	<b>233,647</b>	<b>267,469</b>
<b>NET LOSS FOR THE PERIOD</b>	<b>( 140,454)</b>	<b>( 231,643)</b>
<b>FOREIGN CURRENCY TRANSLATION</b>	<b>9,148</b>	<b>(6,301)</b>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$( 131,306)</b>	<b>\$( 237,944)</b>
Basic and diluted weighted average shares outstanding	<b>41,311,443</b>	<b>25,976,660</b>
Basic and diluted net loss per share	<b>\$ (0.003)</b>	<b>\$ (0.009)</b>

The accompanying notes are an integral part of the consolidated financial statements

**MIDPOINT HOLDINGS LTD.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2018**  
(Amounts in Canadian dollars)  
(Unaudited)

	September 30, 2020	September 30, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	\$( 140,454)	\$( 231,643)
Item not affecting cash		
Amortization	1,269	75,709
	( 139,185)	( 155,934)
Net changes in non-cash working capital items relating to operating activities		
Accounts receivable and prepaid expenses	49,544	( 4,878)
Accounts payable and accrued liabilities	111,754	28,787
Net cash (used in) operating activities	22,113	( 132,025)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from from issuance of shares	218,417	-
Repayment of settlement provision	( 25,000)	-
Net cash provided by financing activities	193,417	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of intangible and tangible assets	-	-
Cash Provided By Investing Activities	-	-
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>215,530</b>	<b>( 132,025)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>710,871</b>	<b>811,971</b>
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE RATES</b>	<b>8,931</b>	<b>( 5,753)</b>
<b>CASH, END OF PERIOD</b>	<b>\$ 935,332</b>	<b>\$ 674,193</b>

The accompanying notes are an integral part of the consolidated financial statements

**MIDPOINT HOLDINGS LTD.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020**  
(Amounts in Canadian dollars)  
(Unaudited)

	Number of Shares issued	Amount	Contributed Surplus	Warrants Options Reserves	Accumulated Deficit	Accumulative Other Comprehensive Income	Total Shareholder's Deficit
<b>Balance, June 30, 2019</b>	25,976,660	\$ 12,995,864	\$ 1,408,873	\$ -	\$(13,183,899)	\$( 495,533)	\$ 725,305
Net loss and comprehensive loss for the period	-	-	-	-	( 231,643)	( 6,301)	( 237,944)
<b>Balance as at September 30, 2019</b>	25,976,660	\$ 12,995,864	\$ 1,376,328	\$ 154,699	\$(12,724,467)	\$( 493,421)	\$ 1,309,003
<b>Balance, June 30, 2020</b>	39,001,660	\$ 13,553,017	\$ 1,408,873	\$ 412,900	\$(14,341,966)	\$( 502,163)	\$ 530,611
Private placement	2,500,000	168,700	-	81,300	-	-	250,000
Share issuance costs	-	( 31,583)	-	-	-	-	( 31,583)
Net loss and comprehensive loss for the period	-	-	-	-	( 140,454)	9,148	( 131,306)
<b>Balance as at September 30, 2020</b>	41,501,660	\$ 13,690,134	\$ 1,408,873	\$ 494,200	\$(14,482,420)	\$( 493,015)	\$ 617,722

The accompanying notes are an integral part of the consolidated financial statements

**MIDPOINT HOLDINGS LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS AT SEPTEMBER 30, 2020**

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**1. NATURE OF OPERATIONS**

Midpoint Holdings Ltd. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on April 15, 2010 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSXV") Policy 2.4. The principal business of the Company was to negotiate an acquisition or participation in a business subject to acceptance by regulatory authorities and, in certain cases, shareholder approval (the "Qualifying Transaction") which it completed on April 11, 2012.

The Company now operates through its wholly owned subsidiary in the United Kingdom, Midpoint & Transfer Ltd. ("MPNT"). Its business is a web based enterprise that matches buyers and sellers of foreign currency and transfers the funds to their desired location through an intermediary third-party payment provider. The Company receives fees from all parties for matching the currency exchanges and transferring the funds.

The Company's head office is 505 Kootenay Street, Nelson British Columbia, V1L 1K9.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. They are presented in Canadian dollars.

The policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as of November 30, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these interim condensed consolidated financial statements as compared with the most recent annual financial statements as at and for the period ended June 30, 2020. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for period ending June 30, 2018 could result in restatement of these condensed interim financial statements.

**New standards not yet adopted and interpretations issued but not yet effective.**

There are no relevant changes in accounting standards applicable to future periods other than as disclosed in the most recent annual consolidated statements as at and for the period ended June 30, 2020.

**MIDPOINT HOLDINGS LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**AS AT SEPTEMBER 30, 2020**

**3. CASH**

At September 30, 2020 and June 30, 2020 the Company had cash of \$935,332 and \$710,871 respectively. The Company maintains cash in various banks including a bank in Canada and several in the United Kingdom.

**4. INTANGIBLES**

**Patents & software**

	September 30, 2020	June 30, 2020
<b>Cost</b>		
Balance, at beginning of period	\$ -	\$ 1,244,910
Additions	-	-
Balance, at end of period	-	1,244,910
<b>Accumulated Depreciation</b>		
Balance, at beginning of period	-	958,117
Depreciation for period	-	286,793
Balance, at end of period	-	1,244,910
Net Book Value	\$ -	\$ -

**5. SETTLEMENT PROVISION**

On November 23, 2015 the CEO resigned from his duties with the Company. The Company has entered into an agreement to pay GBP \$18,500 on signing (paid) and an additional CAD 500,000 to the former CEO. The timing of the remaining settlement payments are based on the Company's future capital or debt raises; a minimum of 10% of all amounts to be raised in capital or debt are designated to pay the requirements of the severance until the amount is extinguished. After a financing is completed, interest of 8% per annum will accrue on the payable portion.

The Company has applied a discount factor of 18% to the \$500,000 payable as at November 23, 2015 and has assumed a repayment of \$100,000 per year (implying an assumption of \$1,000,000 per year in financing). An initial discount of \$187,500 was recognized based on these assumptions and will be accreted through the statement of operations until the liability is ultimately extinguished. The Company recognized \$54,326 for the year ended June 30, 2020 (2019 - \$nil) in accretion costs during the year in relation to this item. In total 100% of the accretion expenses have been reported as expenses of the Company related to the initial \$187,500 discount. No amount is remaining for future expense of the Company.

As at September 30, 2020, a cumulative total of \$401,476 (2019 - \$272,276) was designated to be repaid under the Agreement and the Company had paid \$25,000 (2019 - \$nil) in current year as per the financing completed in current period. Accordingly, \$nil (2019 - \$nil) is included in accounts payable. The balance outstanding as at year end for the settlement provision was \$98,524 (2019 - 173,398) which was paid subsequent to year end.

On October 26, 2020, the Company paid \$98,524. This being the remaining balance outstanding as part of a settlement with the former CEO. As a result, a full release from the severance agreement has executed and settlement has been fully repaid.

**6. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

**Authorized**

As at September 30, 2020, the Company had authorized unlimited common shares.

**Issued and outstanding**

A summary of share transactions and shares issued and outstanding is as follows:

	Number of Shares	Share Capital	Contributed Surplus	Total
Balance, September 30, 2019	41,501,660	\$ 13,690,134	\$ 1,408,873	\$ 15,099,007

**7. COMMITMENTS AND CONTINGENT LIABILITIES**

On October 20, 2017, the Company was served with a notice of civil claim from John Booth, a former CEO and director of the Company. At the Company's annual general meeting held on September 15, 2017, Mr. Booth was not elected a director of the Company. In the civil claim, Mr. Booth alleges that he was improperly removed as a director at the AGM. Mr. Booth has made a claim for damages and has asked for an order of specific performance of the terms of a severance agreement, dated November 24, 2015, which Mr. Booth signed with the Company; the effect of which would be to order that Mr. Booth be deemed one of the management nominees elected to the Board of Directors.

On October 27, 2020 the Company and John Booth settled the civil claim. In conjunction with the settlement Mr. Booth provided a full release to the Company of all actions and damages previously sought under the civil claim.

The Company's lease agreement for the office space in London, United Kingdom ends in May 2021 and the annual lease commitment is approximately \$54,836.

**8. SUBSEQUENT EVENTS**

On October 26, 2020 as part of the settlement of the civil claim the remaining portion of the severance agreement was paid in full resulting in a payment of \$98,524 to the former CEO John Booth. The result of this was to move the entire portion owed to current liabilities as 100% has been paid in full in the subsequent period. A full release of the company's obligations under the severance agreement has been fulfilled. The resulting transaction caused the full discount of the severance costs to be expensed in the current period resulting in \$54,326 of Accretion expense to be reported in current period as there is no expected discount to be expense in the future because of the transaction.

On October 27, 2020 the Company and John Booth settled the civil claim. In conjunction with the settlement Mr. Booth provided a full release to the Company of all actions and damages previously sought under the civil claim.