NETCOINS HOLDINGS INC.
(FORMERLY GAR LIMITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

GENERAL

This Management's Discussion and Analysis of GAR Limited ("GAR" or the "Company") ("MD&A") is dated July 15, 2020, provides analysis of the Company's financial results for the year ended December 31, 2019 compared to the year ended December 31, 2018. The following information should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019 and 2018 with accompanying notes which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures are expressed in Canadian dollars unless otherwise stated.

COMPANY OVERVIEW

Netcoins Holdings Inc. (formerly GAR Limited) was incorporated on February 20, 1987 under the Business Corporation Act (Ontario). On August 31, 2018, the Company filed a Certificate of Continuance in the Province of British Columbia and adopted Articles of Continuance as a BC company under the Business Corporations Act of British Columbia (the "BCBCA"). These condensed consolidated interim 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.

Netcoins Holdings 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.

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 6 of the financial statements) for more details.

During the year ended December 31, 2019, the Company disposed all of its subsidiaries to an unrelated third party. Please refer to the Disposal of Subsidiaries (note 23 of the financial statements) for more details. The Company will be seeking investments and business transactions in well-established sectors.

SELECTED ANNUAL INFORMATION

The following sets out selected financial information from the Company's most recently completed financial period and are derived from, and should be read together with the Company's annual financial statements.

	Year Ended		
	December 31, 2019 $	December 31, 2018 $	December 31, 2017 $
Current Assets	2,266,560	5,872,335	921,019
Current Liabilities	446,163	800,681	1,001,061
Total Assets	2,267,352	5,978,811	921,019
Total Liabilities	446,163	837,146	1,001,061
Operating Expenses	3,860,307	23,071,183	647,273
Net Loss	1,007,957	22,147,564	91,888
Loss per Share	0.26	5.76	91.89

SUMMARY OF QUARTERLY RESULTS

Key financial information for the three months ended December 31, 2019 is summarized as follows, reported in Canadian dollars except for per share amounts:

	Three Months Ended		Year Ended	
	December 31, 2019 ($)	December 31, 2018 ($)	December 31, 2019 ($)	December 31, 2018 ($)
Revenues				
Sales	-	26,330,954	43,379,204	58,357,238
Purchases	-	(26,128,358)	(43,035,168)	(57,557,297)
Gross profit	-	202,596	344,036	799,941
Gross margin	-	0.8%	0.8%	1.4%
Operating Expenses	(590,755)	(1,489,199)	(3,860,307)	(23,071,183)
Net loss	(479,963)	(1,208,522)	(929,800)	(22,147,564)

	December 31, 2019 ($)	December 31, 2018 ($)
Current assets	2,266,560	5,872,335
Current liabilities	446,163	800,681
Total assets	2,267,352	5,978,811
Total Liabilities	446,163	837,146

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2019

Revenues

Revenues from cryptocurrency sales for the three months ended December 31, 2019 were $nil, compared to revenues of $26,330,954 during the same period in the prior year.

Cost of sales from cryptocurrency purchases for the three months ended December 31, 2019 were $nil, compared to cost of sales of $26,128,358 during the same period in the prior year.

Gross margin for the three months ended December 31, 2019 was at nil% compared to 1% in the same period in the prior year.

Operating expenses

Expenses for the three months ended December 31, 2019 were $590,755 compared to $1,489,199 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Marketing and advertising expenses: $nil for the three months ended December 31, 2019 compared to $258,689 during the same period in prior year, as the Company had expanded and experienced tremendous growth in the prior year;
- Share-based payments: $63,101 for the three months ended December 31, 2019 compared to $205,984 during the same period in 2018, as the Company adopted a stock option plan in 2018 and granted options to directors, management and certain employees;
- Consulting fees: $nil compared to $111,812 during the same period in 2018, as the Company engaged consultants to assist with managing a public company in 2018;
- Professional fees: $325,573 compared to $(51,946) during the same period in the prior year; the Company engaged professionals to consult in the sales of the subsidiaries in 2019.

RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019

Revenues
Revenues from cryptocurrency sales for the year ended December 31, 2019 were $43,379,204, compared to revenues of $58,357,238 during the same period in the prior year.

Cost of sales from cryptocurrency purchases for the year ended December 31, 2019 were $43,035,168, compared to cost of sales of $57,557,297 during the same period in the prior year.

Gross margin for the year ended December 31, 2019 was at 0.8% compared to 1% in the same period in the prior year.

Operating expenses
Operating expenses for the year ended December 31, 2019 were $3,860,307, compared to $23,071,183 incurred the same period in the prior year. The significant differences in expenditures were as follows:

- Marketing and advertising expenses: $43,837 for the year ended December 31, 2019 compared to $978,251 during the same period in prior year, as the Company had expanded and experienced tremendous growth in the prior year;
- Share-based payments: $699,722 for the year ended December 31, 2019 compared to $3,142,079 during the same period in 2018, as the Company adopted a stock option plan in 2018 and granted options to directors, management and certain employees;
- Consulting fees: $682,000 compared to $515,106 during the same period in 2019, as the Company engaged consultants to assist in the sales of the subsidiaries in 2019;
- Professional fees: $748,411 compared to $372,969 during the same period in the prior year; the Company engaged professionals to consult in the sales of the subsidiaries in 2019; while in 2018, the Company engaged advisors to assist in the rapid growth of the business and in preparation for the reverse acquisition.

CAPITAL STRUCTURE

As of the date of this MD&A, the Company has 4,856,589 common shares issued and outstanding. In addition, there are outstanding stock options for a further 54,371 common shares, respectively.

The details of stock options outstanding are as follows:

Grant Date	Expiry Date	Number of Shares Issuable on Exercise	Weighted Average Exercise Price
March 13, 2018	March 13, 2023	54,371	$8.75

CAPITAL RESOURCES

The Company defines capital as consisting of shareholder's equity and due to a related party. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As at December 31, 2019 and December 31, 2018, the Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the years ended December 31, 2019 and 2018.

LIQUIDITY

The Company's objective in managing liquidity risk is to maintain sufficient liquidity in order to meet operational and investing requirements. The Company has historically financed its operations primarily through the sale of share capital by way of private placements.

At December 31, 2019, the Company had cash of $1,934,390 (December 31, 2018 - $5,598,712) and working capital of $1,820,397 (December 31, 2018 – $5,071,654). The change in working capital at December 31, 2019 and December 31, 2018 is attributed to several factors commensurate with the growth of the business including the decrease in cash on deposit with cryptocurrency exchanges due to the disposition of Netcoins' subsidiaries, the growth in other receivables and prepaid expenses, and decrease in cryptocurrency inventory in 2019.

Cash used in operating activities was $2,722,501 during the year ended December 31, 2019, compared to $2,031,435 used in operating activities during same period in the prior year. The change in operating cash flows is attributed primarily to the increase in consulting and professional fees related to disposition of Netcoins' subsidiaries.

Cash used in investing activities was $668 during the year ended December 31, 2019, compared to $5,601,735 during the same period in the prior year. The change in investing cash flows is attributed primarily to the cash received upon completion of the RTO.

Cash used in financing activities of $941,153 for the year ended December 31, 2019 compared to $1,267,342 provided by financing activities during the same period in the prior year. The change in financing cash flows was primarily due to receipt of funds from the exercise of warrants under the convertible debenture units.

The continued operation of the Company in the future may depend on the Company's ability to obtain additional financings. In the past years, the Company has relied on shareholder loans and cash generated from operations to meet its cash requirements. Future developments, in excess of funds on hand, will depend on the Company's ability to obtain financing through equity financing, debt financing or other means. There can be no assurances that the Company will be successful in obtaining any such financing; failure to obtain such additional financing could have a material adverse effect on the Company's operations.

DISPOSAL OF SUBSIDIARIES

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

The subsidiaries were sold on July 31, 2019 with effect from August 1, 2019. Please refer to note 23 in the consolidated financial statements for financial information relating to the disposal.

RELATED PARTY TRANSACTIONS

The Company's related parties include key management personnel and companies related by way of directors or shareholders in common.

Key Management Personnel Compensation

During the year ended December 31, 2019 and 2018, the Company paid and/or accrued salaries, commissions, consulting and professional fees to management personnel and directors:

		December 31, 2019		December 31, 2018
Management	$	864,864	$	952,838
Directors		291,193		273,377
	$	1,156,057	$	1,226,215

During the years ended December 31, 2019, the Company also had share-based payments made to management and directors of $226, 566 (2018 - $1,333,338) and $17,429 (2018 - $94,823), respectively.

During the year ended December 31, 2019, the Company purchased $472,603 (2018 - $356,516) worth of bitcoins from a company with common management, respectively.

Due to Related Parties

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

	December 31, 2019	December 31, 2018
Accounts payable and accrued liabilities	$ 590	$ 92,484
	$ 590	$ 92,484

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 fair value measurements are those derived from inputs that are unobservable inputs for the asset or liability.

The fair value of cash approximates their carrying value due to the short-term maturity. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short-term maturity of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial Risk Factors

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

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 Bitcoin 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 cryptocurrency sale proceeds collected by vendors on behalf of the Company is limited as transactions are usually settled within 1 or 15 days.

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 currently settles its financial obligations with cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

Foreign 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 December 31, 2019 the Company was not exposed to material currency risk.

BUSINESS RISKS AND UNCERTAINTIES

Additional information on risks and uncertainties relating to Netcoins' business is provided in GAR's Listing Statement dated February 28, 2018, under the heading "Risk Factors".

CONTRACTUAL OBLIGATIONS

The Company presently has no contractual obligations pursuant to which the Company has any payments owing in the next five years.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions 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 circumstances. However, actual outcomes may differ significantly from these estimates.

The following discusses the most significant accounting judgements, estimates and assumptions that the Company has made in the preparation of its financial statements.

Areas of judgment:

- 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 bitcoin sales and purchases.

- 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.

- Deferred tax assets

  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.

- 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.

- 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.

- 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.

- *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 are 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.

- 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

- 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 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.

- 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.

- 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.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are summarized in Note 4 to the audited financial statements for the years ended December 31, 2019 and 2018.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may be deemed "forward-looking statements", including statements regarding developments in the Company's operations in future periods, adequacy of financial resources and future plans and objectives of the Company. All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future expenditures on research and development and operating expenses, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Readers are cautioned not to place undue reliance on this forward-looking information.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that Management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

There can be no assurance that such information will prove to be accurate, and readers are cautioned not to place undue reliance on this forward-looking information.