51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

SmartCool Systems Inc. (the "**Company**" or "**Smartcool**")
7155 Kingsway
PO Box 54523 Highgate PO
Burnaby, BC V5E 4J6

Item 2 Date of Material Change

February 26, 2020.

Item 3 News Release

A news release was disseminated on February 26, 2020 through Newsfile Corp.

Item 4 Summary of Material Change

The Company announces (i) that it has filed on SEDAR its audited annual consolidated financial statements, MD&A and related documents for the year ended December 31, 2018, and (ii) the appointment of Kulwant Sandher as the Chief Financial Officer, effective February 26, 2020.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

See the attached news release for additional details concerning the material change.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

None

Item 8 Executive Officer

Contact: Theodore Konyi, President
Telephone: 604.639.5629

Item 9 Date of Report

February 26, 2020.

Smartcool Files 2018 Audited Financial Statements

Announces New Chief Financial Officer

Vancouver, British Columbia--(Newsfile Corp. - February 26, 2020) - Smartcool Systems Inc. (TSXV: SSC) (OTC Pink: SSCFF) (FSE: R3W) ("Smartcool" or the "Company") is pleased to announce that it has filed on the SEDAR its audited consolidated annual financial statements for the year ended December 31, 2018, together with the related management discussion and analysis and officer certifications (the **"2018 Statements"**).

Revenue for the period, after IFRS15 adjustments, was $710,907 (-8.2%) compared to revenue of $774,279 for fiscal 2017. However, these numbers do not reflect the total value of sales orders received during the period, as purchase orders (PO's) received by the company in 2018 were for an aggregate of $2,795,523. The Company expects that sales not included as revenue during fiscal 2018 would be recognized when shipments and installations are completed.

Other figures of note in the Audited Statements include:

- gross margin of (2018) 85.9% (+1.7%) compared to (2017) 84.2%
- Loss (2018) ($5,018,120) (253%) compared to (2017) ($1,982,467)
- Cashflow from operating activities (2018) ($1,119,972) +26.2% compared to (2017) ($1,518,725)

The largest single contributor to the loss was an impairment charge taken for the acquisition of Total Energy Concepts ($1,571,272).

The British Columbia Securities Commission issued a Cease Trade Order on July 17, 2019 for the Company's failure to timely file the 2018 Statements and subsequent quarterly filings. Having filed the 2018 Statements, the Company is working on the financial statements and related filings for the first, second and third calendar quarters of 2019 and it intends to file these on SEDAR in the near future. Once the disclosure record is up-to-date, the Company intends to apply for revocation of the Cease Trade Order.

CFO Appointment

The Company is pleased to announce that it has appointed Mr. Kulwant Sandher as its Chief Financial Officer. Mr. Sandher is a Chartered Professional Accountant with over 25 years of experience in business and finance. Mr. Sandher graduated from Queen Mary, University of London (formerly known as Queen Mary College) in 1986 with a B.Sc. degree (Eng.) in Avionics. Mr. Sandher became a Chartered Accountant in England in 1991 and received his Chartered Professional Accountant designation in Canada in 1997.

Mr. Sandher has considerable private and public company experience. He served as Chief Financial Officer of ElectraMeccanica Vehicles Corp., a Nasdaq listed electric car manufacturer from June 2016 to 30 November 2018; as Chief Financial Officer of MineSense Technologies Inc. from August 2013 until July 2015, and as Chief Operating Officer and Chief Financial Officer for Marketrend Interactive Inc. from March 2004 to March 2006. Mr. Sandher has been a director of The Cloud Nine Education Group Inc. since December 2015.

About Smartcool

Smartcool Systems Inc. provides cutting edge energy efficient and energy cost reduction solutions for businesses around the world. The ECO3 and ESM are Smartcool's unique retrofit technologies that reduce the energy consumption of compressors in air conditioning, refrigeration and heat pump systems by up to 40%.

Total Energy Concepts (TEC), a wholly owned subsidiary of Smartcool, is a national leader in Power Protection, Energy Management, Power Quality, Facility Grounding, and Lighting Solutions that help companies improve their bottom line by reducing expenses that drastically cut into company profits. TEC focuses on a holistic approach to energy efficiency with proprietary technologies for power factor correction and third party technologies including LED, voltage conditioning and intelligent motor controls.

For further information
WEB www.smartcool.net and www.totalenergyconcepts.com

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Legal Notice Regarding Forward Looking Statements

This news release contains "forward looking statements". Forward-looking statements are projections of financial performance or future events. Forward-looking statements can be identified by the use of words such as "expect", "anticipate", *"intend", "plan", "believe", "estimate" and words of similar meaning. Forward-looking statements are based on management's current expectations and assumptions and they are subject to risks that may cause actual results to differ materially from those expressed or implied by such forward looking statements. Forward-looking statements in this news release include those concerning the company's expectation that it will realize revenue from sales originated in 2018 during subsequent periods as installations are completed, as well as its intent to file the quarterly financial statements and related filings for the first three quarters of 2019 and its intent to file for revocation of the Cease Trade Order. These statements are subject to risks that may cause the actual results to be materially different in future periods from those expressed or implied by such forward looking statements. Risks that may prevent or delay the forward looking statements from coming to fruition as anticipated include the availability of working capital, risks inherent in product development, as well as market factors that may increase costs or time to market. It is our policy not to update forward looking statements except to the extent required under applicable securities laws. Further information on the Company is available at www.sedar.com or at the Company's website, www.smartcool.net.*

Neither the TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

SMARTCOOL™

To view the source version of this press release, please visit https://www.newsfilecorp.com/release/52818