SMARTSET SERVICES INC.

(the “Company”)

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTH PERIOD ENDED
JUNE 30, 2020

The following Management’s Discussion and Analysis, prepared as of July 16, 2020 should be read together with the condensed interim financial statements for the three month period ended June 30, 2020 and the related notes attached thereto. Accordingly, the condensed interim financial statements and MD&A include the results of operations and cash flows for the three month period ended June 30, 2020 and the reader must be aware that historical results are not necessarily indicative of the future performance. The reader may also wish to refer to the Company’s audited financial statements and MD&A for the year ended March 31, 2020. All amounts are reported in Canadian dollars. The aforementioned documents can be accessed on the SEDAR website at www.sedar.com.

Unless otherwise stated, financial results are being reported in accordance with International Financial Reporting Standards (“IFRS”).

Management’s Discussion and Analysis contains the term cash flow from operations, which should not be considered an alternative to, or more meaningful than, cash flows from operating activities as determined in accordance with IFRS as an indicator of the Company’s performance. The Company’s determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between profit or loss and cash flows from operating activities can be found in the statement of cash flows.

Certain statements contained in this interim management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of the Company's prospects, political and economic conditions, commodity prices and other factors.

Description of Business

Smartset Services Inc. (the “Company’) was incorporated on May 9, 2013 pursuant to the provisions of the *Business Corporations Act* (Alberta) and was continued into British Columbia on February 2, 2018. The Company was formed to complete an Initial Public Offering (“IPO”) and become classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSXV”) Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company’s common shares will be listed for trading on the TSXV upon completion of its IPO. The head office and the registered office of the Company is located at Suite 2500, 700 West Georgia Street, Vancouver, British Columbia, Canada.

As at June 30, 2020, the Company has no business operations. As a CPC, the Company’s principal business objective will be to identify and evaluate assets, properties or businesses with a view to a potential acquisition or participation by completing a Qualifying Transaction subject, in certain cases, to shareholders’ approval and acceptance by the TSXV. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, additional funds may be required to complete the acquisition or participation and the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

Description of Business (continued)

Under the policies of the TSXV, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the TSXV. There is no assurance that the Company will be able to complete a QT within this time period, or that it will be able to secure the necessary financing to complete a QT. The TSXV may suspend or de-list the Company's shares from trading should it not meet these requirements.

Going Concern

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable, but management continues to monitor the situation.

These condensed interim financial statements have been prepared on the 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. As at June 30, 2020, the Company has not generated any revenues, has negative cash flows from operations, and has an accumulated deficit of $144,213. The Company's continuing operations are dependent upon its ability to identify, evaluate, and negotiate a QT. If the QT is identified or completed, additional funding may be required and there is no assurance that the Company will be able to obtain such financing, if any, on terms that are acceptable to the Company. These condensed interim financial statements do not include any adjustments to the recorded assets or liabilities that might be necessary should the Company be unable to continue as a going concern.

Liquidity & Capital Resources

Results of Operations

For the three month period ended June 30, 2020

The Company incurred a loss of $9,099 for the three month period ended June 30, 2020 compared to a loss of $4,177 for the three month period ended June 30, 2019. The increase in net loss is attributable to an increase in professional fees year over year.

Off-balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Cash Flows

During the three month period ended June 30, 2020, the Company used $7,219 of cash for operating activities compared to $8,865 during the three month period ended June 30, 2019.

During the three month periods ended June 30, 2020 and 2019, the Company did not have any financing activities.

During the three month periods ended June 30, 2020 and 2019, the Company did not have any investing activities.

Performance Summary

Selected Annual Information

The following table provides a brief summary of the Company's financial operations for the three most recently completed financial years ended March 31:

	2020	2019	2018
Total revenue	-	-	-
Net loss for the year	(20,208)	(87,936)	(26,421)
Basic and diluted loss per share	(0.00)	(0.01)	(26,421)
Total assets	350,716	375,612	305,250
Total long-term liabilities	-	-	-

This information has been prepared in accordance with IFRS and is presented in Canadian dollars, which is the functional currency of the Company. For more detailed information please refer to the Company's condensed interim financial statements.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	June 30, 2020 $	March 31, 2020 $	December 31, 2019 $	September 30, 2019 $
Net gain (loss) for the period	(9,099)	(8,894)	(3,702)	(3,435)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)
	June 30, 2019 $	March 31, 2019 $	December 31, 2018 $	September 30, 2018 $
Net gain (loss) for the period	(4,177)	(38,099)	(18,883)	(18,883)
Basic and diluted loss per share	(0.00)	(0.01)	(0.00)	(0.00)

Share Capital

Authorized: unlimited common shares without par value

As at June 30, 2020 there are 8,000,000 shares issued and outstanding.

(a) On March 8, 2018, the Company issued 6,000,000 common shares at $0.05 per share for proceeds of $300,000, and cancelled the original founder's share. These common shares have been deposited into escrow and will be released from escrow over a three-year period after the finalization of the QT.

(b) On November 13, 2018, the Company issued 2,000,000 common shares as part of its initial public offering ("IPO") at $0.10 per share for proceeds of $200,000. As part of the IPO, the Company incurred share issuance costs of $48,511 and issued 200,000 agent's options with a fair value of $10,628 where each agent's option will entitle the agent to purchase one common share of the Company at $0.10 per share for a period of two years.

Stock Options

On June 1, 2018, the Company granted 800,000 stock options to officers and directors of the Company at an exercise price of $0.10 per share for a period of ten years. The fair value of the stock options was calculated using the Black-Scholes option pricing model assuming volatility of 100%, risk free rate of 2.46%, expected life of 10 years, and no expected dividends or forfeitures. The Company recorded the fair value of stock options of $34,340 as share-based compensation with a corresponding credit to share-based payment reserve.

On November 13, 2018, the Company granted 200,000 agent's options at an exercise price of $0.10 per share for a period of two years. The fair value of the agent's options was calculated using the Black-Scholes option pricing model assuming volatility of 100%, risk free rate of 2.29%, expected life of 2 years, and no expected dividends or forfeitures. The Company recorded the fair value of agent's options of $10,628 as share capital with a corresponding credit to share-based payment reserve.

	Number of options	Weighted average Exercise price $
Outstanding, March 31, 2020	1,000,000	0.10
Granted	–	–
Outstanding, June 30, 2020	1,000,000	0.10

Additional information regarding stock options outstanding as at June 30, 2020, is as follows:

Range of exercise prices $	Stock options outstanding	Weighted average remaining contracted life (years)
0.10	1,000,000	6.8

Financial Instruments and Risks

The Company is exposed in varying degrees to a variety of financial instruments and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

The fair values of financial instruments, which include cash and cash equivalents, accounts payable and accrued liabilities, and amounts due to a related party approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists of cash and cash equivalents. The Company will limit its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Financial Instruments and Risks (continued)

(d) 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 plans on settling its financial obligations out of cash. The ability to do this relies on the Company raising debt and equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. There is no assurance that financing will be available or, if available, that such financing will be on terms acceptable to the Company.

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company and its Board of Directors will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is subject to externally imposed capital requirements under Policy 2.4 of the TSX-V for Capital Pool Companies and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2019.

Subsequent Event(s)

On June 22, 2020 the Company announced that it intended to complete a private placement of up to 4,000,000 common shares at a price of $0.10 per common share for gross proceeds to the Company of $400,000. The private placement is subject to TSXV approval.

As at July 16, 2020 the Company has raised $400,000 pursuant to the private placement and upon closing will issue 4,000,000 common shares.