



Management Discussion and Analysis

December 31, 2017

Introduction

The following is Management’s Discussion & Analysis (the “**MD&A**”) of the consolidated financial position and results from operations of Pool Safe Inc. (the “**Company**” or “**Pool Safe**” or “**PSI**”) for the year ended December 31, 2017. This MD&A should be read in conjunction with the Company’s consolidated financial statements for its year ended December 31, 2017, the six-month year ended December 31, 2016, and the twelve-month year ended June 30, 2016, along with accompanying notes to those statements for the periods then ended.

The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. The Company’s consolidated financial statements for its fiscal years ended December 31, 2017, the six-month year ended December 31, 2016, and the twelve-month year ended June 30, 2016 were prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the “**Board**”), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company’s common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

During the year ended December 31, 2017, the Company became a reporting issuer in Ontario, British Columbia and Alberta as explained in the Overview section. The common shares of the Company are listed for trading on the TSX-Venture Exchange (the “**TSX-V**”) under the trading symbol **POOL**. This MD&A is dated as of April 24, 2018.

Additional Information

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com.

Overview

Pool Safe was a privately-held corporation, which was incorporated on October 27, 2011 pursuant to the *Business Corporations Act* (Ontario). Pool Safe was a privately-held corporation until April 24, 2017, the date upon which Pool Safe completed its listing requirements and became publicly trading on the TSX-V.

Pool Safe manufactures and sells a product known as the “PoolSafe”, which functions as a multi-purpose safe, beverage holder, and solar-powered charger for USB compatible devices including phones, cameras and tablets. The PoolSafe product is targeted towards the owners and operators of hotels, resorts, waterparks and cruise ships, and is designed to provide their ultimate consumers with security, convenience and guest services.

Specifically engineered for its safety benefits, PoolSafe is a feature rich device installed with the purpose of providing guests peace of mind. Service call buttons installed on each PoolSafe enhance the pool and beach experience and alert services staff to guest needs. The cost is quickly recovered by providing additional revenue including PoolSafe rental fees, increased food and beverage orders and optional media advertising. PoolSafe will continue to add new services to its already feature rich design.

Currently, the Company earns revenues through direct sales of the PoolSafe as well as through a revenue-share partnership where there is no upfront capital cost to Pool Safe's customer. With this, Pool Safe also offers a DBS system, which is a touch screen application installed in the customers' food and beverage area. The touch screen alerts their staff when a guest has pressed the PoolSafe call button. Each PoolSafe is unique, thus enabling Pool Safe's customers to respond directly to their own customer needs. Pool Safe continues to develop its tablet and app product, an application that connects directly to the Point of Sale ("POS") system of the resort. This allows guests to place their own food and beverage orders directly as well as gain access to other amenities offered at the resorts location. The application is specific to each PoolSafe unit. The PoolSafe also provides for branding and customization opportunities. Each PoolSafe can be equipped with a branded lift-lid and a media wrap which will enable the Company to generate revenue while enhancing brand awareness.

The Company changed its financial year end to December 31 beginning with the financial year ended December 31, 2016.

Key Performance Indicators

Key performance indicators that the Company uses to manage its business and evaluate its financial results and operating performance include new customers, net investment in equipment, revenues, average yields, operating expenses and net income. The Company evaluates its performance on these metrics by comparing its actual results and normalized results to management budgets, forecasts and prior period performance.

Recent Events

On July 18, 2016, the Company entered into a letter of intent ("**LOI**") with Pounder Venture Capital Corp. ("**Pounder**") relating to a proposed business combination involving Pounder and Pool Safe. The proposed transaction was intended to constitute an arm's-length qualifying transaction for Pounder, as defined in Policy 2.4 of the TSX Venture Exchange. The LOI provided that the qualifying transaction would be undertaken by way of three-corner amalgamation, pursuant to which Pool Safe would amalgamate with a newly formed subsidiary of Pounder ("**AcquisitionCo**"), and, as such, approval of the Pool Safe shareholders would be required.

During April 2017, as a component of the acquisition of Pounder Venture Capital Corp., the Company issued 1,704,892 common shares in exchange for \$192,994 of Pounder Venture Capital Corp. debt assumed. The shares had a deemed value of \$0.1032 each for a deemed exchange value of \$175,976.

During April 2017, the Company issued 11,052,040 units for cash proceeds of \$1,251,250 (proceeds net of broker cash fees of \$48,394, and legal and other costs of \$139,154, were \$1,063,702). Each unit was comprised of one common share and one half of one common share purchase warrant. Each whole share warrant can be converted into one common share at an exercise price of approximately \$0.18 for a period until April 18, 2019. The net proceeds were allocated as \$969,785 to common shares and \$93,917 to warrants, based on a Black-Scholes valuation of the shares and warrants.

In addition, 427,476 broker units were issued. Each broker unit is exercisable into a unit of the Company at approximately \$0.13 per broker unit. Each broker unit is comprised of one share and one-half share warrant. Each whole share warrant can be converted into one common share at an exercise price of approximately \$0.18 for a period until April 18, 2019.

Selected Financial Information

The table below summarizes key operating data for the last three fiscal periods.

	Year Ended December 31, 2017	Six-Month Period Ended December 31, 2016	Year Ended June 30, 2016
	\$	\$	\$
Total revenue	445,153	34,944	60,569
Cost of sales	354,882	52,665	32,111
Operating costs	1,362,471	238,373	396,273
Net and comprehensive loss	(1,272,268)	(256,094)	(367,815)
Total assets	641,048	532,721	519,007
Total liabilities	231,969	475,611	255,803
Total equity	409,105	57,110	263,204
Shares outstanding, end of period	54,309,763	39,765,908	39,051,600
Weighted average shares outstanding	50,006,376	39,681,040	36,459,472
Net loss per share	(0.03)	(0.01)	(0.01)

Selected Quarterly Financial Information

The following quarterly results for the eight most recent quarters have been prepared in accordance with IFRS as listed below.

Three Months Ended	Cash	Current Liabilities	Revenue	Net Gain (Loss)	Gain (Loss) Per Share	Weighted Average Per Shares Outstanding
December 31, 2017	\$ 68,003	\$ 231,943	\$ 136,063	\$ (246,541)	\$ (0.005)	54,309,763
September 30, 2017	136,650	208,314	182,206	(140,128)	(0.003)	54,309,763
June 30, 2017	325,496	232,031	92,050	(865,246)	(0.019)	44,471,403
March 31, 2017	2,555	297,702	34,766	(20,353)	(0.001)	39,765,908
December 31, 2016	10,751	303,754	19,675	(136,981)	(0.003)	39,681,040
September 30, 2016	28,659	189,250	15,269	(119,113)	(0.003)	39,595,108
June 30, 2016	26,324	195,908	11,286	(147,642)	(0.004)	37,103,472
March 31, 2016	54,528	95,478	20,335	(121,450)	(0.003)	36,719,592

Note: Shares outstanding and earnings per share have been adjusted to reflect the share exchange ratio per the Pounder Venture Capital Corp. acquisition on April 18, 2017.

Three-month period ended December 31, 2017 compared to the three-month period ended December 31, 2016

The net loss for the three-month period ended December 31, 2017 was \$246,541 (December 31, 2016 - \$136,981). Revenue was increased through sharing agreements in the 2017 quarter, which increased both revenue and gross margins as compared with the December 2016 quarter.

The increase in loss in the 2017 quarter is mostly related to increased salaries, research and development and marketing efforts as the Company expands its presence internationally.

Year ended December 31, 2017 compared to the six-month year ended December 31, 2016

The net loss for the year ended December 31, 2017 was \$1,272,268 (December 31, 2016 - \$256,094). Sales and margins in the early part of the 2017 were negatively affected by a lack of invested capital. Expenses in 2017 reflect significant non-recurring activity (\$100,000 in SGA, \$462,242 listing fee) and non-cash expense (\$199,777) related to the commencement of the stock option plan in 2017.

Note that the shares outstanding in 2016 were restated to reflect the activities of April 2017, making them comparable with 2017 shares issued and outstanding.

Sales increased over the period, through a combination of revenue generated by revenue shared units already in service, new revenue share units placed into service, and direct sales of units. Most of the sales in 2017 came in the last half of the year, after cash was injected into the Company, providing resources necessary to market and manufacture units. Gross margins were significantly improved through sales volumes and strong revenue share results.

The following table sets forth a summary of the Company's operating expenses by category for the years:

	Year Period Ended Dec. 31, 2017 \$	Six-Month Period Ended Dec. 31, 2016 \$
Selling, general and administrative	607,969	147,591
Stock-based compensation	199,777	-
Public listing fee	459,885	-
Professional fees	34,469	54,296
Regulatory fees	28,543	7,700
Advertising and promotion	37,443	25,089
Depreciation	2,652	1,088
Foreign exchange	(1,173)	(138)
Interest on loans payable	9,924	2,747
	<u>1,379,489</u>	<u>238,373</u>

Operating expenses were \$1,379,489 for the year ended December 31, 2017 (December 31, 2016 - \$238,373). Significant differences in 2017 as compared to 2016 include:

- Selling, general and administration has increased with additional staff required to grow the business.
- Stock based compensation is a non-cash expense related to issuing and vesting of stock options and only occurred after the Company became publicly trading.
- Public listing fees of \$459,885 were a one-time item in 2017, to secure a public listing.
- Professional fees of \$34,469 related to expenses of being a public company.
- Regulatory fees are a new cost of being a public company and are recurring.
- Advertising and promotion expenses are expected to generate future sales.
- Interest is being reduced as the loans are repaid.

The Company recognized a gain on debt of \$17,018 as debts were paid with common shares in 2017.

Pool Safe continues to see greater interest from the hotel, resort and waterpark customers as represented in the sales growth, quarter over quarter. The Company expects to grow its sales force through establishing additional distribution relationships within the hospitality industry. This will likely enable the Company

to more effectively penetrate the global marketplace.

Liquidity and Capital Resources

Cash and Working Capital

The following table sets forth a summary of the Company's working capital position as of the dates presented:

	As at December 31, 2017 \$	As at December 31, 2016 \$
Cash	68,003	10,751
Working capital (deficiency)	18,592	(254,401)

The Company's principal source of liquidity as of December 31, 2017 was cash and short-term investments of \$68,003 compared to \$7,618 as of December 31, 2016. While Management believes that with the going public transaction completed April 24, 2017 the Company has sufficient funds to meet its obligations and short term working capital requirements, and to accomplish its short-term plans, the Company plans to continue to monitor closely its use of its available cash.

The Company may require substantial additional capital to fund additional growth in the business.

Other Assets (net)

	As at December 31, 2017 \$	As at December 31, 2016 \$
Equipment	179,788	187,848
Patent and design costs	149,928	161,942
Revenue share assets	71,771	133,579
	<u>401,487</u>	<u>483,369</u>

Equipment represents manufacturing equipment and molds. Revenue share assets are Pool Safe units placed in to service on a revenue sharing basis.

Liabilities

	As at December 31, 2017 \$	As at December 31, 2016 \$
Trade payables and other	200,086	247,678
Current portion of long term debt	31,857	56,076
Long term portion of long term debt	-	171,857
	<u>231,943</u>	<u>475,611</u>

Trade payables and other liabilities decreased as accruals of employment contract agreements and trade payables were paid. Debt repayments of \$196,076 were made in the year ended December 31, 2017.

Common Shares

	As at December 31, 2017	As at December 31, 2016
	\$	\$
Common shares	2,310,674	980,470

During the year ended December 31, 2017 the following changes in common shares occurred:

- Issued 11,052,040 units (one common share and one-half warrant for 24 months at \$0.18) for net cash proceeds of \$1,063,702.
- Issued 1,786,923 common shares in exchange for all the outstanding common shares of Pounder Venture Capital Corp. (Pounder). This transaction provided the Company with a public listing.
- Issued 1,704,892 shares to reduce certain liabilities assumed in the Pounder acquisition.

Proceeds of \$50,000 were raised from the issuance of shares in the six months ended December 31, 2016.

Outstanding Share Data

As at December 31, 2017, the Company had 54,309,763 shares outstanding (December 31, 2016 - 39,765,908). As at the date of this MD&A, the Company continues to have 54,309,763 common shares issued and outstanding.

For the Qualifying Transaction, all Pool Safe common shares outstanding at March 31, 2017 and December 31, 2016, being 1,420,211 common shares, were exchanged for 39,765,908 shares in Pounder. In addition, debt of \$192,994 was converted into 1,704,892 shares in Pounder. Gross proceeds of approximately \$1.25 million were raised through the issue of units and subscription receipts. These units and subscription receipts were exchanged for 11,038,040 shares and 5,519,020 warrants in Pounder. Broker warrants were also issued to Echelon Wealth Partners Inc. pursuant to the financing, which are exercisable into 427,476 units, with each unit comprising one common share in Pounder and a one half of one common share purchase warrant in Pounder. Immediately prior to the Qualifying Transaction, Pounder's issued and outstanding share capital consisted of 1,786,923 common shares.

Shares existing at the date of this MD&A and comparative shares at December 31, 2017 and 2016, adjusted for the share exchange, are as follows:

	Apr. 24, 2018	Dec. 31, 2017	Dec. 31, 2016
Shares Outstanding	54,309,763	54,309,763	39,765,908
Warrants	6,149,860	5,953,496	-
Convertible debenture units	2,727,273	-	-
Options	5,053,954	4,429,942	-
Total	68,240,850	64,693,201	39,765,908

Subsequent to year end, the Company closed the initial tranche of a convertible debentures financing. The Company issued 300 \$1,000 convertible debenture units for gross proceeds of \$300,000. The Convertible Debenture Units bear interest from the date of closing at 10% per annum, payable quarterly and will mature two years following the closing date (the "Maturity Date"). The Convertible Debenture Units are convertible at the option of the holder into units of the Company ("Underlying Units") at any time prior to the close of business on the Maturity Date at a conversion price of \$0.11 per Underlying Unit (the "Conversion Price"). Each Underlying Unit is comprised of one common share of the Company (a "Common Share") and one half of one common share purchase warrant (each whole warrant, a

"Warrant"). Each Warrant will be exercisable to acquire one common share (a "Warrant Share") for a period of two years following the date hereof at an exercise price of \$0.15 per Warrant Share, subject to adjustment in certain events. In connection with the closing of this tranche, the Company paid certain eligible persons cash commissions totaling \$21,600 and granted 196,364 finder's warrants ("Finder's Warrants") to such eligible persons, with each Finder's Warrant entitling the holder thereof to acquire one common share of the Company at a price of \$0.11 per common share for a period of 24 months following the closing date.

All of the securities issued in connection with the Offering are subject to a "hold period" of four months plus one day from the date of closing pursuant to applicable securities laws.

Subsequent to year end, 129,942 stock options expired unexercised.

Subsequent to year end, 650,000 stock options were granted to a director and a consultant. The director received 500,000 stock options with a strike price of \$0.11, vesting 33% immediately and 33% on the one-year and two-year anniversary of the grant, with a five-year term. The consultant received 150,000 stock options with a strike price of \$0.11, vesting 25% on the quarterly anniversary of the grant, with a two-year term.

Related Party Transactions

The following is a summary of the Company's related party transactions during the year ended December 31, 2017 and December 31, 2016, and outstanding as of those dates:

On September 9, 2016, the Company received an unsecured loan in the amount of \$50,000 from 2151089 Ontario Inc. The principal amount bears interest at a rate of 10% per annum. On October 24, 2016, the Company received a second unsecured loan in the amount of \$50,000, from 2151089 Ontario Inc. The principal amount bears interest at a rate of 10% per annum. 2151089 Ontario Inc. is wholly owned by Carolyn Berger, who is the spouse of David Berger, a Director and the CEO of the Company. These loans and associated interest were repaid in the year ended December 31, 2017.

On November 9, 2016, the Company received an unsecured loan in the amount of \$40,000 from Steven Mintz. On January 20, 2017, a further \$10,000 was received. The principal amount bears interest at a rate of 3% per annum. Steven Mintz is a Director and the Chief Financial Officer of the Company. These loans and the associated interest were repaid in the year ended December 31, 2017.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. Compensation provided to key management is as follows:

	Year Dec. 31, 2017	Six Months Dec. 31, 2017
Short-term employee benefits, including salaries and fees	\$ 196,788	\$ 17,780
Stock-based compensation	189,733	-
Sub-contractors	3,150	12,300
	<u>\$ 389,671</u>	<u>\$ 30,080</u>

The 2017 period comprises 12 months while the 2016 period comprises six months. Significant changes

in wages result of increasing the staff compliment by one officer and by drawing salaries during 2017 while limited salaries were paid in 2016. The stock-based compensation is non-cash.

Change of Director

On March 15, 2018, D. Campbell Deacon resigned from the Board of Directors and was replaced by Russel H. McMeekin.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are disclosed in Note 2 to the consolidated financial statements for the year ended December 31, 2017. Certain of these policies require the use of estimates or assumptions that in some cases may relate to matters that are inherently uncertain. The Company did not adopt any new significant accounting policies or estimates during this year.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Capital Management

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the manufacture, distribution, and sale of the "PoolSafe". The Board 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management in the year ended December 31, 2017. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than that of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2017, the Company was not compliant with the policies of the TSXV. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV. In February 2018 the Company raised gross proceeds of \$300,000 which made them compliant with this TSXV rule.

Off-Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Risk Management

The Company has risk management processes in place to monitor, evaluate and manage the principal risks it assumes in conducting its business activities. These risks include credit, liquidity, interest rate, and various sources of operational risk. The Company's approach to the management of risk has not changed.

Outlook and Economic Conditions

The Company's principal objective is a continuation of managed growth developing quality new business opportunities while maintaining high development standards. The Company is well positioned to capitalize on market opportunities and to meet increased competition through its experienced management and staff, coupled with its substantial capital and borrowing capacity. We continue to look for opportunities to introduce new product development.

Cash raised in the going public transaction has been used to strengthen the balance sheet, production of the PoolSafe product, continued research and development, and to expand the Company's sales reach. The Company is well positioned to grow the business either through direct sales of units or through revenue sharing opportunities as units are placed into service.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiary to be materially different from those expressed or implied by such forward-looking statements.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. In particular, this MD&A contains

forward-looking information relating to the Company's expectation that its sales force will grow and that such growth may enable the Company to more effectively penetrate the global marketplace. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The material factors and assumptions include the Company being able to obtain the necessary director approvals. Risk factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things: the failure to obtain the required directors' approvals; changes in tax laws, general economic and business conditions; and changes in the regulatory environment generally. The Company cautions the reader that the above list of risk factors is not exhaustive.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

This MD&A contains forward-looking statements with respect to Pool Safe under the headings "Liquidity" and "Outlook". These forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements, in particular, present financial market uncertainty. The Company has assumed that financing alternatives remain available, albeit with terms that are not as attractive as was the case prior to the current worldwide financial market uncertainty. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time that they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. Except as required by law, the Company does not intend, and assumes no obligation, to update the forward-looking statements contained herein.