



## **Management Discussion and Analysis**

**December 31, 2020**

## ***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**”) for the year ended December 31, 2020. This MD&A should be read in conjunction with the Company’s consolidated financial statements for its years ended December 31, 2020 and December 31, 2019, with accompanying notes to those statements for the years 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, 2020 and December 31, 2019 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 29, 2021.

## ***Additional Information***

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://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 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”. Specifically engineered for its safety benefits, the PoolSafe is a feature rich device that functions as a multi-purpose safe, contains a solar-powered charger for USB compatible devices including phones and tablets as well as a server call-button and a beverage cooler and holders. The service call buttons installed on each PoolSafe alerts service staff to the guest needs. 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.

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 the Company’s customers. With this, the Company 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 the Company’s customers to respond directly to their own customer needs. The Company 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 resort 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 additional revenue while enhancing brand awareness.

The PoolSafe provides additional revenue streams including product rental fees, increased food and beverage orders as well as optional media advertising. The cost of the product is quickly recovered through these additional revenue streams.

Throughout the 2018 year, Pool Safe developed new hardware and software technology which enables two-way communication between the PoolSafe, its data base gateway and the Cloud. As an IoT enabled appliance, the PoolSafe can collect usage information and deposit it into an archive in the Cloud, for later mining and monetization. For the Company's portfolio of current and future revenue share partnerships, the PoolSafe's food and beverage long range, low power, wireless connectivity technology ("LoRa") facilitates a wider service coverage area. Unlike WiFi, which has a 100-foot range, the LoRa technology has a range of up to 1.2 kilometres, is embedded with the PoolSafe solutions, and does not require the property to add or make changes to their current infrastructure. The Company will continue to add new services to its already feature rich design.

### ***Key Performance Indicators***

Key performance indicators that the Company uses to manage the 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 the actual results and normalized results to management budgets, forecasts and prior period performance.

### ***Recent Events***

During 2018, the Company issued a \$460,000 principal amount of unsecured convertible debentures (the "Debentures"). The Debentures bear interest at a rate of 10% per annum, calculated annually and matures on February 8, 2020 (\$300,000), May 11, 2020 (\$125,000) and June 21, 2020 (\$35,000).

For Debentures with a face value of \$310,000, each \$0.11 of the principal amount of the Debentures is convertible into one Purchase Unit ("Unit"). Each Unit is exercisable to purchase one Common Share and one-half Common Share warrant at a price of \$0.11 per Common Share for a period of two years following issuance. Each full warrant can be exercised for one Common Share at a price of \$0.15 for a period of two years following the issuance of the Note. The securities issued in connection with the loan are subject to a statutory four month hold period from the date of issuance. The Company issued 196,364 broker warrants in connection with these Debentures. Each broker warrant is exercisable into one share and one-half common share purchase warrant at a price of \$0.11. Each full warrant could be exercised for one share at a price of \$0.15. The broker warrants expired February 8, 2020.

For the Debentures with a face value of \$150,000, each \$0.11 of the principal amount is convertible into one share. This series of debentures were issued with 681,750 warrants. Each of these warrants is exercisable into one Common Share at a price of \$0.15 for two years from the date of issuance of the debenture.

In April 2019, the Company completed a credit agreement with Intrexa Ltd. for a secured revolving credit facility of \$1 million to be advanced in instalments. This facility enables the Company to access its working capital needs in a manner that is very shareholder friendly. No longer constrained by access to working capital, management will be able to actively move forward to conclude numerous revenue sharing opportunities with hotels, resorts

and water parks around the world. The Company made draws of \$272,800 against this facility in the June 2019 quarter.

Announced that it had signed three Florida based outdoor waterparks to three-year revenue share partnerships, for a total deployment of 83 PoolSafe units. These units were delivered and deployed in the June 2019 quarter. The strong development of the Florida market is important to the Company as its location and climate lends itself to an extended season of PoolSafe usage.

Sold 23 PoolSafe units to Maui Jack's, a premier waterpark in Virginia. The waterpark industry continues to be a very strong sales and revenue share vertical for the Company. According to Hotel & Leisure Advisors, LLC, there are over 1,150 waterparks in the North America, with the U.S. Midwest and Southern regions being home to the most waterparks with almost 800 facilities.

In 2020, the Company experienced a considerable slowdown due to COVID19, with many of its revenue share partners staying closed throughout the year while other were required to reduce occupancy at their facilities. In the midst of this unprecedented global pandemic, the Company partnered or sold 83 PoolSafe units while maintaining a presence at waterparks throughout North America. These results were significantly lower than the anticipated revenue share partnerships and direct sales.

### Selected Financial Information

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

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018
	\$	\$	\$
Total revenue	264,888	416,309	372,660
Cost of sales	241,989	276,723	285,511
Operating costs	654,480	854,100	1,083,685
Net and comprehensive loss	(631,581)	(714,514)	(996,536)
Total assets	670,128	824,652	977,314
Total liabilities	1,198,842	1,090,090	608,672
Total equity	(528,714)	(265,438)	368,642
Shares outstanding, end of period	72,021,123	65,251,239	65,251,239
Weighted average shares outstanding	71,212,008	65,251,239	57,030,627
Net loss per share	(0.01)	(0.01)	(0.02)

### 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 Loss	Loss Per Share	Weighted Average Shares Outstanding
December 31, 2020	\$ 34,742	\$ 964,661	\$ 35,628	\$ (310,408)	\$ (0.004)	72,021,239
September 30, 2020	24,219	782,405	152,072	(10,800)	(0.000)	72,021,239
June 30, 2020	25,139	848,684	31,629	(85,788)	(0.001)	72,021,239
March 31, 2020	168,729	845,471	45,559	(224,585)	(0.003)	69,566,572
December 31, 2019	61	830,295	43,830	(187,910)	(0.003)	65,251,239
September 30, 2019	24,904	607,426	206,460	(91,760)	(0.001)	65,251,239
June 30, 2019	35,896	567,834	130,560	(221,386)	(0.003)	65,251,239
March 31, 2019	727	219,957	35,459	(213,458)	(0.003)	65,251,239

### **Three-month periods ended December 31, 2020 and December 31, 2019**

The net loss for the three-month period ended December 31, 2020 was \$310,408 (December 31, 2019 - \$187,910).

The Company recognized an impairment charge of \$187,623 against patents and design assets in the December 2020 quarter. This expense was based on management's review and application of International Financial Reporting Standards against revenue over the last three years. COVID and lack of capital restricted sales growth as compared to plan. Management continues to believe that these assets will deliver future profits. This impairment charge does not affect the Company's future plans.

Sales and margins in the most recent three-month period reflect the receipts from revenue share assets and sales of PoolSafe units. During the December 2020 quarter, no new revenue share units were delivered, well below the anticipated sales level, as COVID-19 related deferrals and shut-downs have affected the industry. The Company's revenue share partners are experiencing reduced occupancy and park attendance due to COVID-19 and as of now have very little visibility going forward. Revenue sharing opportunities are expected to drive greater future sales.

The following table sets forth a summary of the Company's operating expenses by category for the three-month periods:

	Three-Month Period Ended Dec. 31, 2020 \$	Three-Month Period Ended Dec. 31, 2019 \$
Selling, general and administrative	(15,103)	96,486
Stock-based compensation	-	1,882
Professional fees	16,972	(26,830)
Investor relations and regulatory	(33,692)	6,876
Foreign exchange	9,881	3,083
Advertising and promotion	8,864	16,435
Depreciation	27,880	29,196
Government grant - CEBA	(3,600)	-
Impairment of patents and designs	187,623	-
Interest on loan payable	49,905	44,426
	<u>248,730</u>	<u>171,554</u>

Operating expenses were \$248,730 for the three-month period ended December 31, 2020 (December 31, 2019 - \$171,554). Most of the December 2020 period expense was non-cash charges, including \$187,623 for impairment of the patents and design assets, and \$27,880 for depreciation. During the December 2020 quarter the Company focused on cash conservation as the COVID-19 crisis closed or reduced access to many of the businesses to which the Company sold or revenue shared its PoolSafe units. Senior staff deferred salary during

the December 2020 quarter to preserve cash. Spending was reduced to care and maintenance items only. Advertising reflects a return of fees paid in a previous period to attend a trade show. The government grant reflects an accounting adjustment related to the CEBA loan. Public company fees reflect an adjustment related to the placement earlier in 2020.

Stock-based compensation was lower as there were no grants in 2020 or 2019. Higher interest costs and financing costs to extend the convertible notes reflects increased debt.

### **Years ended December 31, 2020 and December 31, 2019**

The net loss for the year ended December 31, 2020 was \$631,581 (December 31, 2019 - \$714,514). Sales in 2020 decreased as compared to 2019. With COVID-19 industry wide slowdowns, per unit revenue share revenues were decreased in 2020 as compared to 2019. Prior to the pandemic, the Company had experienced an increased interest from a number of potential customers for revenue share units for the 2020 year.

The pandemic-related business closures and subsequent ramp up of openings has resulted in slower than planned revenue growth which has hampered efforts to reach self-sustaining cash flows from operations.

Pool Safe continues to see greater interest from the hotel, resort and waterpark customers although all parties need to see a clear path to a more open economy before committing to further spending. The Company expects to grow its sales force through establishing additional distribution relationships within the hospitality industry when the industry reopens, and conditions return to a more normal situation. This will likely enable the Company to more effectively penetrate the global marketplace.

Expenses in 2020 were reduced from 2019. The following table sets forth a summary of the Company's operating expenses by category for the years:

	Year Ended Dec. 31, 2020	Year Ended Dec. 31, 2019
Selling, general and administrative	\$ 144,222	\$ 459,415
Stock-based compensation	2,854	26,822
Professional fees	30,472	31,736
Regulatory fees	20,690	30,185
Advertising and promotion	23,105	107,084
Depreciation	38,925	30,603
Foreign exchange	9,881	3,056
Government grant - CEBA	(13,182)	-
Impairment of patents and designs	187,623	-
Interest on loans payable	209,890	165,199
	<u>\$ 654,480</u>	<u>\$ 854,100</u>

Operating expenses were \$654,480 for the year ended December 31, 2020 (December 31, 2019 - \$854,100). Significant differences in 2020 as compared to 2019 include:

- The non-cash, asset impairment charge of \$187,623 in 2020 for patents and design costs.
- Stock based compensation is a non-cash expense. The Company did not grant options in 2020 and 2019, reducing the comparative expense against 2019.
- Senior management deferred salary in 2020, to preserve cash.
- Advertising was reduced in 2020 as compared to 2019 as the entire industry went to a care and maintenance mode in 2020. Sales opportunities were limited, and advertising would not be prudent in such an environment.

- Increased depreciation in 2020 reflects more revenue share assets in service.
- The Government grant reflects an accounting mark to market value for the CEBA loans.
- Interest mostly reflected the convertible debenture obligations, of which \$44,169 (2019 - \$74,364) was accretion expense and non-cash. Cash interest relates to the coupon on the various loans.

## Subsequent Events

On April 26, 2021 the Company announced that it had entered into an agreement with the holder of the promissory note and non-secured convertible debentures (the “Parties”) whereby the Parties agreed to convert all outstanding principal and accrued interest totaling \$561,860 into common shares of the Company at a deemed price of \$0.04 per common share. The Company issued 14,046,510 common shares to settle the aggregate amount outstanding. At that time, the Company also announced the issuance of \$500,000 aggregate principal amount of Senior Secured Debenture. Interest on the Debenture shall accrue on the principal amount at a rate of 12% per annum, with interest to be paid payable monthly in arrears. The Debenture matures on December 31, 2022. In connection with the Financing, the Company granted 1,600,000 bonus warrants. Each warrant will be exercisable into one common share of the Company at an exercise price of \$0.05 and will expire on the maturity date of the Debenture.

## 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, 2020 \$	As at December 31, 2019 \$
Cash	34,742	61
Working capital	(766,985)	(741,880)

The Company’s principal source of liquidity as of December 31, 2020 was cash of \$34,742 (December 31, 2019 - \$61) and prepaids and receivables of \$31,102 (December 31, 2019 - \$21,023). The negative working capital at December 31, 2020 was mostly created by the convertible debentures, which mature within the next twelve months. While Management believes that the combination of debenture financings, and financing arrangement for future product sales leaves the Company with 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, 2020 \$	As at December 31, 2019 \$
Long term lease	-	-
Patent and design costs	-	205,309
Equipment	264,100	319,924
Revenue share assets	208,352	211,004
	<u>472,452</u>	<u>736,237</u>

During the current year the Company wrote off the value of the Patent and design costs. The Covid-19 pandemic has had a serious impact on many industries with the travel and leisure industry, in which the Company operates, being one of the hardest hit. Management felt that given this environment that its long-term intangible

assets were impaired and as such recorded a write down in the amount of \$187,623 against these assets.

Management is hopeful that with the advent of widespread vaccinations the industry will recover in the latter half of the upcoming fiscal year and no further write downs of long-term assets will be required.

Equipment represents manufacturing equipment and moulds. Revenue share assets are PoolSafe units placed into service on a revenue sharing basis.

The Company placed 52 units into service late in the second quarter of 2020.

The Company placed 59 units into service late in the first quarter of 2019 and 102 units in Q2 2019. No units were placed into service in the last half of 2019.

### ***Liabilities***

	<b>As at December 31, 2020 \$</b>	<b>As at December 31, 2019 \$</b>
Trade payables and other	136,273	212,220
Current portion of lease liability	39,215	32,408
Promissory notes	67,000	85,000
Current portion of loans	267,585	61,104
Current portion of convertible debt	454,588	439,563
	<u>964,661</u>	<u>830,295</u>
Lease liability	102,210	141,425
Loan payable	199,556	118,370
	<u>1,198,842</u>	<u>1,090,090</u>

In 2020, liabilities increased mostly due to additional debt and recognition of the full debt values of some items through accretion. While loan repayments in the amount of \$113,253 and lease payments of \$32,408 were made in the 2020 year, the Company also received cash of \$300,500 from the issue of units via a private placement, \$120,000 from loans and made a draw against the credit facility for \$184,785.

In the year ended December 31, 2019, trade payables and accruals increased with normal business. Deferred revenue represents advances on units to be shipped in the following quarter. Capital lease obligations incurred in 2018 were eliminated with the termination of the lease agreement in the second quarter of 2019. However, the Company entered into a lease for its premises which resulted in new lease obligations. Debt increased with draws against the revolver credit facility and new loans. The current portion reflects the convertible debt, loans and promissory notes payable in the next twelve months. Interest expense reflects accretion of the equity portion of the debenture and of warrants issued as a cost of debt, which reports as interest expense.

During 2020, the Company recognized \$22,500 of shares issued to extend the convertible debenture one year and \$57,476 of interest accretion from warrants and conversion components of the issuances. A further \$2,359 of interest accretion was recorded against the CEBA loans. Interest accretion of \$17,491 was recorded against warrants issued with the operating line. An amount of \$74,364 was recorded as accretion interest expense on the consolidated statements of loss and comprehensive loss for the year ended December 31, 2019.

	<b>As at December 31, 2020 \$</b>	<b>As at December 31, 2019 \$</b>
Common Shares		
Common shares	<u>3,339,590</u>	<u>3,074,649</u>



In 2020, 6,320,000 units were issued in a private placement for proceeds of \$300,500, which was allocated as \$242,441 to common shares and \$58,059 to warrants. Also, 450,000 common shares were issued for ascribed value of \$22,500 to extend the term of the convertible debt by one year. There was no change to common shares in 2019.

### **Outstanding Share Data**

Shares existing at the date of this MD&A and comparative shares at December 31, 2020 and December 31, 2019, are as follows:

	<b>April 29, 2021</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Shares Outstanding	89,229,749	72,021,239	65,251,239
Warrants	11,520,000	9,620,000	7,724,067
Shares reserved for issuance on conversion of Convertible debentures and related warrants	-	7,000,000	5,590,909
Options	5,100,000	5,100,000	5,250,000
<b>Total</b>	<b>105,549,749</b>	<b>93,741,239</b>	<b>83,816,215</b>

The promissory note, issued on Nov. 28, 2019, has a maturity date of one year from the date of issuance and bears an annual interest rate of 10 per cent per annum. The debentures, issued in February, May and June, 2018, have a maturity date of three years from the date of issuance, and bear interest at an annual rate of 10 per cent. The holders of the debentures issued in the first financing and second financing have both agreed to the amendments. The company has extended the maturity date of the promissory note and the debentures to April 30, 2023, reduced the interest rate payable by the company on the principal amounts of the debentures and the promissory note to 5 per cent per annum, and deferred payment of all accrued interest on the principal amounts of the debentures and the promissory note to Sept. 30, 2021.

As consideration for the amendments, the company has agreed to pay the holder of the promissory note 12 per cent of the outstanding debt and the holders of the debentures 12 per cent of the principal amount of each debenture, satisfied by the company issuing common shares in the capital of the company at a deemed price of two cents per share for an aggregate of 3,162,000 common shares.

The Company has also entered into an amending agreement with Intrexa pursuant to which the parties have agreed to extend the termination date of the credit agreement and the bonus warrants issued in consideration for Intrexa entering into the credit agreement by one year, to March 31, 2023.

### ***Related Party Transactions***

The following is a summary of the Company's related party transactions during the years ended December 31, 2020 and December 31, 2019, and outstanding as of those dates:

Balances of \$21,900 (2019 - \$35,854) were due to related parties at December 31, 2020.

### ***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:

	<b>December 31, 2020</b>	<b>December 31, 2019</b>
Short-term employee benefits, including salaries and fees	\$ 67,308	\$ 243,461
Stock-based compensation	2,799	22,562
Sub-contractors	-	-
	<u>\$ 70,107</u>	<u>\$ 266,023</u>

Balances of \$21,900 (December 31, 2019 - \$35,854) were due to related parties at December 31, 2020.

### **Critical Accounting Policies and Estimates**

The Company's significant accounting policies are disclosed in Note 3 to the financial statements for the year ended December 31, 2020. 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 quarter.

### **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 period ended December 31, 2020. The Company is not currently subject to externally imposed capital requirements.

### ***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.

The Company’s operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations.

### **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 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. 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 “Business Update”, “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.