



Management Discussion and Analysis

March 31, 2021

Introduction

The following interim Management Discussion & Analysis (“Interim MD&A”) of Pool Safe Inc. (the “**Company**” or “**Pool Safe**”) for the three-months ended March 31, 2021 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since the Management Discussion & Analysis (“Annual MD&A”) for the fiscal period ended December 31, 2020.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company’s Annual MD&A, audited consolidated financial statements for the periods ended December 31, 2020 and December 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company’s financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited consolidated interim condensed financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 27, 2021, unless otherwise indicated.

For the purposes of preparing this Interim 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**.

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 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 will continue to develop a tablet and app product, an application that connects directly to the Point of Sale ("POS") system of the resort. This will enable guests to place their own food and beverage orders directly as well as gain access to other amenities offered at the resort or waterpark location. The application will be 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 can be quickly recouped 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 others 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
March 31, 2020	\$ 8,319	\$ 1,025,678	\$ 12,802	\$ (71,998)	\$ (0.001)	72,021,239
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 March 31, 2021 and March 31, 2020

The net loss for the three-month period ended March 31, 2021 was \$71,998 (March 31, 2020 - \$224,585).

The COVID-19 pandemic, as well as limited capital, restricted the Company's 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. During the March 2021 quarter, no new revenue share units were delivered. The first quarter of the year is seasonally slow for the Company, but Q1 2021 was well below the anticipated sales level, as COVID-19 related deferrals and shut-downs have affected the industry. The Company expects the environment for its product to ramp-up considerably as their revenue share partners are projecting a positive 2021 season versus the dramatically reduced occupancy and closures at their properties. The COVID-19 pandemic has created a lot of uncertainty and lack of visibility going forward. Revenue sharing opportunities are expected to be the driver of 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	18,397	101,807
Stock-based compensation	-	1,882
Professional fees	5,140	7,500
Investor relations and regulatory	6,224	21,910
Foreign exchange	6	(7)
Advertising and promotion	1,174	10,232
Depreciation	770	3,920
Government grant - CEBA	(27,264)	-
Interest on loan payable	38,287	61,003
	<u>47,734</u>	<u>208,247</u>

Operating expenses were \$47,734 for the three-month period ended March 31, 2021 (March 31, 2020 - \$208,247). The March 2021 period expense reflects the care and maintenance nature of the business, until COVID restrictions allow t hospitality and leisure businesses to return to a more normal operating environment.

Senior staff continued to defer salary during the March 2021 quarter to preserve cash. The government grant reflects subsidies received. Public company fees reflect filing fees with regulators incurred during the 2021 quarter.

Stock-based compensation was lower in 2021 as there were no grants in 2020 or 2019. Interest costs in 2021 reflect less non-cash warrant related interest which was incurred in 2020.

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 March 31, 2021	As at December 31, 2020
	\$	\$
Cash	8,319	34,742
Working capital	(815,618)	(766,985)

The Company’s principal source of liquidity as of March 31, 2021 was cash of \$34,742 (December 31, 2020 - \$34,742) and prepaids and receivables of \$40,001 (December 31, 2020 - \$31,102). The negative working capital at March 31, 2021 was mostly created by the convertible debentures, which mature within the next twelve months. While Management believes that the combination of debenture financings, and its 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 March 31, 2021	As at December 31, 2020
	\$	\$
Long term lease	-	-
Patent and design costs	-	-
Equipment	250,172	264,100
Revenue share assets	197,935	208,352
	<u>448,107</u>	<u>472,452</u>

During Q4 2020, the Company wrote off the value of the Patent and design costs. The Covid-19 pandemic has had an extreme and serious impact on the many businesses within the travel and leisure industry. These sectors are where the Company derives its sales and revenue share opportunities. 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 have a considerable recovery in 2021 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.

Liabilities

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Trade payables and other	192,673	136,273
Current portion of lease liability	38,420	39,215
Promissory notes	67,000	67,000
Current portion of loans	267,585	267,585
Current portion of convertible debt	460,000	454,588
	<u>1,025,678</u>	<u>964,661</u>
Lease liability	95,506	102,210
Loan payable	137,695	199,556
	<u>1,258,879</u>	<u>1,198,842</u>

Most of the increase in the liabilities related to deferred interest.

During 2021, the Company recognized \$5,412 of non-cash expense to extend the convertible debenture one year. A further \$1,239 of interest accretion was recorded against the CEBA loans. Interest accretion of \$4,485 was recorded against warrants issued with the operating line.

Common Shares

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Common shares	<u>3,339,590</u>	<u>3,339,590</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.

Outstanding Share Data

Shares existing at the date of this MD&A and comparative shares at March 31, 2021 and December 31, 2020, are as follows:

	May 27, 2021	March 31, 2021	December 31, 2020
Shares Outstanding	89,229,749	72,021,239	72,021,239
Warrants	11,520,000	9,620,000	9,620,000
Shares reserved for issuance on conversion of Convertible debentures and related warrants	-	7,000,000	7,000,000
Options	5,100,000	5,100,000	5,100,000
Total	105,549,749	93,741,239	93,741,239

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 periods ended March 31, 2021 and March 31, 2020, and outstanding as of those dates.

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:

	March 31, 2021	March 31, 2020
Short-term employee benefits, including salaries and fees	\$ -	\$ 67,308
Stock-based compensation	-	1,792
	\$ -	\$ 69,100

Balances of \$21,900 (December 31, 2020 - \$21,900) were due to related parties at March 31, 2021.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are disclosed in Note 3 to the financial statements for the period ended March 31, 2021. 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 March 31, 2021. 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, continued product development as well as its substantial capital and borrowing capacity.

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.