POOLSAFE

YOUR PERSONAL POOLSIDE ATTENDANT

Management Discussion and Analysis

June 30, 2021

Introduction

The following interim Management Discussion & Analysis ("Interim MD&A") of Pool Safe Inc. (the "**Company**" or "**Pool Safe**") for the six-months ended June 30, 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 August 25, 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 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

At December 31, 2020, the Company issued a $460,000 principal amount of unsecured convertible debentures (the "Debentures") and had promissory notes of $67,000 outstanding. In Q1 2021, the Company issued 3,162,000 commons shares to the holders of this debt, to extend the maturity term of the debt to May 2023. In Q2 2021, the Company issued 11,500,000 shares to extinguish the Debentures and 1,675,000 shares to extinguish the promissory notes. Further, the Company issued 871,510 shares in payment of $34,860 of accrued interest related to these debts.

At December 31, 2020, the Company reported $370,766 due to Intrexa Ltd., against a credit agreement with 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.

In May 2021, the Company entered into a Financing Agreement for a senior secured loan of $500,000. The Company issued 1,600,000 warrants in conjunction with the Senior Secured Loan. The loan is due December 31, 2022 and bear interest at 12% per annum. The warrants were valued at $24,598 using a Black-Scholes valuation option model and are considered a cost of issuance. The warrants are being accreted against the loan balance, as interest, over the term of the loan. This loan is subordinate only to the revolving line of credit.

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
June 30, 2021	$ 240,935	$ 557,021	$ 50,679	$ (275,065)	$ (0.003)	83,672,889
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

<u>Three-month periods ended June 30, 2021 and June 30, 2020</u>

The net loss for the three-month period ended June 30, 2021 was $275,065 (June 30, 2020 - $85,788).

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 revenue share partnerships in Q3 2021 have shown substantial improvement as compared to those in Q2 2021.

Sales and margins in the most recent three-month period reflect the receipts from revenue share assets. During the June 2021 quarter, five new revenue share units were delivered, as the Company spent the quarter upgrading revenue share units currently in service. This was an arduous process due to the Canada U.S. border closures. Although the delivery of new units was well below the anticipated sales level, and the Company's revenue share partners have experienced reduced occupancy and park attendance due to COVID-19, revenue receipts subsequent to Q2 2021 suggest that business is returning to more normal levels. 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 June 30, 2021 $	Three-Month Period Ended June 30, 2020 $
Selling, general and administrative	59,988	13,219
Stock-based compensation	-	486
Professional fees	28,410	3,290
Investor relations and regulatory	12,228	26,073
Foreign exchange	-	(387)
Advertising and promotion	1,109	4,009
Depreciation	770	3,919
Government grant - CEBA	(25,736)	-
Interest on loan payable	108,267	53,128
	185,036	103,737

Operating expenses were $185,036 for the three-month period ended June 30, 2021 (June 30, 2020 - $103,737). The June 2021 period expense reflects a large increase in interest expense as deferred financing fees related to the repayment of the convertible debenture and promissory notes was expensed on repayment of those obligations. Selling, general and administrative expenses reflect a more normal level than the care and maintenance nature of the business, in the June 2020 period. The government grant reflects subsidies received. Public company fees reflect filing fees with regulators incurred during the 2021 quarter. Professional fees reflect legal costs related to the debt repayments.

There were no stock option grants in 2021 or 2020.

Six-month periods ended June 30, 2021 and June 30, 2020

The net loss for the six-month period ended June 30, 2021 was $347,063 (June 30, 2020 - $310,373).

COVID reduced revenues. Operating costs have started to return to more normal levels in anticipation of increased revenues and increased opportunities to place additional revenue share assets with our partners. Revenue receipts to date in Q3 2021 indicate that the business levels of our partners are returning to pre-COVID levels.

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 June 30, 2021 $	As at December 31, 2020 $
Cash	240,935	34,742
Working capital	(47,673)	(766,985)

The Company's principal source of liquidity as of June 30, 2021 was cash of $240,935 (December 31, 2020 - $34,742) and prepaids and receivables of $83,056 (December 31, 2020 - $31,102). The improvement in working capital at June 30, 2021 was mostly created by the repayment of convertible debentures and promissory notes, combined with a $500,000 increase in long term debt. 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 June 30, 2021 $	As at December 31, 2020 $
Long term lease	-	-
Patent and design costs	-	-
Equipment	236,245	264,100
Revenue share assets	201,953	208,352
	438,198	472,452

During Q4 2020, 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 5 units into service in the second quarter of 2021. The Company placed 52 units into service late in the second quarter of 2020.

Liabilities

	As at June 30, 2021 $	As at December 31, 2020 $
Trade payables and other	159,992	136,273
Current portion of lease liability	37,630	39,215
Promissory notes	-	67,000
Current portion of loans	359,399	267,585
Current portion of convertible debt	-	454,588
	557,021	964,661
Lease liability	86,051	102,210
Loan payable	530,553	199,556
	1,173,625	1,198,842

Most of the increase in the liabilities related to an increase in loans payable. Liabilities decreased with the repayment of the convertible debenture and the promissory notes.

Common Shares	As at June 30, 2021 $	As at December 31, 2020 $
Common shares	4,033,337	3,339,590

In 2021, the Company issued 3,162,000 common shares at an ascribed value of $63,240, to extend the term to maturity of the convertible debentures and promissory notes by 25 months. The Company issued 11,500,000 common shares in payment of $460,000 of convertible debt, 1,675,000 common shares in payment of $67,000 of promissory notes, and 871,150 common shares in payment of $34,860 of accrued interest. Concurrently, the $68,647 equity value of the conversion feature of the convertible debt was transferred to common shares.

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 commons 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 June 30, 2021 and December 31, 2020, are as follows:

	August 25, 2021	June 30, 2021	December 31, 2020
Shares Outstanding	89,229,749	89,229,749	72,021,239
Warrants	11,220,000	11,220,000	9,620,000
Shares reserved for issuance on conversion of Convertible debentures and related warrants	-	-	7,000,000
Options	5,100,000	5,100,000	5,100,000
Total	105,249,749	105,249,749	93,741,239

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 June 30, 2021 and June 30, 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:

	June 30, 2021	**June 30, 2020**
Short-term employee benefits, including salaries and fees	$ 33,231	$ 67,308
Stock-based compensation	-	2,255
	$ 33,231	$ 67,308

Balances of $Nil (December 31, 2020 - $21,900) were due to related parties at June 30, 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 June 30, 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 June 30, 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, 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.