POOLSAFE

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Management Discussion and Analysis

March 31, 2020

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, 2020 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, 2019.

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, 2019 and December 31, 2018, 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 July 2, 2020, 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**. This MD&A is dated as of July 2, 2020.

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 stream.

Throughout the 2018 year, Pool Safe has been developing 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

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 transaction constituted an arm's-length qualifying transaction for Pounder, as defined in Policy 2.4 of the TSX Venture Exchange. The Company issued 1,786,923 common shares to acquire Pounder. The Company issued 1,704,892 common shares in settlement of $192,994 of Pounder liabilities assumed.

On April 19, 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.

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 can be exercised for one share at a price of $0.15. The broker warrants expire 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 if issuance of the debenture.

In May 2018, the Company signed a financing agreement with Commercial Funding Group ("**CFG**") which will enable the Company to build, deliver and install its IoT Connected PoolSafe product with revenue share partners around the world. The arrangement is intended to provide up-front capital to leverage product placement. In May 2019, the financing agreement was terminated.

During the three-month period ended September 30, 2018, the Company raised $395,011 via a private placement of 5,643,020 units. Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of 12 cents for a period of 24 months following the closing date of the offering, subject to an acceleration right in favour of the Company. The Company paid a cash commissions and other expenses totaling $21,515 and granted 81,143 finder's warrants. Each finder's warrant entitling the holder thereof to acquire one unit at a price of 12 cents per unit for a period of 24 months following the closing date of the offering. The Company settled outstanding litigation via a share issuance of 3,400,000 at an ascribed value of $289,000. Legacy debt of $19,080 was also settled via a share issuance of 173,456 shares.

In November 2018, the Company closed the final tranche of $120,750 of its previously announced private placement through the issuance of 1,725,000 units. In connection with the closing of this tranche, the company paid certain eligible persons cash commissions totaling $4,991 and granted 80,800 finder's warrants to acquire common shares. Insiders of the Company subscribed to 1,525,000 units of this financing.

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.

Selected Financial Information

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

	Year Ended December 31, 2019 $	Year Ended December 31, 2018 $	Year Ended December 31, 2017 $
Total revenue	416,309	372,660	445,153
Cost of sales	276,723	285,511	354,882
Operating costs	854,100	1,083,685	1,362,471
Net and comprehensive loss	(714,514)	(996,536)	(1,272,268)
Total assets	824,652	977,314	641,048
Total liabilities	1,090,090	608,672	231,969
Total equity	(265,438)	368,642	409,105
Shares outstanding, end of period	65,251,239	65,251,239	54,309,763
Weighted average shares outstanding	65,251,239	57,030,627	50,006,376
Net loss per share	(0.01)	(0.02)	(0.03)

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	$ 168,729	$ 845,471	$ 45,559	$ (224,585)	$ (0.003)	69,566,572
December 31, 2019	61	846,604	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
December 31, 2018	146,838	195,548	55,262	(203,631)	(0.003)	64,182,489
September 30, 2018	365,343	310,326	118,480	(384,317)	(0.007)	55,231,771
June 30, 2018	710	195,577	108,102	(220,502)	(0.004)	54,309,763

<u>Three-month periods ended March 31, 2020 and March 31, 2019</u>

The net loss for the three-month period ended March 31, 2020 was $224,585 (March 31, 2019 - $213,458). Sales and margins in the most recent three-month period were negatively affected by a seasonality of revenue share assets. The reduced revenue was not sufficient to cover the fixed cost component in the cost of sales thus creating a negative gross margin in both periods.

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

	Three-Month Period Ended March 31, 2020 $	Three-Month Period Ended March 31, 2019 $
Selling, general and administrative	101,807	118,581
Stock-based compensation	1,882	18,502
Professional fees	7,500	16,442
Regulatory fees	21,910	7,931
Foreign exchange	(7)	-
Advertising and promotion	10,232	22,750
Depreciation	3,920	418
Interest on loan payable	61,003	29,185
	208,247	213,809

Operating expenses were very similar in the comparative periods at $208,247 for the three-month period ended March 31, 2020 (March 31, 2019 - $213,809). Cost reductions realized in administrative, stock-based compensation, advertising and professional fees were offset by increased interest charges from convertible debentures and leases and increased regulatory fees.

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, 2020 **$**	**As at December 31, 2019** **$**
Cash	168,729	61
Working capital	(463,791)	(758,189)

The Company's principal source of liquidity as of March 31, 2020 was cash of $168,729 (December 31, 2019 - $61) and receivables of $46,335 (December 31, 2019 - $21,023). The negative working capital at March 31, 2020 and December 31, 2019 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 March 31, 2020 **$**	**As at December 31, 2019** **$**
Patent and design costs	200,888	205,309
Equipment	312,591	319,924
Revenue share assets	200,454	211,004
	713,933	736,237

There were no additions to Other Assets in the three-month period ended March 31, 2020. Equipment represents manufacturing equipment and moulds. Revenue share assets are PoolSafe units placed into service on a revenue sharing basis.

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. The Company did not place any units into service during Q1 2020.

Liabilities

	As at March 31, 2020 $	**As at December 31, 2019 $**
Trade payables and other	167,172	212,220
Deferred revenue	-	-
Current portion of lease liability	42,004	32,408
Promissory notes	130,000	85,000
Current portion of loans	61,104	61,104
Current portion of convertible debt	445,191	439,563
	845,471	830,295
Lease liability	125,392	141,425
Loan payable	277,440	118,370
	1,248,303	1,090,090

In the three-month period ended March 31, 2020, liabilities increased mostly due to additional debt. While loan repayments in the amount of $45,201 were made in the quarter, the Company also received cash of $50,000 from promissory notes 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.

The debentures are classified as a liability, with the exception of the portion relating to the conversion feature, which is valued and classified as equity. The equity portion of these debts totals $30,300. The equity amount and costs of the issuances result in the carrying value of the debenture being less than face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 22.2% discount rate. An amount of $4,809 will be recorded in future periods as interest, being the remaining amount of the equity portion not yet recognized in the loan balance in the balance sheet at March 31, 2020.

Common Shares

	As at March 31, 2020 $	**As at December 31, 2019 $**
Common shares	3,309,590	3,074,649

During 2020 the Company:

- issued 3,620,000 units for net cash proceeds of $129,978 in January 2020.

- issued 2,700,000 units for net cash proceeds of $82,463 in February 2020.
- issued 450,000 shares at an ascribed value of $22,500 to holders of convertible debt to extend the maturity term 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 March 31, 2020 and December 31, 2019, are as follows:

	July 2, 2020	March 31, 2020	December 31, 2019
Shares Outstanding	72,021,239	72,021,239	65,251,239
Warrants	13,579,578	14,147,703	7,724,067
Shares reserved for issuance on conversion of Convertible debentures and related warrants	6,000,000	6,000,000	5,590,909
Options	5,250,000	5,250,000	5,250,000
Total	96,850,817	97,418,942	83,816,215

Subsequent to March 31, 2020, 568,125 warrants were not exercised and expired.

Related Party Transactions

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Compensation provided to key management is as follows:

	March 31, 2020	March 31, 2019
Short-term employee benefits, including salaries and fees	$ 67,308	$ 67,308
Stock-based compensation	1,792	14,525
	$ 69,100	$ 81,833

Of the total of $460,000 of convertible debentures issued in the prior year $150,000 was issued to executive officers and directors of the Company. Bonus shares valued at $7,500 were issued to these insiders in consideration of extending the term of the convertible debenture by one year.

Balances of $103,162 (December 31, 2019 - $35,854) were due to related parties at March 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 March 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 March 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.