Pounder Venture Capital Corp.

(A Capital Pool Corporation)

Audited Financial Statements

For the Years Ended December 31, 2016 and 2015

Pounder Venture Capital Corp.
(A Capital Pool Corporation)

Financial Statements

December 31, 2016 and 2015

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Independent Auditor's Report

To the Shareholders of
Pounder Venture Capital Corp.

We have audited the accompanying financial statements of Pounder Venture Capital Corp., which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of income (loss) and comprehensive income (loss), statements of changes in deficit and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the financial statements present fairly, in all material respects, the financial position of Pounder Venture Capital Corp. as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 2 to the financial statements which describe the material uncertainty that may cast significant doubt about the ability of Pounder Venture Capital Corp. to continue as a going concern.

May 1, 2017

Parker Simone LLP.

Pounder Venture Capital Corp.
(A Capital Pool Corporation)

Statements of Financial Position

As at December 31,	**2016**	2015
Asset		
Current Asset		
Cash	**$ 4,043**	$ 3,319
Liabilities and Shareholders' Equity		
Current liabilities		
Trade payables and accrued liabilities *(note 7)*	**$ 271,575**	$ 133,892
Shareholders' Equity		
Share capital *(note 5)*	**739,511**	739,511
Reserves *(note 6)*	**79,200**	79,200
Deficit	**(1,086,243)**	(949,464)
	(267,532)	(130,753)
	$ 4,043	$ 3,139

Nature and continuance of operations *(note 2)*
Subsequent events *(note 11)*

Approved by the Board of Directors on May 1, 2017

(signed) *"Thomas A. Patterson"*, Director

(signed) *"Steven M. Mintz"*, Director

Pounder Venture Capital Corp.
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Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31,	2016	2015
Expenses		
Listing and filing fees	**$ 37,240**	$ 11,548
General and administrative	**3,496**	2,638
Professional fees (recovered) *(note 7)*	**57,209**	(83,314)
Financing fees (recovered) *(note 7)*	**38,834**	(22,600)
Net income/(loss) and comprehensive income/(loss)	**$ (136,779)**	$ 91,728
Net profit/(loss) per share – basic and diluted	**$ (0.02)**	$ 0.01
Weighted average number of shares outstanding – Basic and fully diluted	**7,147,690**	7,147,690

Pounder Venture Capital Corp.
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Statements of Changes in Equity (Deficit)

	Common Share Capital				
	No.	**Amount**	**Reserves**	**Deficit**	**Net Deficit**
Balance at December 31, 2014	7,147,690	$ 739,511	$ 79,200	$ (1,041,192)	$ (222,481)
Comprehensive income for the year		-	-	91,728	91,728
Balance at December 31, 2015	7,147,690	$ 739,511	$ 79,200	$ (949,464)	$ (130,753)
Comprehensive loss for the year				(136,779)	(136,779)
Balance at December 31, 2016	**7,147,690**	**$ 739,511**	**$ 79,200**	**$ (1,086,243)**	**$ (267,532)**

Pounder Venture Capital Corp.
(A Capital Pool Corporation)

Statements of Cash Flows

For the years ended December 31,	**2016**	2015
Cash provided by (used in):		
Operating activities		
Net Income (loss)	**$ (136,779)**	$ 91,728
Net change in non-cash working capital items		
Accounts receivable	**-**	3,475
Trade payable and accrued liabilities	**137,683**	(107,055)
	904	(11,852)
Financing activities		
Subscription proceeds received (refunded) *(note 11)*	**-**	(270,000)
	-	(270,000)
Increase (decrease) in cash	**904**	(281,852)
Cash, beginning of year	**3,139**	284,991
Cash, end of year	**$ 4,043**	$ 3,139

1. Incorporation

Pounder Venture Capital Corp. (the "Corporation") was incorporated under the Business Corporation Act (Alberta). The Corporation is classified as a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange").

The address of the Corporation's registered and head office is P.O. Box 77042 RPO HWY.7, Markham, Ontario, L3P 0C8.

2. Nature and continuance of operations

The Corporation's principal business activity is to identify and evaluate opportunities for an acquisition of an asset, assets or a business that will meet the definition of a "Qualifying Transaction" ("QT") as defined in Policy 2.4 of the Exchange.

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") with the assumption that the Corporation is able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Corporation's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of an interest in properties, assets or businesses which qualifies as a QT. Such an acquisition will be subject to regulatory approval and maybe subject to shareholder approval.

The Corporation was unable to complete such a transaction prior to the deadline, as a result, on April 2, 2012, the Corporation transferred to the NEX of the Exchange. The Corporation is currently investigating potential transactions and is attempting to raise sufficient funds through a private placement in order to continue operations.

Should the Corporation be unable to ability to raise sufficient financing to maintain operations and then be unable to complete a QT, the Corporation may be unable to realize on the carrying value of its net assets. At the date of these financial statements the Corporation closed on a Qualifying Transaction (see Note 11).

These factors raise materiality uncertainties which may cast doubt on the Corporation's ability to continue as a going concern. Management is actively pursuing a private placement subsequent to year end.

3. Summary of significant accounting policies

Basis of presentation

The financial statements of the Corporation have been prepared on an accrual basis and are based on historical costs, modified where applicable. The policies applied in these financial statements are based on IFRS as issued and outstanding as of May 1, 2017, the date the Board of Directors approved the statements.

(a) Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Corporation's functional and presentation currency.

(b) Financing costs

Costs directly attributable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as prepaid expenses. These costs will be deferred until the issuance of the shares to which the costs related, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

(c) Share-based payment transactions

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual that is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(d) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. Summary of significant accounting policies (continued)

(e) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent the Corporation does not consider it probable that a deferred tax asset will be recognized, it provides a valuation allowance against that excess.

(f) Significant accounting judgments and estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. The Corporation's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of such estimates could be pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised and the revision affects both current and future periods. Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the determination of the fair value measurements for financial instruments and share-based compensation and other share-based payments.

The preparation of financial statements in accordance with IFRS requires the Corporation to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Corporation's financial statements include:

- The assessment of the Corporation's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- The classification of financial instruments.
- Expected volatility for share-based payments based on a peer group of companies.

3. Summary of significant accounting policies (continued)

(g) Financial instruments

Financial assets:
All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities:
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities:
Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs. Thesel liabilities are subsequently measured amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

De-recognition of financial liabilities:
The Corporation derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

(h) Financial instruments

Impairment of financial assets:
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impairment when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty: or default or delinquency in interest or principal payments; or the likelihood that the borrower will enter bankruptcy or financial re-organization.

3. Summary of significant accounting policies (continued)

(h)Financial instruments (continued)

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:
Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). As of December 31, 2016 and 2015, cash is recorded at fair value on the statement of financial position.

(i) Financial instruments (continued)

(a) Future accounting pronouncements

The following pronouncements and amendments are effective for annual periods beginning on or after January 1, 2016 unless otherwise stated. Adopting these standards is expected to have minimal or no impact on the financial statements.

i) IFRS 9 - Financial Instruments: is intended to replace IAS 39 Financial Instruments: Recognition and Measurement and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. For financial liabilities designated at fair value through profit or loss, a Company can recognize the portion of the change in fair value related to the change in the Company’s own credit risk through other comprehensive income (loss) rather than profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39, and incorporates new hedge accounting requirements. The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management is currently assessing the potential impact of the adoption of IFRS 9 on the Company’s financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have material impact on the Corporation.

4. Accounts payable and accrued liabilities

The usual credit period taken for trade payables in between 30 and 90 days. Accounts payable and accrued liabilities as of December 31, 2015 and 2014 consist of the following:

	2016	2015
Trade accounts payable	**$ 252,275**	$ 128,892
Accrued liabilities	**19,300**	5,000
	$ 271,575	$ 133,892

5. Share capital

The Corporation's authorized share capital consists of an unlimited number of common shares.

Escrow

The Corporation has 3,245,000 (2015 – 3,245,000) common shares subject to an escrow agreement whereby 10% of the shares will be released upon completion and approval of the Corporation's qualifying transaction. An additional 15% of the escrowed common shares will be released on each 6 month anniversary thereafter unless otherwise permitted by the Exchange. Common shares issued upon the exercise of options held by officers and directors are subject to the same escrow conditions.

6. Reserves

Share option plan

The Corporation has adopted an incentive share option plan which provides that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of completion of the IPO. Such options will be exercisable up to five years from the date of grant. The fair value of each option grant will be estimated on the date of grant using the Black-Scholes option pricing model.

Notwithstanding anything to the contrary in the share option plan, any options granted prior to the issuance of a final exchange bulletin must comply with the CPC Policy, including without limitation the restriction from granting options prior to the completion of the Qualifying Transaction to optionees providing investor relations services to the Corporation.

Any common shares acquired pursuance to the exercise of options prior to the completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

6. Reserves (continued)

A summary of the reserves as at December 31, 2016 and 2015, and the changes during the years then ended is as follows:

	2016		2015	
	Number of options	**Fair value recorded**	Number of options	Fair value recorded
Balance, beginning of year	**519,769**	**$ 79,200**	519,769	$ 79,200
Expiry of stock options	**-**	**-**	-	-
Expiry of finders warrants	-	**-**	-	-
Balance, end of year	**519,769**	**$ 79,200**	519,769	$ 79,200

The outstanding options, which were fully vesting upon their issuance, have an exercise price of $0.10 per share and will expire on July 24, 2018.

7. Related party transactions

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties. The following related party transactions were incurred during the years ended December 31, 2016 and 2015:

- The total balance outstanding to related parties as at December 31, 2016 is $216,410 (2015 - $102,230).

- During the year ended December 31, 2015, the Corporation received a $22,600 credit towards the outstanding financing fees payable to a company for which a director of the Corporation is Chairman. The credit was in relation to the concurring private placement for the potential Qualifying Transaction that was abandoned in 2015.

- During the year ended December 31, 2015, accounting services of $705 were paid to a company related to one of the Corporation's shareholders. As of December 31, 2016, the Corporation owes this company $2,400 (2015 - $2,400), which is included in accounts payable and accrued liabilities.

8. Financial instruments

As at December 31, 2016 and 2015 the Corporation's financial instruments are cash, and accounts payable and accrued liabilities. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to the short-term nature and negligible credit losses. These financial instruments are classified as follows:

- Cash - Level 1 fair value measurement
- Trade payable and accrued liabilities – other financial liability

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and cash equivalents is exposed to credit risk, however the risk is deemed small because the counterparty is a highly rated bank. The Corporation's accounts receivable is exposed to credit risk, however the risk is deemed small because of the credit worthiness of the counterparty.

b) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation's accounts payable and accrued liabilities are all current and due within 90 days of the statement of financial position date. The Corporation ensures that it has sufficient capital to meet short term financial obligations after taking into account cash and cash equivalents on hand.

9. Capital management

The Corporation's objectives when managing capital which has not changed during the years ended December 31, 2016and 2015 are:

- To safeguard the Corporation's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Corporation includes equity in the definition of capital. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Pursuant to Exchange policies, the maximum amount of cash the Corporation may spend for purposes other than identifying and evaluating assets or business projects is the lower of 30% of the gross proceeds raised from the issuance of shares or $210,000. For the Corporation, the maximum amount is $210,000.

10. Income taxes

(i) Income tax expense

The following is a reconciliation of the statutory combined federal and provincial income taxes to the effective incomes taxes for the years ended December 31, 2016 and 2015.

	2016	2015
Income (loss) before income taxes	**$ (136,779)**	$ 91,728
Statutory income tax rate	**26.50%**	25.0%
Expected income tax (recovery)	**(38,000)**	23,000
Increase in income taxes resulting from:		
Non-deductible expenses		-
Change in tax benefits not recognized	**38,000**	(23,000)
Income tax (recovery)	**$ -**	$ -

(ii) Deferred income taxes

The temporary differences that give rise to deferred income tax assets and liabilities are presented below:

	2016	2015
Deferred income tax assets		
Amounts related to tax loss carry-forwards	**$ 305,000**	$ 254,000
Share issuance costs	**2,000**	4,000
	307,000	258,000
Less: Tax benefits not recognized	**(307,000)**	(258,000)
	$ -	$ -

(iii) Loss carry-forwards

The Corporation has non-capital loss carry-forwards, the benefit of which has not been reflected in these financial statements, which may be utilized against future non-capital earnings as follows:

Year of expiry	
2030	**$ 34 ,000**
2031	**143,000**
2032	**172,000**
2033	**183,000**
2034	**483,000**
2036	**137,000**
	$ 1,152,000

11. Subsequent events

On April 18, 2017, the Company in contemplation of the Amalgamation with former Pool Safe Inc. (“Former PSI”), changed its name from Pounder Venture Capital Corp to Pool Safe Inc. (“PSI” or the “Company”). In effect a four-for-one consolidation of the Company’s common shares (“post consolidation shares”) took place on April 18, 2017 after the change of name.

Immediately following these changes the Former PSI amalgamated with 2570184 Ontario Inc. (a wholly owned subsidiary of PSI formed solely for the purpose of facilitating the Qualifying Transaction). In accordance with the terms of the Qualifying Transaction, The Company purchased all of the issued and outstanding shares of the newly amalgamated Former PSI on the basis of 28 post consolidation shares for each one of Former PSI’s shares outstanding immediately prior to the Qualifying Transaction. In addition, the Company issued warrants exercisable to purchase post consolidation shares in exchange for Former PSI’s warrants on the basis of 28 warrants for each Former PSI warrant outstanding immediately prior to the Qualifying Transaction. Each new warrant will be exercisable at a price of $0.178 for a period of two years from April 18, 2017.

The Company also completed its concurrent financing with the Qualifying Transaction, raising gross proceeds of approximately $1.2 million through the sale of 147,448 Subscription Receipts and 247,268 Unit of the Company both at a price of $3.17 per Subscription Receipt,. Each Subscription Receipt shall be automatically exchanged for one Unit for no additional consideration. Each Unit shall consist of one common share and one-half common share purchase warrant. Each full Warrant is exercisable to acquire one common share at a price of $5.00 per common share for a period of two years from the escrow release date. In the event that the closing price of the Company’s shares is at least $6.00 for a minimum of twenty consecutive days, the Company, at its sole discretion, may provide written notice to holders of the Warrants that the exercise period of the Warrants is reduced to thirty days from the date of notice, after which period the unexercised Warrants will expire.

In connection with the subscription financing, Echelon Wealth Partners (the “Agent”) received a cash commission of 7% of the gross proceeds raised under the subscription receipts and non-transferable compensation options to acquire in aggregate the number of units which is equal to 7% of the number of subscription receipts issued. Each such Agent option is exercisable to purchase one unit at a price of $3.17 for a period of 24 months from April 18, 2017. In connection with the unit financing, 2% cash commission of the gross proceeds was paid and issuance of compensation options equal to 2% of the total units sold.