



## **Management Discussion and Analysis**

**June 30, 2025**

## ***Introduction***

The following is Management's Discussion & Analysis (the "MD&A") of the consolidated financial position and results from operations of Pool Safe Inc. (the "Company" or "Pool Safe") for the six-months ended June 30, 2025 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, 2024.

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, 2024 and December 31, 2023, 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.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

During the year ended December 31, 2017, the Company became a reporting issuer in Ontario, British Columbia and Alberta as explained in the Overview section. The common shares of the Company are listed for trading on the TSX-Venture Exchange (the "TSX-V") under the trading symbol POOL. This MD&A is dated as of August 27, 2025, and information contained herein is presented as of that date, unless otherwise indicated.

## ***Additional Information***

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at [www.sedarplus.ca](http://www.sedarplus.ca).

## ***Overview***

Pool Safe Inc. was a privately held corporation, incorporated on October 27, 2011 pursuant to the Business Corporations Act (Ontario). On April 24, 2017, Pool Safe completed its listing requirements and became a public company trading on the TSX-V.

In 2022, the Company completed a strategic review and create a marketing plan that included rebranding and relaunching the PoolSafe product along with identifying and adopting a new CRM (customer relationship management) platform that will enable the Company to develop an ideal sales process map that will lead to new marketing and sales initiatives.

The Company hired 7 Communications to develop a fresh suite of marketing tools for a rebranded PoolSafe product including:

- Development of a new, foundational brand platform that consists of a strategic narrative, a compelling product name and a complete identity package;
- A redesign of the Company's website that will leverage the new brand platform, feature enhanced content and focus on inbound lead conversion, and;
- Creation of photographic, video and brochure content that can be leveraged in multiple sales channels.

On November 15, 2022, the PoolSafe was rebranded as "LounGenie" and the product was relaunched at the IAPPA Expo (International Association of Amusement Parks and Attractions) in Orlando, Florida.

The Company drives incremental revenues for hotels, resorts, waterparks and cruise lines, while increasing the guest experience and satisfaction. The premium multi-purpose LounGenie product is a functional piece of furniture installed in VIP cabanas and exclusive indoor and outdoor lounge areas and premium seating. The LounGenie features a service call button, a lockable and secure compartment for guest electronics and valuables, a USB solar panel charger as well as an ice bucket, beverage holders and storage compartment. These features fill a need in their guests' out-of-room experiences and can create multiple resort revenue sources from daily rentals and incremental food and beverage sales. LounGenie is a solutions-based approach to driving revenue at the Company's partner sites while providing a product that fulfills their guest's security and service support needs and wishes.

The Company's primary source of revenue comes from its revenue share partnerships. Under this model Pool Safe and its clients create a partnership through a four-year Revenue Share Agreement ("RSA"). There is no upfront capital cost to the Company's client/partners but rather the revenue earned through VIP seating or cabana rentals is shared. With this, the Company also offers a data broadcast system ("DBS") for the LounGenies service call button system which is available on all units. The DBS includes a 22-inch touch screen, and applications installed in the client/partners food and beverage area. The touch screen alerts their staff when a guest has pressed the LounGenie service call button and will track server response times once initiated. Each LounGenie is unique, thus enabling the Company's client/partners to respond directly to their guests' needs. The LounGenie also provides for branding and customization opportunities. Each LounGenie comes with a branded lift-lid and a branded safe door and can be equipped with media type wrapping upon request. In summary, the LounGenie provides its client/partners with additional revenue streams including product rental fees within VIP areas or premium seating, an increase in food and beverage orders and service response times as well as optional media advertising. The Company also sells the LounGenie unit and DBS outright.

### **Key Performance Indicators**

Key performance indicators that the Company uses to manage the business and evaluate its financial results and operating performance include new client additions, 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***

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 was due December 31, 2023 bearing 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. On December 29, 2023 the TSX Venture Exchange accepted an amendment with respect to the Company's \$500,000 senior secured loan. Pursuant to the amendment, the repayment date of the debenture and the expiry date of the bonus warrants were extended until Dec. 31, 2024. On December 19, 2024 the Company announced an extension of the repayment day of the senior secured debenture to December 31, 2025. All other terms loan remained unchanged. The

Company also announced the extension of the expiry date of a total of 1,600,000 outstanding common share bonus warrants to December 31, 2025 with all other terms of the warrants remaining unchanged.

On July 13, 2022 the Company concluded an agreement with Intrexa Ltd. to amend the parties' Credit Agreement by increasing the line of credit to \$3.5 million from the current \$1 million. The Amendment is at a decreased interest rate of 8% annually from 10% and includes a multi-year term extension.

On August 31, 2022, the Company announced the closing of the first tranche of a previously announced non-brokered debenture financing, being the issuance of 675 Debenture Units for gross proceeds of \$675,000. On November 10, 2022, the Company announced the closing of the final tranche of the financing, being the issuance of 130 Debenture Units for gross proceeds of \$130,000. Each Debenture Unit consists of (a) one \$1,000 face value debenture ("Debenture"), and (b) 28,500 common share bonus warrants of the Company (the "Financing Warrants"). The Debentures mature thirty-six months from the date of the issuance, and bear interest at a rate of eight percent (8%) per annum. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.05 for a period of 36 months from the closing date of the Debenture Financing (the "Closing Date"). If at any time the Common Shares trade at higher than \$0.15 per Common Share (on a volume weighted average basis) for a period of 20 consecutive trading days (the "Early Expiry Event"), the Company has the right to accelerate the expiry date of the Financing Warrants by providing the holder with written notice of an Early Expiry Event (the "Early Expiry Notice"). The period whereby the holder is entitled to exercise any portion of outstanding Financing Warrants shall expire 30 calendar days following the date on which the company provides Early Expiry Notice to holders. Furthermore, if a portion of the Debentures are repaid during the first year following the Closing Date, a proportional number of the Financing Warrants shall have their term reduced to the later of one year from the Closing Date and 30 days from repayment of that portion of the Debenture. The lead investor (the "Lead Investor") of the Debenture Financing has their Financing Warrants expire on the date that is 37 months after the Closing Date. The Lead Investor shall also have an Early Expiry Date of 60 calendar days following the date on which the Company provides Early Expiry Notice.

On June 1, 2023, the Company announced the closing of a \$420,000 tranche of the non-brokered debenture financing, being the issuance of 420 Debenture Units. On June 30, 2023, the Company announced the closing of a \$670,000 second tranche of the non-brokered debenture financing, being the issuance of 670 Debenture Units. Subsequent to the end of the second quarter, the Company announced on July 6, 2023, the closing of a third and final tranche of \$50,000 of the non-brokered debenture financing, being the issuance of 50 Debenture Units.

In late 2023, Pool Safe launched the development of new software and firmware for the LounGenie. The continued evolution of the software will ensure greater functionality and enable two-way data transfers, making the LounGenie an IoT ("Internet of Things") device. As an IoT enabled appliance, the LounGenie will be able to collect usage information and deposit it into an archive in the Cloud, for mining and potential monetization of the data. The new software will also be able to monitor and manage battery health of the LounGenie, the call button system and connectivity. For the Company's portfolio of current and future revenue share partnerships, the LounGenie'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 and is embedded within the LounGenie and does not require the property to add or make changes to their current infrastructure.

The LounGenie will be able to provide the Company with real-time data usage information as well as enable remote deployment of new software upgrades. This plug and play solution will also allow for remote configuration and monitoring. To monitor each LounGenie's activity, the Company simply logs into a private and secure portal from its Canadian head office. The new software and hardware will enable the Company to scale its deployments and grow without limitations. The development and completion of the new LounGenie software and hardware was expected in Q2 2024 but due to the continued evolution and incorporation of software technologies, the Company

now expects the completion to occur sometime in Q3 2025.. The Company is extremely pleased with the new and updated features and will continue to add new services to its already feature-rich design.

The Company has been building an order book for new LounGenie units and in Q4 2023 signed a Master Service Agreement with PYEK Group. Under the terms of the agreement, two of three new waterparks are expected to receive 94 units for the start of their 2024 season. The Company currently has two revenue share partnerships with Cowabunga Las Vegas for a total of 91 units which were included in the new Master Service Agreement. The Company expects to add a fifth waterpark to the agreement sometime in Q1 2024. On March 3, 2024, the Company announced it had signed a Master Service Agreement with an operator of leisure centres across North America. The Company will provide its new partner with 331 LounGenie units across 10 of its United States-based water parks. In Q1 and Q2 2024, the Company upgraded over 300 in-service LounGenie units with new waterproof locks and doors. This will improve the locks' overall usability for both our partners and their customers. Many of these sites also received a slight modification to the unit's software in order to provide greater connectivity and improved battery drawdown and storage. The Company started the 2024 season with 781 units under existing RSA's and installed an additional 545 new RSA units, bringing the total LounGenie units in-service to 1,326.

In the third quarter, a longstanding client returned 18 of their 56 LounGenie units due to the reconfiguration of their premium seating area. In addition, 13 units were returned from a partner site as their contract expired and the site could no longer support the program.

In the fourth quarter, 93 LounGenie units were returned to the Company due to the expiry of two Revenue Share Agreements ("RSA"). The non-renewal was in part due to the change of management at one site and the corporate restructuring of a second site. In addition, a longstanding partner reconfigured their premium seating area and reduced the number of LounGenie units required. This brings the total LounGenie units in service at the end of 2024 to 1,202.

The Company attended several industry tradeshows in Q4 2024 and received a strong and favorable response to its LounGenie product. The Company is expecting to place up to 800-1,000 new units into service over the next 12-15 months.

In Q1 2025, the Company upgraded more than 300 in-service LounGenie units with new waterproof locks and doors. These upgrades greatly improve the locks' overall usability for both our partners and their customers. The enhancement initiative by the Company is now complete and all in-service LounGenie units have now been upgraded. During the quarter the Company installed 91 LounGenie units under new RSA's and in Q2 2025 the Company added an additional 104 units. At the end of Q2 2025, the total LounGenie units in service 1,397.

Also in the fourth quarter, 23,345,000 warrants were exercised for common shares, generating cash of \$1,167,250. Proceeds from this conversion were used to retire \$790,000 worth of Debentures in the fourth quarter.

In Q2 2025, 19,950,000 warrants were exercised for 19,950,000 common shares, generating cash of \$997,500. Proceeds from this conversion were used to retire the \$300,000 Promissory Note and accrued interest, to retire \$500,000 of Debentures and accrued interest, and for general corporate purposes.

### **Selected Financial Information**

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

	Year Ended December 31, 2024 \$	Year Ended December 31, 2023 \$	Year Ended December 31, 2022 \$
Total revenue	1,393,314	960,408	706,918
Cost of sales	795,051	613,716	394,794
Operating costs	1,436,350	1,222,102	1,025,810
Net and comprehensive loss	(838,087)	(875,410)	(713,686)
Total assets	1,576,763	1,520,182	1,220,904
Total liabilities	2,723,636	3,087,798	2,233,196
Total equity (deficiency)	(1,146,873)	(1,567,616)	(1,012,292)
Shares outstanding, end of period	113,574,750	89,979,750	89,229,750
Weighted average shares outstanding	90,981,503	89,924,270	89,229,750
Net loss per share	(0.01)	(0.01)	(0.01)

### 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 Profit (Loss)	Profit (Loss) Per Share	Weighted Average Shares Outstanding
June 30, 2025	\$ 152,058	\$ 2,619,776	\$ 448,999	\$ (21,153)	\$ (0.000)	126,653,083
March 31, 2025	91,523	3,284,901	78,905	(441,656)	(0.004)	113,574,750
December 31, 2024	156,031	2,695,944	27,158	(566,506)	(0.006)	93,308,212
September 30, 2024	242,505	1,213,191	764,074	138,389	0.003	90,029,201
June 30, 2024	74,331	1,237,807	499,913	47,035	0.001	89,979,750
March 31, 2024	473,228	1,248,828	102,169	(457,005)	(0.005)	89,979,750
December 31, 2023	306,441	1,231,343	58,630	(367,783)	(0.004)	89,979,750
September 30, 2023	522,538	1,238,909	487,181	(116,394)	(0.001)	89,979,750
June 30, 2023	801,248	1,213,266	322,484	(61,190)	(0.001)	89,979,750

### Three-month periods ended June 30, 2025 and June 30, 2024

The net loss for the three-month period ended June 30, 2025 was \$21,153 (June 30, 2024 – profit of \$47,035).

Revenue decreased slightly in Q2 2025 as compared to Q2 2024. This was largely due to turbulent weather throughout the United States. Corporate activity in the waterpark sector also contributed to the decline, but the Company believes this is a one quarter event. The Company is experiencing significant interest in its product, which is expected to result in substantially more units in service in the near future. Management continues to believe that these assets will deliver future profits as they enter service with its revenue share partners. Revenue sharing opportunities continue to be the driver of greater future sales.

Sales of \$448,999 in Q2 2025 decreased compared to \$499,913 in Q2 2024. The decrease was primarily due to bad weather throughout South Central region of the United States in addition to corporate activity, such as M&A, in the waterpark sector. The Company has focused a considerable amount of their marketing targeting jurisdictions and sites that are either all year round or have inverse seasonality.

The Cost of Sales of \$186,750 in Q2 2025 was up compared to \$145,065 in Q2 2024. Greater RSA units in service created increased depreciation. Also, the ramp up in demand for units has increased labour costs in the COGS as compared to Q2 2024. In early 2025, the Company provided new locks and doors, in addition to general maintenance, to over 300 units in service. These upgrades increased the Q2 2025 COGS.

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, 2025 \$	Three-Month Period Ended June 30, 2024 \$
Selling, general and administrative	137,065	144,173
Stock-based compensation	-	886
Professional fees	28,329	32,398
Investor relations and regulatory	10,098	1,895
Foreign exchange	(273)	393
Advertising and promotion	26,827	3,274
Depreciation	3,081	4,145
Gain on repayment of CERB loan	-	(20,000)
Interest on loan payable	114,275	120,649
	<u>319,402</u>	<u>307,813</u>

Operating expenses were \$319,402 for the three-month period ended June 30, 2025 (June 30, 2024 - \$307,813). Increased advertising in Q2 2025 created most of the increase in operating expenses in the 2025 quarter. Significant differences in the comparable quarters include:

- Stock-based compensation, a non-cash cost, reflects the grant of options in Q1 2024. The options were expensed in 2024.
- Professional fees and investor relations fees were increased to assist with a corporate financing in Q1 2024.
- Interest expense decreased as a portion of the debenture debt was repaid.

#### **Six-month periods ended June 30, 2025 and June 30, 2024**

The net loss for the six-month period ended June 30, 2025 was \$462,809 (June 30, 2024 - \$409,970).

The cost of sales is increasing with additional units placed into service. Reduced debt levels have resulted in decreased interest expenses as cash from warrant exercises has been used to reduce debt 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, 2025 \$	As at December 31, 2024 \$
Cash	152,058	156,031
Working capital (deficit)	(1,689,646)	(2,173,306)

The Company's principal source of liquidity as of June 30, 2025 was cash of \$152,058 (December 31, 2024 - \$156,031) and receivables of \$395,225 (December 31, 2024 - \$67,105). The working capital at June 30, 2025 was mostly created by the increase in short term debts which are expected to mature either through additional sales or other corporate means during the 2025 period. Management reduced the working capital deficit in Q2 2025 as warrants were exercised and the proceeds were used to repay \$800,000 of loans. Management expects to raise additional cash through a combination of equity, and financing arrangements for future product sales, to leave 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 will require additional capital to fund the continued growth and expansion of the business.

### **Going concern**

The consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's ability to continue in the normal course of operations is dependent on its ability to raise equity or debt financing or through the sale of its products at a profit. Since its inception the Company has incurred losses which as of June 30, 2025 totaled \$7,837,199. In addition, the Company had working capital deficit in the amount of \$1,689,646 at June 30, 2025. There are no assurances that the Company will be successful in achieving these goals. These circumstances cast significant doubt on the Company's ability to continue as going concern and ultimately on the appropriateness of the use of the accounting principles applicable to a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material.

### **Other Assets (net)**

	As at June 30, 2025 \$	As at December 31, 2024 \$
Equipment	161,172	180,260
Revenue share assets	921,108	873,865
	1,082,280	1,054,125

Equipment decreased in the first half of 2025 due to depreciation. In Q1 2025, the Company added 91 LounGenie units under new RSA while retiring 6 units from service. In Q2 2025, the Company added 103 LounGenie units under new RSA.

Equipment represents manufacturing equipment and moulds, and the ROU lease asset for the premises. Revenue share assets are LounGenie units placed into service on a revenue sharing basis.

### **Liabilities**

	As at June 30, 2025 \$	As at December 31, 2024 \$
Trade payables and other	218,560	194,551
Current portion of lease liability	53,763	75,337
Current portion of loans	2,347,453	2,426,056
	2,619,776	2,695,944
Lease liability	-	27,692
Loan payable	-	-
	2,619,776	2,723,636



In the period ended June 30, 2025, trade payables and accruals increased with increased activity. Accruals for interest payments and professional fees were steady. Debt decreased with repayments of debentures and increases with draws against the revolver credit facility. As the Company currently makes quarterly interest and principal payments of 45% of RSA revenue, the Line of Credit balance at June 30, 2025 is expected to be repaid within 12 months. Debenture loans were reduced to \$1,105,000 with a \$50,000 repayment in Q1 2025, a \$500,000 repayment in Q2 2025, with the remaining balance included in current liabilities. Further, the Company repaid a \$300,000 Promissory Note in Q2 2025. Interest expense in 2025 reflects increased accretion of warrants issued as a cost of debt, which reports as interest expense, due to the repayment of the debenture.

### Common Shares

Common Shares	As at June 30, 2025	As at December 31, 2024
	\$	\$
Common shares	6,475,825	5,355,555

The Company issued 19,950,000 common shares on the exercise of \$0.05 warrants in 2025.

The Company issued 250,000 common shares in 2024 on the vesting of RSUs. The Company also issued 23,345,000 common shares on the exercise of \$0.05 warrants in 2024.

### Outstanding Share Data

Shares existing at the date of this MD&A and comparative shares at June 30, 2025, and December 31, 2024 are as follows:

	August 27, 2025	June 30, 2025	December 31, 2024
Shares Outstanding	137,087,250	133,524,750	113,574,750
Warrants	10,980,000	14,542,500	36,687,500
RSU's	4,400,000	4,400,000	4,400,000
Options	3,900,000	3,900,000	8,361,487
Total	156,367,250	156,367,250	163,023,737

During Q2 2025, 19,950,000 warrants were exercised for 19,950,000 common shares. The Company received proceeds of \$997,5000 from the exercises, which were used to repay the \$300,000 Promissory Note and accrued interest, in addition to the retirement of \$500,000 of Debentures and accrued interest. The balance was used for general corporate purposes.

Subsequent to June 30, 2025, 3,562,500 warrants were exercised for 3,562,500 common shares. The Company received proceeds of \$178,100 from the exercises, which will be used for general corporate purposes.

### Related Party Transactions

The following is a summary of the Company's related party transactions during the periods ended June 30, 2025 and 2024, 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:

	<b>Six-month period ended</b>	
	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Short-term employee benefits, including salaries and fees	\$ 130,000	\$ 133,125
Stock-based compensation	-	52,784
	<b>\$ 130,000</b>	<b>\$ 185,909</b>

Stock-based compensation of \$52,784 was granted to related parties via the issuance of 500,000 options in the period ended March 31, 2024 and 3,100,000 options in the period ended December 31, 2023. The Company also granted 4,600,000 RSU's to related parties and these will be expensed when vested.

Balances of \$Nil (December 31, 2024 - \$nil) were due to related parties at June 30, 2025.

### **Material Accounting Policies and Estimates**

The Company's material accounting policies are disclosed in Note 3 to the financial statements for the period ended June 30, 2025. 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 year.

### **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 "LounGenie". 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 will need to raise additional cash through a combination of equity and debt, to finance current and future operations, as the Company is not yet self-sustaining.

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, 2025. 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.

### **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.