

**POOL SAFE INC. (FORMERLY POUNDER VENTURE CAPITAL CORP.)**  
**FORM 51-102F1**  
**ANNUAL MANAGEMENT'S DISCUSSION & ANALYSIS**

This management's discussion and analysis ("**MD&A**") dated May 1, 2017 is in respect of the years ended December 31, 2016 and 2015 for Pool Safe Inc. (formerly Former Pounder Venture Capital Corp.) ("**Former Pounder**" or the "**Corporation**"). This MD&A should be read in conjunction with the audited financial statements for the years ended December 31, 2016 and 2015.

The audited financial statements of the Corporation for the years ended December 31, 2016 and 2015 and have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as of April 30, 2017

### **Forward-Looking Statements**

This MD&A contains forward-looking statements with respect to Former Pounder 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 Corporation 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 Corporation 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 Corporation does not intend, and assumes no obligation, to update the forward-looking statements contained herein.

### **Overall Performance**

Pool Safe Inc. (formerly Pounder Venture Capital Corp.) was a Capital Pool Corporation as defined in Policy 2.4 of the TSX Venture Exchange (the "**Exchange**"). The Corporation's principal business was to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

On April 18, 2017, as described below under "Business Update", the Corporation completed its qualifying transaction (the "**Qualifying Transaction**") with Pool Safe Inc. ("**Former Pool Safe**"). The Qualifying Transaction involved a three-cornered amalgamation in which Former Pool Safe amalgamated with a new wholly owned subsidiary of the Corporation, 2570184 Ontario Inc. ("**AcquisitionCo**") formed solely for the purpose of facilitating the transaction (the "**Amalgamation**"). Immediately prior to the completion of the Qualifying Transaction, the Corporation changed its name to Pool Safe Inc. and continued the business of Pool Safe Inc.

Pool Safe Inc. manufactures and sells a product known as the "Pool Safe", which functions as a multi-purpose safe, beverage holder, and solar-powered charger for USB compatible devices including phones, cameras and tablets. The Pool Safe product is targeted towards the owners and operators of hotels, resorts and cruise ships, and is designed to provide their ultimate consumers with security, convenience and guest services.

The Corporation is listed on the Exchange trading under the symbol POOL.

### **Business Update**

On July 18, 2016, the Corporation entered into a letter of intent (the "**LOI**") with Former Pool Safe relating to a proposed business combination involving Former Pounder and Former Pool Safe. The proposed transaction was intended to constitute an arm's-length qualifying transaction for Former Pounder, as

defined in Policy 2.4 of the Exchange. The LOI provided that the Qualifying Transaction would be undertaken by way of three-corner amalgamation, pursuant to which Former Pool Safe would amalgamate with a newly formed subsidiary of Former Pounder, being AcquisitionCo, and, as such, approval of the Former Pool Safe shareholders would be required. The LOI contemplated that the shareholders of Former Pool Safe would receive 112.257 common shares of Former Pounder at a deemed issue price of 2.82 cents per Former Pounder share for each one Pool Safe common share and 112.257 warrants of Former Pounder for each Pool Safe warrant.

On April 19, 2017, the Corporation announced the completion of a concurrent financing with The Qualifying Transaction. As part of the Qualifying Transaction, the Corporation changed its name from "Pounder Venture Capital Corp." to "Pool Safe Inc." and consolidated its outstanding common shares on the basis of one post-consolidation common share for every four pre-consolidation common shares (the "**Consolidation**"). Former Pool Safe also completed a concurrent financing, raising gross proceeds of approximately \$1.25-million through the sale of 247,268 Units of Former Pool Safe at a price of \$3.17 per PSI Unit and the sale of 147,448 Subscription Receipts at a price of \$3.17 per Subscription Receipt (the "**Concurrent Financing**"). Each Subscription Receipt shall be automatically exchanged for one Unit for no additional consideration. Each Unit consists of one common share and one-half of one warrant to purchase one common share at a price of \$5 for a period of two years from the date of issuance. In the event that the closing price of the Corporation's shares is at least \$6.00 for a minimum of twenty consecutive trading days, the Corporation may, at its sole discretion, 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.

Echelon Wealth Partners Inc. acted as agent for the Subscription Receipt portion of the Concurrent Financing. In connection with the brokered portion of the Concurrent Financing, the agent received a cash commission equal to 7% of the gross proceeds raised under the brokered portion of the Concurrent Financing, as well as non-transferable compensation options to acquire in aggregate that number of PSI Units which is equal to 7% of the number of Subscription Receipts issued under the brokered portion of the Concurrent Financing. Each such PSI agent's option is exercisable to purchase, subject to adjustment in accordance with the terms of the certificate representing the PSI agent's option, one PSI unit at the price of \$3.17 for a period of 24 months from April 18, 2017.

### **Selected Financial Information**

A summary of selected financial information for the three months ended December 31, 2016 and 2015 and years ended December 31, 2016, 2015 and 2014 are as follows:

<b>Three Months Ended December 31,</b>	<b>2016</b>		<b>2015</b>	
Total revenue	\$	-	\$	-
Net income (loss) and comprehensive income (loss)		<b>(87,270)</b>		91,891
Net income (loss) per share – basic and diluted		<b>(0.02)</b>		0.01
<b>Total assets</b>		<b>4,043</b>		3,139

  

<b>Years Ended December 31,</b>	<b>2016</b>		<b>2015</b>		<b>2014</b>	
Total revenue	\$	-	\$	-	\$	-
Net income (loss) and comprehensive income (loss)		<b>(136,779)</b>		91,728		(474,869)
Net income (loss) per share – basic and diluted		<b>(0.02)</b>		0.01		(0.07)
<b>Total assets</b>		<b>4,043</b>		3,139		288,466

For the years ended December 31, 2016, 2015 and 2014, the Corporation reported no discontinued operations and did not declare any cash dividends.

### **Results of Operations**

For the three months and years ended December 31, 2016 and 2015, the Corporation (recovered)/incurred expenses of \$87,270 (2015 – (\$71,899)). In 2016 professional fees expense was \$35,999 whereas in 2015 the Corporation had a recovery of professional fees expenses in 2015 was \$(87,195).

### **Liquidity**

As at December 31, 2016, the Corporation has a working capital deficiency of \$267,532 (2015 - \$130,753). Although Management knows that the Corporation does not have sufficient cash for the Corporation to meet its ongoing obligations, Management believes that it can raise additional financing to eliminate this deficiency in order to complete a Qualifying Transaction.

### **Capital Resources**

There are no commitments for capital expenditures as at December 31, 2016. 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 \$210,000.

### **Off-Statement of Financial Position Arrangements**

There are no off-statement of financial position arrangements as at December 31, 2016.

### **Critical Accounting Policies and Estimates**

#### 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.

### **Critical Accounting Policies and Estimates (continued)**

#### 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.

#### 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.

## **Recent Accounting Pronouncements**

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period. These standards have been assessed to not have a significant impact on the Corporation's financial statements:

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 Company.

## **Transactions with Related Parties**

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 total balance outstanding to related parties as at December 31, 2016 was \$216,410 (2015 — \$102,230)

## **Financial Instruments and Other Instruments**

The Corporation's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. It is management's opinion that the Corporation 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. See Note 8 to the financial statements for further discussion on the Corporation's financial instruments and associated risks.

## Disclosure of Outstanding Share Data

As at December 31, 2016, the Company had 7,147,690 common shares issued and outstanding and 519,769 stock options exercisable into one common share of the Corporation at an exercise price of \$0.10. As at the date of this MD&A, the Company had 54,295,763 common shares issued and outstanding, 5,519,020 common share purchase warrants exercisable into one common share of the Corporation, and 129,942 stock options. Broker warrants were also issued to Echelon Wealth Partners Inc. pursuant to the Concurrent Financing, which are exercisable into 427,476 units, with each unit comprising one common share in the Corporation and a one half of one common share purchase warrant in the Corporation. The difference in capitalization as at December 31, 2016 and as at the date of this MD&A results from the Qualifying Transaction (including the Consolidation) and the Concurrent Financing. See "Business Update".

## Selected Annual and Quarterly information

	2016	2016	2016	2016	2015	2015	2015	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss for the period	(87,270)	(27,346)	(12,562)	(9,601)	71,899	(4,133)	(9,833)	(5,863)
Net loss per share	(0.02)	(0.00)	(0.00)	(0.00)	0.01	0.00	(0.00)	(0.00)
Total assets	4,043	18,149	7,466	2,849	3,139	5,434	11,671	26,940

## Outlook

The Corporation's principal objective is a continuation of managed growth developing quality new business opportunities while maintaining high development standards. The Corporation 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.

Reference is made in this MD&A to the Corporation's financial statement disclosure for the relevant periods filed on the SEDAR website for the Corporation at [www.sedar.com](http://www.sedar.com) where additional disclosure relating to the Corporation can also be located. Readers are strongly encouraged to review such additional disclosure.