



Management Discussion and Analysis

December 31, 2024

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 year ended December 31, 2024. This MD&A should be read in conjunction with the Company’s consolidated financial statements for its years ended December 31, 2024 and December 31, 2023, with accompanying notes to those statements for the years then ended.

The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. The Company’s consolidated financial statements for its fiscal years ended December 31, 2024 and December 31, 2023 were prepared in accordance with International Financial Reporting Standards (“IFRS”).

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 April 28, 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.

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 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.

During 2018 Pool Safe developed new hardware and software technology which enables two-way communication between the LounGenie, its DBS and the Cloud. Pool Safe is currently in the process of upgrading the LounGenie software and firmware to 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 and interior/exterior temperatures, which will allow for suggestive selling push notifications. 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 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 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 Q2 2023, the Company launched the development of new LounGenie software and hardware which it expected to have fully tested and trialed before year end. Due to the continued evolution of the software, in addition to greater functionality, the Company now expects the completion to occur sometime in the second half of 2024. Each LounGenie unit will become an IoT device that will connect to a computer gateway using the Company's existing LORA technology. The LounGenie will now 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 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.

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.

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.

Board Addition

On August 30, 2022, Nils Kravis joined the Board and was appointed Executive Chairman. Mr. Kravis is an experienced executive with knowledge in brands within the hospitality industry. On January 23, 2024, Mr. Kravis resigned from the Board.

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
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
March 31, 2023	38,028	1,306,966	92,113	(330,043)	(0.004)	89,443,794

Three-month periods ended December 31, 2024 and December 31, 2023

The net loss for the three-month period ended December 31, 2024 was \$566,506 (December 31, 2023 –\$367,783). Sales in the three-month period ended December 31, 2024 were \$27,158 as site attendance traditionally slows during the fourth quarter. The cost of goods sold mostly reflects depreciation related to revenue share units currently in service and labour costs related to the Company’s manufacturing operations. Revenue sharing opportunities are expected to drive greater future sales.

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

	Three-Month Period Ended Dec. 31, 2024	Three-Month Period Ended Dec. 31, 2023
	\$	\$
Selling, general and administrative	159,480	91,975
Stock-based compensation	886	14,729
Professional fees	30,711	28,825
Investor relations and regulatory	3,747	2,288
Foreign exchange	(10,370)	734
Advertising and promotion	67,700	41,584
Depreciation	10,285	4,060
Interest on loan payable	160,355	68,002
	<u>422,794</u>	<u>252,197</u>

Operating expenses were \$422,794 for the three-month period ended December 31, 2024 (December 31, 2023 - \$252,197). The Q4 2023 selling, general and administration costs included \$67,700 of advertising for trade shows in the quarter. These shows are critical for establishing contacts which lead to future installations of units. The interest expense increase in Q4 2024 reflected increased interest bearing debt, and some non-cash interest expenses which were recognized on repayment of the debentures. The Company expects its interest payment obligations to decrease as a result of the retirement of debentures at year end.

Revenue decreased to \$27,158 in Q4 2024 as compared to \$58,630 in Q4 2023. The decrease was primarily a result of bad weather and the reduced units in seasonally favorable areas. The Company, however, experienced significant interest in its product throughout the year, which is expected to result in considerably more units in service in 2025. 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.

The Cost of Sales of \$170,870 in Q4 2024 was reduced slightly compared to \$174,216 in Q4 2023. While an increase in RSA units in service created increased depreciation, Q4 2024 saw a return of a number of units, resulting in a larger related disposal cost. In addition, the increase in demand for the LounGenie units has increased labour costs in the COGS as compared to Q4 2023. The 2023 COGS reported a significant charge for software upgrades and refurbishment of some units.

Years ended December 31, 2024 and December 31, 2023

The net loss for the year ended December 31, 2024 was \$838,087 (December 31, 2023 - \$875,410). Sales in 2024 increased substantially as compared to 2023, with more units placed into service. Unit revenue can be affected by weather trends and patterns geographically.

Greater debt levels have resulted in increased interest expenses. The fourth quarter saw a debenture repayment of \$790,000, which will decrease interest expense going forward.

During 2024, the Company installed 545 new units, a significant increase in revenue generating units.

Operating costs have returned to more normal pre-COVID levels, resulting in increased revenues and increased opportunities to place additional revenue share assets with our partners. Interest expenses in 2024 included a greater non-cash component (\$183,277 vs. \$100,057) than in 2023, mostly related to convertible debentures issued in the second half of 2022 and the first half of 2023. Repayments in 2024 also resulted in additional non-cash interest expenses in 2024.

Pool Safe continues to see greater interest from the hotel, resort and waterpark customers. The Company expects to grow its sales force through establishing additional distribution relationships within the hospitality industry. This will likely enable the Company to more effectively penetrate the North American and global marketplace.

Expenses in 2024 increased from 2023, mostly due to the non-cash component of interest expense. Otherwise, comparable costs were stable year-over year. The following table sets forth a summary of the Company's operating expenses by category for the years:

	Year Ended Dec. 31, 2024	Year Ended Dec. 31, 2023
Selling, general and administrative	\$ 602,078	\$ 517,632
Stock-based compensation	62,944	92,761
Professional fees	127,920	121,106
Regulatory fees	14,896	26,918
Advertising and promotion	92,986	99,473

Depreciation	35,434	13,804
Foreign exchange	(10,019)	(4,684)
Interest on loans payable	510,111	355,092
	<u>\$ 1,436,350</u>	<u>\$ 1,222,102</u>

Operating expenses were \$1,436,350 for the year ended December 31, 2024 (December 31, 2023 - \$1,222,102). Significant differences in 2024 as compared to 2023 include:

- Interest expense includes non-cash accretion expense of \$183,277 (2023 - \$100,057) related mostly to the debenture obligations. Cash interest relates to the coupon on the various loans.
- Stock-based compensation increased in 2024 due to continued expense as 2023 options vest and to options issued in 2023.

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 December 31, 2024 \$	As at December 31, 2023 \$
Cash	156,031	306,441
Working capital (deficit)	(2,173,306)	(444,362)

The Company's principal source of liquidity as of December 31, 2024 was cash of \$156,031 (December 31, 2023 - \$306,441) and receivables of \$67,105 (December 31, 2023 - \$33,288). The working capital at December 31, 2024 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 expects to raise cash through a combination of equity, and financing arrangement 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 substantial 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 inception the Company has incurred losses which as of December 31, 2024 totaled \$7,374,390. In addition, the Company had working capital deficit in the amount of \$2,173,306 at December 31, 2024. 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 December 31, 2024	As at December 31, 2023
	\$	\$
Equipment	180,260	103,512
Revenue share assets	873,865	629,689
	<u>1,054,125</u>	<u>733,201</u>

Equipment increased in the Q1 2024 period as the Company changed premises and assumed a new lease in a larger facility, to accommodate greater growth. In Q2 2024, the Company added 545 LounGenie units under new RSA while retiring 68 units from service. In Q3 2024, the Company retired 31 units from service.

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 December 31, 2024	As at December 31, 2023
	\$	\$
Trade payables and other	194,551	182,597
Current portion of lease liability	75,337	38,746
Current portion of loans	2,426,056	1,010,000
	<u>2,695,944</u>	<u>1,231,343</u>
Lease liability	27,692	-
Loan payable	-	1,856,455
	<u>2,723,636</u>	<u>3,087,798</u>

In the year ended December 31, 2024, trade payables and accruals increased with increased activity, as trade payables were within 60 days. Accruals for interest payments and professional fees were steady. Capital lease obligations were increased with the move to a larger facility. Debt increased with draws against the revolver credit facility. The Company currently makes quarterly payments of 45% of RSA revenue, so much of that facility is expected to be repaid in the next 12 months. Debenture loans of \$1,155,000 were reduced with a \$790,000 repayment in Q4 2024, with the remaining balance included in current liabilities. Interest expense in 2024 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

	As at December 31, 2024	As at December 31, 2023
	\$	\$
Common shares	<u>5,355,555</u>	<u>4,055,837</u>

The Company issued 250,000 common shares in 2024 on the vesting of RSUs. The Company issued 23,345,000 common shares on the exercise of \$0.05 warrants. The Company issued 750,000 common shares in Q1 2023, in settlement of a debt to a related party for \$22,500.

Outstanding Share Data

Shares existing at the date of this MD&A and comparative shares at December 31, 2024, and December 31, 2023 are as follows:

	April 28, 2025	December 31, 2024	December 31, 2023
Shares Outstanding	113,574,750	113,574,750	89,979,750
Warrants	16,737,500	36,687,500	60,032,500
RSU's	4,400,000	4,400,000	4,650,000
Options	3,900,000	8,361,487	7,861,487
Total	158,562,250	163,023,737	162,523,737

Related Party Transactions

The following is a summary of the Company's related party transactions during the years ended December 31, 2024 and 2023, 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:

	Year ended	
	December 31, 2024	December 31, 2023
Short-term employee benefits, including salaries and fees	\$ 263,125	\$ 199,154
Stock-based compensation	50,552	86,789
	\$ 313,677	\$ 285,943

Stock-based compensation of \$50,552 (2023 - \$86,789) 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, 2023 - \$2,354) were due to related parties at December 31, 2024. Debts of \$22,500 were settled via the issuance of 750,000 common shares in the 2023 year.

Material Accounting Policies and Estimates

The Company's material accounting policies are disclosed in Note 3 to the financial statements for the year ended December 31, 2024. 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 year ended December 31, 2024. 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.