



TINKERINE STUDIOS LTD.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2022



Ditto™ Pro 3D Printer & Tinkerine U online 3D content

Management's Discussion and Analysis of the Financial Position and Results of Operations

June 09, 2023

The following discussion and analysis regarding the financial position and results of operations provides information of the operations and financial results of Tinkerine Studios Ltd. ("the Company") that the management believes is relevant for the review, assessment and understanding the Company's audited consolidated financial statements for the year ended December 31, 2022. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited consolidated financial statements, and the accompanying notes.

Background and Description of the Business

Tinkerine Studios Ltd is one of Canada's largest designer, producer and distributor of 3D printers, with its innovative software and learning through Tinkerine. It supports the growing demand for related online educational content, storage, software and resources for 3D programs in the design market.

Tinkerine designs, manufactures and distributes 3D printers in Canada, USA and the APAC region. The Company's product offering is the Ditto Pro and Ditto Pro R which are well priced in each segment of the market, where the Company has developed a reputation for quality 3D printers and innovative and high quality, educational support for educators and design professionals and small to medium size enterprises ("SME"). As a result of the Covid-19 pandemic that impacted the world in 2020, the Company added personal protective equipment ("PPE") to its product offering.

At the beginning of this fiscal year, the Company decided to leverage its software development and business advisory resources to expand its consulting services by offering its services in areas of hardware review and analysis, software development and business advisory to clients seeking services and expertise in these areas. As a result, the Company has generated revenues of \$428,015 in fees to date. The Company continues to be a 3D hardware manufacturer and a supplier of filament.

The financial information in this MD&A is based on the Company's audited consolidated financial statements for the year ended December 31, 2022, that have been prepared in Canadian dollars, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Non-IFRS Measures

The accompanying audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in Canadian dollars. Certain supplementary information and measures not recognized under IFRS are also provided in this MD&A where management believes they assist the reader in understanding Tinkerine's results. These measures are calculated by Tinkerine on a consistent basis unless otherwise specifically explained. These measures are further explained as follows:

EBITDA - EBITDA and EBITDA margin means net earnings or losses before interest, taxes, depreciation, amortization, foreign exchange gains and losses and stock-based compensation. EBITDA and EBITDA margins are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures reported by other corporations. Management believes that this metric assists in determining the ability of the Corporation to generate cash from operations and is calculated on a consistent basis.

Cash flow from operations – means cash flow from operations before changes in non-cash operating working capital. This measure is not intended to be an alternative to cash provided by operating activities as provided in the consolidated statements of cash flows, comprehensive income or other measures of financial performance calculated in accordance with IFRS. Cash flow from operations assists management and investors in analyzing operating performance and leverage.

Overview and Highlights

The Company's principal business is the design, manufacture and distribution of 3D printers, software and related online educational content. In March 2022 the Company began offering its consulting services to clients in the areas of hardware review, software development, business development and business consulting. The Company during 2022 continued to reduce its expenses, add content and support courses through its consulting business.

- 2022 revenue of \$595,042 was an increase of 27% versus 2021 revenue of \$469,962. For 2022, we sold 43 printers versus 144 printers in 2021, a 70% decrease in the number of printers sold in 2022 versus 2021.
- The revenue of \$595,042 in 2022 was derived by geographic segment as follows: Canada - \$525,462, US - \$69,580 versus 2021 revenue of \$131,819 derived by Canada, and US - \$338,143. Canadian revenue saw an increase of 299% in 2022 compared to 2021, while the US revenue in 2022 saw a decrease of 79% compared to 2021. The United States revenue in 2021 is the result of partnering with a US based distributor, whose business is tendering for US state government tenders to supply schools in their state districts with technology including 3D printers. We did see school orders from this partner in the third quarter of 2022
- Revenue from consulting income represented 72% of the revenue ended December 31, 2022 of \$428,015 compared to nil income from this business in 2021. While we saw revenues from consulting services increase, we have seen a slowdown of 3D printer sales to the education market

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Revenue	\$595,042	\$469,962	\$340,537
Net and Comprehensive Loss	(\$77,838)	(\$521,029)	(\$537,115)
Basic and Diluted Loss per common share	\$ (0.00)	\$ (0.01)	\$ (0.01)
Number of shares outstanding (weighted avg.)	49,675,849	49,670,301	49,501,534

Earnings before interest, taxes, depreciation, amortization, foreign exchange gains and losses and stock-based compensation (EBITDA) decreased to a loss in 2022 of \$53,002 from a loss of \$246,544 in 2021, an improvement of \$193,542.

The Company's net and comprehensive loss for 2022 decreased to \$77,838 compared to the net and comprehensive loss of \$521,029 in 2021, a decrease in net and comprehensive losses of \$443,191 improvement year over year. This decrease in losses is partly attributable to the gain on convertible debentures that have been cancelled, modification of lease, and reduction in our expenses, in particular remuneration, interest and accretion, amortization stock-based compensation, and shareholders communications filing and transfer agency. Expenses that increased were Interest and accretion expense, remuneration and benefits and research and development. Our total cash expenses (total expenses net of amortization, accretion and stock-based compensation) increased to approximately \$547,837 in 2022 from \$471,564 in 2021, an increase of \$76,273 in cash expenses.

RESULTS OF OPERATION

1. Revenue

Revenue is \$595,042 for the year ended December 31, 2022 versus \$469,962 for the year ended December 31, 2021 an increase of \$125,080. The overall increase in revenue is attributed to the increase in consulting revenue, in comparison to the 2021 revenue where it was the result of fulfilment of a US contract. In addition, Canadian sales were lower in 2022 due to the slower educational market for 3D printers. While technology and STEAM continues to be emphasized in school districts in both countries, the implementation of these programs were disrupted, and this uncertainty continues in school operations in particular in Canada, as funding uncertainty continues to effective the school system

For 2022, revenue was represented by 20% hardware printer sales (2021– 83%), 1% filament (2021 – 6%) and 79% services/consulting revenue (2021 – 11%). Included in services/miscellaneous is revenue that has been generated for contract work with clients where Tinkerine provide services for hardware review, sales support software development and business advisory. There is a significant change in the product mix in 2022 with the increase in percentage (79%) of revenue generated by the consulting services versus the product mix in 2021.

For 2022, revenue was represented by geographic segment as follows: Canada – \$525,462 and United States – \$69,580 versus geographic segmented sales in 2021 of Canada – \$131,819 and United States – \$338,143. While the Canadian market sales saw a increase year over year of \$393,643 due to a significant increase in revenue generated by consulting services of \$428,015. The United States revenue was lower by \$268,593 at \$69,580 and was the result of a partnership with a US distributor whose business is tendering for US state government tenders to supply the schools in various states with technology including 3D printers and consumables

The number of 3D printers sold in 2022 was represented by the sale of 43 3D printers compared to 144 3D printers sold in 2021, a 70% decrease year over year. The sales of printers were primarily to the US in the 4th quarter.

Filament revenue for 2022 was \$5,275 compared to \$30,233 in 2021, a decrease in filament sales of 82%. Historically schools in BC have been the biggest customers of filament and the lower filament sales reflects the ongoing uncertainty in school activities in the education system.

2. Gross Profit Margin

Gross profit for 2022 is higher at \$494,835 versus \$284,910 for 2021, an increase of \$209,925 year over year. This improvement in the gross profit percentage is the result of the increase in the consulting revenue that is provided by the existing employees whose cost is captured in remuneration and therefore there is no cost of sales allocated separately to this revenue. In 2021 the contributing factor to the stable gross margin percentage were adjustments to salaries for government grants received by the Company to support salaries, as well as efficiencies in purchasing and supply chain management that improved the cost of goods at the higher revenue.

3. Expenses

In 2022 the Company incurred \$688,262 of total expenses compared to \$805,939 in 2021, a decrease of \$117,677 in total expenses. This decrease was partly due to a reduction in stock-based compensation which is a non-cash transaction and a reduction in amortization, insurance, interest and accretion, remuneration offset against the increase in professional and consulting fees. The Company has continued its measures to manage its controllable expenses and as a result the total cash expenses (total expenses net of amortization, accretion expenses and stock-based compensation) is approximately \$547,837 in 2022 versus \$471,564 in 2021 a increase in total cash expenses of \$76,273. We have continued to review departmental budgets and corporate spending in all areas and these initiatives are further discussed below.

Highlighted quarterly expenses include the following:

- Remuneration and benefits decreased to \$264,416 for 2022 from \$282,649 in 2021, a decrease of \$18,233. The decrease was the result of a reduction in staff and changes to employees salaries. Included in the 2021 expense is the Government of Canada Emergency Wage Subsidy and Industrial Research Assistance Program subsidies to cover a portion of employee wages and assist small and medium sized enterprises where Canadian companies experienced decreased revenue during the Covid-19 pandemic. Staff responsibilities in 2022 were also revised and redistributed to improve efficiencies in key functional areas.
- In 2022, \$14,687 was recognized as stock-based compensation versus \$109,383 in 2021. This is a non-cash expense and represents the fair value of stock options granted and outstanding using the Black Scholes calculation. Under IFRS, the expense is recognized as the options vest each quarter with a larger proportion of the expense recognized in earlier quarters. There were no stock options granted in 2022. In the 2021 period the Company granted 1,130,000 stock options with an exercise price of \$0.07. In 2022 1,450,000 share options were cancelled or expired and \$80,836 was reversed from share options reserve and the corresponding credited to reserves In 2021, \$4,453 was reversed from share options reserve and credited to share capital for 75,000 share options that had been exercised at \$0.075. In 2021, 1,947,500 stock options expired and were cancelled and the corresponding amount of \$88,392 was reallocated from reserves to deficit.
- Professional and consulting fees were \$182,063 in 2022 versus \$138,601 in 2021, a increase of \$43,462 in this expense. The increased professional fees is partly related to consulting services related to the Transaction that the Company is engaged in with electrum charging Solutions Inc. The Company regularly engages independent professional firms and consultants for corporate finance, audit and accounting services that includes services for audit, business consulting, bookkeeping, and business development and operations, research & development for services related to design and sourcing of new and existing raw materials, sales and marketing for services related to the development of programs and development of sales and marketing assets and investor relations for services related to the de-semination of the Company's information and the

communication with shareholders. We also regularly engaged legal counsel for intellectual property matters, employment law and general commercial matters and expect the Company's 2023 professional and consulting expenses to be approximately at a similar level.

- Research & development was \$2,833 in 2022 versus \$3,131 in 2021. The expenses relate to R&D for products that the Company have been developing in 2022. This expense was related to design and testing of hardware for clients Management all contribute to the R&D initiatives to ensure better concept generation and faster development. All research and development are performed internally with expenses primarily being the prototype development and testing of new systems and new parts designed by management.
- Rent and utilities expense was \$15,106 in 2022 versus \$5,610 in 2021. This presentation of the lease expense reflects the implementation and guidance of applying the modified retrospective method in terms of IFRS 16 to the office lease expense. IFRS 16 establishes the recognition, measurement, presentation and disclosure of all leases (Note 15). As a result, the right-of-use asset has been capitalized for the office lease and will be amortized over the term of the rental agreement. Lease liabilities were discounted at the discount rate of 5% as at January 1st, 2019. . As at January 1, 2022 the Company modified its rental agreement, reducing its lease space and exercising its option on the lease term and therefore adjusted the right-of-use asset and the corresponding liability for its office lease. This modification resulted in a gain of \$5,506. Amortization of \$25,586 and interest expense of \$526 are included in expenses, The office is leased from a director and is situated in an area designed for improved logistics and the layout of the premises is designed for greater work flow and productivity for both production of the 3D printers and the open design improves collaboration of products like TinkerineU platform and other educational initiatives.

Interest Expense and Accretion Expense was \$98,605 in 2022 versus \$117,727 in 2021. Included in this expense are accretion expenses of \$88,369 (2021 - \$99,365) that was recognized in 2022. This is an expense to recognize and update the present value of the promissory notes and the CEBA loan obligation on the balance sheet as at the end of December 31, 2022 and is a non-cash charge. The extension of the maturity date to May 17, 2022 was determined to be an extinguishment of debt and the previous carrying value of the convertible debenture was recognized at the modification date of February 17, 2022 and the new carrying value of the debt calculated based on the new terms was recognized and the adjusting effect of \$110,083 was recognized in the consolidated statement of comprehensive loss for the year ended December 31, 2022.

4. Other Income and Expenses

Other income and expenses for the year ended December 3, 2022 was a gain of lease modification of \$5,506 regarding the amendment to the rental lease of the premises (Note 15), and a gain of \$110,083 related to the extinguishment of the convertible debenture (Note 17). There were no other income or expense for the comparative period ended December 31, 2021.

SUMMARY OF QUARTERLY INFORMATION

	Quarter ended:			
	"Q4 2022"	"Q3 2022"	"Q2 2022"	"Q1 2022"
	December 31 2022	Sept 30 2022	June 30 2022	March 31 2022
Revenue	\$221,172	\$175,085	\$150,947	\$47,838
Net Comprehensive Income (Loss)	\$44,888	(\$12,923)	(\$35,869)	(\$73,934)
Basic and Diluted Loss per share	(\$0)	(\$0)	(\$0)	(\$0)
Number of shares outstanding (w. avg.)	49,675,849	49,675,849	49,675,849	49,675,849
	Quarter ended:			
	"Q4 2021"	"Q3 2021"	"Q2 2021"	"Q1 2021"
	December 31 2021	September 30 2021	June 30 2021	March 31 2021
Revenue	\$47,332	\$288,726	\$59,381	\$74,523
Net Comprehensive Income (Loss)	(\$226,855)	\$184	(\$112,943)	(\$181,413)
Basic and Diluted Loss per share	(\$0)	(\$0)	(\$0)	(\$0)
Number of shares outstanding (w. avg.)	49,670,301	49,651,397	49,634,069	49,604,069

Summary and discussion of Quarter to Quarter results.

The Company has completed the year with a strong quarter generating revenue of \$221,172, versus revenue. Of \$47,332 in 2021 an increase of \$173,840 registering the strongest quarter for the year that accounted for more than 37% of the 2022 total revenue. Historically, Q2 and Q3 have been stronger than Q1 and Q4 and coincide with the buying pattern of the educational sector. For Q2 and Q3 2022, revenue was \$326,032 (2021 - \$348,107) and Q1 and Q4, of the total revenue of \$269,010 (2021 - \$121,855).

Summary and discussion of Fourth Quarter results.

Revenue for Q4 was \$221,172 for the three months ended December 31, 2022, versus \$47,332 for the comparative period Q4 2021, a increase in revenue of \$173,840. This increase was due to the sale of printers to the United States and the revenue from consulting services in Q4 2022

For Q4 2022 revenue was represented by geographic segment as follows: Canada – \$152,323 and United States – \$68,849 versus geographic segmented sales in Q4 2021 of Canada – \$23,499 and United States – \$23,833. While the Canadian market revenue was significantly higher by \$128,824, the US market saw an increase year over year of \$45,016 respectively.

For Q4 2022, revenue was represented by 27% hardware printer sales, 0% filament and 73% services/miscellaneous. In comparison for Q4 2021, revenue was represented by 71% hardware printer sales, 14% filament and 14% services with the consulting income being the primary reason for the change in the product mix

Gross profit for the three months ended December 31, 2022 was \$186,715 versus \$24,547 for the three months ended December 31, 2021. Included in the gross margin in Q4 2022 is the consulting income that does not have a cost of goods component as that income is generated by the services of the Tinkerine team who are paid salaries by the Company and that cost is recorded under the remuneration and benefits. Gross margin from the sales of printers for Q4 2022 was \$24,593 recording a 42% gross margin percentage versus 52% in Q4 2021. The impact on the gross margin in 2021 was the result of end of the year adjustments and change in sales product mix

In Q4 2022, the Company incurred \$186,664 of total expenses compared to \$251,401 in Q4 2021, a decrease of \$64,737 in total expenses. The decrease in Q4 2022 expenses were due to decrease in expenses related to stock

based compensation, professional and consulting, office and general and shareholders communication, filing and transfer.

LIQUIDITY

As at December 31 2022, the Company had working capital deficit of \$1,299,671 compared to net working capital deficit of \$1,281,030 at December 31, 2021. In 2020 the Company employees agreed to settle wages payable to them by issuing convertible debentures in the total amount of \$599,087 with no interest, or dividend, convertible no earlier than February 16, 2022. Although this agreement was extended on February 17, 2022 to May 17, 2023 as at December 31 2021, it was considered due within one year and reclassified to current liabilities in terms of IFRS. The cash position is \$31,180 at December 31, 2022 compared to the bank indebtedness of \$14,469 at December 31, 2021

As at December 31, 2022 the Company's investment in inventory was \$52,774 with inventory finished goods being \$4,007 and raw materials of \$48,767 compared to investment in inventory of \$72,217 with finished goods of \$13,807 and raw materials of \$58,401 at December 31, 2021. Prepaid and Deposits were \$9,740 at December 31, 2022 versus \$10,898 at December 31, 2021. These payments are with regards to overseas supplier prepayment of raw material purchases.

At the time of release of this MD&A, the Company's deficit position is -\$33,140 and management believes the Company will require an injection of capital to ensure adequate operating working capital. On February 28th 2020 the Company arranged an interim short-term loan of \$75,000 at an interest rate of 12% pa through friends and family to continue a steady expansion of its business over the coming months. The Company also received the Canada Emergency Business Account ("CEBA") interest-free loan of \$60,000 of which \$10,000 is forgivable if repaid by December 31, 2022 and \$20,000 is payable on demand (Note 10). While we are funding the cash deficit position by managing our payments to suppliers, forecasted sales, and postponement of staff salaries, we believe in order to continue our existing operations, the Company will be required to raise additional funding. In addition, any unforeseen downturn in sales or, alternatively, pursuit of a more aggressive growth strategy would necessitate additional equity investment, debt or convertible debentures. The Company had signed a definitive agreement on March 15, 2022 with Electrum Charging Solutions that is discussed later in this report under "Proposed Transaction". On execution of the definitive agreement on March 15 2022, it was agreed that Electrum Charging Solutions will make available to the Company an unsecured bridge loan of cumulative advances of up to \$100,000 to pay expenses of the Company, due and payable in the ordinary course of keeping the Company compliant with the requirements of the regulators and convertible into Tinkerine Studio common shares subject to TSX-V approval. As at December 31, 2022 \$100,000 has been received by the Company

CAPITAL RESOURCES

As at December 31, 2022, the Company's share capital was \$4,382,373 representing 49,675,849 issued and outstanding common shares without par value. During the year ended December 31, 2022 the Company issued no common share whereas in 2021 it issued 75,000 common shares to employees on the exercise of the stock options at \$0.075. Reserves represent the fair value of stock options outstanding and vested and warrants issued, and is recorded at \$298,515 as at December 31st 2022 versus \$364,664 in 2021. During fiscal 2022, the following transactions were recorded in reserves; nil stock options issued (2021 - 1,130,000) stock options were issued and stock-based compensation of \$14,687 (2021 - \$109,383) was credited to reserves, nil (2021- 75,000) stock options were exercised and nil (2021 - \$4,453) was reversed and credited to share capital, and 1,450,000 (2021 -1,947,500) share options were cancelled/expired and \$80,836 (2021-\$88,392) was reversed and credited to deficit.

As at December 31, 2022 the Company had 5,575,000 stock options outstanding with a weighted average exercise price of \$0.12 and an average remaining term of 2.51 years. There are no warrants outstanding as at December 31, 2022 or 2021.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at December 31, 2022 and to the date of this MD&A.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

On December 5 2020, the Company entered into an agreement with employees to settle wages payable to them. Under the agreement, the Company may, subject to TSX Venture Exchange approval, settle the wages payable with shares similar to unsecured convertible debentures, with no interest or dividend, payable in cash or shares no earlier than February 16, 2022 and extended maturity date of May 17, 2023. The total amount of wages payable was \$599,087. This convertible promissory note has since been extinguished and a gain of \$110,083 recorded in the income statement

The Company does not have any other instruments as at December 31, 2022 and to the date of this MD&A.

Management believes current cash resources are likely insufficient to fund its business plan over the next twelve months and therefore intend to seek further equity injection including alternative financing options.

OUTSTANDING SHARE INFORMATION

The Company's authorized capital is unlimited common shares without par value. As at June 9, 2023 the following common shares, options and share purchase warrants were outstanding:

As at June 8, 2023	Number of issued and outstanding
Common Shares	49,675,849
Stock Options	5,575,000
Warrants	-
Total Shares - Fully diluted	55,250,849

TRANSACTIONS WITH RELATED PARTIES

Balances due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. Included in trade payables and account liabilities at December 31, 2022 is \$68,963 (December 31, 2021 - \$15,567) due to officers. These amounts were for company expenses and/or fees due and payable to the officers. Included in Prepaids and Deposits is an amount of \$2,435 that has been paid to a director. The Company signed a month-to month rental lease with a director, Eugene Suyu in December 2022 that has been renewed as of January 1st 2023

Key management personnel compensation

During the year ended December 31, 2022, compensation of key management personnel as such as remuneration, fees and short-term benefits was \$108,250 (Eugene Suyu - \$62,000, Justin Sy - \$46,250) In 2022, directors and officers received stock-based compensation of \$7,148.

Officers and directors

The following individuals were elected directors at the November 25, 2021 AGM and continue to the date of this MD&A. Their officer positions are also set out below. With regards to changes in management, Bob Longo resigned as a director in January 2022.

- Eugene Suyu -- Chief Executive Officer, President and Director
- Justin Sy – Director and CTO
- Todd Blatt-- Director
- Chris Lee – Chief Financial Officer

PROPOSED TRANSACTION

The Company has announced that it has entered into a Definitive Agreement (“DA”) dated March 15, 2022 with respect to a potential business combination (the “Transaction”) with Electrum Charging Solutions Inc., an arm’s length third party (“Target”, “Electrum” or “ECS”), which would result in a reverse-takeover (“RTO”) of the Company by shareholders of Electrum. The RTO is expected to be completed by way of triangular amalgamation, result in the Target becoming a wholly-owned subsidiary of Company (the “Resulting Issuer”). The Resulting Issuer will carry on the business previously executed by Electrum upon completion of the RTO. The Definitive Agreement was due to expire on September 30, 2022 but has been extended to June 30, 2023 subject to an extension to September 30, 2023 if required

The DA is subject to the receipt of all necessary third-party approvals and the standard terms and conditions concerning the due diligence review of Target, including financial statements, potential liabilities and material contracts. The DA further contemplates that all of the common shares in the capital of Target will be exchanged for common shares of Company at a ratio resulting in the shareholders of Target, owning approximately 95% of the Resulting Issuer and the shareholders of Company owning approximately 5% of the Resulting Issuer on an undiluted basis, not including any shares to be issued pursuant to the private placement financing discussed below. The RTO does not constitute a non-arm’s length transaction. It is contemplated that various employees of TTD will continue to be employed by ECS.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies for the year under review
Additional information relating to the Company is on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on June 9, 2023.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

The MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the Company’s plan to grow sales and expand its distribution network;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and,
- the timing, pricing, completion, regulatory approval of proposed financings, such as any future funding alternatives

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company’s ability to predict or control, including, but not limited to, risks related to the Company’s ability to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under “Risk Factors”.

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this report. Such statements are based on a number of assumptions, which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- conditions in the financial markets generally, and with respect to the prospects for small capitalization commercial/technology companies specifically;
- the Company's ability to roll out its business plan which includes new product launches and associated planning in production, sales, distribution and marketing;
- the Company's ability to secure and retain employees and contractors to carry out its business plans;

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations.

BUSINESS RISK FACTORS

Each of the following factors could have a material adverse effect on the Company's financial condition and results of operations.

3D Printing Industry: The Company operates in the desktop market (alternatively described as the consumer segment) of the 3D printing industry. The desktop market has existed since 2008. Although projected to grow at a high rate, this segment can be viewed as being an early adopter stage market. The ability for the Company to successfully negotiate this market represents a substantial risk.

New Product Launch: The Company recently announced the launch of its online modular skills development platform and Tinkerine cloud program. Users can discover and learn 3D printing and skills with Tinkerine. The program is designed with a number of different users in mind including; 1) students seeking to develop 21st century skills through hands-on learning in their school programs, 2) entrepreneurs seeking a cost efficient prototype and seeking to test their design ideas, 3) small businesses seeking to launch new products or create small scale production runs and lastly 4) makers who seek to apply advance manufacturing to enhance their joy and upgrade their skills for their maker projects. All these user types can also explore Tinkerine's 3D printing courses in video at one's own pace. Tinkerine now provides a singular platform to skill up these individuals and businesses with 21st century tools needed to compete in a fast-paced world together with a powerful workflow system to optimize additive manufacturing. In addition, 3D printing has an array of applications across many industries and is critical in the ability of businesses to be agile and innovative in today's manufacturing uncertainty which makes 3D printing a highly desirable and competitive centric technology. Tinkerine's expansion into 3D content development, and the 3D suite of products that the Company is developing will provide the 3D knowledge baseline required by individuals and companies that are seeking manufacturing alternatives closer to their market using advance additive manufacturing. Although there is a need for 3D education in the 3D printer market, and has potential to grow at a high rate there remains significant risk that this platform will require time for adoption and therefore will require a significant investment to ensure its successful implementation

Consulting Services The Company launched its consulting services in March 2022 and offers, hardware, software, business development, marketing and financial advisory services to clients.

Dependence upon key personnel: The success of the Company's operations will also depend upon its ability to attract and retain talented and qualified personnel. The Company currently has a small management team, several of which can be considered key to expanding the Company's business operation, the loss of which would likely be detrimental to the Company.

Competition: The desktop market of the 3D printing industry is competitive with several direct competitors having much greater financial resources than the Company and operating experience. Furthermore, the desktop market is undergoing a period of rapid innovation with many of the participants striving to improve the technology and the flexibility of the products. These factors combine to make the competitive environment a substantial risk.

Financing risks: The Company's existing financial resources have come from the issue of new equity and, loans and may be viewed as limited. Further the Company has negative operating cash flow and a cash balance of \$31,180 as at December 31, 2022. Therefore, without growth in operating cash flow the Company will require further equity capital

injection(s) to sustain itself. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable.

Dilution to the Company's existing shareholders: Any future equity issues may be dilutive to present and prospective holders of common shares.

Regulatory requirements: The activities of the Company are subject to regulations governing various matters, including but not limited to standards and certifications for electronic devices, employment standards for employees engaged in manufacturing and assembly, export and import regulations and duties, and sales and goods and service tax compliance. While the Company endeavors to remain compliant in all such aspect, the inability to do so could have an adverse effect on its ability to continue to operate.

Foreign currency risk: The Company's functional and reporting currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of equity. The Company's main risks are associated with fluctuations in the US dollar as a substantial portion of its parts and materials purchases are denominated in US dollars and a portion of its sales are denominated in US dollars. The Company does not utilize foreign exchange hedging contracts.

The COVID-19 pandemic and its effect on the Company's business

In an effort to contain and mitigate the spread of COVID-19, many countries including, Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. The Company's business may be impacted by the COVID-19 outbreak, specifically, disruptions in the Company's supply chain, including disruptions from the Company's suppliers, as a result of industry closures relating to containment of COVID-19 may result in the declaration by the Company's suppliers of force majeure, which may result in the Company's inability to complete orders in accordance with the agreed order schedule. In addition, the Company's customers may determine to delay their decisions in connection with new orders as they assess the impact of COVID-19 on their businesses. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty over the past months. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Company's ability to access capital, business, results of operations and financial condition, and on the market price of the Common Shares. The extent of this potential disruption on the Company's business cannot be assessed as the full extent of the pandemic and its full impact on the global economy cannot be predicted.

The Company's markets are exposed to recessionary risk

A Canadian or global recession may result in lost or delayed sales orders, as many of the Company's existing and targeted customers may cut back their proposed capital spending in the face of economic uncertainty. This would impact the ability of the Company to grow its business and, as a result, sales orders may be lower than expected. Any decrease in sales would negatively impact the Company's cash flows and other financial results.

<p>REGISTERED OFFICE 1500-1055 West Georgia Street Vancouver, British Columbia, Canada V6E 4N7</p> <p>HEAD OFFICE and OPERATIONS</p> <p>Tinkerine Studios Ltd. 113A - 8275 92 Street Delta, British Columbia, Canada V4G 0A4</p> <p>OFFICERS & DIRECTORS Eugene Suyu <i>Director and CEO</i></p> <p>Justin Sy <i>Director and CTO</i></p> <p>Todd Blatt <i>Director</i></p> <p>Chris Lee <i>Chief Financial Officer</i></p>	<p>LISTINGS TSX Venture Exchange: TTD.V OTC Pink: TKSTF</p> <p>CAPITALIZATION (as at June 8th 2023) Shares Issued: 49,675,849</p> <p>TRANSFER AGENT Computershare 3rd Floor, 510 Burrard Street Vancouver, British Columbia V6C 3B9</p> <p>AUDITOR Dale Matheson Carr-Hilton LaBonte LLP 1500 – 1140 West Pender Street Vancouver, British Columbia V6E 4G1</p> <p>LEGAL COUNSEL McMillan LLP Royal Centre 1500-1055 West Georgia Street Vancouver, British Columbia V6E 4N7</p>
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