



**TINKERINE STUDIOS LTD.**

**1<sup>st</sup> Quarter 2022**

**Management Discussion & Analysis Report**

**For the three months ended March 31, 2022**



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



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**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR**  
**Tinkerine Studios Ltd. (“the Company”)**

**Financial Highlight**

Quarter ended March 31, 2022

**Financial Highlights**

	Year Ended March 31 2022	Year Ended March 31 2021
<b>Revenue</b>	<b>\$ 47,838</b>	<b>\$ 74,523</b>
Cost of Goods Sold	27,615	30,328
<b>Gross Margin</b>	<b>20,222</b>	<b>44,195</b>
<b>EBITDA</b>	<b>(113,989)</b>	<b>(57,158)</b>
<b>Net Comprehensive Loss</b>	<b>(73,934)</b>	<b>(181,413)</b>
<b>Basic and Diluted income(loss) per share</b>	<b>0.00</b>	<b>0.00</b>
Weighted average number of common shares		

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

May 30, 2022

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 unaudited condensed consolidated interim financial statements for the three months ended March 31, 2022. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the unaudited consolidated interim financial statements. Readers may want to refer to the December 31, 2021 audited financial statements and the accompanying notes which are available at [www.sedar.com](http://www.sedar.com).

## 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's online portal that supports the growing related online educational content market.

Tinkerine designs, manufactures and distributes 3D printers in Canada and the USA. The Company's product offering is the Ditto Pro and Ditto Pro R which are well priced in each segment of the market, where it's developing 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. Also, Tinkerine recently announced the live release of its first module on the Skills Development Platform and Tinkerine cloud program to support all 3D users, from beginners to design professionals. Production of Things 2.0 ("Pot2.0") provides a singular platform to skill up businesses with 21<sup>st</sup> century tools needed to compete in a fast-paced world together with a powerful workflow system to optimize additive manufacturing. In addition to its products the Company also acts as consultant and business advisory in software design and systems development.

The financial information in this MD&A is based on the Company's unaudited consolidated interim condensed financial statements which have been prepared in Canadian dollars, in accordance with International Financial Reporting Standard ("IFRS").

## Non-IFRS Measures

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standard 34 – *Interim Financial Reporting* 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 and amortization. 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 reporting 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.

## Q1 2022 Overview and Highlights

The Company's principal business is the design, manufacture and distribution of 3D printers, software and related online educational content. It is also the exclusive supplier of the filament that is used in the Company's printers.

- Q1 2022 revenue was \$47,838 versus Q1 2021 revenue of \$74,523 decrease of 36% year over year.
- The Company has launched its Tink cloud and online educational platform, and at the time of release of these statements also added consulting services to its product line.
- In Q1 2022 revenue derived by geographic segment was Canada – \$37,802 and United States – \$10,036, versus geographic segmented sales in Q1 2021 of Canada – \$35,513, and United States – \$39,010. Canadian income grew by 6% year over year but the US market experienced a decrease in sales of 74%. The unpredictability of the US schools purchasing trend continues to effect sales in this quarter.

Earnings/Loss before interest, taxes, and amortization (EBITDA) increased to a loss of \$113,989 in Q1 2022 from a loss \$57,158 in Q1 2021.

The Company's net operating loss for Q1 2022 decreased to \$144,683 compared to the net loss of \$181,413 in Q1 2021, even though the Q1 2022 sales was down year over year by 35%, this sales reduction being offset by the reduction in expenses in Q1 2022 of \$164,905 versus expenses in Q1 2021 of \$225,608. The net and comprehensive loss decrease to \$73,934 in Q1 2022 versus \$181,413 in 2021. This decrease was the result of the net gain on convertible debentures from the promissory notes. In Q1 2021 despite the stronger sales of \$74,523, net and comprehensive loss increased to \$181,413 due to higher expenses of \$225,608 in the period. The decrease in expenses for Q1 2022 is related to the decrease in interest and accretion expenses on the CEBA loan (Note 10), accretion expenses on the promissory notes issued by the Company (Note 16) and stock-based compensation expenses (Note 11). Our controllable expenses and our total cash expenses increased to approximately \$134,211 in Q1 2022 from \$101,353 in Q1 2021, an increase in cash expenses of \$32,858. This is increase in the cash expenses is the result of increase in professional and consulting fees and remuneration and benefits both being cash expenses

## Q1 2022 Financial Highlights

- **27% decrease in expenses to \$164,905 in Q1 2022 from \$225,608 in Q1 2021.**
- **EBITDA in Q1 2022 is a deficit of \$113,989 versus a deficit of \$57,158 in Q1 2021.**
- **Working capital deficit increased in Q1 2022 to deficit of \$858,164 compared to deficit of \$697,128 in December 31 2021. Note 2021 calculation includes promissory notes of \$583,902 reclassified to long term debt as at March 31, 2022.**
- **Decrease in the quarterly cash provided by operating activities to a deficit of \$4,051 in Q1 2022 versus cash provided of \$121,150 in December 31 2021.**
- **36% decrease in sales revenue.**

## Detailed Discussion and Analysis of Operating Results for the Period Ended March 31<sup>st</sup> 2022

### SUMMARY OF QUARTERLY INFORMATION

	Quarter ended:			
	"Q1 2022"	"Q4 2021"	"Q3 2021"	"Q2 2021"
	March 31 2022	December 31 2021	September 30 2021	June 30 2021
Revenue	\$47,838	\$47,332	\$288,726	\$59,381
Net Income (Loss)	(\$144,683)	(\$226,855)	\$184	(\$112,943)
Net Comprehensive Income (Loss)	(\$73,934)	(\$226,855)	\$184	(\$112,943)
Basic and Diluted Loss per share	(\$0)	(\$0)	(\$0)	(\$0)
Number of shares outstanding (w. avg.)	49,675,849	49,670,301	49,651,397	49,713,144
	Quarter ended:			
	"Q1 2021"	"Q4 2020"	"Q3 2020"	"Q2 2020"
	March 31 2021	December 31 2020	September 30 2020	June 30 2020
Revenue	\$74,523	\$57,978	\$86,819	\$154,896
Net Income (Loss)	(\$181,413)	(\$225,423)	(\$142,462)	(\$174,786)
Net Comprehensive Income (Loss)	(\$181,413)	(\$177,229)	(\$116,422)	(\$174,786)
Basic and Diluted Loss per share	(\$0)	(\$0)	(\$0)	(\$0)
Number of shares outstanding (w. avg.)	49,604,069	49,501,534	49,410,164	49,320,048

## 1. Revenue

Revenue was \$47,838 for the three months ended March 31, 2022 versus \$74,523 for the comparative period Q1 2021, a decrease for the first quarter of 36%.

For Q1 2022, revenue was represented by 42% hardware sales, 10% filament and 48% services/miscellaneous. Comparatively revenue for Q1 2021 was represented by 70% hardware sales, 11% filament and 19% services/miscellaneous. The product mix is a combination of the lower printer sales, lower filament sales and an increase in services provided by the Company. The difference in the comparative years, in the product mix is the result of the higher printer sales, slight increase in the filament sales and the lower sales of services, PPEs and sale of parts in Q1 2021.

The number of 3D printers sold in Q1 2022 was 8 compared to 28 3D printers sold in the first quarter of 2021.

Filament revenue for Q1 2022 was \$4,728 compared to \$8,326 in Q1 2021. The decrease in sales can be directly attributed to the timing of schools restocking their filament inventory.

## 2. Gross Profit Margins

Gross profit for the three months ended March 31, 2022 was \$20,222 or 42% versus \$44,195 or 59% for the three months ended March 31, 2021. Q1 2022 gross profit margin of 42% is lower due to the termination of the government grants and subsidies, that partly the production salaries. Also impacting the gross profit is the increase in raw materials due to an increase in shipping and increases in the parts prices across the board due to supply chain issues.

## 3. Expenses

In Q1 2022 the Company incurred \$164,905 of total expenses compared to \$225,608 in Q1 2021, a year over year decrease of \$60,703. This decrease was primarily the result of the decrease in interest and accretion expenses, shareholders communications, filing and transfer fees and stock based compensation which was offset by the increase of the professional and consulting fees and remuneration and benefits. The Company continues to manage its expenses including our controllable expenses, and the total cash expenses is approximately \$134,211 in Q1 2022 versus \$101,353 in Q1 2021, an increase in cash expenses of \$32,858 which is the result of the increase in professional fees and remuneration both being cash expenses. The Company continues to manage and review departmental budgets and corporate spending in all areas and these are discussed below.

Highlighted quarterly expenses include the following:

- Remuneration and benefits increased to \$70,242 for Q1 2022 versus \$57,069 for Q1 2021, an increase of \$13,173. This difference reflects the government subsidy that was included in this expense in Q1 2021 versus no subsidy in Q1 2022 as these programs were terminated in Oct 2021. The Government of Canada Emergency Wage and Industrial Research Assistance Program subsidies covered portion of employees' wages and assist small and medium-sized enterprises where Canadian companies experienced decreased revenue during the Covid-19 pandemic. While staff responsibilities in 2022 were also revised and redistributed to improve efficiencies in key functional areas, there was no change in staffing in 2022.
- In Q1 2022, \$5,805 was recognized as stock-based compensation versus \$84,321 in Q1 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. In this period, there was a reversal of \$75,260 (2021 – \$24,187) from share options reserves to deficit for 1,125,000 (2021 - 322,500) share options that had expired, unexercised and/or were cancelled. There were no share options exercised in Q1 2022 versus Q1 2021, 75,000 options were exercised and \$4,453 was reversed from share options reserve and credited to share capital for share options that had been exercised at \$0.075.
- Professional and consulting fees were \$39,267 for Q1 2022 versus \$18,230 in Q1 2021, an increase of \$21,037. The increase in this expense is due to the Company engaging advisors in Q1 2022 for the RTO transaction. The Company regularly engages independent professional firms 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

- Rent and utilities expense was \$1,763 in Q1 2022 versus \$1,620 in Q1 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 14). 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 1<sup>st</sup>, 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 loss of \$5,729. Amortization of \$8,602 and interest expense of \$860 are included in Q1 2022 expenses. The Delta office is leased from a director and is situated in an area designed for better 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.
- Interest Expense and Accretion Expense was \$15,559 in Q1 2022 versus \$26,725 in Q1 2021. Accretion expense of \$11,973 was recognized in Q1 2022. This is a periodic 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 March 31, 2022.

## **LIQUIDITY**

As at March 31, 2022, the Company had working capital deficit of \$858,164 compared to a deficit of \$697,128 at December 31, 2021. Included in the calculation of December 31 2021 working capital is the adjustment of the promissory notes of \$583,902 listed as a current liability in the audited statements, and reclassified in Q1 2022 as long-term liability, due to the extension of the repayment date to May 17, 2023 (Note 16). Our bank indebtedness was \$23,533 at the end of Q1 2022 compared to cash position of \$14,469 at December 31, 2021.

The Company's investment in inventory was \$59,900 with inventory finished goods total of \$4,866 and raw materials total of \$55,034 at March 31, 2022, versus inventory investment as at December 31, 2021 of \$72,217 with finished goods of \$13,807 and raw materials of \$58,410. Prepaid and Deposits were \$12,337 at March 31, 2022 versus \$10,898 in December 31, 2021. These payments are related to prepayment of overseas parts purchases and rental deposit.

At the time of release of this MD&A, the Company's bank balance of \$6,804 and management believes the Company will require an injection of capital to ensure adequate operating working capital. On February 28<sup>th</sup> 2020 the Company arranged an interim short-term loan of \$90,000 at an interest rate of 12% pa through friends and family, to provide working capital for its business, and as at March 31<sup>st</sup> 2022 and to the date of this MD&A, \$77,500 of this loan remains outstanding. 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 promissory note. The Company has 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 March 31 2022 \$50,000 has been received by the Company.

## **CAPITAL RESOURCES**

As at March 31, 2022, the Company's share capital was \$4,382,373 representing 49,675,849 issued and outstanding common shares without par value. There were no share transactions for the period ended 2022. During Q1 2021, the Company issued 75,000 common shares to employees on the exercise of the stock options at \$0.075. Reserves, representing the fair value of stock options outstanding and vested, is recorded at March 31, 2022 of \$295,209 versus \$364,664 as at December 31, 2021. During Q1 2022, 1,125,000 (2021 - 322,500) share options were cancelled/expired and the Company reallocated \$75,260 (2021 - \$24,187) from reserves to deficit upon the cancellation of the share options.

As at March 31, 2022 the Company has 5,900,000 stock options outstanding with a weighted average exercise price of \$0.115 and an average remaining term of 3.12 years. There are no warrants outstanding as at March 31, 2022 or 2021.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements as at March 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 and directors to settle wages payable to them. Under the agreement, the Company may, subject to TSX Venture Exchange approval, settle the wages payable with common shares without par value, payable in cash or a combination of the aforementioned, no earlier than February 16, 2022. The total amount of wages payable was \$599,087. On February 17, 2022 a total of \$542,491 promissory notes was extended to May 17, 2023 on the same terms and conditions as the original agreement (Note 16).

The Company does not have any other instruments as at March 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 complete, the "Proposed Transaction" discussed under that heading.

#### **OUTSTANDING SHARE INFORMATION**

The Company's authorized capital is unlimited common shares without par value. As at May 30, 2022 the following common shares, share warrants and share options were outstanding:

<b>As at May 30, 2022</b>	<b>Number of issued and outstanding</b>
Common Shares	49,675,849
Stock Options	5,900,000
Total Shares - Fully diluted	55,575,849

#### **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 at March 31, 2022 is \$48,955 (December 31, 2021 - \$15,467) due to officers. These amounts were for Company expenses and /or fees due to officers in the normal course of business. Included in Prepaids and Deposits is an amount of \$2,435 that has been paid to a director. The Company signed a three-year rental lease with a director, Eugene Suyu in December 2016 that has been renewed as of January 1, 2020 and the option exercised for an additional year.

#### ***Key management personnel compensation***

During the three months ended March 31, 2022, for the officers of the Company, compensation of key management personnel as remuneration, fees and short-term benefits was \$59,076 (December 31, 2021 – \$198,185). Stock-based compensation attributable to options held by directors and officers in the three months ended March 31, 2022 was \$2,826 (December 31, 2021 - \$48,185).

#### ***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, Chris Lee was appointed Chief Financial Officer in February 2021 and Dan Cugnet resigned as director in August 2021, but remains an advisor to the Company. 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 Company and Target have entered into a Definitive Agreement dated March 15, 2022. 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 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**

The preparation of the condensed interim financial statements and related MD&A have been prepared in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements. Accounting policies for these condensed financial statements have been prepared consistent with those applied and disclosed in the Company’s annual audited financial statements.

## **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A on May 30, 2022

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).

## **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 plans to grow sales and expand its distribution network;
- the Company’s future cash requirements;
- general business, industry 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 that 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 21<sup>st</sup> 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 21<sup>st</sup> 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. Tinkerines' 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

**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, also more 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 existing financial resources have come from the issue of new equity and, in an international setting, can be viewed as limited. Further the Company has negative operating cash flow and a bank balance of \$6,804. 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.

**Uncertainty related to going concern:** We draw attention to Note 1 to the December 31, 2021 audited financial statements, which describes events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

**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 endeavours to remain compliant in all such aspect, the inability to do so could have an adverse effect on its permissions 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 enter into any foreign exchange hedging contracts.

#### **The COVID-19 outbreak and its effect on the Company's business**

The impact resulting from COVID-19 and subsequent variants of the virus is uncertain and continues to evolve. 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. 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 impact of COVID-19 related impact in 2022 are expected to vary by geography, driven in part by regional vaccination rates, spread of new variants, provincial government restrictions and health care capacities.

#### **The Company's markets are exposed to recessionary risk**

A Canadian or global recession due to inflation 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.

**REGISTERED OFFICE**

1500-1055 West Georgia Street  
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V6E 4N7

**HEAD OFFICE and OPERATIONS****Tinkerine Studios Ltd.**

113A - 8275 92 Street  
Delta, British Columbia, Canada  
V4G 0A4

**OFFICERS & DIRECTORS****Eugene Suyu**

*Director and CEO*

**Justin Sy**

*Director and CTO*

**Todd Blatt**

*Director*

**Chris Lee**

*CFO*

**LISTINGS**

TSX Venture Exchange:	TTD.V
OTC Pink:	TKSTF

**CAPITALIZATION**

(as at May 30, 2022)

Shares Issued: 49,675,849

**TRANSFER AGENT**

Computershare  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, British Columbia  
V6C 3B9

**AUDITOR**

Dale Matheson Carr-Hilton LaBonte LLP  
1500 – 1140 West Pender Street  
Vancouver, British Columbia  
V6E 4G1

**LEGAL COUNSEL**

McMillan LLP  
Royal Centre  
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