TINKERINE STUDIOS LTD.

1st Quarter 2021

Management Discussion & Analysis Report

For the three months ended March 31, 2021

TINKERINE™

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MANAGEMENT DISCUSSION AND ANALYSIS

FOR

Tinkerine Studios Ltd. ("the Company")

Financial Highlight

Quarter ended March 31, 2021
Financial Highlights

	Year Ended March 31 2021	Year Ended March 31 2020
Revenue	**$ 74,523**	**$ 40,845**
Cost of Goods Sold	30,328	32,507
Gross Margin	**44,195**	**8,338**
EBITDA	**(57,158)**	**(116,750)**
Net Comprehensive Income (Loss)	**(181,413)**	**(129,130)**
Basic and Diluted income(loss) per share	**0.00**	**0.00**
Weighted average number of common shares **Basic and Diluted**	**49,604,069**	**49,238,349**

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

May 31, 2021

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, 2021. 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, 2020 audited financial statements and the accompanying notes which are available at 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, USA and to the Asia Pacific 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 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 21st century tools needed to compete in a fast-paced world together with a powerful workflow system to optimize additive manufacturing.

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 2021 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 2021 revenue was $74,523 versus Q1 2020 revenue of $40,845 increase of 83% year over year.
- The Company has launched its Tink cloud and online educational platform, and at the time of release of these statements also launched the new Company website.
- In Q1 2021 revenue derived by geographic segment was Canada – $35,513 and United States – $39,010, versus geographic segmented sales in Q1 2020 of Canada – $40,648, and United States – $197

Earnings/Loss before interest, taxes, and amortization (EBITDA) decreased to a loss of $57,158 in Q1 2021 from a loss $116,750 in Q1 2020.

The Company's net loss for Q1 2021 increased to $181,413 compared to the net loss of $129,130 in Q1 2020. 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. In Q1 2020, sales of $40,845 combined with expenses of $137,468 resulted in the net loss of $129,130. The increase in expenses for Q1 2021 is related to the increase in interest expenses 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). As a result, our controllable expenses and our total cash expenses decreased to approximately $101,353 in Q1 2021 from $125,502 in Q1 2020, a decrease in cash expenses of $24,149.

Q1 2021 Financial Highlights

- ***83% increase in sales revenue.***
- **Increase in gross margin to 59% from 20%.**
- **64% increase in expenses to $225,608 in Q1 2021 from $137,468 in Q1 2020.**
- **Improvement in EBITDA in Q1 2021 to a deficit of $57,158 versus a deficit of $116,750 in Q1 2020.**
- **Working capital deficit increased in Q1 2021 to deficit of $429,033 compared to deficit of $360,185 in December 31 2020**
- **Increase in the quarterly cash provided by operating activities to $66,170 in Q1 2021 versus deficit of $61,644 in Q1 2020.**

Detailed Discussion and Analysis of Operating Results for the Period Ended March 31st 2020

SUMMARY OF QUARTERLY INFORMATION

	Quarter ended:			
	"Q1 2021" March 31 2021	"Q4 2020" December 31 2020	"Q3 2020" September 30 2020	"Q2 2020" June 30 2020
Revenue	$74,523	$57,978	$86,819	$154,896
Net Income (Loss)	($181,413)	($225,423)	($142,462)	($174,787)
Net Comprehensive Income (Loss)	($181,413)	($177,229)	($116,422)	($114,334)
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
	Quarter ended:			
	"Q1 2020" March 31 2020	"Q4 2019" December 31 2019	"Q3 2019" September 30 2019	"Q2 2019" June 30 2019
Revenue	$40,845	$39,446	$127,854	$215,200
Net Income (Loss)	($129,130)	($157,126)	($88,024)	($21,188)
Net Comprehensive Income (Loss)	($129,130)	($157,126)	($88,024)	($21,188)
Basic and Diluted Loss per share	($0)	($0)	($0)	($0)
Number of shares outstanding (w. avg.)	49,238,349	49,238,349	49,238,349	49,238,349

1. Revenue

Revenue was $74,523 for the three months ended March 31, 2021 versus $40,845 for the comparative period Q1 2020, an increase for the first quarter of 83%.

For Q1 2021, revenue was represented by 70% hardware sales, 11% filament and 19% services/miscellaneous. Comparatively revenue for Q1 2020 was represented by 30% hardware sales, 19% filament and 51% services/miscellaneous. 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. Printer sales bounced back in the US market in the first quarter.

The number of 3D printers sold in Q1 2021 was 28 compared to 4 3D printers sold in the first quarter of 2020.

Filament revenue for Q1 2021 was $8,326 compared to $7,688 in Q1 2020. The increase 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, 2021 was $44,195 or 59% versus $8,338 or 20% for the three months ended March 31, 2020. Q1 2021 gross profit margin of 59% is higher due higher printer sales, the government grants, partly reducing the production salaries, and change in product mix for 2021 versus the product mix in 2020.

3. Expenses

In Q1 2021 the Company incurred $225,608 of total expenses compared to $137,464 in Q1 2020, a year over year increase of $88,140.This increase was primarily the result of the increase in interest and accretion expenses, shareholders communications, filing and transfer fees and stock based compensation which was offset by the reduction 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 $101,353 in Q1 2021 versus $125,502 in Q1 2020, a decrease in cash expenses of $24,149. 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 decreased to $57,069 for Q1 2021 versus $64,891 for Q1 2020, a decrease of $7,822. Included in this expense are the Government of Canada Emergency Wage and Industrial Research Assistance Program subsidies to cover a 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 2021 were also revised and redistributed to improve efficiencies in key functional areas, there was one addition in the number of staff at the Company.
- In Q1 2021, $84,321 was recognized as stock-based compensation. 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 was no stock based compensation was in Q1 2020. Also, in Q1 2021, $5,627 was reversed from share options reserve and credited to share capital for share options that had been exercised at $0.075 and also In this period, there was a reversal of $24,187 from share options reserves to deficit for 322,500 share options that had expired, unexercised and were cancelled.
- Professional and consulting fees were $18,230 for Q1 2021 versus $37,041 in Q1 2020, a decrease of $18,811. The decrease in this expense is due to the Company managing the services provided by their consultants. 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 $1,620 in Q1 2021 versus $2,251 in Q1 2020. 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 1st, 2019. Amortization of $11,966 and interest expense of $1,468 are included in Q1 2021 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 $26,725 in Q1 2021 versus $1,468 in Q1 2020. Accretion expense of $22,332 was recognized in Q1 2021. 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, 2021.

LIQUIDITY

As at March 31, 2021, the Company had working capital deficit of $429,033 compared to a deficit of $360,185 at December 31, 2020 Our cash position was $7,647 at the end of Q1 2021 compared to bank indebtedness $52,471 at December 31, 2020.

The Company's investment in inventory was $99,925 with inventory finished goods total of $6,898 and raw materials total of $93,027 at March 31, 2021, versus inventory investment as at December 31, 2020 of $113,128 with finished goods of $11,954 and raw materials of $101,174. Prepaid and Deposits were $28,731 at March 31, 2021 versus $13,456 in December 31, 2020. 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 indebtedness balance of $39,851 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 $90,000 at an interest rate of 12% pa through friends and family, to continue a steady expansion of its business over the coming months, and as at March 31st 2021 and to the date of this MD&A, this loan is still 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 therefore is seeking to raise $2 million through a private placement of its common shares, in the coming months

CAPITAL RESOURCES

As at March 31, 2021, the Company's share capital was $4,383,548 representing 49,675,849 issued and outstanding common shares without par value. During Q1 2021, the Company issued 75,000 common shares to employees on the exercise of the stock options at $0.075 There were no shares issued in Q1 of 2020. Reserves, representing the fair value of stock options outstanding and vested, is recorded at March 31, 2021 of $402,633 versus $348,126 as at December 31, 2020. During Q1 2021, 322,500 share options expired unexercised and the Company reallocated $24,187 from reserves to deficit upon the cancellation of the share options.

As at March 31, 2021 the Company has 7,520,000 stock options outstanding with a weighted average exercise price of $0.11 and an average remaining term of 3.36 years. There are no warrants outstanding as at March 31, 2021 or 2020.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at March 31, 2021 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.

The Company does not have any other instruments as at March 31, 2021 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, a private placement of $2M as further equity injection.

OUTSTANDING SHARE INFORMATION

The Company's authorized capital is unlimited common shares without par value. As at May 31, 2021 the following common shares, share warrants and share options were outstanding:

As as May 31, 2021	Number of issued and outstanding
Common Shares	49,675,849
Stock Options	7,520,000
Total Shares - Fully diluted	57,195,849

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, 2021 is $26,654 (December 31, 2020 - $33,856) 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.

Key management personnel compensation

During the three months ended March 31, 2021, for the officers of the Company, compensation of key management personnel as remuneration, fees and short-term benefits was $38,312 (December 31, 2020 – $105,000). Stock-based compensation attributable to options held by directors and officers in the three months ended March 31, 2021 was $7,244 (December 31, 2020 - $143,550).

Officers and directors

The following individuals were re-elected as directors at the November 26, 2020 AGM and continue to the date of this MD&A. Their officer positions are also set out below. Chris Lee was appointed Chief Financial Officer on February 3, 2021.

- Eugene Suyu -- Chief Executive Officer, President and Director
- Justin Sy – Director and CTO
- Todd Blatt-- Director
- Bob Longo – Director
- Daniel Cugnet – Director
- Chris Lee – CFO

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 31, 2021

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at 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 the proposed $2 million private placement.

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 has launched three generations of products since its inception in May 2012. In Q4 of 2019 the Company launched its latest printer the Ditto Pro R. Additionally, the Company is investing in software development and the development of online courses and curriculum for the education sector. The ability to manage such product launches in a timely and cost-effective manner, and achieve the desired results in terms of market penetration, comprises a substantial risk. In March 2020, the Company re-deployed its in-house 3D printers and began to manufacture face shields, designed in-house, for use by health care workers and other frontline staff during this pandemic. In April 2020 the Company received Health Canada manufacturing facility certificate for the manufacture of Class 1 medical devices. At the time of the release of these statements, Tinkerine released its first module on the Skills Development Platform and Tinkerine cloud program. Production of Things 2.0 ("Pot2.0") provides a singular platform to skill up businesses with 21st century tools needed to compete in a fast-paced world, together with a powerful workflow system to optimize additive manufacturing

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 indebtedness balance of $39,851. 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, 2020 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

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.

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HEAD OFFICE and OPERATIONS

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Eugene Suyu
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Justin Sy
Director and CTO
Todd Blatt
Director
Bob Longo
Director
Dan Cugnet
Director
Chris Lee
CFO

LISTINGS

TSX Venture Exchange:	TTD.V
OTC Pink:	TKSTF
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CAPITALIZATION
(as at May 31, 2021)
Shares Issued: 49,675,849

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