



TINKERINE STUDIOS LTD.

Condensed Consolidated Interim Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

TINKERINE STUDIOS LTD.

NOTICE TO READER

Under National Instrument 51-102, Part 4 subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim financial statements by an entity's auditors.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)
June 30, 2018
(Expressed in Canadian Dollars)

| | Notes | June 30, 2018 | December 31, 2017 |
|--|-------|-------------------|----------------------|
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | 4 | \$ 151,614 | \$ 207,257 |
| Receivables | 5 | 68,495 | 47,380 |
| Inventory | 6 | 226,122 | 283,560 |
| Prepays and deposits | | 20,304 | 15,167 |
| Total current assets | | 466,535 | 553,364 |
| Property and equipment | 7 | 13,710 | 20,808 |
| Intangible asset | 8 | - | 24,408 |
| TOTAL ASSETS | | \$ 480,245 | \$ 598,580 |
| LIABILITIES | | | |
| Current | | | |
| Trade payables and accrued liabilities | 9 | \$ 484,740 | \$ 416,232 |
| Customer deposits and deferred revenue | | - | - |
| | | 484,740 | 416,232 |
| EQUITY | | | |
| Share capital | 11 | 4,329,369 | 4,329,369 |
| Reserve | 11 | 315,168 | 322,454 |
| Deficit | | (4,649,032) | (4,469,475) |
| | | (4,495) | 182,348 |
| TOTAL LIABILITIES AND EQUITY | | \$ 480,245 | \$ 598,580 |

Nature and continuance of operations (Note 1)
Commitment and Contingency (Note 13)

Approved on behalf of the Directors:

"Justin Sy"

"Eugene Suyu"

The accompanying notes are an integral part of these consolidated financial statements.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
June 30, 2018
(Expressed in Canadian Dollars)

| | Notes | For the three months ended June 30, | | For the six months ended June 30, | |
|---|-------|--|----------------|--------------------------------------|----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| REVENUE | 12 | \$ 158,320 | \$ 266,276 | \$ 312,161 | \$ 433,123 |
| COST OF SALES | | | | | |
| Cost of Goods Sold | | 78,089 | 148,285 | 173,084 | 255,292 |
| | | <u>80,231</u> | <u>117,991</u> | <u>139,077</u> | <u>177,831</u> |
| Production training and start-up | | - | - | - | - |
| GROSS PROFIT | | <u>80,231</u> | <u>117,991</u> | <u>139,077</u> | <u>177,831</u> |
| EXPENSES | | | | | |
| Amortization | 7 | 15,757 | 15,689 | 31,506 | 32,370 |
| Bank and credit card charges | | 2,080 | 2,427 | 4,558 | 4,312 |
| Foreign exchange (gain) | | (1,787) | 2,479 | (7,739) | 4,986 |
| Insurance | | 4,624 | 4,744 | 9,368 | 12,117 |
| Interest | | 186 | 186 | 186 | 342 |
| Office and general | | 1,643 | 3,178 | 4,024 | 6,875 |
| Product promotion, trade shows and travel | | 633 | 1,563 | 993 | 1,928 |
| Professional and consulting fees | | 33,649 | 29,650 | 89,615 | 56,913 |
| Rent and utilities | | 12,777 | 11,816 | 26,780 | 39,331 |
| Research and development | | 249 | 2,327 | 441 | 10,479 |
| Remuneration and benefits | 10 | 70,998 | 77,154 | 141,106 | 140,076 |
| Stock-based compensation | 10 | 2,149 | (12,020) | 5,890 | (5,283) |
| Shareholder communications, filing & transfer agency | | 15,149 | 13,933 | 25,082 | 25,233 |
| | | <u>158,107</u> | <u>153,128</u> | <u>331,810</u> | <u>329,681</u> |
| NET (LOSS) | | (77,876) | (35,137) | \$ (192,732) | \$ (151,850) |
| NET AND COMPREHENSIVE (LOSS) | | \$ (77,876) | \$ (35,137) | \$ (192,732) | \$ (151,850) |
| NET (LOSS) PER COMMON SHARE - BASIC AND DILUTED | | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.00) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED | | 49,238,349 | 49,238,349 | 49,238,349 | 49,238,349 |

The accompanying notes are an integral part of these consolidated financial statements.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)
June 30, 2018
(Expressed in Canadian Dollars)

| | Notes | Share capital | | Reserve | Deficit | Total |
|--|-------|------------------|--------------|------------|----------------|------------|
| | | Number of shares | Amount | | | |
| Balance at December 31, 2016 | | 49,238,349 | \$ 4,329,369 | \$ 380,088 | \$ (4,193,066) | \$ 516,391 |
| Transactions with owners, in their capacity as owners and other transfers: | | | | | | |
| Stock-based compensation | 10 | | | (5,283) | - | (5,283) |
| Net and comprehensive loss | | | | | (151,850) | (151,850) |
| Balance at June 30 2017 | | 49,238,349 | 4,329,369 | 374,805 | (4,344,916) | 359,258 |
| Balance at December 31, 2017 | | 49,238,349 | 4,329,369 | 322,454 | (4,469,475) | 182,348 |
| Transactions with owners, in their capacity as owners and other transfers: | | | | | | |
| Stock-based compensation | 10 | | | 5,890 | - | 5,890 |
| Cancellation of Stock Options | | | | (13,175) | 13,175 | - |
| Net and comprehensive loss | | | | | (192,732) | (192,732) |
| Balance at June 30 2018 | | 49,238,349 | 4,329,369 | 315,168 | (4,649,032) | (4,495) |

The accompanying notes are an integral part of these consolidated financial statements.

TINKERINE STUDIOS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
June 30, 2018
(Expressed in Canadian Dollars)

| | For the six months ended | |
|---|--------------------------|--------------------------|
| | June 30, 2018 | June 30 2017 |
| Cash Flow from Operating Activities | | |
| Net loss for the period | \$ (192,732) | \$ (151,850) |
| Items not involving cash | | |
| Amortization | 31,506 | 32,370 |
| Stock-based compensation | 5,890 | (5,283) |
| Changes in non-cash working capital items | | |
| Receivables | (21,115) | 63,114 |
| Inventory | 57,438 | 74,067 |
| Prepays and deposits | (5,137) | 36,317 |
| Trade payables and accrued liabilities | 68,507 | 92,152 |
| Customer deposits and deferred revenue | - | (4,430) |
| Net cash provided by (used in) operating activities | <u>(55,643)</u> | <u>136,457</u> |
| Cash Flows from Investing Activities | | |
| Purchase of property and equipment | - | (3,052) |
| Intangible asset | - | - |
| Net cash acquired on reverse take-over | - | - |
| Net cash used in investing activities | <u>-</u> | <u>(3,052)</u> |
| Cash Flow from Financing Activities | | |
| Net proceeds from share issuances | - | - |
| Net cash provided by financing activities | <u>-</u> | <u>-</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (55,643) | 133,405 |
| CASH AND CASH EQUIVALENTS - BEGINNING | <u>207,257</u> | <u>41,601</u> |
| CASH AND CASH EQUIVALENTS - ENDING | <u>\$ 151,614</u> | <u>\$ 175,006</u> |

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature and continuance of operations

Tinkerine Studios Ltd. (formerly White Bear Resources Inc.) (the "Company") was incorporated on May 25, 2006 under the laws of the province of British Columbia, Canada. The Company was previously listed on the TSX Venture Exchange ("TSX-V") under the trading symbol WBR. The Company's main activity was the acquisition, exploration and evaluation of resource properties.

The Company's primary business is the design and distribution of 3D printers, software and related online educational content.

The Company's registered and records office at 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7 and its head office is located at 213A 8725 92nd Street, Delta British Columbia, Canada, V4G 0A4.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or if financing is available, that it will be on terms that are acceptable to the Company. These events cast significant doubt about the Company's ability to continue as a going concern.

Based on the Company's operating history and its relationship with its stakeholders, Management, the Company may require additional equity to have sufficient capital to fund operations for the next twelve months. Further discussion of liquidity risk has been disclosed in Note 15. These unaudited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations as a going concern.

2. Basis of Presentation and Significant Accounting Policies

The financial statements were authorized for issue on August 15, 2018 by the directors of the Company.

Statement of compliance

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies and methods of computation consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements include all necessary information and disclosures required for interim financial statements but do not include disclosures required for a full annual financial report. These statements are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2017.

2 Basis of Presentation and Significant Accounting Policies (cont'd)

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted, which is the Company's functional currency.

Certain figures for the prior year have been reclassified to conform to the current presentation.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its 100% controlled entity, Tinkerine 3D Print Systems Ltd.

| | Jurisdiction of incorporation | Percentage owned | | |
|------------------------------------|----------------------------------|------------------|----------------------|------------------|
| | | June 30, 2018 | December 31, 2017 | June 30, 2017 |
| Tinkerine 3D Print Systems Ltd. | Canada | 100% | 100% | 100% |

The consolidated financial statements include the accounts of White Bear from April 4, 2014, the date of the share exchange. The financial statements prior to this date include only the accounts of Tinkerine. Inter-company transactions and balances are eliminated upon consolidation.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. The preparation of the financial statements also requires management to exercise judgment in the process of applying the accounting policies. On an on-going basis, management evaluates its estimates and assumptions in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances, as the basis for its estimates and assumptions. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. Actual outcomes may differ from those estimates under different assumptions and conditions.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the impairment and useful lives of equipment and leasehold improvements and intangible assets, fair value measurements for financial instruments and stock-based transactions and the recoverability and measurement of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- Allowance for doubtful accounts;

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
 June 30, 2018
 (Expressed in Canadian dollars)

- The classification of financial instruments; and
- The determination of the functional currency of the Company and its subsidiary

3. Accounting Standards Issued but Not Yet Effective

IFRS 9 “Financial Instruments”

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The proposed effective date of IFRS 9 is for annual periods beginning on or after January 31, 2018.

IFRS 15 “Revenue from Contracts with Customers”

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements. The Company is assessing the impact of the new or revised IFRS standards on its financial position and financial performance.

4. Cash

The components of cash and cash equivalents are as follows:

| | June 30, 2018 | December 31, 2017 |
|------|------------------|----------------------|
| Cash | \$ 151,614 | \$ 207,257 |
| | \$ 151,614 | \$ 207,257 |

5. Receivables

| | June 30, 2018 | December 31, 2017 |
|-------------------|------------------|----------------------|
| Trade receivables | \$ 68,495 | \$ 47,380 |
| | \$ 68,495 | \$ 47,380 |

6. Inventory

| | June 30, 2018 | December 31, 2017 |
|----------------|------------------|----------------------|
| Raw materials | \$ 166,767 | \$ 180,346 |
| Finished goods | 59,355 | 103,214 |
| | \$ 226,122 | \$ 283,560 |

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Notes to the Condensed Consolidated Interim Financial Statements(unaudited)

June 30, 2018

(Expressed in Canadian dollars)

7. Property and Equipment

| | Equipment | Computers | Leasehold improvements | Total |
|------------------------|-----------|-----------|------------------------|-----------|
| Cost: | | | | |
| December 31, 2016 | \$ 58,673 | \$ 12,573 | \$ 2,936 | \$ 74,183 |
| Additions | - | | 3,726 | 3,726 |
| Disposal | - | (728) | | (728) |
| December 31, 2017 | 58,673 | 11,845 | 6,664 | 77,182 |
| Additions | - | - | - | - |
| June 30, 2018 | 58,673 | 11,845 | 6,664 | 77,182 |
| Amortization: | | | | |
| December 31, 2016 | \$ 30,986 | \$ 10,931 | \$ - | \$ 41,917 |
| Additions | 11,736 | 1,225 | 2,224 | 15,185 |
| Disposal | - | (728) | - | (728) |
| December 31, 2017 | 42,722 | 11,428 | 2,224 | 56,374 |
| Additions | 5,868 | 118 | 1,112 | 7,039 |
| June 30, 2018 | 48,590 | 11,546 | 3,336 | 63,413 |
| Net book value: | | | | |
| December 31, 2017 | \$ 15,951 | \$ 418 | \$ 4,439 | \$ 20,808 |
| June 30, 2018 | \$ 10,083 | \$ 299 | \$ 3,328 | \$ 13,710 |

8. Intangible Asset

Intangible asset represents a development stage portal or application called Tinkerine U, the purpose of which is to develop and share 3D printer content.

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Notes to the Condensed Consolidated Interim Financial Statements (unaudited)
 June 30, 2018
 (Expressed in Canadian dollars)

| | Total |
|---------------------------|-------------------|
| Cost: | |
| December 31 2016 and 2017 | \$ 146,409 |
| Addition | - |
| June 30, 2018 | <u>\$ 146,409</u> |
| Amortization: | |
| December 31 2016 | \$ 73,201 |
| Additions | \$ 48,800 |
| December 31 2017 | <u>\$ 122,001</u> |
| Additions | \$ 24,408 |
| June 30, 2018 | <u>\$ 146,409</u> |
| Net Book Value | |
| December 31, 2016 | \$ 24,408 |
| June 30, 2018 | <u>\$ -</u> |

8 Intangible Asset (cont'd)

At June 15, 2018 management has assessed the intangible asset for recoverability and no events or circumstances indicated that the carrying value may not be recoverable. Therefore, there was no impairment of this asset at June 30, 2018.

9. Trade Payables and Accrued Liabilities

| | June 30, 2018 | December 31, 2017 |
|--------------------------|-------------------|----------------------|
| Trade payables (note 10) | \$ 76,370 | \$ 54,892 |
| Accrued liabilities | 408,370 | 361,340 |
| | <u>\$ 484,740</u> | <u>\$ 416,232</u> |

10. Related Party Transactions

As at June 30, 2018, included in prepaid and deposits is \$2,435 (December 31 2017 - \$2,435), which has been paid to a director of the Company.

As at June 30, 2018, included in trade payables is \$1,429 (December 31, 2017 - \$4,842), which is due to a director of the Company. These amounts are unsecured, non-interest bearing and without specific terms of repayment.

The compensation of officers and directors for the six month period was as follows:

| | June 30, 2018 | June 30, 2017 |
|--|-------------------|------------------|
| Rent and utilities | \$ 22,676 | \$ 22,083 |
| Remuneration, fees and short-term benefits | 85,591 | 52,500 |
| Stock-based compensation | 4,671 | 2,218 |
| | <u>\$ 112,938</u> | <u>\$ 76,801</u> |

11. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued and outstanding at June 30, 2018: 49,238,349 shares.

Changes in issued share capital

There are no changes to share capital in the first 6 months of 2018 fiscal year.

Warrants

For the period ended June 30, 2018 there are no warrants outstanding.

The 6,600,000 warrants issued in the private placement on March 24, 2016 expired on March 24, 2018 without being exercised.

11 Share capital (cont'd)

Stock options

No stock options were issued in the first six months of the 2018 fiscal year. Using the Black-Scholes share option pricing model the fair value is expensed to stock-based compensation over the one year, vesting period using the grading recognition system. \$2,148.95 was recognized as stock-based compensation in Q2 2018 based on this recognition system. During the period 225,000 stock options were cancelled, and the corresponding amount of \$13,175 was reallocated from reserves to deficit.

There were no stock options issued in the first six months of the 2017 fiscal year. During the period 130,000 stock options were cancelled, and the corresponding amount of \$13,895 was reallocated from reserves to deficit.

Continuity Table as at June 30, 2018.

| Number of options | Exercise Price | Expiry date |
|-------------------|----------------|---------------|
| 1,100,000 | \$0.075 | Apr 4, 2019 |
| 4,000 | \$0.075 | Mar 5, 2020 |
| 66,000 | \$0.075 | May 23, 2020 |
| 110,000 | \$0.075 | June 24, 2020 |
| 860,000 | \$0.075 | Jan 27, 2021 |
| 895,000 | \$0.075 | Jun 24 2021 |
| 435,000 | \$0.075 | Sept 30, 2022 |

As at June 30, 2018 the following stock options were outstanding and exercisable:

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 June 30, 2018
 (Expressed in Canadian dollars)

| | Number of stock options |
|---------------------------|----------------------------|
| Balance December 31 2016 | 3,955,000 |
| Issued | 725,000 |
| Expired/cancelled | (920,000) |
| Balance December 31, 2017 | 3,760,000 |
| Expired/cancelled | (225,000) |
| Balance June 30, 2018 | 3,535,000 |
| Exercisable June 30, 2018 | 3,390,000 |

As at June 30, 2018 the weighted average exercise price is \$0.075 with an average remaining term of 2.332 years.

Reserve

The reserve records items recognized as stock-based compensation expense and the fair value of warrants issued based on the residual method. At the time that the stock options or warrants are exercised, the corresponding amount is reallocated to share capital, or if they are cancelled the corresponding amount is reallocated to deficit.

12. Segmented Information

The Company operates in one reportable operating segment, being the sale of 3D printers and provision of related services. The summarized financial information for the revenue derived by geographic segment is as follows:

| | June 30, 2018 | June 30, 2017 |
|-----------------|------------------|------------------|
| Total revenues: | | |
| Canada | \$ 168,183 | \$ 327,667 |
| United States | 135,135 | 98,235 |
| Other | 8843 | 7,221 |
| | \$ 312,161 | \$ 433,123 |

During the six months ended June 30, 2018 sales to three customers was in excess of 10% of total revenue.

13. Commitments

On December 1st, 2016, the Company entered into a three-year lease agreement with a director of the Company for its premises, commencing January 1st, 2017. The annual basic lease payments was \$52,735 in the first year and \$58,286 in the second and third years. In addition, the Company pays operating costs and a management fees equal to 5% of the annual basic rent.

Contingency

The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. These matters are subject to inherent uncertainties

14 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements.

15 Financial instruments and financial risk management

The fair value of the Company's financial assets and liabilities approximates its carrying amount.

The Company's financial assets and liabilities are classified and measured as follows:

| <i>Asset/Liability</i> | <i>Category</i> | <i>Measurement</i> |
|------------------------|-----------------------------------|--------------------|
| Cash | Fair value through profit or loss | Fair value |
| Trade receivables | Loans and receivables | Amortized cost |
| Trade payables | Other financial liability | Amortized cost |
| Due to shareholders | Other financial liability | Amortized cost |

15 Financial instruments and financial risk management (cont'd)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at June 30, 2018 and December 31, 2017, the Company measures its cash based on Level 1 inputs.

Financial instrument risk exposure and management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash from operations.

At June 30, 2018, all the Company's non-derivative financial liabilities mature within one year.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company may from time to time extend unsecured credit to its customers and therefore, the collection of trade receivables may be affected by changes in economic or other conditions. The Company has not experienced any credit loss in the collection of trade receivable to date. The Company's other exposure to credit risk is on its cash held in bank accounts. The Company manages this risk by maintaining bank accounts with reputable financial institutions.

Foreign exchange risk

Foreign exchange risk is the risk that the fair values of the future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to interest rate risk.