

NOTICE TO READER

These consolidated audited annual financial statements of Tiny Capital Ltd. for the financial years ended December 31, 2022 and December 31, 2021, have been revised (the “**Restated Financial Statements**”) from the original version that was filed on SEDAR on May 1, 2023 and are being refiled in order to revise the presentation of the following items:

- **Statement of Financial Position and Statement of Changes in Equity:** Reclassification of \$6.3 million of preferred shares (liability) to share capital (equity) in connection with the conversion of the preferred shares to common shares on December 1, 2022
- **Statement of Cash Flows:** Reclassification of \$7.7 million of cash outflow from financing activity to operating activity as the \$7.7 million declared dividend was paid subsequent to year end and remained as a payable as at December 31, 2022.

These Restated Financial Statements now include the revised presentation of the items noted above. The related Management’s Discussion and Analysis for the financial years ended December 31, 2022 and December 31, 2021, which was filed on SEDAR on May 1, 2023 has also been revised to reflect the effects of the restatement and is being refiled concurrently with the Restated Financial Statements.

Consolidated Financial Statements
(Expressed in Canadian dollars)

TINY CAPITAL LTD.

And Independent Auditor's Report thereon
Years ended December 31, 2022 and 2021



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tiny Capital Ltd.

Opinion

We have audited the consolidated financial statements of Tiny Capital Ltd. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2022 and December 31, 2021
- the consolidated statements of net income and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restatement of Financial Statements

We draw attention to Note 2(d) to the financial statements which describes i) that the financial statements that we originally reported on May 1, 2023 have been amended, and ii) the matter that gives rise to the amendment of the financial statements.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB")., and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Vancouver, Canada
May 30, 2023

TINY CAPITAL LTD.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

December 31, 2022 and 2021

	Notes	2022 Restated (note 2(d))	2021
Assets			
Current assets:			
Cash and cash equivalents		\$ 31,201,836	\$ 27,144,873
Trade and other receivables	5	12,797,523	7,544,060
Due from related parties	16	1,312,385	86,676
Derivatives		-	505
Lease receivable	11	102,112	-
Prepaid expenses		1,616,268	1,690,703
Other current assets		81,690	-
		47,111,814	36,466,817
Capital assets	6	6,713,154	6,153,959
Intangible assets	7	45,520,370	29,734,471
Right-of-use assets	11	567,326	842,113
Goodwill	8	33,014,522	19,380,920
Investments	9	32,860,602	30,265,527
Derivatives		215,387	-
Lease receivable	11	222,073	-
Other assets		1,753,993	2,015,917
Deferred tax assets	17	762,626	502,294
		\$ 168,741,867	\$ 125,362,018
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	10	\$ 33,787,495	\$ 19,334,904
Debt	12	3,085,000	2,925,000
Income taxes payable	17	2,236,957	3,665,748
Due to related parties	16	8,406	392,256
Preferred shares		-	6,326,716
Lease liabilities	11	207,215	332,260
Contingent consideration payable		501,630	467,911
Derivatives		586,364	-
Deferred revenue	15	5,621,605	5,873,095
		46,034,672	39,317,890
Deferred tax liabilities	17	6,699,603	6,015,230
Lease liabilities	11	953,205	542,968
Contingent consideration payable		9,478,148	714,864
Debt	12	66,708,864	5,487,852
		129,874,492	52,078,804
Equity:			
Share capital		6,932,471	405,175
Contributed surplus		39,451,612	37,140,245
Reserves		4,364,333	3,780,908
Accumulated other comprehensive income (loss)		1,618,113	(2,935,593)
Retained earnings (deficiency)		(23,835,350)	24,431,394
Non-controlling interest		10,336,196	10,461,085
		38,867,375	73,283,214
Contingencies and Commitment (note 21)			
Subsequent events (notes 21 and 23)			
		\$ 168,741,867	\$ 125,362,018

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

Approved on behalf of the Board:

(Signed) "Andrew Wilkinson"
Director

(Signed) "Chris Sparling"
Director

TINY CAPITAL LTD.

Consolidated Statements of Net Income and Comprehensive Income
(Expressed in Canadian dollars)

Years ended December 31, 2022 and 2021

	Notes	2022	2021
Revenue	20	\$ 153,663,188	\$ 110,847,038
Expenses:			
Wages		68,563,028	51,437,941
Marketplace content costs		20,140,511	-
Travel, meals and entertainment		1,875,042	891,934
Share based payments (recovery)		4,461,520	(120,520)
Professional fees		7,495,213	3,577,780
Office and general		7,346,229	6,742,393
Management and strategic fees		-	1,420,694
Bank charges		560,511	219,843
Hosting fees		8,501,731	6,270,735
Depreciation and amortization		4,881,837	3,300,487
Business acquisition costs		709,479	-
Bad debts		302,930	263,114
Advertising and promotion		6,578,126	4,276,142
		131,416,157	78,280,543
Earnings from operations		22,247,031	32,566,495
Gain on sale of subsidiary		-	13,027,764
Gain on sale of intangibles		2,808,336	-
Share of loss from associates		(8,577,528)	(248,005)
Interest expense		(2,303,421)	(223,873)
Other income		1,314,191	744,550
Other expense		(1,448,603)	(317,982)
Fair value gain (loss) on investments		(1,055,503)	1,031,307
Profit before income taxes		12,984,503	46,580,256
Current income tax expense	17	(7,471,121)	(8,669,729)
Deferred tax expense	17	(107,593)	(1,309,041)
Net income for the year		\$ 5,405,789	\$ 36,601,486
Attributable to:			
Parent's interest		\$ 3,358,953	\$ 34,174,674
Non-controlling interests		2,046,836	2,426,812
		5,405,789	36,601,486
Other comprehensive income:			
Foreign exchange gain (loss) on translating foreign operations		5,213,361	(196,307)
Total comprehensive income		\$ 10,619,150	\$ 36,405,179
Attributable to:			
Parent's interest		\$ 7,920,091	\$ 34,027,439
Non-controlling interest		2,699,059	2,377,740
		\$ 10,619,150	\$ 36,405,179
Earnings per share			
Basic	18	\$ 3.12	\$ 31.84
Diluted	18	3.12	31.84

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

TINY CAPITAL LTD.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

Years ended December 31, 2022 and 2021

	Share capital (Restated - note 2(d))	Common shares number	Reserves	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Non- controlling interest	Total (Restated - note 2(d))
Balance at January 1, 2021	\$ 207,565	1,079,461	\$ 5,481,510	\$ 31,695,651	\$ (2,607,714)	\$ 8,033,182	\$ 11,511,779	\$ 54,321,973
Stock options exercised	-	-	-	-	-	-	173,615	173,615
Acquisition of Frosty	-	-	-	-	-	-	1,090,428	1,090,428
Sale of Mealime	(2,970)	-	-	-	-	-	(2,220,742)	(2,223,712)
Acquisition of shares of subsidiary	-	-	(1,580,098)	-	(42,053)	-	(434,878)	(2,057,029)
Share-based payments	200,580	-	(120,504)	-	(138,591)	-	-	(58,515)
Comprehensive income for the year	-	-	-	-	(147,235)	34,174,674	2,377,740	36,405,179
Contribution in lieu of dividend payable	-	-	-	5,444,594	-	-	-	5,444,594
Dividends	-	-	-	-	-	(17,776,462)	(2,036,857)	(19,813,319)
Balance at December 31, 2021	405,175	1,079,461	3,780,908	37,140,245	(2,935,593)	24,431,394	10,461,085	73,283,214
Stock options exercised	-	3,263	(1,291)	-	-	-	-	(1,291)
Acquisition of non-controlling interest	-	-	(1,373,690)	-	(7,432)	-	(408,722)	(1,789,844)
Conversion of preferred shares into common shares	6,326,716	14,388	-	-	-	-	-	6,326,716
Issuance of shares	-	690,223	-	-	-	-	25,060	25,060
Share-based payments	200,580	-	1,958,406	2,311,367	-	-	-	4,470,353
Comprehensive income for the year	-	-	-	-	4,561,138	3,358,953	2,699,059	10,619,150
Dividends	-	-	-	-	-	(51,625,697)	(2,440,286)	(54,065,983)
Balance at December 31, 2022	\$ 6,932,471	1,787,335	\$ 4,364,333	\$ 39,451,612	\$ 1,618,113	\$ (23,835,350)	\$ 10,336,196	\$ 38,867,375

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

TINY CAPITAL LTD.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Years ended December 31, 2022 and 2021

	2022 Restated (note 2(d))	2021
Cash provided by (used in):		
Operations:		
Net income	\$ 5,405,789	\$ 36,601,486
Items not involving cash:		
Depreciation and amortization	4,881,837	3,300,487
Share based payments (recovery)	4,461,520	(120,520)
Finance expense	2,303,421	201,279
Unrealized gain on investment	(1,055,503)	(1,031,307)
Loss (gain) on disposal of assets	214,890	261,920
Gain on sale of subsidiary	-	(13,027,764)
Bad debt expense	302,930	263,114
Other income	-	(40,000)
Fair value adjustment to forward contracts	625,084	585,451
Share of loss from associate	8,577,528	248,005
Gain on sale of intangibles	(2,808,336)	-
Gain on redemption of redeemable shares in subsidiary	(249,900)	-
Unrealized foreign exchange loss	720,857	5,790
Current income tax expense	7,471,121	8,669,729
Deferred income tax expense	107,593	1,309,041
	30,958,831	37,226,711
Changes in non-cash working capital (note 17)	(480,065)	807,314
Income taxes paid	(8,899,912)	(8,449,959)
Cash provided by (used in) operating activities	21,578,854	29,584,066
Financing:		
Acquisition of NCI	(1,789,844)	(2,057,008)
Dividends paid to NCI	(2,440,286)	(2,036,857)
Dividends paid	(43,922,055)	(11,902,509)
Stock options exercised in subsidiaries	(1,291)	173,615
Proceeds from share issue	25,060	-
Debt, funds received	76,556,528	8,255,321
Debt, funds repaid	(14,497,405)	(4,821,665)
Interest paid on debt	(1,688,171)	(10,537)
Debt issuance costs	(736,792)	-
Interest paid on lease payment	(67,950)	(63,473)
Principal portion of lease payments	(428,100)	(485,370)
Cash provided by (used in) financing activities	11,009,694	(12,948,483)
Investing:		
Purchase of investment	(8,821,605)	(14,443,501)
Purchase of capital assets	(1,251,205)	(5,872,978)
Acquisition of subsidiaries, net of cash acquired	(17,658,403)	(590,810)
Purchase of intangible assets	(3,047,935)	(140,586)
Proceeds from disposal of assets	2,849,480	6,769
Proceeds from sale of a business	-	13,545,881
Contingent consideration	(601,917)	-
Cash provided by (used in) investing activities	(28,531,585)	(7,495,225)
Increase in cash and cash equivalents	4,056,963	9,140,358
Cash and cash equivalents, beginning of year	27,144,873	18,004,515
Cash and cash equivalents, end of year	\$ 31,201,836	\$ 27,144,873

Supplementary cashflow information (note 19)

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

TINY CAPITAL LTD.

Consolidated Notes to Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Years ended December 31, 2022 and 2021

1. Incorporation and nature of activities:

Tiny Capital Ltd. ("Tiny") was incorporated under the British Columbia Business Corporations Act on January 14, 2016. Tiny is an investment platform that invests in a variety of businesses either directly, through operating subsidiaries, or through a private equity fund where it serves as the general partner. Through its operating subsidiaries and equity investees, including Dribbble Holdings Ltd. ("Dribbble") and Beam Digital Ltd. ("Beam"), Tiny engages in a variety of technology enabled businesses including digital product design and engineering agency services, and operating a creative community network and digital asset marketplace.

Prior to December 31, 2022, Tiny had a 24.6% in Beam while the remaining 75.4% was held by entities controlled by Tiny's controlling shareholder. On December 31, 2022, Tiny purchased the remaining 75.4% of Beam, resulting in Beam becoming a wholly-owned subsidiary. The acquisition of Beam is a transaction between entities under common control since Beam is ultimately controlled by the same party before and after the purchase of the remaining 75.4% by Tiny. This transaction has been recorded at the carrying value of the assets and liabilities at the acquisition date. These financial statements are presented on a consolidated basis, with Tiny as the ultimate parent. Management has adopted the predecessor basis of accounting, whereby Beam's results and operation and financial position are included in these financial statements at historical amounts recorded by Beam as if Beam has always been wholly owned by Tiny.

Tiny maintains its registered office at 2900-550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

COVID-19:

The Company has assessed the economic impacts of COVID-19 on its consolidated financial statements. As at December 31, 2022, management has determined that the Company's results of operations and financial positions are not materially impacted. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations, orders, disruptions and potential disruptions in commodity prices and capital markets. While the Company has not experienced any significant negative impact to date, the extent to which communicable diseases may impact future business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and unknown at this time.

2. Basis of preparation:

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 1, 2023.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value.

TINY CAPITAL LTD.

Consolidated Notes to Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Years ended December 31, 2022 and 2021

2. Basis of preparation (continued):

(a) New and amended standards adopted by the Company:

The Company has applied the following amendments for the first time for their annual reporting period commencing January 1, 2022:

- Reference to the Conceptual Framework in IFRS 3 Business Combinations
- Property, Plant and Equipment – Proceeds before Intended Use in IAS 16; and
- Onerous Contracts – Cost of Fulfilling a Contract under IAS 37

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted:

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

(c) Use of judgments and estimates:

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported revenue and expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of estimates applied in the preparation of these consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

(i) Revenue recognition, unbilled revenue and deferred revenue:

For certain of its revenue streams, the Company recognizes revenue based on the extent of progress in each period towards completion of the performance obligation. The extent of progress towards completion is based on internal estimates, with reference to the proportion of work performed relative to the deliverable. Due to the nature of the work performed in order to satisfy the performance obligation, management's estimation of percentage of completion requires significant judgment. The assumptions and factors that can affect the accuracy of the estimate, include but are not limited to, the estimated costs for a contract in total, and estimated costs to completion at the reporting date.

TINY CAPITAL LTD.

Consolidated Notes to Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Years ended December 31, 2022 and 2021

2. Basis of preparation (continued):

(c) Use of judgments and estimates (continued):

(ii) Valuation of assets and liabilities acquired in business combinations:

In a business combination, the Company may acquire assets and assume certain liabilities of an acquired entity. The estimate of fair values for these transactions involves judgment in determining the fair values assigned to the tangible and intangible assets acquired and the liabilities assumed on the acquisition. The determination of these fair values involves a variety of assumptions, including estimates surrounding the costs to acquire or reproduce a similar asset, expected future net cash flows and appropriate discount rates. Contingent consideration resulting from business combinations is recorded at fair value at the acquisition date as part of the business combination based on expected discounted cash flows and, when liability-classified, is subsequently remeasured to fair value at each reporting date with any subsequent change in fair value recognized in the consolidated statements of net income and comprehensive income. The estimation of contingent consideration can require the Company to make estimates of future performance of the acquired business.

(iii) Impairment of intangible assets and goodwill:

Management assesses indicators of impairment for intangible assets and goodwill and tests goodwill and indefinite life intangible assets for impairment at least annually. When performing quantitative assessments, forecasts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results.

In making these key estimates and judgements, management takes into consideration assumptions that are mainly based on market conditions existing at the reporting dates and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Company.

(iv) Valuation of investments held in a fund:

For investments in private companies carried at fair value, the Company determines these fair values using a market approach and/ or income approach based on a variety of assumptions, including but not limited to transaction price in similar transactions, valuation of comparable companies, and projections provided by the underlying investees, etc.

(v) Determination of functional currency:

Determination of functional currency requires management to make judgments in evaluating primary and secondary indicators under International Accounting Standards ("IAS") 21, *The Effect of Changes in Foreign Exchange Rates*. Key judgments include the primary economic environment in which the Company operates, the currency that mainly influences sales prices for its services and the costs of labour, and the country whose competitive forces and regulations mainly determine sales prices.

TINY CAPITAL LTD.

Consolidated Notes to Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Years ended December 31, 2022 and 2021

2. Basis of preparation (continued):

(c) Use of judgments and estimates (continued):

(vi) Share-based compensation:

The Company measures the cost of share-based compensation transactions with qualifying directors, employees, officers and consultants by reference to the fair value of the equity instruments at the date at which they are granted. These are offered to directors, employees, officers and consultants in the form of stock options ("Options"). Options are settled in equity. Estimating fair value for share-based compensation requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the fair value of the underlying shares of privately held entities, expected term, volatility, and forfeiture rate. The expected term is determined using the simplified method. Volatility is determined using a comparable peer group until such time as sufficient trading history is available for the Company's own shares.

(d) Restatement of balances:

Adjustment 1 – In December 2022, the Company settled the preferred shares liability through the issuance of common shares. This transaction was not previously recorded. The Company has corrected this error by recording the transaction and restating the preferred shares liability and share capital balances in the December 31, 2022 statement of financial position.

Adjustment 2 – In December 2022, the Company declared dividends that remained unpaid and were included in accounts payable. In the consolidated statement of cashflows for the year ended December 31, 2022, the Company had erroneously included the dividend payable amount as a financing cash outflow, even though the amounts remained payable at December 31, 2022. The Company has corrected the error by adjusting the financing cashflows related to dividends paid and the operating cashflows related to changes in working capital.

The impact of these adjustments on the consolidated financial statements is summarized below:

	As reported	Adjustment	As restated
Statement of Financial Position			
Preferred shares	6,326,716	(6,326,716)	-
Current liabilities	52,361,388	(6,326,716)	46,034,672
Total liabilities	136,201,208	(6,326,716)	129,874,492
Share capital	605,755	6,326,716	6,932,471
Total shareholders' equity	32,540,659	6,326,716	38,867,375
Statement of Changes in Equity			
Conversion of preferred shares into common shares	-	6,326,716	6,326,716
Share capital	605,755	6,326,716	6,932,471
Total shareholders' equity	32,540,659	6,326,716	38,867,375
Statement of Cash Flows			
Changes in non-cash working capital	7,223,577	(7,703,642)	(480,065)
Cash provided by operating activities	29,282,496	(7,703,642)	21,578,854
Dividends paid	(51,625,697)	7,703,642	(43,922,055)
Cash provided by financing activities	3,306,052	7,703,642	11,009,694

TINY CAPITAL LTD.

Consolidated Notes to Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Years ended December 31, 2022 and 2021

3. Significant accounting policies:

(a) Principles of consolidation and equity accounting:

A subsidiary is an entity over which the Company has control, where control indicates exposure or rights to variable returns and the ability to affect those returns through power to direct the activities of the investee. Subsidiaries are consolidated from the date on which control is obtained by the Company.

Principal subsidiaries of Tiny are as follows:

Entity	Country	Ownership percentage at December 31, 2022	Ownership percentage at December 31, 2021
Dribbble Holdings	Canada	74.52%	73.8%
Tiny Boards Holdings Ltd.	Canada	100%	100%
Tiny Holdings Ltd.	Canada	100%	100%
Meteor Software Holdings Ltd.	Canada	100%	100%
Beam Digital Ltd.	Canada	100%	24.6%

Inter-company transactions, balances and unrealised gains on transactions between entities, including those between Tiny and Beam, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of net income and comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position respectively.

An associate is an entity over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in net income, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

TINY CAPITAL LTD.

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3. Significant accounting policies (continued):

(a) Principles of consolidation and equity accounting (continued):

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Tiny.

When the Company ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Foreign currency translation:

IFRS requires that the functional currency of each entity in the consolidated Company be determined separately in accordance with the indicators as per International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates* and should be measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is the Canadian dollar. The functional currency of all principal subsidiaries as previously identified is the Canadian dollar, except for Dribbble, Tiny Capital (US) Ltd., and HappyFunCorp whose functional currency is the USD and Z1 Digital Product Studio SL whose functional currency is the Euro.

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

TINY CAPITAL LTD.

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3. Significant accounting policies (continued):

(b) Foreign currency translation (continued):

Under IFRS, the results and financial position of all the Company's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the consolidated statements of financial position;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- all resulting exchange differences are recognized as a separate component of equity.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in net income.

Foreign exchange gains and losses that relate to the Company's line of credit facility are presented in the consolidated statements of net income and comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of net income and comprehensive income on a net basis within other income (expenses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

TINY CAPITAL LTD.

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Years ended December 31, 2022 and 2021

3. Significant accounting policies (continued):

(c) Business combinations:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Company;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity;

over the fair value of the net identifiable assets acquired is recorded as goodwill.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration payable is measured at fair value at the date of acquisition and is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in net income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in net income.

TINY CAPITAL LTD.

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3. Significant accounting policies (continued):

(d) Transactions under common control:

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party, both before and after the business combination, and control is not transitory. In connection with the transactions described in Note 1, the entities were controlled by the same shareholder immediately preceding closing of the transactions and immediately subsequent to closing; consequently, the entities were under common control.

Business combinations involving entities under common control are outside the scope of IFRS 3, *Business Combinations*. IFRS provides no guidance on the accounting for these types of transactions. As a result, the Company was required to develop an accounting policy. The two most common methods utilized are the acquisition method and the book value method. Management determined the book value method to be most appropriate. This method required the financial statements to be prepared using the book values without an adjustment to fair value. Comparative information has been re-presented and the current reporting period has been adjusted as if the combination had occurred before the later of (i) the start of the earliest period presented, and (ii) the date at which the common control group gained control of the entity. During all periods presented in these consolidated financial statements, the entities were under common control. The statement of equity has been re-presented to assume that the transaction as at December 31, 2021 had been enacted at an earlier date and an equivalent number of shares had been issued.

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash and cashable guaranteed investment certificates that are readily convertible into a known amount of cash on demand, with a maturity date of 3 months or less when acquired.

(f) Trade receivables:

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. They are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses.

(g) Financial instruments:

(i) Financial assets:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The Company classifies its financial assets in the following categories: fair value through profit or loss, amortized cost or fair value through other comprehensive income. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition.

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3. Significant accounting policies (continued):

(g) Financial instruments (continued):

(ii) Amortized cost:

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not classified or designated as fair value through profit and loss:

(A) the Company's objective for these financial assets is to collect their contractual cash flows; and

(B) the asset's contractual cash flows represent solely payments of principal and interests.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. The Company's cash and cash equivalents, trade and other receivables and amounts due from related parties are recorded at amortized cost as they meet the required criteria.

(iii) Fair value through other comprehensive income ("OCI"):

For financial assets that are investments in equity instruments that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value plus transaction costs through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each separate investment. Under this category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The Company does not have any financial assets designated as FVOCI.

(iv) Financial assets at fair value through profit or loss:

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. Financial assets at FVTPL are initially recognized at fair value with transaction costs expensed in profit and loss with changes in fair value recorded in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in other income (expenses) in the consolidated statements of net income and comprehensive income in the period in which they arise.

(v) Financial liabilities:

Financial liabilities are recognized initially at fair value, net of transaction costs, and are subsequently stated at amortized cost, except for contingent consideration liabilities and derivatives, which are subsequently measured at FVTPL. For liabilities recognized as amortized cost, any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. For liabilities recognized as FVTPL, transaction costs are expensed in profit and loss with realized and unrealized gains and losses arising from changes in the fair value included in profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

TINY CAPITAL LTD.

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Years ended December 31, 2022 and 2021

3. Significant accounting policies (continued):

(g) Financial instruments (continued):

(v) Financial liabilities (continued):

Financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade and other payables, amounts due to related parties and other liabilities.

Impairment of financial instruments:

The Company does not have any investment in debt instruments.

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit loss ("ECL"). Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company is generally paid in advance for its services.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses are recorded to the statement of net income and comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

Derivative financial instruments:

The Company's derivative financial instruments consist of foreign currency and interest rate swap derivatives. The Company enters into forward exchange contracts for the sale of US dollars at specified future dates solely to protect itself from the cash flow risk attributable to the effect of foreign currency fluctuations on anticipated sales of services denominated in US dollars.

The interest rate swap derivatives are used solely to economically hedge the variable rates of a portion of the credit facility, transforming the variable rate exposure to fixed rate obligations.

These financial instruments are measured at fair value, which is determined based on amounts quoted by the Company's counterparties to realize favourable contracts or to settle unfavourable contracts. The unrealized gain or loss arising from changes in the fair value of forward exchange contracts is included in net income as the instruments have not been designated as hedges for accounting purposes.

Derecognition of financial instruments:

Financial assets are derecognized when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred.

TINY CAPITAL LTD.

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3. Significant accounting policies (continued):

(g) Financial instruments (continued):

(v) Financial liabilities (continued):

Derecognition of financial instruments (continued):

If the Company has neither transferred nor retained substantially all the risks and rewards of the transferred financial asset, it assesses whether it has retained control over the transferred asset. If control has been retained, the Company recognizes the transferred asset to the extent of its continuing involvement. If control has not been retained, the Company derecognizes the transferred asset. Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

(h) Capital assets:

Capital assets are recorded at historical cost, less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The Company recognizes depreciation using the straight-line and declining methods at rates designed to depreciate the cost of the capital assets over their estimated useful lives. Land is not depreciated. The annual depreciation rates are as follows:

Asset	Depreciation period
Building	25 years
Computer equipment	3 year
Computer software	3 year
Furniture and equipment	5 year
Leasehold improvements	Lessor of initial lease term and useful life of asset

Depreciation methods, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate.

(i) Intangible assets:

Intangible assets consist of acquired trade names and brand, customer contracts, customer relationships, cryptocurrency and capitalized website and application development costs. Intangibles acquired in business combinations are recognized at fair value at the acquisition date. Intangible assets, except cryptocurrency, are carried at cost, less accumulated amortization and any recognized impairment loss.

Cryptocurrency is classified as intangible assets and measured at cost less accumulated impairment losses, if any.

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3. Significant accounting policies (continued):

(i) Intangible assets (continued):

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell;
- the software is available; and
- the expenditure attributable to the software during its development can be reliably measured.

The Company recognizes amortization using the straight-line method at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rates are as follows:

Asset class	Amortization period
Trade names and brand	5 years
Customer contracts	5 years
Customer relationships	5-10 years
Website and application development costs	5-10 years
Other	5-10 years

Amortization methods, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate.

(j) Goodwill:

Goodwill represents the excess of the purchase price over the estimated fair value of net tangible and identifiable intangible assets acquired in business combinations. After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if any.

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3. Significant accounting policies (continued):

(k) Impairment of non-financial assets:

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

(l) Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally paid according to vendor terms. Trade and other payables are presented as current liabilities unless payment is not due within 12-months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(m) Provisions:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

(n) Employee benefits:

(i) Short-term obligations:

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

TINY CAPITAL LTD.

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3. Significant accounting policies (continued):

(n) Employee benefits (continued):

(ii) Share-based payments:

The Company and its subsidiaries have restricted stocks and stock option plans, details of which are set out in note 14.

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The Company does not have any awards with non-vesting conditions for the periods presented.

For share-based payments granted based on the shares of any non-wholly owned subsidiaries, the Company has elected to recognize the entire cumulative compensation cost as the parent's equity and no amount is recorded as noncontrolling interest prior to exercise of the share options.

(o) Dividends:

Dividends declared and payable to the Company's shareholders are recognized as a liability in the consolidated statements of financial position in the period in which the dividends are approved by the Company's Board of Directors.

(p) Revenue recognition:

The Company generates revenue primarily from the provision of strategic and design services and marketing services. The Company also generates marketplace revenue from the sale of digital goods, job board revenue from its job boards operations and cloud service revenue for providing hosting services. The Company follows the five-step model under IFRS 15 to recognize revenue:

- (i) Identifying the contract with a customer;
- (ii) Identifying the performance obligations;
- (iii) Determining the transaction price;
- (iv) Allocating the transaction price to the performance obligations; and
- (v) Recognizing revenue when/as performance obligation(s) are satisfied.

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3. Significant accounting policies (continued):

(p) Revenue recognition (continued):

Digital services revenue:

Revenue is recognized over time, when or as the Company satisfies performance obligations by transferring the promised services to its customers. For contracts where the transaction price is based on a fixed fee, the Company uses the percentage-of-completion method to determine the amount of revenue to recognize in each period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. For contracts where the transaction price is based on time and materials, revenue is recognized as work is performed based on the hourly rates agreed with the customers. Costs incurred in the year relating to future activity on a contract are excluded from contract costs in determining the stage of completion. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the consolidated statements of net income and comprehensive income in the period in which the circumstances that give rise to the revision become known by management. Because of the nature of services offered, there are no obligations for refunds, returns or warranties.

On the consolidated statements of financial position, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset (unbilled revenue) where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability (unearned revenue) where the progress billings exceed the costs incurred plus recognized profits.

The Company receives payments from customers based on progress billings issued. Unbilled revenue relates to the Company's conditional right to consideration for the completed performance under the contract. Trade receivables are recognized when the right to consideration becomes unconditional. Deferred revenue relates to stage payments or retainers that are received in advance of performance under the contract.

Creative platform revenue

Prior to April 1, 2022, Revenue was recognized net of amounts due to sellers as control of the digital goods or assets is transferred to the buyers. Effective April 1, 2022, due to changes in the marketplace contracts, the Company has concluded that they are acting as the principal in the transaction. For all new contracts entered into from April 1, 2022 onwards, revenue is recorded on a gross basis while the amounts due to sellers are recorded as marketplace content costs.

Job board revenue:

Revenue is recognized in the contracted period in which the job postings are displayed on the Company's job boards.

Cloud service revenue:

Revenue is recognized in the contracted period in which the hosting service is provided.

TINY CAPITAL LTD.

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3. Significant accounting policies (continued):

(q) Government assistance:

Government grants, including grants from similar bodies, consisting of investment tax credits are recorded as other income in the consolidated statements of net income and comprehensive income. Government grants are recognized when there is reasonable assurance that the Company has met the requirements of the approved grant program and there is reasonable assurance that the grant will be received.

Grants that compensate the Company for expenses incurred are recognized in profit or loss on a systematic basis in the same years in which the expenses are recognized.

(r) Income taxes:

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

TINY CAPITAL LTD.

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3. Significant accounting policies (continued):

(r) Income taxes (continued):

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(s) Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the Company has the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement and if the Company has the right to direct the use of the asset. As a lessee, the Company recognizes a right-of-use asset, and a lease liability at the commencement date of a lease.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Company's estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

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3. Significant accounting policies (continued):

(s) Leases (continued):

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain measurements of the lease liability.

The Company does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12-months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For any subleases the Company enters into, as the intermediate lessor the Company assesses whether the sublease should be classified as a finance or operating lease.

For finance leases, the Company derecognizes the right-of-use asset relating to the head lease that is transferred to the sublessee and recognizes the net investment in the sublease (lease receivable), then any difference between the right-of-use asset and net investment in the sublease is charged directly to profit and loss. The Company also retains the lease liability relating to the head lease in the statement of financial position. During the term of the sublease, the Company recognizes both finance income on the sublease and interest expense on the headlease.

For operating leases, the Company retains the lease liability and right-of-use asset relating to the head lease in the statement of financial position. Over the term of the sublease, the Company recognizes a depreciation charge for the right-of-use asset and interest on the lease liability; and recognizes lease income from the sublease.

(t) Share capital:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(u) Segment reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer, who is the chief operating decision maker.

(v) Earnings per share:

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted income per share is determined by adjusting net income and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares, which are comprised of restricted shares and options. Anti-dilutive options are not considered in computing diluted earnings per share.

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4. Business combinations:

(a) Frosty Studio Ltd.:

On December 31, 2021, Beam acquired 65% of a business by setting up a subsidiary to acquire certain assets of Frosty Studio Ltd. ("Frosty"), a marketing service provider to customers, including branding and creative and strategy services. Beam owns 65% of the subsidiary while the sellers own the remaining 35%. Because the assets acquired constitute a business, this transaction is accounted for as a business combination.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:	
Cash paid	\$ 842,267
Fair value of contingent consideration (note 1)	1,182,812
Total purchase consideration	\$ 2,025,079

Note 1: In the event that the gross revenue achieved by Frosty shall exceed certain thresholds for the years ending December 31, 2022, December 31, 2023 and December 31, 2024, an additional consideration of \$563,466 (US\$444,444) shall be payable for each fiscal year, to the seller. The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows.

The assets and liabilities recognized as a result of the acquisition are as follows:

Cash	\$ 393,549
Capital assets	6,317
Customer relationships	1,440,276
Brand	230,191
Deferred tax asset	4,738
Non-controlling interest	(1,090,428)
Goodwill	1,040,436
Net assets acquired	\$ 2,025,079

The Company measures non-controlling interest initially at fair value based on the implied fair value of the consideration paid or payable for the business acquired. The goodwill is attributable to the workforce and synergy expected from the acquisition. It will be deductible for tax purposes.

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4. Business combinations (continued):

(b) Fontspring Inc. ("Fontspring"):

On January 28, 2022, Dribbble acquired certain assets, servers and clients of Fontspring, a service platform offering font licensing to provide Dribbble with a wider array of products and services to its customers for US\$3.073 (CA\$3.924) million cash.

The transaction was accounted for using the acquisition method under IFRS 3, with the results of operations to be included in financial statements from the date of acquisition. The goodwill is attributable to the workforce and unallocated purchase price. It will not be deductible for tax purposes.

The fair values of identifiable assets acquired and liabilities assumed are as follows:

Purchase consideration:		
Cash paid	\$	3,273,276
Holdback amount ⁽¹⁾		651,717
Total purchase consideration	\$	3,924,993

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value
Cash and cash equivalents	\$ 1,586
Trade and other payables	(344,265)
Foundry relationships	1,048,581
Brand and trademarks	759,934
Developed technology	394,655
Goodwill	2,064,502
Net asset acquired	\$ 3,924,993

- (1) The Holdback Amount is retained for 12 months and serves as partial security to the buyer for the seller's representations, warranties, covenants, and agreements.

The goodwill is attributable to the workforce and synergy expected from the acquisition. It will be deductible for tax purposes.

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4. Business combinations (continued):

(c) HappyFunCorp LLC:

On November 15, 2022, the Company acquired 100% of the issued and outstanding share capital of HappyFunCorp LLC ("HappyFunCorp."), a service provider for software engineering services. Their key offerings to their customers are new product development, modernization, and design.

Details of the purchase consideration, the net assets acquired, and goodwill are as follows:

Purchase consideration:	
Cash paid	\$ 15,948,000
Earnout (note 1)	8,890,213
Total purchase consideration	\$ 24,838,213

Note 1: In the event that the Adjusted EBITDA achieved by HappyFunCorp. shall exceed certain thresholds for the years ending December 31, 2023, and December 31, 2024, an additional consideration shall be payable for each fiscal year, to the seller. The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows.

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value
Cash	\$ 1,562,872
Trade and other receivables	3,014,670
Prepaid	5,152
Capital assets	10,503
Customer relationships	10,233,300
Brand	2,020,080
Trade and other payables	(796,495)
Other liabilities	(1,312,269)
Goodwill	10,100,400
Net assets acquired	\$ 24,838,213

The goodwill is attributable to the workforce and synergy expected from the acquisition. Of the \$10,100,400, \$910,600 is deductible for tax purposes.

(d) Estimated consolidated revenue and net income (unaudited):

For the year ended December 31, 2021, Frosty contributed revenue of \$122,224 and net loss of \$12,810, to the Company's results.

For the year ended December 31, 2022, HappyFunCorp. contributed revenues of \$1,467,951 and net income/(loss) of (\$119,729) to the Company's results.

Had the acquisitions of HappyFunCorp. and FontSpring occurred on January 1, 2022, management estimates that consolidated revenue and consolidated net income for the year ended December 31, 2022 would have been \$167,737,235 and \$7,754,634.

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5. Trade and receivables:

	2022	2021
Trade receivables	\$ 11,439,412	\$ 6,622,225
Unbilled revenue	1,160,293	846,499
Taxes	667,360	299,703
Other receivable	4,422	13,981
Allowance for credit loss	(473,964)	(238,348)
	<u>\$ 12,797,523</u>	<u>\$ 7,544,060</u>

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6. Capital assets:

	Land	Building	Computer equipment	Computer software	Furniture and equipment	Leasehold improvements	Total
Cost:							
Balance, January 1, 2021	-	-	983,263	285,402	553,411	472,806	2,294,882
Additions	2,906,428	1,859,554	452,739	35,100	327,111	298,363	5,879,295
Disposals	-	-	(121,904)	-	(99,662)	(433,776)	(655,342)
Foreign exchange	-	-	708	-	-	-	708
Balance, December 31, 2021	2,906,428	1,859,554	1,314,806	320,502	780,860	337,393	7,519,543
Additions	-	146,384	624,879	-	136,491	728,494	1,636,248
Disposals	-	-	(43,610)	-	(9,100)	-	(52,710)
Foreign exchange	-	-	1,048	-	-	-	1,048
Reimbursement	-	-	-	-	-	(86,680)	(86,680)
Cost Adj.	-	-	-	-	-	(298,363)	(298,363)
Reclassification	-	-	211,730	-	(187,269)	-	24,461
Balance, December 31, 2022	2,906,428	2,005,938	2,108,853	320,502	720,982	680,844	8,743,547
Accumulated Depreciation							
Balance, January 1, 2021	-	-	610,414	102,406	431,801	197,871	1,342,492
Depreciation expense	-	17,812	249,119	58,056	55,375	29,097	409,459
Disposals	-	-	(93,681)	-	(88,029)	(204,943)	(386,653)
Foreign exchange	-	-	286	-	-	-	286
Balance, December 31, 2021	-	17,812	766,138	160,462	399,147	22,025	1,365,584
Depreciation expense	-	78,831	399,267	55,716	102,708	51,370	687,892
Disposals	-	-	(29,952)	-	(10,330)	-	(40,282)
Foreign exchange	-	-	7,229	-	-	-	7,229
Cost Adj.	-	-	-	-	-	(5,978)	(5,978)
Reclassification	-	-	180,898	-	(164,950)	-	15,948
Balance, December 31, 2022	-	96,643	1,323,580	216,178	326,575	67,417	2,030,393
Net book value:							
December 31, 2021	2,906,428	1,841,742	548,668	160,040	381,713	315,368	6,153,959
December 31, 2022	2,906,428	1,909,295	785,273	104,324	394,407	613,427	6,713,154

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7. Intangible assets:

	Customer relationships	Customer contracts	Trade name and brands	Website and application development costs	Foundry Relationships	Other	Total
Cost:							
Balance, January 1, 2021	11,912,508	82,299	8,792,953	14,794,261	-	1,330,680	36,912,701
Additions	1,440,276	-	230,191	33,907	-	106,679	1,811,053
Disposed	-	-	-	(2,504,648)	-	-	(2,504,648)
Foreign exchange	(75,561)	-	(49,692)	(33,186)	-	(174)	(158,613)
Balance, December 31, 2021	13,277,223	82,299	8,973,452	12,290,334	-	1,437,185	36,060,493
Additions	10,233,300	-	2,844,895	3,143,459	1,048,417	234,414	17,504,485
Disposed	-	-	-	(21,614)	-	-	(21,614)
Foreign exchange	869,774	-	671,244	556,121	63,545	4,369	2,165,053
Balance, December 31, 2022	24,380,297	82,299	12,489,591	15,968,300	1,111,962	1,675,968	55,708,417
Accumulated amortization:							
Balance, January 1, 2021	601,192	10,960	47,779	3,329,192	-	165,241	4,154,364
Amortization expense	930,434	16,461	66,131	1,305,164	-	113,121	2,431,311
Disposed	-	-	-	(250,465)	-	-	(250,465)
Foreign exchange	(6,152)	-	(5,229)	2,185	-	8	(9,188)
Balance, December 31, 2021	1,525,474	27,421	108,681	4,386,076	-	278,370	6,326,022
Amortization expense	1,489,953	16,464	155,404	1,842,515	71,213	114,394	3,689,943
Disposed	-	-	-	-	-	-	-
Foreign exchange	(5,112)	-	(45,577)	218,350	2,917	1,504	172,082
Balance, December 31, 2022	3,010,315	43,885	218,508	6,446,941	74,130	394,268	10,188,047
Net book value:							
Balance, December 31, 2021	11,751,749	54,878	8,864,771	7,904,258	-	1,158,815	29,734,471
Balance, December 31, 2022	21,369,982	38,414	12,271,083	9,521,359	1,037,832	1,281,700	45,520,370

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8. Goodwill:

Goodwill was recognized as part of the acquisitions of Z1, Button, Frosty and HFC by Beam, original acquisition of the assets of Dribbble as well as related to the acquisition of Creative Market and by Dribbble, acquisition of Unicorn Hunt by Tiny Boards, and acquisition of Mealime by Tiny. Goodwill is monitored by management at the entity level.

An entity-level summary of the goodwill allocation is presented below:

	Beam	Tiny Board	Dribbble	Mealime	Total
Balance, January 1, 2021	\$ 1,659,215	\$ 128,120	\$ 16,528,657	\$ 3,413,729	\$ 21,729,721
Additions	1,040,436	-	135,280	-	1,175,716
Disposition	-	-	-	(3,413,729)	(3,413,729)
Foreign exchange	(42,229)	-	(68,559)	-	(110,788)
Balance, December 31, 2021	2,657,422	128,120	16,595,378	-	19,380,920
Additions	10,100,400	-	2,064,502	-	12,164,902
Disposition	-	-	-	-	-
Foreign exchange	195,622	-	1,273,078	-	1,468,700
Balance, December 31, 2022	\$ 12,953,444	\$ 128,120	\$ 19,932,958	\$ -	\$ 33,014,522

The Company performs an impairment test annually on December 31 each year or at each reporting date if there is an indication of impairment. The recoverable amount of goodwill is determined based on the greater of the value in use and the fair value less costs to sell of the Company's cash generating unit. For the purposes of impairment testing, goodwill is allocated to the Company's cash-generating units which represent the lowest level within the Company at which goodwill is monitored for internal management purposes.

No impairment of goodwill was identified as a result of the Company's impairment tests as at December 31, 2022 and 2021. Goodwill impairment testing is based on a value in use approach and was completed for the each of the three CGUs within Beam, two CGUs within Dribbble, Mealime CGU, and Tiny Boards CGU. The recoverable amount is determined by management's experience and future expectations of the business performance are used to make a best estimate of the expected revenue and cash flows, including a terminal value. The revenue growth rate in that period is based upon management's current and long-term forecasts and is a key driver within the test. The discount rates applied in the cash flow model are pre-tax rates that reflect the time value of money and risk associated with the business. The terminal growth rate of 2% to 3% is based on the long-term growth prospects of the business.

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9. Investments:

Investments consist of investment in associates that are accounted for using the equity method as well as investment in equity securities that are carried at fair value.

	2022	2021
Investment in associates	\$ 28,227,594	\$ 26,741,701
Investment in equity securities	4,633,008	3,523,826
	<u>\$ 32,860,602</u>	<u>\$ 30,265,527</u>

(a) WeCommerce Holdings Ltd. ("WeCommerce"):

WeCommerce is a Canadian-incorporated public entity that trades on the TSX-V exchange and has share capital consisting solely of ordinary shares. The country of incorporation is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. Refer to note 23 for Tiny's subsequent acquisition. Details of this investment are as follows:

	Place of incorporation	% ownership		Carrying amount	
		2022	2021	2022	2021
WeCommerce Holdings Ltd.	BC, Canada	26.8%	27.99%	\$ 9,482,707	\$ 13,086,862

The quoted fair value of the Company's investment in WeCommerce Holdings Ltd. were \$21,180,252 and \$148,707,663, as at December 31, 2022 and 2021, respectively.

Summarized balance sheet

	WeCommerce	
	2022	2021
Current assets	\$ 14,334,357	\$ 31,219,280
Non-current assets	157,385,916	168,303,239
Current liabilities	15,849,685	30,919,370
Non-current liabilities	43,540,201	59,886,981
Opening net assets January 1	108,716,168	65,970,877
Closing net assets	<u>112,330,387</u>	<u>108,716,168</u>

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Years ended December 31, 2022 and 2021

9. Investments (continued):

(a) WeCommerce Holdings Ltd. ("WeCommerce") (continued):

Summarized statement of comprehensive income

	WeCommerce	
	2022	2021
Revenue	\$ 48,471,587	\$ 38,581,377
Profit (loss) from continuing operations:		
Profit (loss) for the period	(22,639,118)	(842,922)
Other comprehensive income (loss)	8,330,600	856,361
Total comprehensive income (loss)	(14,308,518)	13,439
Dividends received	-	-

(b) Other associates:

In addition to the interests in WeCommerce disclosed above, the Company also had interests of \$18,744,887 and \$13,654,839 in other associates at December 31, 2022 and 2021, respectively. Of the other interests in associates, the only material investment was an interest in a U.S. investment fund. Prior to December 2022, the interest was held through TFC Investment Ltd., a private Canadian-incorporated jointly controlled entity in which the Company holds a 50% interest. The main assets held by the entity are (1) all of the shares of an LLC that serves as the general partner for the U.S. fund, and (2) a 19.93% interest in the LP units of the underlying fund. Under the various agreements associated with TFC Investment Ltd., the Company is entitled to a 50% interest in the GP earnings, which are based on a proportion of the return on the fund after the hurdle rate is reached, and all of the earnings of the 19.93% LP units. Due to the nature of the arrangement, the Company has accounted for its equity interest in TFC Investment Ltd. using the hypothetical liquidation value. The portion of the Investment in associates and Earnings in associates balances related to TFC Investment Ltd. for the year ended December 31, 2021 were \$13,354,314 and loss of \$237,952, respectively. In December 2022, the 19.93% interest in the LP units was transferred from TFC Investment Ltd. to the Company. The Company accounts for its interest in the U.S. fund using the equity method and retains the fair value accounting of the underlying investments by the U.S. funds. As at December 31, 2022, the investment has a carrying amount of \$18,078,787. The portion of earnings in the U.S. fund for the period the investment was \$644,585 for the year ended December 31 2022.

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10. Trade and other payables:

	2022	2021
Sellers' liability	\$ 10,390,786	\$ 11,234,654
Trade payables	14,977,902	2,771,869
Dividend payable	7,703,642	-
Accrued liabilities	374,085	1,179,420
Sales, payroll and withholding taxes	68,003	3,264,245
Redeemable shares issued by a subsidiary (note 1)	-	250,000
Other	273,077	634,716
	\$ 33,787,495	\$ 19,334,904

Note 1: As at December 31, 2021, Beam had 100 redeemable preferred shares issued and outstanding that are redeemable for cash of \$250,000 at the option of the holder. On May 2, 2022, these redeemable preferred shares were redeemed for \$100 in aggregate.

11. Right-of-use assets and lease liabilities:

Beam has two leases for office premises. The Vancouver lease is a five year lease which commenced on January 1, 2022 and an extension option for an additional five years term. The Victoria office is a five year lease which commenced on April 1, 2021 with no extension option. When measuring the lease liability, Beam discounted lease payments using an incremental borrowing rate of 5%. On December 15, 2022, Beam sublet the Victoria office. The sublease was classified as a finance lease, resulting in the derecognition of the related right-of-use asset and recognition of lease receivable in the statement of financial position. Refer to subnote C below for further details.

Dribbble acquired a lease through the acquisition of Creative Market for its San Francisco office premises that expired on June 30, 2022. When measuring the lease liability, Dribbble discounted lease payments using an incremental borrowing rate at May 1, 2020 of 12%.

(a) Right of use asset:

Balance, January 1, 2021	\$ 489,210
Additions	829,636
Amortization	(471,894)
Unrealized foreign exchange	(4,839)
Balance, December 31, 2021	842,113
Additions	709,158
Amortization	(441,365)
Disposal	(546,177)
Unrealized foreign exchange	3,597
Balance, December 31, 2022	\$ 567,326

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11. Right-of-use assets and lease liabilities (continued):

(b) Lease liabilities:

Balance, January 1, 2021	\$	535,918
Additions		829,636
Finance expense		63,473
Lease payments		(548,843)
Unrealized foreign exchange		(4,956)
Balance, December 31, 2021		875,228
Additions		709,158
Finance expense		67,950
Lease payments		(496,050)
Unrealized foreign exchange		4,134
Balance, December 31, 2022	\$	1,160,420

Costs not included in the measurement of the lease liabilities related to low-value leases and short-term leases are \$38,976 (2021 - \$34,481). There were no leases with variable payment terms.

(c) Lease receivables

Beam is considered an intermediate lessor related to a head lease the company has for the Victoria Office. As of December 31, 2022, the Company had lease receivables as follows:

	2022	2021
Current portion of lease receivable	\$ 102,112	\$ -
Non-current lease receivable	222,073	-
	\$ 324,185	\$ -

Finance income on lease receivable for the period ended December 31, 2022 was \$nil (2021 - \$nil).

The following table presents the contractual undiscounted cash inflows for lease receivable:

2023	\$	106,079
2024		115,723
2025		115,723
2026		28,931
2027		-
Thereafter		-
Total undiscounted lease receivables		366,456
Unearned interest income		(42,269)
Total lease receivables	\$	324,187

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12. Debt:

	2022	2021
Current:		
Loans and facilities	\$ 2,925,000	\$ 2,925,000
CEBA loans	160,000	-
	\$ 3,085,000	\$ 2,925,000
Non-current:		
Revolving facility	\$ -	\$ 5,327,852
Revolving commitment facility	66,708,864	-
CEBA loans	-	160,000
	\$ 66,708,864	\$ 5,487,852

(a) Revolving facility:

On June 30, 2021, Tiny and a subsidiary of Beam, Metalab Design Ltd. ("Metalab") signed a new credit facility (the "Credit Facility") with J.P. Morgan Chase Bank, N.A. from which Metalab and Tiny received a revolving financing commitment of CAD\$27 million. The facility has a maturity date of June 30, 2024 where the entire principal of the Credit Facility will be due and payable.

On May 20, 2022, Tiny fully repaid the outstanding balance of \$5,327,852 and the facility was terminated and security was released subsequently.

(b) National Bank of Canada revolving commitment facility:

On May 20, 2022, Beam entered into a credit agreement with National Bank of Canada with respect to a \$60,000,000 revolving commitment facility. The agreement also provides for an additional commitment facility not exceeding \$50,000,000. The facility bears interest at a variable rate spread on Base Rate, Canadian Prime and SOFR rates ranging from 3.30% to 6.16% per annum and matures on May 20, 2027. On the same day, Beam drew \$44,570,000 and US\$5,787,202.

At the same time Beam entered into an interest rate swap with a notional value of \$26,000,000 and recorded a derivative asset at fair value. Changes in the fair value during the period was recorded in other income (expense).

On October 24, 2022, Beam converted the \$44,570,000 to USD and maintained an interest rate swap with a notional value of \$26,000,000. Changes in the fair value during the period was recorded in other income (expense). On November 16, 2022, Beam drew an additional US\$11,546,048 which bears an interest rate of one-month US base rate plus 0.75%. In November 2022, National Bank of Canada increased the revolving commitment facility to \$70,000,000 to facilitate the HFC acquisition.

The loan covenants for the credit facility includes:

- Interest coverage ratio of not less than 3.00:1.00
- Leverage ratio of not more than 4.00:1.00

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12. Debt (continued):

(b) National Bank of Canada revolving commitment facility (continued):

As at December 31, 2022, Beam was in compliance with both the interest coverage ratio and leverage ratio, and obtained a waiver from National Bank of Canada for the temporary non-compliance of an asset coverage percentage between Beam's subsidiaries. As at December 31, 2022, Beam had \$66,708,864 outstanding under the revolving commitment facility (2021 - \$nil). The fair value of the debt approximates the carrying value.

All obligations of Beam under the revolving commitment are secured by the assets of the business. The revolving commitment contains certain customary non-financial covenants.

(c) Royal Bank of Canada Line of credit:

On September 30, 2021, Tiny borrowed \$2,925,000 from RBC to finance the purchase of a property in Victoria, BC for \$4,500,000. This is a revolving demand facility secured against the property. The interest rate on the facility is Royal Bank Prime plus 0.0%. As at December 31, 2022, Tiny had \$2,943,722 (2021 - \$2,925,000) outstanding under the line of credit.

(d) Scotiabank Revolving Term Loan:

On October 11, 2022, Dribbble entered into an agreement with Scotiabank with respect to a US \$25,000,000 revolving term loan, and a US \$1,500,000 working capital facility. The facility bears interest at a variable rate spread on SOFR, and matures on October 11, 2025. For the first 12 months, Dribbble has the option to make interest only payments. After the first 12 months, principal and interest payments are amortized over the remaining 48 month term. As at December 31, 2022, Dribbble had not drawn on either Scotiabank facility.

(e) Canada Emergency Business Account ("CEBA") loans:

In 2021, the Company received an interest-free CEBA loan of \$40,000. Under the terms of the CEBA loan, no principal repayment is required before December 31, 2023. If the loan remains outstanding after December 31, 2023, only interest payments at a rate of 5% per annum are required until full principal is due on December 31, 2025.

In 2021, the Government of Canada announced that the borrowers will be entitled to a 33% loan forgiveness if 67% is repaid on or before December 31, 2023. There is reasonable assurance that the Company will fulfill the terms of loan forgiveness. Accordingly, \$40,000 (2021 - \$40,000) is recognized as a government grant in other income (expense) during the year ended December 31, 2022 and has been netted against the outstanding liability balance.

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13. Share capital:

Authorized:

Common shares:

Unlimited Class "A" Common Voting shares without par value

Unlimited Class "B" Common Non-Voting shares without par value

Unlimited Class "C" Common Non-Voting shares without par value

Unlimited Class "D" Common Non-Voting shares without par value

Preferred shares:

Unlimited Class "A" Preferred shares without par value

Unlimited Class "B" Preferred shares without par value

Issued:

Common shares:

	2022		2021	
	Restated (note 2(d))			
	Number of shares outstanding	Amount	Number of shares outstanding	Amount
Class A common shares	1,787,335	\$6,932,471	1,079,461	\$ 405,145
Class C common shares			100	10
	1,787,335	6,932,471	1,079,561	405,155
<i>Preferred shares:</i>				
Class A preferred shares	-	-	2,000	20
	1,787,335	\$6,932,471	1,081,561	\$ 405,175

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14. Restricted stock and stock options of subsidiaries:

- (a) On August 30, 2020, Tiny issued 6,527 Class "A" Common Voting shares ("Class A Shares") to an officer ("Restricted stock"), which are subject to vesting monthly over 120 months commencing on August 1, 2020. In December 2022, the officer has left and 4,823 Restricted stocks were forfeited.

In January 2022, Tiny issued 10,186 stock options to purchase Class A Shares with an exercise price of \$0.00001 per share to employees which are subject to vesting over 120 months, calculated to commence in January, 2021. In December 2022, the Company issued replacement awards whereby the employees early exercised all outstanding stock options into Class A shares, of which 2,038 were exercised into vested shares and 8,148 were exercised into Restricted stocks which are subject to vesting over 96 months, commencing on December 1, 2022.

- (b) Metalab Design, a wholly-owned subsidiary of the Company has a stock option plan with transactions as follows:

	Number	Weighted average exercise price (\$)	Remaining contractual term (years)	Exercise price (\$)
Outstanding, January 1, 2021	-	-		
Granted	12,512	398.76		
Exercised	-	-		
Outstanding, December 31, 2021	12,512	398.76	9.21	356.48 – 452.67
Granted	22,722	299.24		
Exercised	-	-		
Outstanding, December 31, 2022	35,234	334.62	8.80	299.24 – 452.67
Exercisable, December 31, 2022	5,475	432.85	8.21	356.48 – 452.67

The table below summarizes the main assumptions used to determine the grant date fair value of options with market conditions.

	2022	2021
Expected volatility	65.26%	66.53%
Risk-free interest rate	2.42%	1.39%
Share price	\$293.25	\$293.25
Expected life	5.5 - 7 years	5.5 - 7 years
Exercise price	\$299.24	\$356.39 - \$452.57
Dividend yield	4.3%	4.3%

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14. Restricted stock and stock options of subsidiaries (continued):

(c) Dribbble, majority-owned subsidiary of the Company has a stock option plan with transactions as follows:

	Number	Weighted average exercise price (\$)	Remaining contractual term (years)	Exercise price (\$)
Outstanding, January 1, 2021	1,058,512	9.32		
Granted	108,794	23.36		
Forfeit	(342,549)	19.01		
Exercised	(6,353)	5.79		
Outstanding, December 31, 2021	818,404	7.16	6.28	0.61-33.23
Granted	61,498	35.16		
Forfeit	(115,143)	25.31		
Exercised	(110,965)	9.83		
Outstanding, December 31, 2022	653,794	6.76	5.03	0.61-35.31
Exercisable, December 31, 2022	557,866	3.32	4.43	0.61-33.23

The table below summarizes the main assumptions used to determine the grant date fair value of options with market conditions

	2022	2021
Expected volatility	85%	85-100%
Risk-free interest rate	1.72-2.92%	0.85-1.51%
Share price	\$32.35-35.49	\$22.88-33.13
Expected life	7 years	7-10 years
Exercise price	\$32.25-35.49	\$22.88-33.13

As at December 31, 2022, the total unrecognized share based compensation expense amount to \$5,441,574.

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15. Deferred revenue:

The following table shows the movement of deferred revenue:

	Digital Services	Creative Platform	Other	Total
Balance, January 1, 2021	\$ 2,370,321	\$ 1,683,247	\$ 618,380	\$ 4,671,948
Prior year deferred revenue recognized as revenue during the year	(2,370,321)	(1,683,247)	(618,380)	(4,671,948)
Net additions	3,734,379	1,680,123	458,593	5,873,095
Balance, December 31, 2021	3,734,379	1,680,123	458,593	5,873,095
Prior year deferred revenue recognized as revenue during the year	(3,734,379)	(1,680,123)	(458,593)	(5,873,095)
Net additions	1,886,316	3,251,758	483,531	5,621,605
Balance, December 31, 2022	\$ 1,886,316	\$ 3,251,758	\$ 483,531	\$ 5,621,605

The Company has no customers which individually account for more than 10% of its revenues for the year ended December 31, 2022 and 2021.

16. Related party transactions:

Related party transactions are conducted in the normal course of operations and have been valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(a) Related party revenues:

	2022	2021
Entities under control of a director of the Company:		
Management fees	\$ 126,200	\$ 927,773

(b) Related party expenses:

	2022	2021
Entities under control of a director of the Company:		
Professional/Consulting fees	\$ 124,611	\$ 450,357
Management and strategic	-	1,420,694
	\$ 124,611	\$ 1,871,051

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16. Related party transactions (continued):

(c) Due from related parties:

	2022	2021
Shareholders or entities under common control	\$ 1,312,385	\$ 86,676

The balances due from related parties are unsecured and non-interest bearing with no specific terms of repayment.

(d) Due to related parties:

	2022	2021
Shareholders or entities under common control	\$ 8,406	\$ 392,256

The balances due to related parties are unsecured and non-interest bearing with no specific terms of repayment.

(e) Compensation of key management personnel:

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling activities of the entity, directly or indirectly. The key management personnel of the Company are the members of the Company's executive management team and Board of Directors. Key management compensation was comprised of:

	2022	2021
Salaries and consulting fees	\$ 1,889,883	\$ 1,136,044
Share based compensation	836,557	200,580
	\$ 2,726,440	\$ 1,336,624

17. Income taxes:

(a) Income tax expense includes the following components:

	2022	2021
Current tax expense:		
Current income tax expense	\$ 7,471,121	\$ 8,669,729
Deferred tax expense (recovery):		
Origination and reversal of temporary differences	107,593	1,309,041
	\$ 7,578,714	\$ 9,978,770

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17. Income taxes (continued):

- (b) The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	2022	2021
Profit before income taxes	\$ 12,984,503	\$ 46,580,256
Statutory tax rates	27%	27%
Tax expense based on the statutory tax rates	\$ 3,505,816	\$ 12,576,669
Items not deductible for taxes	3,354,520	274,636
Differences between Canadian and foreign tax rates	96,701	115,643
Difference in Canadian tax rates	413,186	(1,667,229)
True-up of tax losses to statutory returns	96,402	35,738
Impact of investment tax credits	(611,418)	(900,997)
Change in tax benefits not recognized	723,507	(455,690)
Total income tax expense	\$ 7,578,714	\$ 9,978,770

- (c) The Company recognizes tax benefits on losses or other deductible amounts where the probable criteria for the recognition of deferred tax assets has been met. The Company's net deferred tax liabilities are as follows:

	2022	2021
Capital assets and right of use assets	\$ (437,026)	\$ (255,668)
Intangible assets	(8,364,372)	(5,402,115)
Lease receivable	(87,531)	-
Lease liabilities	313,313	258,228
Prepaid and accrued expenses	(66,922)	(91,503)
Investments	(69,088)	(156,496)
Withholding taxes on profits	(190,318)	(166,564)
Forward contracts and promissory note payable	2,638,202	(135,601)
Deferred income	(48,105)	(47,971)
Taxation of investment tax credits	(253,175)	(275,441)
Tax credits carried forward and research deductions	486,048	716,041
Tax losses	131,324	29,455
Financing	10,673	14,699
Net deferred tax liabilities	\$ (5,936,977)	\$ (5,512,936)

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17. Income taxes (continued):

(c) (continued):

Balance sheet presentation	2022	2021
Deferred tax asset	\$ 762,626	\$ 502,294
Deferred tax liability	(6,699,603)	(6,015,230)
	\$ (5,936,977)	\$ (5,512,936)

The movement in temporary tax differences is recorded in the consolidated statements of net income and comprehensive income.

The Company has the following unrecognized deferred income tax assets (liabilities):

	2022	2021
Investments	\$ 872,988	\$ 170,588
Tax losses	9,105	4,130
Other	16,132	-
	\$ 898,225	\$ 174,718

The Company is able to control the timing of the reversal of those differences and currently has no plans in the foreseeable future to repatriate any funds in excess of its foreign investment.

(d) Scientific Research and Experimental Development ("SR&ED") investment tax credits:

All investment tax credits received by the Company relate to SR&ED expenditures. Current year SR&ED credits are recorded in the provision for income taxes. SR&ED credits of \$837,559 are recorded in the provision for income taxes for the year ended December 31, 2022 (2021 - \$1,234,241).

18. Earnings per share

Net income per share has been calculated as follows:

	2022	2021
Net income attributable to the owners of the Company	\$ 3,358,953	\$ 34,174,674
Weighted average number of common shares outstanding	1,075,316	1,073,333
Diluted Weighted average number of common shares outstanding	1,075,316	1,073,333
Basic earnings per share	\$3.12	\$31.84
Diluted earnings per share	3.12	31.84

In 2022, 11,607 (2021 – 5,931) potentially dilutive instruments were excluded from the computation of diluted EPS earnings per share as they were anti-dilutive.

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19. Consolidated statements of cash flows:

Changes in non-cash operating working capital items are as follows:

	2022	2021
	Restated (note 2(d))	
Decrease (increase) in		
Trade and other receivables	\$ (2,541,723)	\$ (2,170,909)
Prepaid expenses	79,585	(375,823)
Due to / from related parties	(1,609,559)	(1,944,548)
Other assets	180,234	219,859
Trade and other payables	3,346,440	3,695,586
Other liabilities	316,448	(385,693)
Deferred revenue	(251,490)	1,768,842
	\$ (480,065)	\$ 807,314

Supplemental disclosure of non-cash financing and investing activities:

	2022	2021
	Restated (note 2(d))	
Amount due to shareholders converted into equity contribution	\$ -	\$ 5,444,594
ROU asset and lease liabilities recognized	709,158	829,636
Holdback amount on acquisition of subsidiary	651,717	-
Contingent consideration arising on acquisition of subsidiary	8,890,213	-
Conversion of preferred shares into common shares	6,326,716	

20. Segment information:

(a) Reportable segments:

The Company reports segment information based on internal reports used by the chief operating decision maker ("CODM") to make operating and resource decisions and assess performance. The CODM is the Chief Executive Officer. The CODM makes decisions and assesses performance based on entity performance.

The CODM primarily uses earnings before interest, tax, depreciation and amortization ("EBITDA") to assess the performance of the operating segments. The CODM also receives information about the segments' revenue on a monthly basis. Corporate expenditures which cannot be attributed between various segments, have not been allocated between segments.

2022	Digital services	Creative platform	Other	Total
Revenue	\$ 81,036,795	\$ 62,622,145	\$ 10,004,248	\$ 153,663,188
Earnings (loss) from operations	19,385,842	8,126,237	(5,265,048)	22,247,031
Net income	12,534,564	5,503,274	(12,632,049)	5,405,789

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20. Segment information (continued):

(a) Reportable segments (continued):

2021	Digital services	Creative platform	Other	Total
Revenue	\$ 62,822,616	\$ 34,081,483	\$ 13,942,939	\$ 110,847,038
Earnings (loss) from operations	21,482,613	9,760,350	1,323,532	32,566,495
Net income	17,556,540	7,041,287	12,003,659	36,601,486

Assets and liabilities are attributed as follows. Corporate assets and liabilities, including investments in associates, which cannot be attributed between various segments, have not been allocated between segments:

2022	Digital services	Creative platform	Other Restated (note 2(d))	Total Restated (note 2(d))
Total assets	\$ 51,308,902	\$ 56,539,482	\$ 60,893,483	\$ 168,741,867
Total liabilities	91,451,546	24,030,184	14,392,762	129,874,492

2021	Digital services	Creative platform	Other	Total
Total assets	\$ 19,717,780	\$ 59,642,463	\$ 46,001,775	\$ 125,362,018
Total liabilities	12,561,834	22,863,387	16,653,583	52,078,804

(b) Geographic information:

For geographical reporting, revenues are attributed to the geographic location in which the customer is located:

	2022	2021
Canada	\$ 11,021,636	\$ 11,596,691
United States	97,958,902	73,672,958
Europe	28,263,882	14,599,331
Other	16,418,768	10,978,058
	\$ 153,663,188	\$ 110,847,038

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21. Contingencies and commitments:

Beam acquired Frosty during the year ended December 31, 2021 and HappyFunCorp during the year ended December 31, 2022. The details of the purchase consideration include contingent consideration payable, which is discussed in note 4.

Due to the size, complexity, and nature of the Company's operations, various legal, tax, environmental, and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, based on the information currently available, these matters will not have a material adverse effect on the consolidated financial statements of the Company.

In connection with the LP interest held in an investment fund (see note 9(b)), the Company has committed to fund 19.93% of the total US\$150M capital commitment. At December 31, 2022, the Company had a remaining capital commitment of US\$13.4M that had not yet been called (2021 – US\$19.1M). As at the date of these financial statements, the Company had a remaining capital commitment of US\$11.2M and has received a capital call of US\$6.8M due on May 3, 2023 which has not yet been paid.

Indemnifications in contracts

The Company has entered agreements with third parties that include indemnification provisions that are customary in the industry. These indemnification provisions generally require the Company to compensate the other party for certain damages and costs incurred as a result of third-party claims or damages arising from these transactions. The maximum amount of potential future indemnification is unlimited; however, the Company currently holds commercial and product liability insurance. This insurance limits the Company's exposure and may enable it to recover a portion of any future amounts paid. Historically, the Company has not made any indemnification payments under such agreements and the Company believes that the fair value of these indemnification obligations is minimal. Accordingly, the Company has not recognized any liabilities relating to these obligations for any period presented.

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22. Financial instruments, financial risk and capital management:

(a) Classification and measurement:

The following table summarizes information regarding the classification and carrying values of the Company's financial instruments:

	December 31, 2022		December 31, 2021	
	Amortized cost	Fair value through profit or loss	Amortized cost	Fair value through profit or loss
Financial assets:				
Cash and cash equivalents	\$ 31,201,836	\$ -	\$ 27,144,873	\$ -
Trade and other receivables	12,797,523	-	7,544,060	-
Due from related parties	1,312,385	-	86,676	-
Forward contract	-	-	-	505
Investments in equity securities	-	4,633,008	-	3,523,826
Financial liabilities:				
Trade and other payables	\$ 33,787,495	\$ -	\$ 20,236,855	\$ -
Due to related parties	8,406	-	392,256	-
Lease liabilities	1,160,420	-	875,228	-
Loans and facilities	3,085,000	-	2,925,000	-
Debt	66,708,864	-	5,487,852	-
Contingent consideration payable	-	9,979,778	-	1,182,775

(b) Fair value:

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

Cash and cash equivalents, trade and other receivables, trade and other payables, due to/ from related parties, other liabilities, lease receivable and lease liabilities are carried at amortized cost. The Company considers that the carrying amount of these financial assets and liabilities measured at amortized cost to approximate their fair value due to the short-term nature of the financial instruments.

The Company evaluates the fair value of its equity investments in privately held companies relative to periodic third-party valuations over the private companies, financial reporting, estimated value in an exchange with a third party and, where applicable, indications of impairment.

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22. Financial instruments, financial risk and capital management (continued):

(b) Fair value (continued):

The fair values of derivative contracts are measured using a Level 2 fair value measurement.

The fair values of contingent consideration payable are measured based on management's forecast of operating results of the relevant acquired subsidiaries (e.g. revenue and adjusted EBITDA) and estimated discount rates. Accordingly, the valuations involve the use of unobservable inputs and is categorized as Level 3 fair value measurements.

There were no transfers between levels of the fair value hierarchy in the year ended December 31, 2022 and December 31, 2021.

(c) 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 ensure that it has sufficient liquidity available to meet its liabilities when due. The Company manages liquidity risk through the management of its capital structure in conjunction with cash flow forecasting including anticipated investing and financing activities.

The tables below categorize the Company's financial liabilities into relevant maturity groupings based on the remaining periods at the consolidated statement of financial position dates to the contractual maturity dates.

		1 year	Between 1	Over	Total	
		or less	and 5 years	5 years	contractual	Carrying
2022					cash flows	amount
Trade and other payables	\$ 33,787,495	\$ -	\$ -	\$ -	\$ 33,787,495	\$ 33,787,495
Income tax payable	2,236,957	-	-	-	2,236,957	2,236,957
Loans and facilities ⁽¹⁾	3,085,000	-	-	-	3,085,000	3,085,000
Debt ⁽¹⁾	-	66,708,864	-	-	66,708,864	66,708,864
Contingent consideration payable	6,057,478	5,343,709	-	-	11,401,187	9,979,778
Due to related parties	8,406	-	-	-	8,406	8,406
Lease liabilities	338,612	929,243	-	-	1,267,855	1,160,420
	\$ 45,513,948	\$ 72,981,816	\$ -	\$ -	\$ 118,495,764	\$ 116,966,920

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22. Financial instruments, financial risk and capital management (continued):

(c) Liquidity risk (continued):

2021	1 year or less	Between 1 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
Trade and other payables	\$ 19,334,904	\$ -	\$ -	\$ 19,334,904	\$ 19,334,904
Income tax payable	3,665,748	-	-	3,665,748	3,665,748
Loan and facilities ⁽¹⁾	2,925,000	-	-	2,925,000	2,925,000
Debt ⁽¹⁾	-	5,487,852	-	5,487,852	5,487,852
Contingent consideration payable	467,911	714,864	-	1,182,775	1,182,775
Due to related parties	392,256	-	-	392,256	392,256
Lease liabilities	340,219	617,754	-	957,973	875,228
	\$ 27,126,038	\$ 6,820,470	\$ -	\$ 33,946,508	\$ 33,863,763

⁽¹⁾ Interest charges are excluded from the amounts presented above.

(d) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and cash equivalents, trade and other receivables, and lease receivable. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. As at December 31, 2022, the Company had cash equivalents of \$240,000 (2021 - \$240,000) in cashable guaranteed investment certificates. The Company considers the risk of financial loss on cash and cash equivalents to be remote.

The Company reduces credit risk with respect to trade receivables by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances. In the opinion of management, the strength of these customers is such that concentration risk exposure to the Company is low. During the year ended December 31, 2022, the allowance for credit loss increased by \$235,616 (2021 - \$238,348). There were no write-offs or reversals.

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22. Financial instruments, financial risk and capital management (continued):

(e) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: interest rate risk, currency risk and equity price risk. The exposures of the Company are monitored regularly by the Company's management.

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company continuously monitors interest rates and economic conditions. At December 31, 2022, the Company had a credit facility (see Note 12) with an outstanding principal totaling \$66,708,864 (2021 – Nil). A 100 basis point change in the interest rate on the credit facility would have an after-tax impact of \$249,376 (2021 – Nil) on net income for the period.

(ii) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates against the functional currency.

The Company operates in Canada, the United States, the United Kingdom and Spain and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies. The operating results and the financial position of the Company are reported in CAD\$. The functional currency of the parent entity, and some subsidiaries, is CAD\$ and is therefore exposed to foreign currency risk from financial instruments denominated in currencies other than CAD\$. The Company has one subsidiary whose functional currency is Euros and is therefore exposed to foreign currency risk from financial instruments denominated in currencies other than US\$.

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22. Financial instruments, financial risk and capital management (continued):

(e) Market risk (continued):

(ii) Currency risk (continued):

The Company is exposed to foreign currency risk through the following financial assets and liabilities, expressed in CAD\$:

	2022	2021
Cash and cash equivalents:		
US dollar	\$ 23,580,106	\$ 25,489,135
Euro	257,606	457,875
GBP	168,108	120,644
Trade receivables:		
US dollar	\$ 9,880,321	\$ 4,393,052
Euro	737,072	868,309
GBP	207,821	42,777
Trade payables:		
US dollar	\$ 18,902,451	\$ 16,131,742
Euro	846,939	488,168
GBP	-	73,194

The table below shows the immediate increase (decrease) on net income of a 10% strengthening in the closing exchange rate of significant currencies to which the Company has exposure as at December 31, 2022 and 2021. The sensitivity associated with a 10% weakening of a particular currency would be equal and opposite.

This assumes that each currency moves in isolation. The Company has a policy to manage currency risk, but as at December 31, 2022, did not enter into arrangements to hedge its currency risk exposure.

	2022	2021
10% strengthening of the CAD\$:USD exchange rate	\$ 1,455,797	\$ 1,375,046
10% strengthening of the CAD\$:EUR exchange rate	14,773	83,801
10% strengthening of the CAD\$:GBP exchange rate	37,594	9,022

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22. Financial instruments, financial risk and capital management (continued):

(e) Market risk (continued):

(iii) Equity price risk:

The Company manages the equity prices portion of its market risk by limiting the amount of its asset base held in marketable securities; the purchase and sale of marketable securities are not in the Company's normal course of business. The Company purchased marketable securities of \$nil (2021 - \$365,453) and sold marketable securities for \$nil (2021 - Nil).

The Company is also exposed to equity price risk in relation to its interest in a U.S. investment fund, which accounts for its investments at fair value as disclosed in note 9.

(f) Derivative financial instruments

(i) Foreign exchange derivatives

Beam uses certain derivative financial instruments, primarily forward foreign exchange contracts, to manage foreign currency exposures on US sales. The Company does not designate its foreign exchange contracts as hedging instruments under a fair value hedge accounting model. Therefore, a change in foreign exchange rates at the reporting date will affect profit or loss. The derivative financial instruments are categorized under Level 2 in the fair value hierarchy.

During 2022, Beam entered into a series of derivative financial instruments. Instruments on hand as of December 31, 2022 allow Beam to convert USD \$24,517,000 to CAD \$33,067,596 up to December 1, 2023. Beam recognized a fair value derivative liability of \$586,364 (2021 – derivative asset of \$505).

For the financial year ended December 31, 2022, Beam recognized a loss of \$586,869 (2021 – \$585,451 loss) on its foreign exchange derivative recognized within the Statement of Net Loss and Comprehensive Income/(Loss).

(ii) Interest rate swap derivatives:

On May 20, 2022, Beam entered into an interest rate swap to manage interest rate risk on its debt facility. Beam does not designate its interest rate swap contracts as hedging instruments under a fair value hedge accounting model. Therefore, a change in the variable interest rates at the reporting date will affect profit or loss. This derivative financial instrument is categorized as Level 2 in the fair value hierarchy.

The interest rate swap exchanges variable interest for fixed interest on \$26 million (USD \$18.9 million) on the Beam's debt facility through April 27, 2027. The fixed rate entered was a 3.62% secured overnight financing rate ("SOFR") + credit spread of 1.85% totalling 5.47%. The interest to be paid related to the remaining portion of debt will remain floating based on one-month adjusted SOFR.

Beam recognized a fair value derivative asset of \$215,387 at December 31, 2022 (2021 – Nil). For the financial year ended December 31, 2022, Beam recognized a gain of \$203,203 (2021 – Nil) on its interest rate swap derivative recognized within the Statement of Net Loss and Comprehensive Income/(Loss).

TINY CAPITAL LTD.

Consolidated Notes to Financial Statements

(Tabular amounts expressed in Canadian dollars, unless otherwise indicated)

Years ended December 31, 2022 and 2021

22. Financial instruments, financial risk and capital management (continued):

(g) Capital management:

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Company defines capital as the aggregate of its share capital and credit facilities.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, or change staffing levels to mitigate future liabilities.

The Company's credit facilities include certain reporting requirements covering, among other things, annual financial statements and forecasts.

There were no changes to the Company's approach to capital management during the year ended December 31, 2022.

23. Subsequent events:

(a) Tiny Completes Non-Brokered Private Placement:

On February 8, 2023 and March 17, 2023, the Company completed the first and second tranche of a non-brokered private placement with the combined issuance of 19,347 Class A common shares at \$398/share for gross proceeds of \$7.7M.

(b) Tiny Completes Amalgamation with WeCommerce:

On April 18, 2023, Tiny and WeCommerce completed a three-cornered amalgamation to combine their businesses in an all-share transaction (the "Transaction"). Immediately following the completion of the Transaction, WeCommerce changed its name to Tiny Ltd. and commenced trading on the TSX Venture Exchange under the new trading symbol "TINY".

(c) Tiny Ltd. Grants Restricted Share Units ("RSU"):

On April 25, 2023, Tiny Ltd. granted 114,765 RSUs to certain employees of the Company. 75,051 RSUs vested immediately while 39,714 RSUs will vest on April 18, 2024.