



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars – unaudited)

Ynvisible Interactive Inc.

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(Expressed in Canadian Dollars – unaudited)

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Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed interim consolidated financial statements.



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars – unaudited)

	As at	
	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,358,237	\$ 7,445,758
Amounts receivable	729,928	808,879
Inventories	180,554	276,288
Prepaid expenses	105,071	125,173
Total current assets	7,373,790	8,656,098
Non-current assets		
Deposits	6,827	6,877
Right-of-use assets (Note 6)	366,072	407,625
Fixed assets (Note 7)	1,285,135	1,379,014
Intangible assets (Note 8)	214,961	248,641
Total non-current assets	1,872,995	2,288,199
Total assets	\$ 9,246,785	\$ 10,698,255
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 1,014,463	\$ 1,088,608
Current portion of lease liabilities (Note 6)	284,855	261,063
Deferred project grants	107,780	140,893
Total current liabilities	1,407,098	1,490,564
Non-current liabilities		
Lease liabilities (Note 6)	100,472	164,673
Total liabilities	1,507,570	1,655,237
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	37,532,180	37,532,180
Reserve (Note 10)	2,743,920	2,682,102
Obligation to issue shares (Note 10)	46,084	46,084
Deficit	(32,381,114)	(31,078,666)
Accumulated other comprehensive loss	(201,855)	(138,682)
Total shareholders' equity	7,739,215	9,043,018
Total liabilities and shareholders' equity	\$ 9,246,785	\$ 10,698,255

Note 1 – Corporate Information and Going Concern
Note 15 – Subsequent Events

Approved and authorized for issue on behalf of the Board of Directors on May 30, 2024:

“Alexander Helmel”

Director

“Ben Leboe”

Director

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



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars – unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenue		
Sales (Note 5)	\$ 375,729	\$ 264,895
Cost of sales (Note 5)	(101,274)	(59,001)
Gross profit	274,455	205,894
Expenses		
Compensation and consulting (Note 9)	789,932	812,498
Depreciation (Notes 6, 7, and 8)	143,987	155,150
Development and production	495,867	202,943
Interest and bank charges	3,444	2,985
Marketing and promotion	26,294	62,109
Office facilities and services	20,303	140,133
Professional fees	73,102	83,538
Share-based compensation (Notes 9 and 10)	61,818	141,837
Transfer and listing fees	23,320	15,456
Travel and project investigation	23,458	40,809
Total operating expenses	1,661,525	1,657,458
Loss from operations	(1,387,070)	(1,451,564)
Other items		
Rental income	-	68,762
Income and gains	14,479	38,844
Interest income and other	62,663	121,540
Expenses and losses	(11,509)	(40,964)
EU co-funded projects grants	19,964	76,475
Write-off of tangible assets	(975)	(6,150)
Total other items	84,622	258,507
Net loss for the period	(1,302,448)	(1,193,057)
Other comprehensive loss		
Foreign currency translation adjustment	(63,173)	(206,031)
Comprehensive loss for the period	\$ (1,365,621)	\$ (1,399,088)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	124,671,915	124,671,915

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



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars – unaudited)

	Class A Common Shares		Reserve	Obligation to issue shares	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number	Amount					
	#	\$					
Balance, December 31, 2022	124,671,915	37,532,180	3,084,335	46,084	(26,979,750)	(75,875)	13,606,974
Share-based compensation	-	-	141,837	-	-	-	141,837
Stock options cancelled	-	-	(727,807)	-	727,807	-	-
Net loss for the period	-	-	-	-	(953,750)	-	(953,750)
Other comprehensive income	-	-	-	-	-	(206,031)	(206,031)
Balance, March 31, 2023	124,671,915	37,532,180	2,498,365	46,084	(27,205,693)	(281,906)	12,589,030
Share-based compensation	-	-	259,479	-	-	-	259,479
Stock options cancelled	-	-	(75,742)	-	75,742	-	-
Net loss for the period	-	-	-	-	(3,948,715)	-	(3,948,715)
Other comprehensive loss	-	-	-	-	-	143,224	143,224
Balance, December 31, 2023	124,671,915	37,532,180	2,682,102	46,084	(31,078,666)	(138,682)	9,043,018
Share-based compensation	-	-	61,818	-	-	-	61,818
Net loss for the period	-	-	-	-	(1,302,448)	-	(1,302,448)
Other comprehensive loss	-	-	-	-	-	(63,173)	(63,173)
Balance, March 31, 2024	124,671,915	37,532,180	2,743,920	46,084	(32,381,114)	(201,855)	7,739,215

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



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars – unaudited)

	Three Months Ended March 31,	
	2024	2023
Operating activities		
Net loss for the period	\$ (1,302,448)	\$ (1,193,057)
<i>Items not involving the use of cash:</i>		
Depreciation	143,987	155,150
Depreciation included in Cost of Sales	5,704	5,690
Share-based compensation	61,818	141,837
<i>Changes in working capital items:</i>		
Amounts receivable	78,951	258,773
Inventories	95,734	(61,560)
Prepaid expenses	20,102	33,012
Accounts payable and accrued liabilities	(74,145)	(52,331)
Deferred project grants	(33,113)	(166,769)
Cash used in operating activities	(1,003,410)	(879,255)
Investing activities		
Purchase of fixed assets	(14,826)	(13,975)
Purchase (sale) of intangible assets	14,857	(1,092)
Deposits	50	(1,200)
Cash received from (used in) investing activities	81	(16,267)
Financing activities		
Repayment of lease liabilities	(70,811)	(69,789)
Cash used in financing activities	(70,811)	(69,789)
Effect of foreign exchange	(13,381)	14,129
Net change in cash and cash equivalents	(1,087,521)	(951,182)
Cash and cash equivalents, beginning of period	7,445,758	11,844,266
Cash & cash equivalents, end of period	\$ 6,358,237	\$ 10,893,084
Non-cash transactions		
Reclassification of stock options cancelled	\$ -	\$ (727,807)

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

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months ended March 31, 2024 and 2023
(Expressed in Canadian Dollars Unless Otherwise Noted – unaudited)

1. CORPORATE INFORMATION

Ynvisible Interactive Inc. (the “Company”) was incorporated on September 2, 1983, under the laws of British Columbia, Canada. The address of the Company’s head office and principal place of business is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6, and the registered and records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The Company’s principal business activity is the development and sale of electrochromic displays (“ECDs”). The Company’s shares trade on the TSX Venture Exchange (“TSXV”) under the symbol “YNV”, on the OTCQB under the symbol “YNVYF”, and on the FSE under the symbol “1XNA”.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. During the three months ended March 31, 2024, the Company incurred a net loss of \$1,302,448 (March 31, 2023 - \$1,193,057) and as at March 31, 2024, had an accumulated deficit of \$32,381,114 (March 31, 2023 - \$27,205,693).

The Company’s ability to continue as a going concern, to fund work commitments and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. Management believes that the Company has sufficient working capital to meet the Company’s obligations over the next twelve months.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standards (“IAS”), Interim Financial Reporting (“IAS 34”).

This financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the years ended December 31, 2023 and 2022.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company, its 100% owned subsidiary YD Ynvisible, S.A., Portugal (“Ynvisible SA”), Ynvisible GmbH, Germany, which is 100% owned by Ynvisible SA, and Ynvisible Production AB (“Ynvisible Production”), Sweden, which is 100% owned by the Company. All intercompany transactions and balances were eliminated on consolidation.

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION (continued)

Basis of Measurement and Presentation

The Company's condensed interim consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The comparative figures presented in these condensed interim consolidated financial statements are in accordance with IFRS and may have been reclassified to conform to the current period's presentation.

The preparation of condensed interim consolidated financial statements requires the use of certain critical accounting estimates and the exercise of management's judgment in applying the Company's accounting policies. Areas involving a high degree of judgment or complexity and areas where assumptions and estimates are significant to the Company's condensed interim consolidated financial statements are discussed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information and as otherwise specified, as set out in the accounting policies below.

Foreign Currency Translation

The functional currency of the Company is the Canadian dollar. The Company's functional currency is also the presentation currency. The functional currency of Ynvisible SA and Ynvisible GmbH is the European Euro. The functional currency of Ynvisible Production is the Swedish krona.

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. The Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. The resulting gains or losses are reflected in profit or loss in the period of translation.

Where applicable, the functional currency is translated into the presentation currency using the period end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

When preparing the condensed interim consolidated financial statements in conformity with IFRS, management undertakes a number of judgments, estimates and assumptions about the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Significant areas of judgments and estimation uncertainty considered by management in preparing the condensed interim consolidated financial statements are as follows:

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES (continued)

ACCOUNTING ESTIMATES

- a. The amounts disclosed related to fair values of stock options and warrants issued are based on estimates of future volatility of the Company's share price, expected lives of the options and expected dividends.
- b. The application of IFRS 16 requires the Company to make judgments that affect the measurement of the right-of-use assets and lease liabilities. These include determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The present value of the lease payment is determined using a discount rate representing the incremental borrowing rate, observed in the period when the lease agreement commences or is modified.
- c. Depreciation of tangible and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- d. The amounts receivable balance is recorded at the estimated recoverable amount, which involves the estimate of uncollectible accounts.

CRITICAL JUDGMENTS

At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets consisting of fixed assets, intangible assets, and goodwill to determine whether there is any indication that the carrying amount is not recoverable. The determination of whether any such indication exists requires significant management judgment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When an individual asset does not generate independent cash flows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

5. REVENUE AND COST OF SALES

For the three months ended March 31, 2024 and 2023, the Company's revenue and related cost of sales is composed of services and products as follows:

Three Months Ended March 31,												
	2024						2023					
	Services		Products		Total		Services	Products	Total			
Sales	\$	108,884	\$	266,845	\$	375,729	\$	220,615	\$	44,280	\$	264,895
Cost of sales		(68,952)		(32,322)		(101,274)		-		(59,001)		(59,001)
Gross profit (loss)		39,932		234,523		274,455		220,615		(14,721)		205,894

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Leases
Cost:	
At December 31, 2022	\$ 1,246,730
Lease modification	353,408
Foreign exchange adjustment	(16,026)
At December 31, 2023	1,584,112
Lease modification	52,809
Foreign exchange adjustment	(51,681)
At March 31, 2024	\$ 1,585,240
Depreciation:	
At December 31, 2022	\$ 939,301
Charge for the year	280,271
Foreign exchange adjustment	(43,085)
At December 31, 2023	1,176,487
Charge for the period	81,206
Foreign exchange adjustment	(38,525)
At March 31, 2024	\$ 1,219,168
Net book value:	
At December 31, 2023	\$ 407,625
At March 31, 2024	\$ 366,072

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

During the year 2023, the Company entered into an amendment to the agreement whereby the lease was extended to August 31, 2024 with a clause that the agreement must be terminated nine months before the due date otherwise the contract will be extended by one year.

The Right-of-Use asset and lease liabilities have been updated to reflect management intention to extend the lease for another twelve-month period expiring August 31, 2025.

Lease Liabilities

At December 31, 2022	\$ 317,581
Lease payments made	(281,261)
Interest expense on lease liabilities	5,630
Lease modification	353,408
Foreign exchange adjustment	30,378
At December 31, 2023	425,736
Lease payments made	(70,811)
Lease modification	43,386
Interest expense on lease liabilities	1,099
Foreign exchange adjustment	(14,083)
At March 31, 2024	385,327
Less: current portion	(284,855)
Non-Current Portion	\$ 100,472

The lease liabilities were measured by discounting the lease payments using an incremental borrowing rate of 12%. Interest expense of \$1,099 (March 31, 2023 - \$1,246) is included in interest and bank charges.

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease Liabilities (continued)

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease including assumed renewal periods are as follows:

Fiscal 2024	\$ 213,144
Fiscal 2025	172,183
<u>Total</u>	<u>\$ 385,327</u>

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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7. FIXED ASSETS

	Equipment	Manufacturing Equipment	Leasehold Building Improvements	Office	Other	Total
Costs						
Balance, December 31, 2022	\$ 590,715	\$ 1,839,109	\$ 71,379	\$ 170,542	\$ 81,090	\$ 2,752,835
Additions	43,988	-	-	22,157	276	66,421
Disposal	(46,253)	-	(17)	(40,995)	(1,179)	(88,444)
Foreign exchange adjustment	(4,281)	(22,418)	(152)	12,214	(14,441)	(29,078)
Balance, December 31, 2023	584,169	1,816,691	71,210	163,918	65,746	2,701,734
Additions	4,919	3,721	4,014	2,172	-	14,826
Foreign exchange adjustment	7,633	(4,155)	637	(6,651)	9,947	7,411
Balance, March 31, 2024	\$ 596,721	\$ 1,816,257	\$ 75,861	\$ 159,439	\$ 75,693	\$ 2,723,971
Accumulated Depreciation						
Balance, December 31, 2022	\$ 283,913	\$ 655,934	\$ 27,813	\$ 66,232	\$ 59,515	\$ 1,093,407
Charge for the year	69,830	159,119	9,439	29,868	5,088	273,344
Foreign exchange adjustment	(7,698)	(32,391)	(639)	11,337	(14,640)	(44,031)
Balance, December 31, 2023	346,045	782,662	36,613	107,437	49,963	1,322,720
Charge for the period	18,065	42,581	2,252	6,864	1,346	71,108
Foreign exchange adjustment	7,660	33,418	633	(11,341)	14,638	45,008
Balance, March 31, 2024	\$ 371,770	\$ 858,661	\$ 39,498	\$ 102,960	\$ 65,947	\$ 1,438,836
Carrying Value						
Balance, December 31, 2023	\$ 238,124	\$ 1,034,029	\$ 34,597	\$ 56,481	\$ 15,783	\$ 1,379,014
Balance, March 31, 2024	\$ 224,951	\$ 957,596	\$ 36,363	\$ 56,479	\$ 9,746	\$ 1,285,135

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8. INTANGIBLE ASSETS

Costs	Patents and Software		Customer List		IP Rights		License		Goodwill		Total	
Balance, December 31, 2022	\$	117,212	\$	162,302	\$	49,357	\$	116,099	\$	71,253	\$	516,223
Additions (Disposal)		-		6,586		-		-		-		6,586
Foreign exchange adjustment		(2,072)		(747)		(694)		18,877		-		15,364
Balance, December 31, 2023		115,140		168,141		48,663		134,976		71,253		538,173
Additions (Disposal)		(14,857)		-		-		-		-		(14,857)
Foreign exchange adjustment		2,768		(639)		(5)		(21,115)		-		(18,991)
Balance, March 31, 2024	\$	103,051	\$	167,502	\$	48,658	\$	113,861	\$	71,253	\$	504,325
Accumulated Depreciation												
Balance, December 31, 2022	\$	55,866	\$	71,949	\$	23,128	\$	49,768	\$	-	\$	200,711
Charge for the year		8,291		41,113		12,399		12,677		-		74,480
Foreign exchange adjustment		(2,767)		(1,437)		(498)		19,043		-		14,341
Balance, December 31, 2023		61,390		111,625		35,029		81,488		-		289,532
Charge for the period		1,599		7,539		2,166		3,163		-		14,467
Foreign exchange adjustment		2,770		1,290		452		(19,147)		-		(14,635)
Balance, March 31, 2024	\$	65,759	\$	120,454	\$	37,647	\$	65,504	\$	-	\$	289,364
Carrying Value												
Balance, December 31, 2023	\$	53,750	\$	56,516	\$	13,634	\$	53,488	\$	71,253	\$	248,641
Balance, March 31, 2024	\$	37,292	\$	47,048	\$	11,011	\$	48,357	\$	71,253	\$	214,961

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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9. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Key Management Compensation

	Three Months Ended March 31,	
	2024	2023
Compensation and consulting	\$ 217,765	\$ 163,875
Share-based compensation	30,587	50,831
	\$ 248,352	\$ 214,706

As at March 31, 2024, accounts payable and accrued liabilities include \$ 77,516 (December 31, 2023 - \$25,665) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured and have no specified terms of repayment.

10. SHARE CAPITAL AND RESERVE

Authorized

Unlimited number of Class A common shares without par value.

Unlimited number of Class B non-voting convertible common shares without par value, convertible to Class A common shares on a one-for-one basis.

Issued

For the three months ended March 31, 2024: The Company had no share capital activity.

For the year ended December 31, 2023: There was no share issuance during the year ended December 31, 2023.

Obligation to Issue Shares

On November 9, 2018, the Board of Directors of the Company approved the issuance of up to 1,032,496 Class A common shares of the Company (the "SEA Shares") to certain Ynvisible SA minority shareholders (the "SEA Minority Shareholders") pursuant to the terms of share exchange agreements (the "Post-RTO Share Exchange Agreements") between the Company and the SEA Minority Shareholders. The Board of Directors corrected the number of SEA Shares being issued to the SEA Minority Shareholders to 1,022,496 on September 4, 2019.

On September 4, 2019, the Company implemented a squeeze-out transaction, as per the applicable Portuguese law, pursuant to the RTO transaction, whereby the Company acquired the remaining 499,369 shares of Ynvisible SA, on a one-for-one basis for the Class A common shares of the Company, held by certain minority shareholders of Ynvisible SA (the "Squeeze-Out Minority Shareholders"). Accordingly, the Company recorded an obligation to issue 499,369 Class A common shares with a fair value of \$172,282, which has been reported as RTO transaction costs. As a result of the squeeze-out transaction, the Company now owns 100% of Ynvisible SA. As at March 31, 2024, the Company recorded \$46,084 (December 31, 2023 - \$46,084) for obligation to issue shares.

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10. SHARE CAPITAL AND RESERVE - continued

Stock Options

The Company has a rolling stock option plan, which follows the policies of the TSXV regarding stock option awards granted to employees, directors and consultants. According to the plan, the Company may grant incentive stock options up to a total of 10% of the Company's issued and outstanding common shares issued.

In February 2023, the Company granted 2,427,500 stock options to various directors, officers, consultants, and employees at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$162,856 using the Black-Scholes option pricing model. In addition, the Company granted 25,000 stock options to a provider of investor relations services at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at three months from the date of grant, 1/4th at six months from the date of grant, 1/4th at nine months from the date of grant, and 1/4th at twelve months from the date of grant.

In March 2023, the Company granted 20,000 stock options to employees at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$1,174 using the Black-Scholes option pricing model.

In June 2023, the Company granted 20,000 stock options to employees at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$1,928 using the Black-Scholes option pricing model.

In September 2023, the Company granted 100,000 stock options to an officer at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$7,922 using the Black-Scholes option pricing model. In addition, the Company granted 50,000 stock options to a provider of investor relations services at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at three months from the date of grant, 1/4th at six months from the date of grant, 1/4th at nine months from the date of grant, and 1/4th at twelve months from the date of grant. These options were valued at \$3,961 using the Black-Scholes option pricing model.

In January 2024, the Company granted 400,000 stock options to officers, directors, employees, and consultants at an exercise price of \$0.09 per share for a period of five years vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$27,032 using the Black-Scholes option pricing model.

In January 2024, the Company granted 120,000 stock options to employees at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$7,427 using the Black-Scholes option pricing model.

Share-based compensation recognized during the three months ended March 31, 2024 was \$61,818 (March 31, 2023 - \$141,837) from vesting of options.

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10. SHARE CAPITAL AND RESERVE (continued)

Stock Options (continued)

The Company's valuation of share purchase options granted during the period was estimated using the Black-Scholes option pricing model with the following assumptions:

	For the three months ended March 31,	
	2024	2023
Risk-free interest rate	3.43%	3.29%
Expected dividend yield and forfeiture	0%	0%
Expected stock price volatility	126%	118%
Expected option life in years	5 Years	5 Years
Exercise price	0.12	0.20
Spot price	0.08	0.09

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Three Months Ended March 31, 2024		Year Ended December 31, 2023	
	Number of Options #	Weighted Average Exercise Price \$	Number of Options #	Weighted Average Exercise Price \$
Outstanding, beginning	9,575,000	0.35	9,472,500	0.39
Granted	520,000	0.12	2,642,500	0.20
Cancelled/Forfeited	-	-	(2,540,000)	0.35
Outstanding, ending	10,095,000	0.33	9,575,000	0.35

As at March 31, 2024, the following options were granted and vested:

Expiry Date	Weighted Average Exercise Price (\$)	Number of Options Outstanding	Number of Options Vested and Exercisable	Weighted Remaining Contractual Life (years)
May 1, 2024*	0.37	1,010,000	1,010,000	0.08
October 2, 2024	0.30	167,500	167,500	0.51
May 20, 2025	0.33	195,000	195,000	1.14
September 16, 2025	0.25	215,000	215,000	1.46
November 11, 2025	0.29	125,000	125,000	1.62
March 17, 2026	1.29	30,000	30,000	1.96
June 3, 2026	0.63	100,000	100,000	2.18
July 1, 2026	0.75	1,475,000	983,325	2.25
July 22, 2026	0.62	80,000	53,333	2.31
August 26, 2026	0.55	250,000	250,000	2.41
October 20, 2026	0.44	370,000	246,667	2.56
December 7, 2026	0.32	500,000	333,332	2.69
July 20, 2027	0.20	2,535,000	2,535,000	3.30
September 22, 2027	0.20	25,000	25,000	3.48
February 24, 2028	0.20	2,317,500	2,292,500	3.90
March 28, 2028	0.20	10,000	7,500	3.99
June 26, 2028	0.20	20,000	15,000	4.24
September 15, 2028	0.20	150,000	75,000	4.46
January 11, 2029	0.20	120,000	30,000	4.79
January 11, 2029	0.09	400,000	100,000	4.79
	0.33	10,095,000	8,789,157	2.81

*Subsequently expired See Note 14.

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10. SHARE CAPITAL AND RESERVE (continued)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Three Months Ended March 31, 2024		Year Ended December 31, 2023	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	#	\$	#	\$
Outstanding, beginning	20,891,603	0.75	20,891,603	0.71
Expired	-	-	-	-
Outstanding, end	20,891,603	0.75	20,891,603	0.75

As at March 31, 2024, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise Price (\$)	Number of Warrants Outstanding	Weighted Remaining Contractual Life (years)
May 18, 2024*	0.76	19,892,003	0.13
May 18, 2024*	0.61	999,600	0.13
	0.75	20,891,603	0.13

*Subsequently expired See Note 14.

11. FAIR VALUES AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, deposits, and accounts payable and accrued liabilities. The fair value of amounts receivable, deposits, and accounts payable and accrued liabilities, approximate their carrying values because of their short-term nature.

The Company is exposed to financial risks arising from its financial assets and liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to minimal credit risk. The credit risk on cash is low because the counterparties are highly rated banks.

Cash and cash equivalents and amounts receivable are subject to the impairment requirements of IFRS 9; however, impairment was not identified. The carrying amount of cash and cash equivalents, amounts receivable and deposits represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its cash on hand.

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11. FAIR VALUES AND RISK MANAGEMENT (continued)

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 comprises: currency risk, interest rate risk and other price risk. The Company's management of market risk has not changed materially from that of the prior year and the Company's financial instruments aren't subject to other price risk.

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's cash is exposed to minimal interest rate risk as the Company invests cash at floating rates and cash equivalents at fixed rates of interest in highly liquid instruments, when applicable.

Currency Risk

The Company's functional currency is the Canadian dollar. The Company funds the operations of Ynvisible SA in Portugal, Ynvisible GmbH in Germany, and Ynvisible Production in Sweden by using Euros and Swedish krona, respectively, converted from its Canadian dollar bank accounts. Based on the Company's Euro and Swedish krona denominated financial instruments at March 31, 2024, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$40,641 and \$32,229, respectively, change in foreign exchange gain or loss.

12. CAPITAL MANAGEMENT

Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support its business operations. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business. As the Company does not generate significant revenue, the Company is dependent upon external financing to fund technology and business development as well as its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new business verticals for its technology and know-how and may seek to acquire an interest in supporting business opportunities, if management feels there is sufficient economic potential, provided it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management during the three months ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

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13. SEGMENTED DISCLOSURE

The Company has one operating segment, being the development and sale of ECDs in Europe. At March 31, 2024, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

	Europe	Canada	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 872,189	\$ 5,486,048	\$ 6,358,237
Amounts receivable	514,351	215,577	729,928
Inventories	180,554	-	180,554
Prepaid expenses	75,394	29,677	105,071
Total current assets	1,642,488	5,731,302	7,373,790
Non-current assets			
Deposits	6,827	-	6,827
Right-of-use assets	366,072	-	366,072
Fixed assets	1,285,135	-	1,285,135
Intangible assets	143,708	71,253	214,961
Total non-current assets	1,801,742	71,253	1,872,995
Total assets	\$ 3,444,230	\$ 5,802,555	\$ 9,246,785
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 765,577	\$ 248,886	\$ 1,014,463
Current portion of lease liabilities	284,855	-	284,855
Deferred project grants	107,780	-	107,780
Total current liabilities	1,158,212	248,886	1,407,098
Non-current liabilities			
Lease liabilities	100,472	-	100,472
Total non-current liabilities	100,472	-	100,472
Total liabilities	\$ 1,258,684	\$ 248,886	\$ 1,507,570
Comprehensive loss for the three months ended March 31, 2024	\$ 1,163,181	\$ 202,440	\$ 1,365,621

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13. SEGMENTED DISCLOSURE (continued)

The Company has one operating segment, being the development and sale of ECDs in Europe. At December 31, 2023, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

	Europe	Canada	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 978,176	\$ 6,467,582	\$ 7,445,758
Amounts receivable	587,529	221,350	808,879
Inventories	276,288	-	276,288
Prepaid expenses	83,592	41,581	125,173
Total current assets	1,925,585	6,730,513	8,656,098
Non-current assets			
Deposits	6,877	-	6,877
Right-of-use assets	407,625	-	407,625
Fixed assets	1,379,014	-	1,379,014
Intangible assets	177,388	71,253	248,641
Total non-current assets	1,970,904	71,253	2,042,157
Total assets	\$ 3,896,489	\$ 6,801,766	\$ 10,698,255
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 867,511	\$ 221,097	\$ 1,088,608
Current portion of lease liabilities	261,063	-	261,063
Deferred project grants	140,893	-	140,893
Total current liabilities	1,269,467	221,097	1,490,564
Non-current liabilities			
Lease liabilities	164,673	-	164,673
Total non-current liabilities	164,673	-	164,673
Total liabilities	\$ 1,434,140	\$ 221,097	\$ 1,655,237
Comprehensive loss for the year ended			
December 31, 2023	\$ 4,242,782	\$ 722,490	\$ 4,965,272

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14. COMMITMENTS

RISE Agreement

On March 12, 2024, the Company signed a technology license agreement (the “Agreement”) with the Research Institutes of Sweden AB (“RISE”) in respect of printed display technology owned by RISE.

The Agreement gives the Company:

- Broad field of use of the technology;
- Six years worldwide exclusive license;
- Perpetual worldwide non-exclusive license;
- Ownership of the product and manufacturing intellectual property;
- Right to buy RISE’s intellectual property; and
- Right to terminate the Agreement if Ynvisible is not able to develop viable products or there is a failure in materials supply.

The Agreement gives RISE:

- License fees for 6 years in the range of €70,000 – €90,000/year;
- Perpetual royalties in the range of 1 - 3%;
- Ynvisible commits to purchase services and materials estimated to be €230,000 in 2024 and €180,000 in 2025;
- Ownership of the materials and devices intellectual property; and
- Right to terminate the Agreement if Ynvisible is not commercially successful.

If the Company decides to purchase the intellectual property, the licence fees, royalties and commitment to purchase services and materials will terminate.

15. SUBSEQUENT EVENTS

On May 1, 2024, 1,010,000 options with an exercise price of \$0.37 expired unexercised. (Note 9)

On May 18, 2024, 20,891,603 warrants with a weighted exercise price of \$0.75 expired unexercised. (Note 9)

On May 28, 2024, the Company granted a total of 180,000 stock options to employees and consultants with an exercise price of \$0.20 and five year life. One quarter of the stock options vest immediately, one quarter of the stock options vest after four months, one quarter of the stock options vest after eight months, and one quarter of the stock options vest after twelve months.