



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended June 30, 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	
	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 5,105,186	\$ 7,445,758
Amounts receivable	405,123	808,879
Inventories	255,813	276,288
Prepaid expenses	93,874	125,173
Total current assets	5,859,996	8,656,098
Non-current assets		
Deposits	6,840	6,877
Right-of-use assets (Note 6)	304,283	407,625
Fixed assets (Note 7)	1,252,691	1,379,014
Intangible assets (Note 8)	201,587	248,641
Total non-current assets	1,765,401	2,288,199
Total assets	\$ 7,625,397	\$ 10,698,255
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 845,424	\$ 1,088,608
Current portion of lease liabilities (Note 6)	279,886	261,063
Deferred project grants	32,275	140,893
Total current liabilities	1,157,585	1,490,564
Non-current liabilities		
Lease liabilities (Note 6)	41,490	164,673
Total liabilities	1,199,075	1,655,237
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	37,532,180	37,532,180
Reserve (Note 10)	1,847,678	2,682,102
Obligation to issue shares (Note 10)	46,084	46,084
Deficit	(32,660,184)	(31,078,666)
Accumulated other comprehensive loss	(339,436)	(138,682)
Total shareholders' equity	6,426,322	9,043,018
Total liabilities and shareholders' equity	\$ 7,625,397	\$ 10,698,255

Note 1 – Corporate Information and Going Concern

Approved and authorized for issue on behalf of the Board of Directors on August 29, 2024:

“Alexander Helmel”

Director

“Alex Langer”

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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Sales (Note 5)	\$ 213,936	\$ 158,017	\$ 589,665	\$ 422,912
Cost of sales (Note 5)	(210,021)	(140,190)	(311,295)	(234,235)
Gross profit	3,915	17,827	278,370	188,677
Expenses				
Compensation and consulting (Note 9)	758,279	796,581	1,548,211	1,609,079
Depreciation (Notes 6, 7, and 8)	149,657	146,897	293,644	302,047
Development and production	265,626	237,811	761,493	440,754
Interest and bank charges	2,066	2,793	5,510	5,778
Marketing and promotion	11,620	28,003	37,914	90,112
Office facilities and services	42,382	95,082	62,685	200,171
Professional fees	86,361	112,824	159,463	196,362
Share-based compensation (Notes 9 and 10)	17,889	253,534	79,707	395,371
Transfer and listing fees	19,196	16,340	42,516	31,796
Travel and project investigation	40,874	31,918	64,332	72,727
Total operating expenses	(1,393,950)	(1,721,783)	(3,055,475)	(3,344,197)
Loss from operations	(1,390,035)	(1,703,956)	(2,777,105)	(3,155,520)
Other items				
Rental income	-	66,766	-	135,528
Income and gains	150,044	26,215	164,523	65,059
Interest income and other	40,428	151,152	103,091	272,692
Other expenses and losses	(11,885)	(58,330)	(23,394)	(99,294)
EU co-funded projects grants	19,652	48,670	39,616	125,145
Write-off tangible assets	(1,405)	47	(2,380)	(6,103)
Total other items	196,834	234,520	281,456	493,027
Net loss for the period	(1,193,201)	(1,469,436)	(2,495,649)	(2,662,493)
Other comprehensive loss				
Foreign currency translation adjustment	(137,581)	(59,587)	(200,754)	(265,618)
Comprehensive loss for the period	\$ (1,330,782)	\$ (1,529,023)	\$ (2,696,403)	\$ (2,928,111)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	124,671,915	124,671,915	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 Income	Total Shareholders' Equity
	Number	Amount					
	#	\$					
Balance, December 31, 2022	124,666,915	37,530,455	3,084,335	46,084	(26,979,750)	(75,875)	13,606,974
Stock options cancelled	-	-	(762,257)	-	762,257	-	-
Share-based compensation	-	-	395,371	-	-	-	395,371
Net loss for the period	-	-	-	-	(2,423,186)	-	(2,423,186)
Other comprehensive loss	-	-	-	-	-	(265,618)	(265,618)
Balance, June 30, 2023	124,671,915	37,532,180	2,717,449	46,084	(28,640,679)	(341,493)	11,313,541
Stock options cancelled	-	-	(41,292)	-	41,292	-	-
Share-based compensation	-	-	5,945	-	-	-	5,945
Net loss for the period	-	-	-	-	(2,479,279)	-	(2,479,279)
Other comprehensive loss	-	-	-	-	-	202,811	202,811
Balance, December 31, 2023	124,671,915	37,532,180	2,682,102	46,084	(31,078,666)	(138,682)	9,043,018
Stock options cancelled/expired	-	-	(412,818)	-	412,818	-	-
Warrants expired	-	-	(501,313)	-	501,313	-	-
Share-based compensation	-	-	79,707	-	-	-	79,707
Net loss for the period	-	-	-	-	(2,495,649)	-	(2,495,649)
Other comprehensive loss	-	-	-	-	-	(200,754)	(200,754)
Balance, June 30, 2024	124,671,915	37,532,180	1,847,678	46,084	(32,660,184)	(339,436)	6,426,322

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)

	Six Months Ended June 30,	
	2024	2023
Operating activities		
Net loss for the period	\$ (2,495,649)	\$ (2,662,493)
<i>Items not involving the use of cash:</i>		
Depreciation	293,644	302,047
Depreciation included in Cost of Sales	11,249	11,293
Interest expense on lease liabilities	2,013	2,473
Share-based compensation	79,707	395,371
<i>Changes in working capital items:</i>		
Amounts receivable	403,756	276,477
Inventories	20,475	(169,400)
Prepaid expenses	31,299	(10,219)
Accounts payable and accrued liabilities	(243,184)	(96,307)
Deferred income	-	11,926
Deferred project grants	(108,618)	(51,769)
Cash used in operating activities	(2,005,308)	(1,990,601)
Investing activities		
Purchase of fixed assets	(37,247)	(18,951)
Purchase of intangible assets	16,004	(4,319)
Deposits	37	(1,074)
Cash used in investing activities	(21,206)	(24,344)
Financing activities		
Repayment of lease liabilities	(141,491)	(141,185)
Cash used in financing activities	(141,491)	(141,185)
Effect of foreign exchange	(172,567)	38,567
Net change in cash	(2,340,572)	(2,117,563)
Cash, beginning of period	7,445,758	11,844,266
Cash, end of period	\$ 5,105,186	\$ 9,726,703
Non-cash transactions		
Reclassification of stock options cancelled/expired	\$ 412,818	\$ 762,257
Reclassification of stock warrants expired	501,313	

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 and Six Months ended June 30, 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 “YINV”, 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 six months ended June 30, 2024, the Company incurred a net loss of \$2,495,649 (June 30, 2023 - \$2,662,493) and as at June 30, 2024, had an accumulated deficit of \$32,660,184 (June 30, 2023 - \$28,640,679).

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.

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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 six months ended June 30, 2024 and 2023, the Company's revenue and related cost of sales is composed of services and products as follows:

		Six Months Ended June 30,						
		2024			2023			
		Services	Products	Total	Services	Products	Total	
Sales	\$	319,046	\$ 270,619	\$ 589,665	\$ 346,231	\$ 76,681	\$	422,912
Cost of sales		(180,288)	(131,007)	(311,295)	(169,364)	(64,871)		(234,235)
Gross profit		138,758	139,612	278,370	176,867	11,810		188,677

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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	52,906
Foreign exchange adjustment	(27,029)
At June 30, 2024	\$ 1,609,989
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	148,240
Foreign exchange adjustment	(19,021)
At June 30, 2023	\$ 1,305,706
Net book value:	
At December 31, 2023	\$ 407,625
At June 30, 2024	\$ 304,283

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	(141,491)
Interest expense on lease liabilities	2,013
Lease modification	43,466
Foreign exchange adjustment	(8,348)
At June 30, 2024	321,376
Less: current portion	(279,886)
Non-Current Portion	\$ 41,490

The lease liabilities were measured by discounting the lease payments using an incremental borrowing rate of 12%. Interest expense of \$2,013 (June 30, 2023 - \$2,473) is included in interest and bank charges.

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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	\$ 146,292
Fiscal 2025	175,084
<u>Total</u>	<u>\$ 321,376</u>

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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	8,628	3,670	4,039	2,185	18,725	37,247
Disposal	-	-	-	(2,099)	-	(2,099)
Foreign exchange adjustment	8,353	10,537	728	(11,350)	14,713	22,981
Balance, June 30, 2024	\$ 601,150	\$ 1,830,898	\$ 75,977	\$ 152,654	\$ 99,184	\$ 2,759,863
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	36,691	84,422	4,256	11,819	3,879	141,067
Foreign exchange adjustment	7,764	31,646	650	(11,325)	14,650	43,385
Balance, June 30, 2024	\$ 390,500	\$ 898,730	\$ 41,519	\$ 107,931	\$ 68,492	\$ 1,507,172
Carrying Value						
Balance, December 31, 2023	\$ 238,124	\$ 1,034,029	\$ 34,597	\$ 56,481	\$ 15,783	\$ 1,379,014
Balance, June 30, 2024	\$ 210,650	\$ 932,168	\$ 34,458	\$ 44,723	\$ 30,692	\$ 1,252,691

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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 (Disposals)		-		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 (Disposals)		(17,405)		1,401		-		-		-		(16,004)
Foreign exchange adjustment		2,767		314		156		(20,071)		-		(16,834)
Balance, June 30, 2024	\$	100,502	\$	169,856	\$	48,819	\$	114,905	\$	71,253	\$	505,335
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		2,827		15,004		4,273		6,239		-		28,343
Foreign exchange adjustment		2,762		1,546		532		(18,967)		-		(14,127)
Balance, June 30, 2024	\$	66,979	\$	128,175	\$	39,834	\$	68,760	\$	-	\$	303,748
Carrying Value												
Balance, December 31, 2023	\$	53,750	\$	56,516	\$	13,634	\$	53,488	\$	71,253	\$	248,641
Balance, June 30, 2024	\$	33,523	\$	41,681	\$	8,985	\$	46,145	\$	71,253	\$	201,587

YNVISIBLE INTERACTIVE INC.
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9. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key Management Compensation

	Six Months Ended June 30,	
	2024	2023
Compensation and consulting	\$ 439,396	\$ 335,965
Share-based compensation	45,075	99,504
	\$ 484,471	\$ 435,469

As at June 30, 2024, accounts payable and accrued liabilities include \$71,215 (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 six months ended June 30, 2024: The Company had no share capital activity.

For the year ended December 31, 2023: There were no share issuances 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 June 30, 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 fixed 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.

In May 2024, the Company granted 130,000 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 \$10,557 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 \$4,060 using the Black-Scholes option pricing model.

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10. SHARE CAPITAL AND RESERVE - continued

Stock Options

Share-based compensation recognized during the six months ended June 30, 2024 was \$79,707 (June 30, 2023 - \$395,371) from vesting of options.

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 six months ended June 30,	
	2024	2023
Risk-free interest rate	3.44%	3.61%
Expected stock price volatility	126%	123%
Expected option life in years	5 Years	5 Years
Exercise price	0.20	0.20
Spot price	0.08	0.12

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

	Six Months Ended June 30, 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	700,000	0.14	2,642,500	0.20
Cancelled/Forfeited	(1,337,500)	0.39	(2,540,000)	0.35
Outstanding, ending	8,937,500	0.32	9,575,000	0.35

As at June 30, 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)
October 2, 2024	0.30	167,500	167,500	0.26
May 20, 2025	0.33	195,000	195,000	0.89
September 16, 2025	0.25	215,000	215,000	1.21
November 11, 2025	0.29	125,000	125,000	1.37
March 17, 2026	1.29	10,000	10,000	1.72
June 3, 2026	0.63	100,000	100,000	1.93
July 1, 2026	0.75	1,375,000	1,375,000	2.01
July 22, 2026	0.62	80,000	80,000	2.06
August 26, 2026	0.55	250,000	250,000	2.16
October 20, 2026	0.44	370,000	246,667	2.31
December 7, 2026	0.32	500,000	333,332	2.44
July 20, 2027	0.20	2,500,000	2,500,000	3.05
February 24, 2028	0.20	2,195,000	2,195,000	3.66
June 26, 2028	0.20	20,000	20,000	3.99
September 15, 2028	0.20	150,000	112,500	4.21
January 11, 2029	0.20	105,000	55,000	4.54
January 11, 2029	0.09	400,000	200,000	4.54
May 28, 2029	0.20	180,000	32,500	4.91
	0.32	8,937,500	8,212,499	2.90

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10. SHARE CAPITAL AND RESERVE (continued)

Warrants

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

	Six Months Ended Six 30, 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	(20,891,603)	0.75	-	-
Outstanding, end	-	-	20,891,603	0.75

11. FAIR VALUES AND RISK MANAGEMENT

The Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities, and lease liabilities. Cash are measured at fair value based on Level 1 input of the fair value hierarchy. The fair value of amounts receivable, deposits, accounts payable and accrued liabilities, and lease liabilities approximate their carrying values.

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 amounts receivable are subject to the impairment requirements of IFRS 9; however, impairment was not identified. The carrying amount of cash, 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.

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..

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11. FAIR VALUES AND RISK MANAGEMENT (continued)

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 June 30, 2024, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$44,369 and \$63,330, 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 six months ended June 30, 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 June 30, 2024, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

	Europe	Canada	Total
ASSETS			
Current assets			
Cash	\$ 1,043,516	\$ 4,061,670	\$ 5,105,186
Amounts receivable	396,695	8,428	405,123
Inventories	255,813	-	255,813
Prepaid expenses	78,916	14,958	93,874
Total current assets	1,774,940	4,085,056	5,859,996
Non-current assets			
Deposits	6,840	-	6,840
Right-of-use assets	304,283	-	304,283
Fixed assets	1,252,691	-	1,252,691
Intangible assets	130,334	71,253	201,587
Total non-current assets	1,694,148	71,253	1,765,401
Total assets	\$ 3,469,088	\$ 4,156,309	\$ 7,625,397
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 676,443	\$ 168,981	\$ 845,424
Current portion of lease liabilities	279,886	-	279,886
Deferred project grants	32,275	-	32,275
Total current liabilities	988,604	168,981	1,157,585
Non-current liabilities			
Lease liabilities	41,490	-	41,490
Total non-current liabilities	41,490	-	41,490
Total liabilities	\$ 1,030,094	\$ 168,981	\$ 1,199,075
Comprehensive loss for the six months ended June 30, 2024	\$ 2,269,761	\$ 426,642	\$ 2,696,403

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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.