

YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS

SIX MONTHS ENDED JUNE 30, 2018

Date of Report: August 24, 2018

The following management discussion and analysis (“MD&A”) of the financial position and results of operations for Ynvisible Interactive Inc. (the “Company” or “Ynvisible”) (formerly Network Exploration Ltd.) should be read in conjunction with the condensed consolidated interim financial statements and the notes thereto for the six months ended June 30, 2018. Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com.

Overall Performance

Ynvisible Interactive Inc. is a public company listed on the TSX Venture Exchange under the trading symbol “YNV”. On January 11, 2018, the Company changed its name from Network Exploration Ltd. to Ynvisible Interactive Inc. and on January 19, 2018 (see news releases dated January 19, 2018) the Company completed its reverse take-over transaction (“RTO”) with YD Ynvisible, S.A. (“YD Ynvisible”), whereby it acquired 94.19% of its issued and outstanding common shares.

YD Ynvisible aims to be a leading company in the emerging printed electronics sector. It is a private company incorporated under the laws of Portugal with assets located in Portugal.

Printed electronics use new materials with electronic properties that are processable into inks and can be printed into thin layers (using conventional print house equipment) onto flexible materials, such as plastic and paper.

YD Ynvisible's proprietary electrochromic displays can be the face of every smart label. YD Ynvisible's displays use almost no power. They are ultra-low weight, microscopically thin, flexible, yet robust. When combined with various sensors, they bring functionality and life to smart products. Given the cost and power-consumption advantages over conventional electronics, printed electronics are a key enabler of mass adoption of the Internet of Things (IoT). Electrochromics-based smart labels offer simple, non-obtrusive human interfaces to smart IoT objects.

YD Ynvisible's mix of services, materials, and technology is a unique combination, which proposed product and service offering is gaining traction among brand owners developing their IoT products for a huge market in its infancy. Since YD Ynvisible's displays are printed, product designers can easily adapt electrochromics to the desired product design and required user experience.

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 – 1005 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7. The Company maintains a website at www.ynvisible.com.

The Company's ability to continue as a going concern, to fund its technology and market development and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. These factors may cast significant doubt on the Company's ability to continue as a going concern. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Business Highlights and Second Quarter of 2018

German Subsidiary

During the three months ended June 30, 2018, the Company established a fully owned German subsidiary, Ynvisible GmbH, and the official opening of a state-of-the-art electrochromic inks development laboratory and commercialization facility in Freiburg im Breisgau, Germany.

Building on several years of R&D collaborations with brand owners and research institutes, Ynvisible chose Freiburg for its strategically important location at the border region between Germany, France and Switzerland, which is proximal to globally leading materials supply partners, and home to a strong network of innovative companies in the fields of printed electronics and industrial printing. The region has a rich talent pool of chemists and engineers specializing in polymers technology, electrochemistry, and functional inks formulation.

In addition to laboratory scale development of the next generations of electrochromic inks and systems, Ynvisible aims to use the product development center in Freiburg to accelerate the scaling up of its capacity for global production and delivery of proprietary electrochromic inks on a commercial scale.

New Patent

The Company was granted an EU patent (no. 2821458) for a specialized electrolyte formulation that allows for the integration of electrochromic inks directly into the electrolyte layers. This formulation offers a reduction in the overall number of ink layers required to produce electrochromic devices, substantially increasing manufacturing efficiency.

Typically, electrochromic displays have separate electrochromic and electrolyte layers which add to the complexity and cost of manufacture. Ynvisible's patented invention offers an industry-leading solution that helps tackle performance and production efficiency issues and provides essential production efficiencies to brands that are looking to utilize electrochromic displays in their mainstream consumer goods. This patent now gives Ynvisible control over a valuable functionality improvement that other companies using electrochromic inks may wish to license and use.

Ynvisible's latest patent strengthens Ynvisible's position as a leader in visual indicators for smart labels incorporating printed electronics. Specifically, this patent covers the proprietary formulation of Ynvisible's irreversible displays, which have many applications in product status and quality indication, security, and authenticity. An irreversible display allows for a visual alarm to be permanently visible after a critical event has been recorded by the smart label system (e.g. a temperature threshold has been exceeded, or the item has been tampered with). Once activated, Ynvisible's irreversible displays will remain visible even after a loss of structural integrity to the underlying circuits or power source. Ynvisible is very pleased to add this patent to its growing portfolio of 18 patents - 8 granted, 10 pending.

Production Scale-Up

Initiatives with the goal of increasing Ynvisible's ability to commercialize its proprietary technology were continued in Q2.

Increasing production capacity with a higher volume streamlined sheet-to-sheet (S2S) electrochromics print/production line in Portugal had been delayed in Q1 with the need to locate to a more practical facility allowing increased production capacity. In Q2 the company moved into a new combined production and office facility in Charneca de Caparica, in the Lisbon area. New production equipment was purchased, with several equipment deliveries scheduled in Q3.

Roll-to-roll (R2R) printing developments were continued partially as subcontracted work with partner VTT Technical Research Centre of Finland. Discussions on location(s) and partnerships for first roll-to-roll commercial production were initiated.

Jointly funded R&D projects INFUSION, INNPAPER, and DECOCHROM were continued to enhance the Company's technology offering. These industrial partnerships provide valuable tools to help grow the electrochromic display ecosystem to accelerate product offerings. As a part of the DECOCHROM developments, a series of designers and industrial partners were trained to design and print with electrochromics.

Sales and Marketing

With the on-going effort to build the new facilities, sales were low in the first six months of 2018. In this period, the recruitment process for a Head of Marketing & Sales for the Company was continued in the Greater Toronto Area. The candidates for this position will build significantly off the discussions Ynvisible currently has ongoing with potential clients.

The Company joined the intelliFLEX Innovation Alliance (formerly CPEIA), a not-for-profit industry alliance founded in Canada, which aims to accelerate the growth of the flexible and hybrid electronics sector across North America and abroad to enable the Internet of Everything.

As a part of its international marketing activities, the Company participated in four international conferences:

- In April, at IDTechEx Printed Electronics Europe 2018 in Berlin (Germany) Ynvisible had a booth and CEO Jani-Mikael Kuusisto gave an invited talk. The Company also jointly showcased a novel wearables demonstrator with VTT Technical Research Centre of Finland.
- At the Canadian Printable Electronics Symposium (CPES 2018) in Toronto in May, the Company had a booth and a talk by CEO Jani-Mikael Kuusisto.
- CTO Dr. Carlos Pinheiro gave an invited speech at the Printed Electronics Summit in Barcelona (Spain) in June.
- The Company participated in the PrintoCent Commercialization Community's Industry Cluster meetings and innovation event InnoFest in Oulu (Finland) in June.
- Also in June, Ynvisible participated with a booth and talk at the 121 Tech Investment Conference in Hong Kong.

As a result of these and other marketing activities earlier in the year, the Company has entered into multiple negotiations for new partnerships intended to complement Ynvisible's technology and services offering and further strengthen the Company's sales and distribution networks. An increasing volume of sample kits were produced and sent to consumer product brand owners and other interested prospective clients. Numerous client opportunities for prototyping and pilot production were entered into the sales pipeline.

Results of Operations for the six months ended June 30, 2018

General and Administrative Expenses

Six months ended June 30, 2018

During the six months ended June 30, 2018, the Company completed its RTO transaction with YD Ynvisible. As a result, the Company is now consolidating the results of YD Ynvisible from January 19, 2018 on a continuity of interest basis as if the Company had always been owned by the shareholders of YD Ynvisible. The Company's operating expenses have significantly increased during the period ended June 30, 2018 compared to those of the six months ended June 30, 2017. Net loss for the period increased by \$3,584,228 to \$3,808,496 (2017 - \$224,268). Key contributors to the rise in operating costs are as follows:

- Compensation and Consulting increased by \$679,993 to \$939,674 (2017 - \$259,681) due to the Company now employing a team of employees and consultants it acquired in the Ynvisible transaction.
- Professional fees increased by \$313,024 to \$313,024 (2017 - \$Nil) as the Company paid more legal costs associated with the Ynvisible RTO transaction.

- Share-based compensation of \$793,600 was recognized in the current period relating to granting of 3,800,000 stock exercisable options. The stock options were fair-valued using the Black-Scholes option pricing model. Another 375,000 stock options were granted that do not begin vesting until after June 30, 2018 for which no share-based compensation was recognized. There were no options granted in the comparative 2017 period.
- Supplies and external services costs increased by \$329,662 to \$428,764 (2017 - \$99,102) in the current period. These costs relate directly to the operations of YD Ynvisible and are growing with the Company.
- Transfer and listing fees increased by \$79,560 to \$79,560 (2017 - \$Nil). The Company paid additional fees associated with the RTO transaction, the consolidation of the Company's shares and financing activities in the current period.
- The Company earned operating subsidies of \$163,623 (2017 - \$111,684) from the European Union for specific project based work in the current period.
- The Company expensed \$1,199,141 in transaction costs relating to the RTO, of which \$402,264 was the fair value assigned to 1,340,881 finder's fees shares issued in connection with the transaction, \$717,074 was a non-cash purchase price allocation and \$79,803 was for related expenses.

Other than items disclosed within this MD&A, there are no trends, commitments, events or uncertainties presently known to management that are reasonably expected to have a material effect on the Company's business, financial condition or results of operation other than uncertainty as to the speculative nature of the business, and the uncertainty of fundraising activities.

Summary of Quarterly Results

Three months ended	Test Production Revenues	EU Operating Subsidies	Net Loss	Loss Per Share (Basic and Diluted)*
June 30, 2018	\$ -	\$ 85,586	\$ 619,814	\$0.01
March 31, 2018	\$ 8,425	\$ 78,037	\$ 3,188,682	\$0.07
December 31, 2017	\$ 27,697	\$ 12,143	\$ 520,186	\$0.02
September 30, 2017	\$ 12,576	\$ 16,626	\$ 170,200	\$0.01
June 30, 2017	\$ 34,577	\$ 89,534	\$ 70,102	\$0.00
March 31, 2017	\$ 28,792	\$ 22,150	\$ 152,048	\$0.01
December 31, 2016	\$ 56,252	\$ 30,654	\$ 171,934	\$0.01
September 30, 2016	\$ 30,868	\$ 27,569	\$ 80,254	\$0.00

* Restated for 2 to 1 consolidation completed December 3, 2017.

The March 31, 2018 net loss includes \$1,199,141 in mostly non-cash RTO transaction fees and \$793,600 in non-cash share-based compensation.

With the exception of the 2018 periods, the above results are those of YD Ynvisible alone following the continuity of interest principle and were converted from European Euros to Canadian dollars.

Liquidity

In management's view, given the nature of the Company's operations, the Company does not expect to receive significant income from any of its projects in the near term.

The Company has financed its operations to date primarily through the issuance of common shares and the exercise of stock options or warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt. During the past year the Company has received loans from related parties and third parties to fund operating expenses.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

Capital Resources

On January 19, 2018, Ynvisible Interactive Inc. (formerly Network Exploration Ltd.) completed its previously announced transaction with YD Ynvisible, S.A. whereby the Company acquired 94.19% of the issued and outstanding common shares of YD Ynvisible, through the issuance of 25,991,831 Class A common shares, which acquisition constitutes a reverse takeover transaction pursuant to the policies of the TSX Venture Exchange. (see news release dated January 19, 2018).

Concurrent with the RTO, the Company closed a prospectus offering of 15,333,332 shares at a price of \$0.30 per share. The Company issued 83,333 Class A common shares and paid cash as finders' fees relating to this offering.

On December 19, 2017, the Company closed a non-brokered private placement issuing 5,875,400 shares at a price of \$0.30 per share for gross proceeds of \$1,762,620. The Company paid finders a cash commission in the aggregate amount of \$88,092, being 6% of the aggregate proceeds from the sale of shares to purchasers introduced by the finders.

At June 30, 2018, the current assets of the Company consist of cash, amounts receivable and prepaid expenses totaling \$3,263,092 and the Company has working capital of \$1,696,651. The Company will have to generate additional cash from equity raised through the Canadian public markets to meet its commitments.

Share Consolidation

On December 3, 2017, the Company consolidated its common shares (the "Shares") on the basis of one post-consolidated common share for every two pre-consolidated Shares held (the "Consolidation"). The Company had 4,932,308 common shares issued and outstanding following the Consolidation. All references to the number of common shares and per share amounts prior to December 3, 2017 have been retroactively restated to reflect this consolidation.

Change in Year End

Effective January 1, 2018, the Company has elected to change its year end from November 30 to December 31. The change was made to align the Company's reporting periods with its new subsidiary and to provide investors with better comparable information to other similar reporting companies.

Cash Flows

Net cash used in operating activities for the six month period ended June 30, 2018 was \$2,370,899 (2017 - \$99,017). The cash used consisted primarily of general and administrative expenses, net of non-cash expenditures and a net change in non-cash working capital, detailed in the statement of cash flows. The current period saw increased activity highlighted by the reverse takeover transaction.

During the six month period ended June 30, 2018, cash used in investing activities was \$141,911 for the purchase of fixed assets while \$77 was invested in intangible assets in the comparative 2017 period.

During the six month period ended June 30, 2018, cash provided from financing activities was \$5,149,424 (2017 - \$95,119). In the current period, the Company completed a prospectus offering for gross proceeds of \$4,600,000 and incurred cash share costs of \$102,803, while no similar transactions were undertaken in the 2017 period. The Company also repaid \$963,815 in loans and \$75,936 in long term debt in the current period. As a result of the RTO, the Company acquired \$1,691,978 in cash. The Company received loan proceeds of \$95,119 in the 2017 comparative period.

The Company's cash increased by \$2,579,151 from \$3,453 at December 31, 2017 to \$2,582,604 at June 30, 2018.

Off Balance Sheet Arrangements

At June 30, 2018, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Transactions with Related Parties

Directors and Officers

As of the date of this report, the Company had the following directors and officers:

Jani-Mikael Kuusisto – Chief Executive Officer and Director
Ines Henriques, PhD – Chief Operating Officer and Director
Alexander Helmelt – Director
Duarte Mineiro – Director
Martin Burian – Director
Benjamin Leboe – Director
Carlos Pinheiro Baptista, PhD – Chief Technology Officer
Darren Urquhart, CPA, CA – Chief Financial Officer

The Company has incurred charges during the six months ended June 30, 2018 and 2017 from directors and senior management, or companies controlled by them, for management and consulting fees and share-based compensation as follows:

	Six months ended June 30, 2018	Six months ended June 30, 2017
Jani-Mikael Kuusisto – Salary	\$ 82,743	\$ 66,364
Jani-Mikael Kuusisto – Share based compensation	101,189	-
Inês Henriques – Salary	51,815	39,364
Inês Henriques – Share based compensation	67,459	-
Carlos Pinheiro Baptista – Salary	51,081	21,691
Carlos Pinheiro Baptista – Share based compensation	84,324	-
Alexander Helmelt – Consulting fees	12,500	-
Alexander Helmelt – Share based compensation	44,973	-
Duarte Mineiro – Share based compensation	44,973	-
Martin Burian – Consulting fees	3,000	-
Martin Burian – Share based compensation	22,486	-
Benjamin Leboe – Consulting fees	1,000	-
Darren Urquhart – Consulting fees	15,000	-
Darren Urquhart – Share based compensation	22,486	-
Total cash consulting and management fees	\$ 216,139	\$ 127,419
Total share-based compensation (non-cash)	\$ 387,890	\$ -
Total compensation of officers and directors	\$ 604,029	\$ 127,419

As at June 30, 2018, accounts payable and accrued liabilities include \$99,726 (2017 - \$176,173) due to officers and directors. Trade and other payable amounts due to related parties are unsecured, and have no specified terms of repayment.

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.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed elsewhere in this MD&A.

Other MD&A Requirements

This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the six months ended June 30, 2018. This MD&A is intended to assist the reader's understanding of Ynvisible and its operations, business, strategies, performance and future outlook from the perspective of management. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at www.sedar.com.

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. Ynvisible's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee is free to meet with the independent auditors at any time.

Summary of Outstanding Share Data as of the Date of this Report

	Number Issued and Outstanding
Common shares *	52,216,200
Stock Options *	4,175,000
Warrants *	-
Fully Diluted *	56,391,200

* These numbers reflect the effect of the share consolidation effected December 4, 2017.

OTHER INFORMATION

Approval

The Board of Directors of Ynvisible has approved the disclosure contained in the MD&A as of the date of this report. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com.

Controls and Procedures

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward-Looking Statements

All statements made in this MD&A, other than statements of historical facts, are forward-looking statements. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to the development of products, sales growth and global expansion, the impact of the Company's products and services on customers and marketplaces, future financial or operating performance of the Company, the ability to capitalize on future opportunities and estimates regarding the size and scope of our target markets and their potential for growth.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future costs of materials and labor; speed of technology adoption in target markets and emergence of competing technologies, and other risks of the printed electronics and technology industry; and delays in obtaining financing.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.