

YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2018

Date of Report: April 30, 2019

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 Company’s audited consolidated financial statements and the notes thereto for the year ended December 31, 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 release 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. The Company’s audited consolidated financial statements for the year ended December 31, 2018 have been prepared on a continuity of interest basis that present the comparative results of YD Ynvisible prior to the RTO.

Ynvisible aims to be a leading company in the emerging printed electronics sector. 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.

Ynvisible's proprietary electrochromic displays can be the face of smart labels and other smart printable surfaces. 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.

Ynvisible's mix of services, materials, and technology is a unique combination, which is gaining traction among brand owners developing their IoT products for a huge market in its infancy. Since 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.

Appointment of Advisory Board

On October 25, 2018, the Company announced the creation of and Advisory Board and appointment of its first members: Dr. Michael Okoroafor, Dr. Harlan Byker, and Dr. Harri Kopola.

Dr. Michael Okoroafor is Vice President, Global Sustainability & Packaging Innovation at McCormick & Company. He is highly acclaimed for his achievements in the consumer packaging industry, and on October 15, 2018 was inducted into the Packaging and Processing Hall of Fame at PACK EXPO International. Mike has earlier held prominent roles within PPG, Coca-Cola, and Heinz. With 30 years of experience building off his PhD in Polymer Chemistry from Michigan State University, Michael has a unique background in working both with color changing (chromogenic) systems as well as novel packaging materials and concepts, including interactive packaging.

Dr. Harlan Byker is Founder and CEO of Pleotint, LLC. He is a world-leading expert on electrochromism and thermochromism. He has over 30 years of scientific research and development, invention, manufacturing and patent experience. Harlan gained his PhD in Physical Chemistry at Montana State University. He is an inventor and/or co-inventor on 53 US patents. As a research scientist at Battelle Laboratories, Harlan invented the chemistry portion of the first commercially successful electrochromic device, an automatic dimming rear view mirror for motor vehicles commercialized by Gentex, a company in which Harlan became a Board Member and VP of Research, before founding Pleotint, a company focused on self-tinting building windows.

Dr. Harri Kopola is a pioneer in the printed electronics industry, who started the printed electronics research on flexible substrates in the late 1990s within VTT Technical Research Centre of Finland, a leading Nordic applied research institute. Harri earned his PhD in Electrical Engineering from the University of Oulu and has publications and patents in various disciplines of electronics, optoelectronics and printed electronics. In different VP positions at VTT, Harri led strategic initiatives in 'printed intelligence' and headed the founding of PrintoCent, a printed intelligence industrialization community, which to date has produced 26 spin-off companies and links them to a network of global scale companies. Harri is Fellow of the Organic Electronics Association (OE-A).

Sales and Marketing

After the September 20th opening of Ynvisible's new printing line and customer training facilities in Almada, Portugal, customer activity began to accelerate. First prototyping project revenue was generated from the new line during the 4th quarter. In Q4 news of the new production facilities continued to receive attention and Ynvisible was prominently displayed e.g. in industry media E-Ink-info.com and the OPE Journal (issue 24/2018).

After the recruitment of new sales, marketing and business development management in Q3, in Q4 the Company continued to refine and build its sales, marketing, and customer support processes to more effectively handle the increasing number of client requests and accelerate time to market.

Marketing activities for the quarter included an exhibition booth at the IDTechEx Printed Electronics USA conference in the Silicon Valley November 14 to 15, 2018. At the show, Ynvisible joined the IntelliFlex led Canadian Pavilion. Also, at the conference, CEO Jani-Mikael Kuusisto gave an invited talk titled "Expanding Fields of Application for Printed Electrochromics". In addition, on November 15, 2018, in Munich Germany, Samuli Strömberg, Head of Business Development, gave a speech at electronica 2018 – the world's leading trade fair and conference for electronics. The speech titled "Smart Label Solutions and Prints Alive!" was heard as a part of the Organic Electronics Association session.

Business Highlights & Year in Review 2018

A Year of Building Capacity and Capability

2018 was a year of building Ynvisible's team, production capacity and capabilities to sell its technology and supporting services to the needs of leading "lighthouse" clients, and onward to wider markets.

During the year the Company kicked off and carried out key initiatives aimed at up-scaling production, and achieved the following milestones:

- In May, Ynvisible established a fully-owned German subsidiary, ynvisible GmbH, and opened its ink development and commercialization centre in Freiburg, Germany. The team in Freiburg develops Ynvisible's proprietary electrochromic inks and intellectual property on electrochromic devices toward mass scalable products and solutions, and manages relationships with key R&D and material suppliers and partners.
- In September a new sheet-to-sheet based electrochromic display production line and customer training facility was opened in Almada, Portugal. With the move into a bigger building and investments into new production equipment, the Company was able to grow production capacity by orders of magnitude. In this location, Ynvisible has both its design and production teams, and carries out prototyping and production of electrochromic devices to client needs. The facility doubles as a customer training site for transferring the technology to clients' production and design supply chains.
- Developments toward roll-to-roll production of electrochromic devices were initiated in collaboration with VTT Technical Research Centre of Finland, and driven by needs of lead client cases.
- The number of employees and consultants working for the company was more than doubled compared to 2017. New experts to the Company's multi-disciplinary team filled critical roles in marketing and sales, design, printing, and chemistry.
- As a part of building its team, Ynvisible established an Advisory Board to bring in strong industrial expertise of core customer markets, electrochromics and printed intelligence.

Growing Customer Base

Increased visibility and production capacity have accelerated customer activity. The high number and diversity of client contacts received during this year shows that there is a lot of excitement for Ynvisible's technology. The ynvisible brand is well regarded.

All major on-going client developments are covered by confidentiality agreements and are focused on product initiatives driven by end clients. Throughout the year strong progress was made toward first market introductions.

The Company have built its sales, marketing, and customer support team and processes to more effectively handle the increasing number of client requests and accelerate time to market.

Several Technological World Firsts

In addition to the production scale up and roll out of the current generation of Ynvisible's proprietary electrochromic solutions, the Company works actively to enhance the performance of its technologies and products to build market leadership. Ynvisible builds partnerships designed to accelerate the development and ultimate market introduction of next generation functionalities for electrochromics.

In 2018, Ynvisible joined two project consortia, which won co-funding from the European Union's Horizon 2020 research and innovation programs.

- The DecoChrom project (www.decochrom.eu) aims to elevate printed graphics products to the age of interactivity, and empower the creative industries with the tools and innovative advanced material sets to design and build aesthetically pleasing practical human interfaces to smart consumer goods and environments. Ynvisible has a leading role in the project consortium. The Company has a ~\$1.50M project budget, with a maximum EU contribution to ~\$1.1M.
- The INNPAPER project (www.innpaper.eu) seeks to make printed electronics completely paper based and plastic-free. The project consortium develops tailor-made functional paper and inks to create a ready-to-use paper electronic platform that will be used to develop smart-labels for food packaging, drug and caffeine detection systems, plus viral and bacterial detection devices. In INNPAPER Ynvisible has a ~\$640k project budget with a maximum EU contribution of ~\$640k.

Thanks in part to these EU co-funded initiatives, Ynvisible made several technological breakthroughs during the year and demonstrated several world's firsts in various fields of printed electrochromic devices and their integration into Internet-of-Things and other everyday smart products.

- In April, at IDTechEx Printed Electronics Europe conference, together with VTT Technical Research Centre of Finland, Ynvisible demonstrated a novel activity tracker, in which the entire printed electrochromic device was constructed on plastic foil that was over-molded with plastics. This demonstrates the technical ability to take Ynvisible's interactive printed graphics inside of plastic products such as watch straps, sports equipment, wearable devices and numerous healthcare applications.
- In November, at IDTechEx Printed Electronics USA conference, Ynvisible demonstrated new colours for electrochromic displays with colour transition between magenta and blue colour on display. The Company is aiming to announce new partnerships in the area of electrochromic colours.
- Also, at the Printed Electronics USA conference, Ynvisible demonstrated the first fully paper based electrochromic display produced onto a paper-based NFC/RFID tag. The display is wirelessly powered with NFC tag reading. This was demonstrated together with the French paper company Arjowiggins Creative Papers.
- In December, designers and partners in the DecoChrom consortium built a dynamic colour changing large area smart front panel to an exhibition booth. The demonstrator used, in part, Ynvisible proprietary materials. This demonstrates emerging possibilities for electrochromics in interior design and interactive surfaces for smart environments.

A highlight in building Ynvisible's IP portfolio, the Company announced on June 28th that it has been 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.

Listing on OTCQB Venture Market in the United States

On September 28, 2018, the Company announced that its common shares were listing on the OTCQB Venture Market in the United States under the trading symbol "YNVYF", in addition to its primary listing on the TSX Venture Exchange under its Canadian trading symbol YNV. In addition, the Company's common shares are eligible for delivery and depository services of the Depository Trust Company (the "DTC") to facilitate electronic settlement of transfers of its common shares in the United States. Securities that are eligible to be electronically cleared and settled through the DTC are considered "DTC eligible". This electronic method of clearing securities speeds up the receipt of stock and cash, and therefore accelerates the settlement process for investors and greatly reduces transactional costs for participating stock brokerages.

Selected Annual Information

	Year Ended December 31,		
	2018 \$	2017 \$	2016 \$
Prototyping Project Revenues	16,949	103,642	151,836
EU Co-Funded Project Grants	375,269	140,453	153,893
Net Loss	(5,418,514)	(905,658)	(356,155)
Loss Per Share (Basic and Diluted)*	(0.11)	(0.18)	(0.07)
Total Assets	2,192,314	226,200	290,437

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

Results of Operations for the year ended December 31, 2018
General and Administrative Expenses

During the year ended December 31, 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 year ended December 31, 2018 compared to those of the year ended December 31, 2017. Net loss for the year increased by \$4,512,856 to \$5,418,514 (2017 - \$905,658). Key contributors to the rise in operating costs are as follows:

- Compensation and Consulting increased by \$1,413,086 to \$1,895,678 (2017 - \$482,592) due to the Company now employing a team of employees and consultants it acquired in the RTO transaction.
- Professional fees increased by \$330,344 to \$330,344 (2017 - \$Nil) as the Company paid more legal costs associated with the RTO transaction and new operations.
- Share-based compensation of \$1,088,000 was recognized in the current year relating to granting of 4,325,000 stock exercisable options. The stock options were fair-valued using the Black-Scholes option pricing model. There were no options granted in the comparative 2017 year.
- Supplies and external services costs increased by \$656,332 to \$886,466 (2017 - \$230,134) in the current year. These costs relate directly to the operations of YD Ynvisible and are growing with the Company.
- Transfer and listing fees increased by \$97,479 to \$97,479 (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. In the prior year, the Company was not trading on a public exchange.
- The Company earned European Union co-funded project grants of \$375,269 (2017 - \$140,453) for specific project-based work in the current year.
- The Company expensed \$1,201,399 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, \$719,332 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	Prototyping Project Revenues	EU Co-Funded Project Grants	Net Loss	Loss Per Share (Basic and Diluted)*
December 31, 2018	\$ 8,524	\$ 160,243	\$ 941,514	\$0.01
September 30, 2018	\$ -	\$ 51,403	\$ 668,504	\$0.01
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	\$ 511,874	\$0.02
September 30, 2017	\$ 12,576	\$ 16,626	\$ 169,516	\$0.01
June 30, 2017	\$ 34,577	\$ 89,534	\$ 72,220	\$0.00
March 31, 2017	\$ 28,792	\$ 22,150	\$ 152,048	\$0.01

* Restated for 2 to 1 share 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.

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 constituted a reverse takeover transaction pursuant to the policies of the TSX Venture Exchange. (see the Company's 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 December 31, 2018, the current assets of the Company consist of cash, amounts receivable and prepaid expenses totaling \$1,604,905 and the Company has a working capital deficiency of \$60,676. 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.

Common Share Exchange

On October 26, 2018, the Company issued 925,479 common shares at a deemed price of \$0.30 per share to the minority shareholders of YD Ynvisible in exchange for 925,479 common shares of YD Ynvisible. The Company now owns approximately 98% of YD Ynvisible.

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 year ended December 31, 2018 was \$3,714,571 (2017 - \$680,177). 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 year saw increased activity highlighted by the reverse takeover transaction.

During the year ended December 31, 2018, provided by investing activities was \$1,116,082 (2017 - \$(13,223)). As a result of the RTO, the Company acquired \$1,691,978 in cash. The Company spent \$511,567 (2017 - \$467) for the purchase of fixed assets and \$51,591 (2017 - \$12,756) was invested in intangible assets.

During the year ended December 31, 2018, cash provided from financing activities was \$3,295,472 (2017 - \$411,085). In the current year, the Company completed a prospectus offering for gross proceeds of \$4,600,000 and incurred cash share costs of \$502,067, while no similar transactions were undertaken in 2017. The Company received loan proceeds of \$104,589 (2017 - \$411,085) and also repaid \$949,251 in loans.

The Company’s cash increased by \$953,625 from \$3,453 at December 31, 2017 to \$957,078 at December 31, 2018.

Off Balance Sheet Arrangements

At December 31, 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 years ended December 31, 2018 and 2017 from directors and senior management, or companies controlled by them, for management and consulting fees and share-based compensation as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Jani-Mikael Kuusisto – Salary	\$ 184,384	\$ 156,246
Jani-Mikael Kuusisto – Share based compensation	145,059	-
Inês Henriques – Salary	113,576	85,487
Inês Henriques – Share based compensation	96,706	-
Alexander Helmelt – Consulting fees	27,500	-
Alexander Helmelt – Share based compensation	64,471	-
Duarte Mineiro – Share based compensation	64,471	-
Martin Burian – Consulting fees	11,000	-
Martin Burian – Share based compensation	32,235	-
Carlos Pinheiro Baptista – Salary	117,205	47,127
Carlos Pinheiro Baptista – Share based compensation	120,882	-
Benjamin Leboe – Consulting fees	7,000	-
Benjamin Leboe – Share based compensation	9,564	-
Darren Urquhart – Consulting fees	30,000	-
Darren Urquhart – Share based compensation	32,235	-
Total cash consulting and management fees	\$ 490,665	\$ 288,860
Total share-based compensation	\$ 565,623	\$ -
Total compensation of officers and directors	\$ 1,056,288	\$ 288,860

Note: Share based compensation is a non-cash expense for valuing stock option grants that is computed using the Black-Scholes Valuation Model.

As at December 31, 2018, accounts payable and accrued liabilities include \$122,252 (2017 - \$284,750) 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.

Subsequent Events

Private Placements

On January 10, 2019, the Company closed a non-brokered private placement of 3,339,200 units of the Company (the "Units") at \$0.30 per Unit for gross proceeds of \$1,001,760 (the "Offering"). Each Unit consists of one common share in the capital of the Company (a "Share") and one-half of a share purchase warrant (the "Warrant"). Each whole Warrant will entitle the holder to purchase one additional common share in the capital of the Company (a "Warrant Share") at a price of \$0.60 per Warrant Share for a period of three years from the closing of the Offering.

At any time commencing 4 months from the date the Warrants are issued, if for the preceding 7 consecutive trading days, the daily volume weighted average trading price of the Company's shares is greater than \$0.75, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof, and in such case the Warrants will expire on the 30th calendar day after the date of such notice ("Accelerated Expiry").

The Company has paid eligible finders a cash commission in the aggregate amount of \$12,443.97 on the Offering within the amount permitted by the policies of the TSX Venture Exchange (the "Exchange"). In addition, 166,553 Shares were issued to eligible finders and 83,276 non-transferable finder's warrants were issued to eligible finders to purchase an aggregate of 83,276 units of the Company (the "Finder's Units"). Each Finder's Unit consists of one Share and one-half of a Warrant. Each Warrant will entitle the holder to purchase a Warrant Share at a price of \$0.60 per Warrant Share for a period of three years from the closing of the Offering, subject to Accelerated Expiry.

All securities issued under the Offering are subject to a statutory hold period ending on May 10, 2019 in accordance with applicable Canadian securities laws. The proceeds of the Offering are being used for general working capital.

On April 19, 2019, the Company announced that it has arranged a non-brokered private placement for gross proceeds of up to \$2,500,000. The private placement consists of up to 7,142,857 units (the "Units") at a price of \$0.35 per Unit. Each Unit consists of one common share (a "Share") and one-half of a common share purchase warrant (a "Warrant"). Each whole Warrant is exercisable into a common share of the Issuer (a "Warrant Share") at a price of \$0.60 per Warrant Share for a period of three years from issuance.

At any time commencing 4 months from the date the Warrants are issued, if for the preceding 7 consecutive trading days, the daily volume weighted average trading price of the Issuer's shares is greater than \$0.75, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof, and in such case the Warrants will expire on the 30th calendar day after the date of such notice.

Net proceeds from the private placement will be used for general working capital. All securities issued in connection with the private placement will be subject to a statutory hold period of four months. The Company may be paying finder's fees up to the amount permitted by the TSX Venture Exchange policies.

Completion of the private placement is subject to the receipt of all necessary corporate and regulatory approvals, including approval of the TSX Venture Exchange.

Co-Operation Agreement with Fraunhofer-Gesellschaft

On January 18, 2019, the Company announced a Memorandum of Understanding (MoU) with Fraunhofer-Gesellschaft - Europe's largest institution for applied research. The co-operation aims to accomplish several objectives related to the development and proliferation of electrochromic inks and devices. The agreement outlines that joint business explorations will be conducted, seeking to enhance commercial uses of Fraunhofer's technologies and skills in electrochromics by combining them with Ynvisible's technology and beyond. Developments will be jointly carried out by using a combination of each parties' proprietary technologies, skills and capabilities.

Contracts in Prototyping

On February 7, 2019, the Company announced that it has begun work with two smart label companies on commercial contracts that are expected to reach market in 2019. In both cases, Ynvisible provides visual indicators to the clients' smart label solutions, relating to labeling in the electronics sector in one case, and RFID sensor labels aimed at packaging applications for the delivery and handling of sensitive products in the other. These deliveries were the first orders produced in Ynvisible's new commercial production facilities in Charneca de Caparica, Portugal. Ynvisible and the clients are working together to begin the process of transferring production to the client's existing manufacturing or dedicated 3rd party infrastructure to achieve significant scalability advantage.

On April 4, 2019, the Company announced that it has entered into a commercial agreement with a globally leading security and identity solutions group which is exploring the use of Ynvisible's proprietary intellectual property and expertise in electrochromics in its electronic identification document solutions. Ynvisible will deliver the results of this agreement by the end of Q2/2019. The Parties aim to build the collaboration and develop printed electrochromics into the Client's secure document offering for increased levels of authentication.

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 consolidated financial statements for the year ended December 31, 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 *	56,647,432
Stock Options *	4,325,000
Warrants *	1,669,600
Fully Diluted *	62,642,032

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

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 industries; 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.

Accounting Policies Adopted During The Year

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Company has adopted the standard as of January 1, 2018. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Amounts receivable	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost
Long-term liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated interim statement of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

DerecognitionFinancial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated interim statement of comprehensive income (loss).

IFRS 15 Revenue from Contracts with Customers

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract, regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. The change did not impact the revenue recognized or the related assets and liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 15:

Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred, when the fee is fixed or determinable and when collection is reasonably assured. Amounts received from customers in advance of revenue recognition are deferred as deferred revenue liabilities. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales and use taxes. No element of financing is deemed present as the sales are made with credit terms standard for the market.

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 15 resulted in no impact to the opening deficit nor to the opening balance of comprehensive income on January 1, 2018.

Recent Accounting Pronouncements

The International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee continuously issue certain new standards and interpretations. The Company has not adopted the following standards and is in the process of evaluating the impact that these standards will have on the financial statements:

IFRS 16 Leases

IFRS 16 replaces the previous leases standard, IAS 17 Leases, and interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, lessee and lessor. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers. The Company is in the process of evaluating the impact that these standards will have on the financial statements.

Critical Judgments And Accounting Estimates

When preparing the 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 estimation uncertainty considered by management in preparing the financial statements are as follows: the amounts disclosed related to fair values of stock options and warrants issued and the resultant effects on profit or loss are based on estimates of future volatility of the Company's share price, expected lives of the options and expected dividends; and the valuation of deferred income tax assets is based on estimates of the probability of the Company utilizing certain tax pools and assets and on the impact of future changes in legislation, tax rates and interpretations by taxation authorities.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties due to the nature of its business. The Company's activities expose the Company to various operational and financial risks that could have a significant impact on its level of operating cash flows in the future. Readers are advised to study and consider risk factors stressed below. The following are identified as main risk factors that could cause actual results to differ materially from those stated in any forward-looking statements made by, or on behalf of, the Company.

Operational Risks

The Company is subject to operational risk from such factors as personnel and/or environmental accidents at production facilities; fire; patent disputes; changes in supplier pricing; non-performance of obligations under existing agreements; technical difficulties including plant and equipment breakdown; loss of significant customers; problems with product transportation and logistics; legal action from persons or entities adversely impacted by the Company's business; and the ability to obtain financing to maintain operations.

Governmental Regulation

Regulatory standards continue to change, making the review process longer, more complex and therefore more expensive. Electrochromic display production on the Company's facilities is affected by government regulations relating to such matters as environmental protection, health, safety and labour, restrictions on production, price control, and tax increases. There is no assurance that future changes in such regulations couldn't result in additional expenses and capital expenditures, decreasing availability of capital, increased competition, reserve uncertainty, title risks, and delays in operations. The Company relies on the expertise and commitment of its management team, advisors, employees and contractors to ensure compliance with current laws.

Customer Demand

The Company is subject to risk from falling customer demand for its products. Global, regional and seasonal economic, political and military events including recessions and wars; competition including pricing and availability of similar products from competitors; changes in technology; and changes in laws and regulations affecting the Company's customers.

Financial Risks

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.

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 of interest in highly liquid instruments, when applicable.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and loans payable are all current. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its cash on hand.

Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company funds the operations of its subsidiary, YD Ynvisible, in Portugal, by using Euros converted from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Based on the Company's Euro denominated financial instruments at December 31, 2018, a 10% change in exchange rates between the Canadian dollar and the Euro would result in a \$373,277 change in foreign exchange gain or loss.