



YNVISIBLE INTERACTIVE INC.

CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

Ynvisible Interactive Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Ynvisible Interactive Inc.:

Opinion

We have audited the consolidated financial statements of Ynvisible Interactive Inc. and its subsidiaries (together the "Company"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of net loss and comprehensive loss, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor's report, we have determined that there are no other key audit matters to communicate in our report.

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Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian securities commissions.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
April 30, 2026

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YNVISIBLE INTERACTIVE INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at	
	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash	\$ 327,538	\$ 3,348,851
Amounts receivable	394,034	238,922
Grant receivable (Note 3)	120,790	-
Inventories (Note 5)	290,866	348,194
Prepaid expenses	122,667	106,781
Total current assets	1,255,895	4,042,748
Non-current assets		
Deposits	-	7,240
Right-of-use assets (Note 6)	551,121	170,382
Fixed assets (Note 7)	1,228,893	1,140,889
Intangible assets (Note 8)	144,461	174,732
Total non-current assets	1,924,475	1,493,243
Total assets	\$ 3,180,370	\$ 5,535,991
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 854,076	\$ 821,631
Current portion of lease liabilities (Note 6)	158,445	182,313
Deferred revenue	-	32,600
Total current liabilities	1,012,521	1,036,544
Non-current liabilities		
Lease liabilities (Note 6)	427,991	-
Total liabilities	1,440,512	1,036,544
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	40,990,555	38,034,281
Reserves (Note 10)	1,739,389	1,570,599
Obligation to issue shares (Note 10)	46,084	46,084
Deficit	(41,112,873)	(34,991,766)
Foreign currency translation reserve	76,703	(159,751)
Total shareholders' equity	1,739,858	4,499,447
Total liabilities and shareholders' equity	\$ 3,180,370	\$ 5,535,991

Note 1 – Corporate information and going concern

Note 15 – Commitments

Note 17 – Subsequent events

Approved and authorized for issue on behalf of the Board of Directors on April 30, 2026:

"Alexander Helmel"

Director

"Alexander Langer"

Director

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



YNVISIBLE INTERACTIVE INC.

CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS (Expressed in Canadian Dollars)

	Years Ended	
	December 31,	
	2025	2024
Revenue		
Sales (Note 11)	\$ 1,224,896	\$ 927,739
Cost of sales (Notes 5 and 11)	(892,446)	(560,165)
Gross profit	332,450	367,574
Expenses		
Compensation and consulting (Note 9)	3,381,355	3,045,689
Depreciation (Notes 5, 6, 7 and 8)	583,600	593,204
Development and production	620,433	1,025,430
Interest and bank charges (Note 6)	10,872	10,760
Marketing and promotion	901,368	200,610
Office facilities and services	420,736	207,628
Professional fees	379,530	304,798
Share-based compensation (recovery) (Notes 9 and 10)	354,782	(10,100)
Transfer and listing fees	112,626	90,196
Travel and project investigation	132,174	138,300
Total operating expenses	6,897,476	5,606,515
Loss from operations	(6,565,026)	(5,238,941)
Other items		
Income and gains	21,610	5,536
Other expenses	(11,062)	(24,349)
EU co-funded projects grants (Note 3)	178,629	72,298
Interest revenue	30,185	175,723
Write-off of fixed assets	-	(3,579)
Total other items	219,362	225,629
Loss before income taxes	(6,345,664)	(5,013,312)
Income tax expense (Note 16)	-	(1,191)
Net loss for the year	(6,345,664)	(5,014,503)
Other comprehensive income (loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation adjustment (net of tax of \$Nil (2024 - \$Nil))	236,454	(21,069)
Comprehensive loss for the year	\$ (6,109,210)	\$ (5,035,572)
Basic and diluted loss per share	\$ (0.05)	\$ (0.04)
Weighted average number of common shares outstanding	139,193,192	125,464,265

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



YNVISIBLE INTERACTIVE INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital			Reserves	Obligation to Issue Shares	Deficit	Foreign Currency Translation Reserve	Total Shareholders' Equity
	Number	Amount						
Balance, December 31, 2023	# 124,671,915	\$ 37,532,180	\$ 2,682,102	\$ 46,084	\$ (31,078,666)	\$ (138,682)	\$ 9,043,018	
Shares issued for private placement	5,000,000	500,000	-	-	-	-	500,000	
Recovery of finder fees	-	2,101	-	-	-	-	2,101	
Share-based compensation (recovery)	-	-	(10,100)	-	-	-	(10,100)	
Stock options cancelled / forfeited	-	-	(600,090)	-	600,090	-	-	
Warrants expired	-	-	(501,313)	-	501,313	-	-	
Net loss and comprehensive loss for the year	-	-	-	-	(5,014,503)	(21,069)	(5,035,572)	
Balance, December 31, 2024	# 129,671,915	\$ 38,034,281	\$ 1,570,599	\$ 46,084	\$ (34,991,766)	\$ (159,751)	\$ 4,499,447	
Shares issued for private placement	16,045,402	3,073,612	-	-	-	-	3,073,612	
Finder fees	-	(117,338)	38,565	-	-	-	(78,773)	
Share-based compensation	-	-	354,782	-	-	-	354,782	
Stock options cancelled / forfeited	-	-	(224,557)	-	224,557	-	-	
Net loss and comprehensive loss for the year	-	-	-	-	(6,345,664)	236,454	(6,109,210)	
Balance, December 31, 2025	# 145,717,317	\$ 40,990,555	\$ 1,739,389	\$ 46,084	\$ (41,112,873)	\$ 76,703	\$ 1,739,858	

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


YNVISIBLE INTERACTIVE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Expressed in Canadian Dollars)

	Years Ended December 31,	
	2025	2024
Operating activities		
Net loss for the year	\$ (6,345,664)	\$ (5,014,503)
<i>Items not involving the use of cash:</i>		
Depreciation	583,600	593,204
Depreciation included in cost of sales	12,331	22,779
Interest expense on lease liabilities	8,192	3,344
Share-based compensation (recovery)	354,782	(10,100)
Income tax expense	-	1,191
<i>Changes in working capital items:</i>		
Amounts receivable	(155,112)	569,957
Grant receivable	(120,790)	-
Inventories	57,328	(71,906)
Prepaid expenses	(15,886)	18,392
Accounts payable and accrued liabilities	32,445	(266,067)
Deferred revenue	(32,600)	(108,293)
Cash used in operating activities	(5,621,374)	(4,262,002)
Investing activities		
Purchase of fixed assets	(286,887)	(52,551)
Purchase of intangible assets	(3,947)	(1,419)
Proceeds on disposal of intangible assets	-	16,743
Deposits	7,240	(363)
Cash used in investing activities	(283,594)	(37,590)
Financing activities		
Proceeds on issuance of shares	3,073,612	500,000
Finders' fee	(78,773)	-
Repayment of lease liabilities	(191,152)	(285,325)
Cash provided by financing activities	2,803,687	214,675
Effect of exchange rate changes on cash	79,968	(11,990)
Net change in cash	(3,021,313)	(4,096,907)
Cash, beginning of year	3,348,851	7,445,758
Cash, end of year	\$ 327,538	\$ 3,348,851
Supplemental cash flow information		
Amount of interest paid/received	\$ -	\$ -
Amount of taxes paid/received	\$ -	\$ -
Non-cash investing and financing activities		
Addition of right-of-use assets and lease liabilities	\$ 541,460	\$ -
Reclassification of stock options cancelled	\$ 224,557	\$ 600,090
Reclassification of warrants expired	\$ -	\$ 501,313
Finders' warrants issued for private placement	\$ 38,565	\$ -
Recovery of finder fees	\$ -	\$ 2,101

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

YNVISIBLE INTERACTIVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars Unless Otherwise Noted)

1. CORPORATE INFORMATION AND GOING CONCERN

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 is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6, the registered and records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7, and the principal place of business is located at Rua Quinta do Bom Retiro, 12C, 2820-690 Charneca de Caparica, Portugal. The Company maintains a website at www.ynvisible.com.

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

The Company’s business, financial condition and results of operations may be negatively affected by economic and other consequences as a result of recently announced American tariff policies and the potential resulting global trade war. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

These consolidated financial statements have been prepared by management using IFRS Accounting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they come due in the normal course of business for the foreseeable future. The Company is in the commercialization stage, has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations.

For the year ended December 31, 2025, the Company recorded a comprehensive loss of \$6,109,210 (2024 – \$5,035,572). The Company’s ability to continue as a going concern is dependent on successfully executing its business plan, which includes the raising of additional funds and realization of profitable operations. The Company will continue to seek additional forms of debt or equity financing, but it cannot provide assurance that it will be successful in doing so. There is a material uncertainty related to these conditions that may cast significant doubt on the ability of the Company to continue as a going concern.

These consolidated financial statements do not reflect adjustments to the carrying amounts of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards and related interpretations of the IFRS Interpretations Committee (“IFRIC”) as issued by the International Accounting Standards Board (“IASB”).

Basis of Consolidation

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

YNVISIBLE INTERACTIVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars Unless Otherwise Noted)

2. BASIS OF PRESENTATION (continued)

Basis of Measurement and Presentation

The Company's consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

The consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of consolidated financial statements requires 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 consolidated financial statements are discussed in Note 4.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Foreign Currency Translation

These consolidated financial statements are expressed in Canadian Dollars.

Management has determined the functional currency of Ynvisible Interactive Inc. is the Canadian Dollar; the European Euro for Ynvisible SA and Ynvisible GmbH; and the Swedish krona for Ynvisible Production. Transactions in currencies other than the functional currency of the entity are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, the consolidated financial statements for all periods presented have been translated to the presentation currency as follows:

- All assets and liabilities have been translated from their functional currency into the Canadian dollar presentation currency using the closing exchange rate at the date of each statement of financial position;
- Revenue, income and expenses for each statement of net loss presented have been retranslated at average exchange rates prevailing during each reporting period or at exchange rates prevailing on the dates of the transactions;
- Equity balances have been retrospectively translated at historical rates prevailing during the period incurred; and
- All resulting exchange differences have been recognized in equity as foreign currency translation reserve.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined using the first-in, first-out (FIFO) cost formula. Cost of inventory includes cost of purchase (purchase price, import duties, transport, handling, and other costs directly attributable to the acquisition of inventories), and other costs incurred in bringing the inventories to their present location and condition. Net realizable value for inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions are made in profit or loss in the period for any difference between carrying value and net realizable value. The Company reverses write-downs in the event that there is a subsequent increase in net realizable value.

YNVISIBLE INTERACTIVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars Unless Otherwise Noted)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fixed Assets

Fixed assets are initially recorded at the cost of acquisition, which includes the purchase cost, any costs directly attributable to the activities required to put the assets in the necessary location and condition to operate in the manner intended. When applicable, the initial estimated decommissioning costs, asset removal and the restoration of the respective location of installation/operation which the Company expects to incur are capitalized.

The straight-line depreciation rates used correspond to the following estimated useful lives:

Equipment	3 – 8 years
Manufacturing equipment	10 years
Leasehold building improvements	Term of the lease
Office equipment	3 – 8 years
Laboratory	8 - 10 years

The useful lives and depreciation methods for the various assets are reviewed annually. The effect of any changes to these estimates is recognized prospectively in profit or loss. Maintenance and repair expenses (subsequent expenditure) that are unlikely to generate additional economic benefits in the future are recorded as expenses in the period they are incurred. The gain or loss resulting from the abandonment or disposal of fixed assets is determined as the difference between the fair value of the amount received or receivable in the transaction, and the carrying amounts of the asset, and is recognized in profit or loss in the period in which the disposal or abandonment occurs.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

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

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

YNVISIBLE INTERACTIVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars Unless Otherwise Noted)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Lease payments included in the measurement of the lease liability are comprised of:

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

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

Intangible Assets

Intangible assets are comprised of goodwill, patents and software, a customer list, intellectual property (“IP”) rights and a license. Goodwill arising on a business combination is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the fair value of the identifiable net assets acquired and liabilities assumed. Following initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortized but is tested for impairment annually regardless of whether any indication of impairment exists.

All other intangible assets have finite useful lives and are recorded at the cost of acquisition less accumulated amortisation and any accumulated impairment losses. Intangible assets are only recognised if it is probable that attributable future economic benefits of the asset will flow to the Company, and that they are controllable, and their cost can be measured with reliability. These assets are amortized on a straight-line basis over their estimated useful lives.

The straight-line depreciation rates used correspond to the following estimated useful lives:

Patents and software	3 – 10 years
Customer list	5 years
IP rights	5 - 15 years
License	10 years

Share Capital

Common shares, equity settled options, warrants and restricted share units (RSU’s) are classified as equity. Incremental costs directly attributable to the issuance of common shares and warrants are recognized as a deduction from equity, net of any tax effects.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount of consideration received along with any respective amount included in reserves at original issuance.

YNVISIBLE INTERACTIVE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended December 31, 2025 and 2024
(Expressed in Canadian Dollars Unless Otherwise Noted)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Share Capital (continued)

Common shares issued for non-monetary consideration are valued at the closing quoted market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to the common share based on the fair value of the common shares when issued and any residual value is allocated to reserves. Amounts in reserves for expired and cancelled options and warrants are transferred to deficit.

Share-Based Compensation

The Company has a stock option plan under which it grants stock options and RSU's to officers, directors, employees and consultants.

Share-based compensation to employees is measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The corresponding amount is recorded to reserves.

The Company's restricted share units ("RSUs") are classified as equity-settled share-based payments. RSUs are measured at the fair value of the underlying common shares on the date of grant, and the fair values at grant date are recognized as share-based compensation expense over the vesting period, with a corresponding increase to shareholders' equity within reserves.

The fair value of options is determined using the Black-Scholes option pricing model which incorporates all market vesting conditions. The number of options or RSUs expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. As the options or RSUs are exercised, the consideration paid, together with the amount previously recognized in reserves, is recorded as an increase in share capital.

Revenue Recognition

Revenue is recognized at the point in time that control of goods is transferred to the customer. Goods include standard ("products"), and customized ("service products") printed electrochromic displays. Amounts received from customers in advance of revenue recognition are recognized as deferred revenue. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales taxes. No element of financing is present as the sales are made with credit terms standard for the market. The following criteria are used to determine the contract/agreement:

- (a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- (b) the Company can identify each party's rights regarding the goods to be transferred;
- (c) the Company can identify the payment terms for the goods to be transferred;
- (d) the contract has commercial substance (ie the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract); and
- (e) it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due. The amount of consideration to which the Company will be entitled may be less than the price stated in the contract if the consideration is variable because the Company may offer the customer a price concession.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences, and the carry forward of non-capital losses, can be utilized.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rate that is expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will be available against which the deductible temporary differences can be utilized.

The Company operates in multiple tax jurisdictions and is subject to periodic examinations by tax authorities. When there is uncertainty over income tax treatments, the Company assesses whether it is probable that the relevant taxation authority will accept the uncertain tax treatment. This assessment affects the amount of income tax expense or recovery recognized by the Company. If the Company concludes it is probable that the taxation authority will accept an uncertain tax treatment, the Company's calculated income tax expense or recovery reflects the use of the tax treatment. If the Company concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the effect of the uncertainty is reflected in the determination of the Company's income tax expense or recovery based on the most likely amount or, if there are a wide range of possible outcomes, the expected value of the liability. No material uncertain tax positions have been identified as at December 31, 2025, and 2024.

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share reflects the potential dilution of outstanding stock options and warrants that could share in the earnings of the Company. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government Assistance

The Company is eligible for various European Union (“EU”) co-funded grants.

A government grant is recognized only when there is reasonable assurance that: (i) the Company will comply with the conditions attached to the grant; and (ii) the grant will be received. Grants related to income are recognized as other income in the consolidated statements of net loss and comprehensive loss on a systematic basis over the periods in which the Company recognises the related eligible expenditure the grants are intended to compensate.

The EU co-funded grants are subject to conditions including: maintenance of a regularised position with tax and social security authorities; compliance with de minimis aid controls; demonstration of secured project financing prior to the first payment request; and, at project closure, verification that all expenditure was incurred at arm's length, supported by appropriate documentation. Specific eligibility conditions apply to travel costs, promotional materials and digital marketing expenditure. Management has assessed these conditions and is satisfied that there is reasonable assurance of compliance. No repayment is currently anticipated.

During the year, the Company recognized EU co-funded grant income of \$178,629 (2024 - \$72,298), of which \$120,790 (2024 - \$Nil) is receivable at year-end.

Financial Instruments

Recognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets or financial liabilities are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The Company determines the classification of its financial instruments at initial recognition. Financial instruments are initially measured at fair value.

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or 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 following table shows the classification:

Financial assets/liabilities	classification
Cash	Amortized cost
Amounts receivable	Amortized cost
Deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments (continued)

Measurement

Financial assets and liabilities are initially recognized at fair value plus or minus transaction costs, respectively, except for amounts receivables that do not contain a significant financing component, which are initially measured at the transaction price as defined under IFRS 15 *Revenue from Contracts with Customers*. All financial assets and liabilities are subsequently carried at amortized cost less any impairment. Interest income is recognized according to the effective interest method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial instrument, or where appropriate, a shorter period.

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 recognizes in profit or 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.

Impairment of non-financial assets

At each reporting date, the Company assesses its non-financial assets to determine whether an indication of impairment exists. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and risks specific to the asset.

Intangible assets with an indefinite useful life are not amortized and an estimate of recoverable amount is made annually and whenever there is an indication that the intangible asset may be impaired. The useful life of an indefinite life intangible asset is reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment.

When an impairment loss is subsequently reversed the carrying amount of the asset is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognized for the asset in prior years. The reversal of an impairment loss is recognized in profit or loss.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Development and Production Expenses

The Company expenses all research costs as they are incurred. Development costs are also expensed unless they meet all of the specific capitalization criteria established in IAS 38 *Intangible Assets*. Capitalized development costs are stated at cost, net of investment tax credits and government assistance, and net of accumulated amortization and accumulated impairment losses, if any. There were no capitalized development costs as at years ended December 31, 2025 and 2024.

New accounting standards adopted

There were no new standards, amendments to existing standards or interpretations that became effective for the year ended December 31, 2025 that had a material impact on the Company's consolidated financial statements.

New and Upcoming Accounting Standards not yet adopted

A number of new accounting standards and amendments to standards and interpretations are not yet effective for the year ending December 31, 2025 and have not been applied in preparing these consolidated financial statements.

New standards and amendments to standards and interpretations that are currently under review include:

Amendments to IFRS 9 and IFRS 7, Classification and Measurement of Financial Instruments

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 clarifying certain requirements relating to the classification of financial assets, derecognition in connection with electronic payment systems, and related disclosures.

The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company has assessed the impact of these amendments and does not expect them to have a material impact on its consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard aims to improve the consistency and clarity of financial statement presentation and disclosures by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. In addition, IFRS 18 requires entities to classify income and expenses into five categories, three of which are new – i.e. operating, investing and financing – and the income tax and discontinued operation categories. The new standard sets out detailed requirements for classifying income and expenses into each category.

These amendments are effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

When preparing the 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.

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4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES (continued)

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

ACCOUNTING ESTIMATES

- a. The amounts measured related to fair values of stock options issued are based on estimate of expected forfeiture rates.
- b. Depreciation of tangible and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of estimates. 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.

ACCOUNTING JUDGMENTS

- a. At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets consisting of fixed assets and intangible assets, 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.
- b. Goodwill is tested for impairment annually. This annual assessment requires management judgement in determining the recoverable amount of the Company.

5. INVENTORIES

Breakdown of inventory transactions are as follows:

Year ended December 31,	2025		2024	
Beginning balance	\$	348,194	\$	276,288
Purchases		835,118		632,071
Cost of sales		(892,446)		(560,165)
Year-end balance	\$	290,866	\$	348,194

The cost of sales includes \$nil (2024 - \$nil) for write-off of inventory. Included in cost of sales is depreciation expense in the amount of \$12,331 (2024 - \$22,779).

Breakdown of carrying amount of inventories at December 31, 2025 and 2024 is as follows:

	2025		2024	
Raw materials	\$	229,398	\$	301,146
Work-in-progress		-		42,554
Finished products		61,468		4,494
Carrying amount at year-end	\$	290,866	\$	348,194

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Leases
Cost:	
At December 31, 2023	\$ 1,584,112
Lease modification	53,877
Foreign exchange adjustment	(9,749)
At December 31, 2024	1,628,240
Lease termination	(1,328,386)
Lease addition	541,640
Lease modification	17,735
Foreign exchange adjustment	46,117
At December 31, 2025	\$ 905,346
Depreciation:	
At December 31, 2023	\$ 1,176,487
Charge for the year	285,325
Foreign exchange adjustment	(3,954)
At December 31, 2024	1,457,858
Lease modification	1,630
Lease termination	(1,328,386)
Charge for the year	211,221
Foreign exchange adjustment	11,902
At December 31, 2025	\$ 354,225
Net carrying value:	
At December 31, 2024	\$ 170,382
At December 31, 2025	\$ 551,121

In February 2025, the Company terminated its lease agreement in Sweden that had been extended in 2024. As a result, the lease ended on May 16, 2025. A new lease agreement for alternative premises in Sweden was signed in January 2025, with commencement starting on June 1, 2025. The right-of-use asset and corresponding lease liabilities have been remeasured to reflect the termination of the old lease and commencement of the new lease. In Portugal, the lease agreement was renewed in March 2025 for an additional two-year term. The right-of-use asset and lease liabilities were also remeasured accordingly to reflect the extension of this contract.

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease Liabilities

At December 31, 2023	\$	425,736
Lease payments made		(285,325)
Interest expense on lease liabilities		3,344
Lease modification		44,264
Foreign exchange adjustment		(5,706)
At December 31, 2024		182,313
Lease addition		541,640
Lease payments made		(191,152)
Lease modification		17,735
Interest expense on lease liabilities		8,192
Foreign exchange adjustment		27,708
At December 31, 2025		586,436
Less: current portion		(158,445)
Non-Current Portion	\$	427,991

Lease liabilities arising from leases entered into during the current year were measured by discounting the lease payments using an incremental borrowing rate of 2.31%. Interest expense of \$8,192 (2024 - \$3,344) is included in interest and bank charges.

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

Fiscal 2026	\$	169,791
Fiscal 2027		139,903
Fiscal 2028		125,469
Fiscal 2029		126,488
Fiscal 2030		53,131
Total	\$	614,782

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7. FIXED ASSETS

	Equipment	Manufacturing Equipment	Leasehold Building Improvements	Office Equipment	Other	Total
Costs						
Balance, December 31, 2023	\$ 584,169	\$ 1,816,691	\$ 71,210	\$ 163,918	\$ 65,746	\$ 2,701,734
Additions	18,171	4,339	4,075	5,204	20,762	52,551
Disposal	-	(599)	-	(961)	-	(1,560)
Foreign exchange adjustment	11,701	20,056	1,237	(10,614)	15,034	37,414
Balance, December 31, 2024	614,041	1,840,487	76,522	157,547	101,542	2,790,139
Additions	34,253	21,042	207,022	22,777	1,793	286,887
Disposal	-	-	-	(471)	-	(471)
Foreign exchange adjustment	39,012	225,014	14,038	7,080	5,890	291,034
Balance, December 31, 2025	\$ 687,306	\$ 2,086,543	\$ 297,582	\$ 186,933	\$ 109,225	\$ 3,367,589
Accumulated Depreciation						
Balance, December 31, 2023	\$ 346,045	\$ 782,662	\$ 36,613	\$ 107,437	\$ 49,963	\$ 1,322,720
Depreciation for the year	69,764	171,210	7,836	27,348	8,230	284,388
Foreign exchange adjustment	7,167	31,297	551	(11,433)	14,560	42,142
Balance, December 31, 2024	422,976	985,169	45,000	123,352	72,753	1,649,250
Depreciation for the year	81,825	194,321	32,346	22,851	8,356	339,699
Foreign exchange adjustment	25,078	112,265	4,137	4,488	3,779	149,747
Balance, December 31, 2025	\$ 529,879	\$ 1,291,755	\$ 81,483	\$ 150,691	\$ 84,888	\$ 2,138,696
Carrying Value						
Balance, December 31, 2024	\$ 191,065	\$ 855,318	\$ 31,522	\$ 34,195	\$ 28,789	\$ 1,140,889
Balance, December 31, 2025	\$ 157,427	\$ 794,788	\$ 216,099	\$ 36,242	\$ 24,337	\$ 1,228,893

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8. INTANGIBLE ASSETS

Costs	Patents and Software	Customer List	IP Rights	License	Goodwill	Total
Balance, December 31, 2023	\$ 115,140	\$ 168,141	\$ 48,663	\$ 134,976	\$ 71,253	\$ 538,173
Additions	-	1,419	-	-	-	1,419
Disposal	(16,743)	-	-	-	-	(16,743)
Foreign exchange adjustment	2,767	861	360	(19,601)	-	(15,613)
Balance, December 31, 2024	101,164	170,421	49,023	115,375	71,253	507,236
Additions	3,947	-	-	-	-	3,947
Disposal	(38)	-	-	-	-	(38)
Foreign exchange adjustment	15,149	13,524	2,366	21,098	-	52,137
Balance, December 31, 2025	\$ 120,222	\$ 183,945	\$ 51,389	\$ 136,473	\$ 71,253	\$ 563,282
Accumulated Depreciation						
Balance, December 31, 2023	\$ 61,390	\$ 111,625	\$ 35,029	\$ 81,488	\$ -	\$ 289,532
Depreciation for the year	5,150	30,519	8,652	12,634	-	56,955
Foreign exchange adjustment	2,805	1,599	548	(18,935)	-	(13,983)
Balance, December 31, 2024	69,345	143,743	44,229	75,187	-	332,504
Depreciation for the year	5,185	20,669	5,246	13,911	-	45,011
Foreign exchange adjustment	12,701	10,649	1,914	16,042	-	41,306
Balance, December 31, 2025	\$ 87,231	\$ 175,061	\$ 51,389	\$ 105,140	\$ -	\$ 418,821
Carrying Value						
Balance, December 31, 2024	\$ 31,819	\$ 26,678	\$ 4,794	\$ 40,188	\$ 71,253	\$ 174,732
Balance, December 31, 2025	\$ 32,991	\$ 8,884	\$ -	\$ 31,333	\$ 71,253	\$ 144,461

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9. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

Key Management Compensation

	Years Ended December 31,	
	2025	2024
Compensation and consulting	\$ 874,265	\$ 842,138
Share-based compensation	231,260	38,704
	\$ 1,105,525	\$ 880,842

As at December 31, 2025, accounts payable and accrued liabilities include \$82,728 (2024 - \$37,525) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured, non-interest bearing and have no specified terms of repayment.

10. SHARE CAPITAL AND RESERVES

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

There are no Class B non-voting convertible common shares issued.

Class A common shares

For the year ended December 31, 2025:

On June 26, 2025, the Company issued 11,481,637 Class A common shares at a fair value of \$0.22 per share for gross proceeds of \$2,525,960 using the listed issuer financing exemption ("LIFE"). The Company paid share issue costs totalling \$60,876 in cash and issued 276,709 finders' warrants. Each finder's warrant is exercisable into a Class A common share at an exercise price of \$0.22 for a period of two years. Finders' warrants were fair valued at \$38,565 using the Black-Scholes option pricing model with the following assumptions: expected life of warrants – 2 years, expected volatility – 125.09%. expected dividend yield – 0%, and risk-free rate – 2.65%.

On March 21, 2025, the Company issued 4,563,765 Class A common shares at a price of \$0.12 per share for gross proceeds of \$547,652. The Company paid share issue costs totalling \$17,897 in cash.

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10.SHARE CAPITAL AND RESERVES (continued)

Issued (continued)

For the year ended December 31, 2024:

On November 4, 2024, the Company issued 5,000,000 Class A common shares at a fair value of \$0.10 per share for gross proceeds of \$500,000.

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 December 31, 2025, the Company recorded \$46,084 (2024 - \$46,084) for obligation to issue shares.

Stock Options

The Company has a 10% rolling security-based compensation plan (the “Plan”) which allows for the issuance of options, deferred share units (“DSUs”), performance share units (“PSUs”), or restricted share units (“RSUs”) (collectively, “Awards”). Under the terms of the Plan, the maximum number of common shares of the Company reserved for issuance, together with all of the Company’s other previously established or proposed stock options, stock option plans, employee share purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of shares, shall not exceed 10% of the issued and outstanding common shares as at the date of grant of any Award. Within this 10% limit, a maximum of 12,467,191 as fixed in the Plan can be allocated for awards other than stock options. Prior to the adoption of the Omnibus Incentive Plan the Company had a 10% “rolling” stock option plan, whereby the aggregate number of Common Shares reserved for issuance, shall not exceed 10% of the total number of issued and outstanding Common Shares at the time of the option grant. The Omnibus Incentive Plan replaced the 10% “rolling” stock option plan. The stock options granted under the old plan continue to be governed by the old plan. The Plan was most recently approved by Shareholders at an Annual General Meeting held December 11, 2025.

In November 2025, the Company granted 970,000 Stock options to certain consultants, directors and officers of the Company at an exercise price of \$0.20 for a period of five years. 920,000 of these stock options vest as follows: 1/4th at the 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, and 50,000 of these stock options vest 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. The options were fair valued at \$103,221 using the Black-Scholes option pricing model.

In November 2025, the Company granted 900,000 stock options to employees of the Company at an exercise price of \$0.15 per common share for a period of five years ending November 14, 2030. The options vest as follows: 1/4th at the 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 fair valued at \$98,396 using the Black-Scholes option pricing model.

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10. SHARE CAPITAL AND RESERVES (continued)

Stock Options (continued)

In October 2025, the Company granted 50,000 stock options to employees of the Company at an exercise price of \$0.20 per common share for a period of five years ending October 30, 2030. The options vest as follows: 1/4th at the 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 fair valued at \$6,167 using the Black-Scholes option pricing model.

In February 2025, the Company granted 200,000 stock options to director, at an exercise price of \$0.15 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 fair valued at \$26,259 using the Black-Scholes option pricing model.

In February 2025, the Company granted 815,000 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 fair valued at \$97,113 using the Black-Scholes option pricing model.

In December 2024, the Company granted 40,000 stock options to various 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 fair valued at \$5,121 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 fair valued at \$6,401 using the Black-Scholes option pricing model.

In September 2024, 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 fair valued at \$2,181 using the Black-Scholes option pricing model.

In September 2024, the Company granted 250,000 stock options to director, 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 fair valued at \$19,557 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 fair 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 fair valued at \$4,060 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 fair valued at \$7,427 using the Black-Scholes option pricing model.

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10. SHARE CAPITAL AND RESERVES (continued)

Stock Options (continued)

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 fair valued at \$27,032 using the Black-Scholes option pricing model.

Share-based compensation recognized during the year ended December 31, 2025 was \$213,151 (2024 - \$107,379) from vesting of options.

The Company's fair value of stock options granted during the year was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the Years ended December 31,	
	2025	2024
Risk-free interest rate	2.71%	3.21%
Expected dividend yield	nil	nil
Forfeiture	8.43%	8.43%
Expected share price volatility	130%	128%
Expected option life in years	5 Years	5 Years
Exercise price	0.18	0.20
Spot price	0.14	0.09

During the year ended December 31, 2025, 1,042,500 (2024 – 1,985,000) stock options were cancelled, and the fair value of \$224,557 (2024 - \$600,090) attributable to these stock options was transferred from reserves to deficit.

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

	Year Ended December 31, 2025		Year Ended December 31, 2024	
	Number of Options #	Weighted Average Exercise Price \$	Number of Options #	Weighted Average Exercise Price \$
Outstanding, beginning	8,650,000	0.31	9,575,000	0.35
Granted	2,935,000	0.18	1,060,000	0.13
Cancelled/Forfeited	(1,042,500)	0.31	(1,985,000)	0.40
Outstanding, ending	10,542,500	0.27	8,650,000	0.31

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10. SHARE CAPITAL AND RESERVES (continued)

Stock Options (continued)

As at December 31, 2025, 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)
March 17, 2026 ⁽¹⁾	1.29	10,000	10,000	0.21
June 3, 2026	0.63	100,000	100,000	0.42
July 1, 2026 ⁽²⁾	0.75	1,020,000	1,020,000	0.50
July 22, 2026	0.62	80,000	80,000	0.56
August 26, 2026	0.55	250,000	250,000	0.65
October 20, 2026	0.44	370,000	370,000	0.80
December 7, 2026	0.32	500,000	500,000	0.93
July 20, 2027 ⁽³⁾	0.20	2,200,000	2,200,000	1.55
February 24, 2028 ⁽⁴⁾	0.20	2,035,000	2,035,000	2.15
June 26, 2028	0.20	20,000	20,000	2.49
September 15, 2028	0.20	150,000	150,000	2.71
January 11, 2029 ⁽⁵⁾	0.20	80,000	80,000	3.03
January 11, 2029	0.09	400,000	400,000	3.03
May 28, 2029 ⁽⁶⁾	0.20	70,000	70,000	3.41
September 4, 2029	0.09	250,000	250,000	3.68
September 23, 2029	0.20	20,000	20,000	3.73
December 3, 2029	0.20	50,000	50,000	3.93
December 3, 2029 ⁽⁷⁾	0.20	15,000	15,000	3.93
February 28, 2030 ⁽⁸⁾	0.20	802,500	611,250	4.16
February 28, 2030	0.20	200,000	150,000	4.16
October 30, 2030 ⁽⁹⁾	0.20	50,000	12,500	4.83
November 14, 2030	0.15	900,000	225,000	4.87
November 18, 2030	0.20	970,000	230,000	4.88
	0.27	10,542,500	8,848,750	2.49

(1) Subsequent to the year ended December 31, 2025, 10,000 options expired unexercised.

(2) Subsequent to the year ended December 31, 2025, 140,000 options which were to expire July 1, 2026, were cancelled.

(3) Subsequent to the year ended December 31, 2025, 150,000 options which were to expire July 20, 2027, were cancelled.

(4) Subsequent to the year ended December 31, 2025, 140,000 options which were to expire February 24, 2028, were cancelled.

(5) Subsequent to the year ended December 31, 2025, 20,000 options which were to expire January 11, 2029, were cancelled.

(6) Subsequent to the year ended December 31, 2025, 20,000 options which were to expire May 8, 2029, were cancelled.

(7) Subsequent to the year ended December 31, 2025, 15,000 options which were to expire December 3, 2029, were cancelled.

(8) Subsequent to the year ended December 31, 2025, 37,500 options which were to expire February 28, 2030, were cancelled.

(9) Subsequent to the year ended December 31, 2025, 20,000 options which were to expire October 30, 2030, were cancelled.

Restricted Share Units

On November 18, 2025, the Company awarded 850,000 RSUs, subject to the terms and conditions of the Company's omnibus equity incentive compensation plan, to certain directors and officers of the Company. The RSUs vest one year from the grant date. The RSUs are equity-settled, through the issuance of common shares of the Company. Using the share price on the RSU grant date, the fair value of the RSUs was determined to be \$119,000. During the year ended December 31, 2025, the Company recognized \$14,019 (2024 - \$Nil) as share-based compensation for the vesting of RSUs.

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10. SHARE CAPITAL AND RESERVES (continued)

Restricted Share Units (continued)

On December 10, 2024 (the “RSU Grant Date”), the Company awarded 1,100,000 restricted share units (“RSUs”), subject to the terms and conditions of the Company’s omnibus equity incentive compensation plan, to certain directors and officers of the Company. 900,000 of these RSUs vest one year from the RSU Grant Date while the balance of 200,000 RSUs will vest two years from the RSU Grant Date. The RSUs are equity-settled, through the issuance of common shares of the Company. Using the share price on the RSU Grant Date, the fair value of the RSUs was determined to be \$154,000. During the year ended December 31, 2025, the Company recognized \$127,612 (2024 - \$Nil) as share-based compensation for the vesting of RSUs.

RSUs transactions and the number of RSUs outstanding are summarized as follows:

	December 31, 2025	December 31, 2024
	Number of RSUs Outstanding	Number of RSUs Outstanding
Outstanding, beginning	1,100,000	-
Awarded	850,000	1,100,000
Outstanding, end	1,950,000	1,100,000
Exercisable, end	900,000	-

Warrants

During the year ended December 31, 2025, Nil (2024 – 20,891,603) warrants expired, and the fair value of \$Nil (2024 - \$501,313) attributable to these warrants was transferred from reserves to deficit.

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

	Year Ended December 31, 2025		Year Ended December 31, 2024	
	Number of Warrants (#)	Weighted Average Exercise Price (\$)	Number of Warrants (#)	Weighted Average Exercise Price (\$)
Outstanding, beginning	-	-	20,891,603	0.75
Issued	276,709	0.22	-	-
Expired	-	-	(20,891,603)	(0.75)
Outstanding, end	276,709	0.22	-	-

As at December 31, 2025, the following warrants were outstanding:

Expiry Date	Weighted Exercise Price \$	Number of Warrants Outstanding #	Weighted Remaining Contractual Life (years)
June 26, 2027	0.22	276,709	1.48

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11. REVENUE AND COST OF SALES

For the year ended December 31, 2025 and 2024, the Company's revenue and related cost of sales is composed of service products and products as follows:

	Years Ended December 31,					
	2025			2024		
	Service Products	Products	Total	Service Products	Products	Total
Sales	\$ 547,305	\$ 677,591	\$ 1,224,896	\$ 443,785	\$ 483,954	\$ 927,739
Cost of sales	(291,100)	(601,346)	(892,446)	(225,676)	(334,489)	(560,165)
Gross profit	\$ 256,205	\$ 76,245	\$ 332,450	\$ 218,109	\$ 149,465	\$ 367,574

12. FAIR VALUES AND RISK MANAGEMENT

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

The Company uses the following hierarchy for determining and disclosing fair value of financial instruments:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data.

The Company has classified its cash measured at amortized cost on the consolidated statement of financial position using Level 1 inputs. Amounts receivable, deposits, and accounts payable and accrued liabilities, and their fair values approximate their carrying values due to the short-term nature.

The Company is exposed to financial risks arising from its financial assets and liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. There were no significant changes in the Company's exposure to financial risks or in the manner in which it manages and measures those risks during the year ended December 31, 2025 compared to the prior year. 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 *Financial Instruments*, however, impairment was not identified. The carrying amount of cash, amounts receivable and deposits represents the maximum credit exposure.

The Company has sales to three major customers of approximately 86% of total sales (2024 – 81%) for the year ended December 31, 2025. Approximately 56% of sales are to the first major customer, 17% of sales are to the second major customer and 13% of sales were to the third major customer (2024 – 31% of sales were to the first major customer, 28% of sales were to the second major customer and 22% of sales were to the third major customer). Approximately 37% of outstanding receivables is owing from the first major customer, 5% is owing from the second major customer and 0% is from the third major customer at December 31, 2025 (0% of outstanding amounts receivable is from the first major, 9% is from second major customer and 3% is from the third major customer at December 31, 2024).

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12. FAIR VALUES AND RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its cash on hand. As at December 31, 2025, the Company held cash and amounts receivable of \$721,572 (2024 - \$3,587,773) and had current liabilities of \$1,012,521 (2024 - \$1,036,544), which fall due for payment within 12 months of the consolidated statement of financial position. Liquidity risk is assessed as high.

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 of interest in highly liquid instruments, when applicable.

Currency Risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. 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 December 31, 2025, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona would result in an approximately \$2,000 (2024 - \$61,000) and \$5,000 (2024 - \$18,000), respectively, change in net loss.

As at December 31, 2025 and 2024, the financial instrument balances, quoted in Canadian dollars, held in foreign currencies are:

	Euros		Swedish krona	
	2025	2024	2025	2024
Cash	\$ 115,825	\$ 836,462	\$ 52,014	\$ 305,266
Amounts receivable	277,396	126,014	109,460	105,908
Deposits	-	7,240	-	-
Accounts payable and accrued liabilities	(368,948)	(361,529)	(215,840)	(231,375)
Net monetary assets (liabilities)	\$ 24,273	\$ 608,187	\$ (54,366)	\$ 179,799
Change in currency	10%	10%	10%	10%
Effect on net loss	\$ 2,000	\$ 61,000	\$ (5,000)	\$ 18,000

13. 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 Company defines its capital as shareholders' equity, which as at December 31, 2025 was \$1,739,858 (2024 — \$4,499,447).

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13. CAPITAL MANAGEMENT (continued)

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 year ended December 31, 2025. The Company is not subject to externally imposed capital requirements.

14. SEGMENTED DISCLOSURE

The Company has one operating segment, being the development and sale of ECDs in Europe. At December 31, 2025, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

Revenue	Portugal	Germany	Sweden	Canada	Total
2025	\$ 901,874	\$ -	\$ 323,022	\$ -	\$ 1,224,896

	Europe	Canada	Total
ASSETS			
Current assets			
Cash	\$ 167,839	\$ 159,699	\$ 327,538
Amounts receivable	386,856	7,178	394,034
Grant receivable	120,790	-	120,790
Inventories	290,866	-	290,866
Prepaid expenses	96,057	26,610	122,667
Total current assets	1,062,408	193,487	1,255,895
Non-current assets			
Right-of-use assets	551,121	-	551,121
Fixed assets	1,228,893	-	1,228,893
Intangible assets	73,208	71,253	144,461
Total non-current assets	1,853,222	71,253	1,924,475
Total assets	\$ 2,915,630	\$ 264,740	\$ 3,180,370
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 584,788	\$ 269,288	\$ 854,076
Current portion of lease liabilities	158,445	-	158,445
Total current liabilities	743,233	269,288	1,012,521
Non-current liabilities			
Lease liabilities	427,991	-	427,991
Total non-current liabilities	427,991	-	427,991
Total liabilities	\$ 1,171,224	\$ 269,288	\$ 1,440,512
Comprehensive loss for the year ended December 31, 2025	\$ 4,132,918	\$ 1,976,292	\$ 6,109,210

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14. SEGMENTED DISCLOSURE (continued)

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

Revenue	Portugal	Germany	Sweden	Canada	Total
2024	\$ 537,683	\$ -	\$ 390,056	\$ -	\$ 927,739

	Europe	Canada	Total
ASSETS			
Current assets			
Cash	\$ 1,139,688	\$ 2,209,163	\$ 3,348,851
Amounts receivable	231,922	7,000	238,922
Inventories	348,194	-	348,194
Prepaid expenses	75,085	31,696	106,781
Total current assets	1,794,889	2,247,859	4,042,748
Non-current assets			
Deposits	7,240	-	7,240
Right-of-use assets	170,382	-	170,382
Fixed assets	1,140,889	-	1,140,889
Intangible assets	103,479	71,253	174,732
Total non-current assets	1,421,990	71,253	1,493,243
Total assets	\$ 3,216,879	\$ 2,319,112	\$ 5,535,991
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 592,904	\$ 228,727	\$ 821,631
Current portion of lease liabilities	182,313	-	182,313
Deferred revenue	32,600	-	32,600
Total current liabilities	807,817	228,727	1,036,544
Non-current liabilities			
Lease liabilities	-	-	-
Total non-current liabilities	-	-	-
Total liabilities	\$ 807,817	\$ 228,727	\$ 1,036,544
Comprehensive loss for the year ended			
December 31, 2024	\$ 4,187,281	\$ 848,291	\$ 5,035,572

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15. 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 material supply.

The Agreement gives RISE:

- Licence fees of SEK 800,000 per year in the first 3 years, and SEK 1,000,000 per year in years 4 to 6, payable in equal quarterly instalments; During the year ended December 31, 2025, license fees amounted to SEK 800,000 (\$114,160); (2024 - SEK 800,000);
- Perpetual royalties in the range of 0 - 3% of product sales; Ynvisible did not pay any royalties during the year ended December 31, 2025. (2024 - \$Nil);
- Ynvisible was committed to purchase services and materials from RISE for a minimum amount of SEK 2,000,000 (\$285,400) in 2025 (2024 – SEK 2,555,040). However, pursuant to the agreement, the 2025 service fee obligation was contingent upon Ynvisible achieving a minimum of SEK 50,000,000 (\$7,135,000) in production sales in 2024. As this threshold was not met, no minimum purchase obligation was in effect for 2025. During the year ended December 31, 2025, the total value of services and materials purchased amounted to SEK 1,193,229 (\$170,274). (2024 – SEK 2,506,231);
- 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.

16. INCOME TAXES

The Company is subject to income taxes on its profit or loss in Canada and Europe. The statutory income tax rates were approximately 27% (2024 - 27%) in Canada and 21% (2024 - 21%) in Europe.

A reconciliation of the expected income tax expense (recovery) to the actual income tax expense (recovery) is as follows:

	2025	2024
Loss before income taxes	\$ (6,345,664)	\$ (5,013,512)
Recovery at statutory rate	\$ (1,713,000)	\$ (1,354,000)
Non-deductible items	97,000	3,191
Change in estimate and other	(207,000)	322,000
Share issue cost	(18,000)	-
Adjustments to prior year tax provisions	(195,000)	-
Change in tax benefits not recognized	2,036,000	1,030,000
Income tax expense	\$ -	\$ 1,191

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16. INCOME TAXES (continued)

The components of deferred taxes are:

	2025	2024
Share issue costs	\$ 14,000	\$ 77,000
Fixed assets	463,000	377,000
Right-of-use asset (lease liability)	7,000	-
Non-capital losses	9,410,000	7,621,000
Exploration and evaluation assets	217,000	-
Tax benefits not recognized	(10,111,000)	(8,075,000)
Net deferred tax assets (liabilities)	<u>\$ -</u>	<u>\$ -</u>

The realization of tax benefits related to these deferred potential tax deductions is not probable. Accordingly, no deferred tax assets have been recognized for accounting purposes. The Company has non-capital losses carried forward of approximately \$41,343,000 (2024 - \$33,028,000). Losses expire as follows:

Expiry date	Canada	Portugal	Germany	Sweden	Total
2026	\$ 247,000	\$ 608,000	\$ -	\$ -	\$ 855,000
2027	420,000	217,000	-	-	637,000
2028	694,000	298,000	-	-	992,000
2029	682,000	52,000	-	-	734,000
2030	759,000	399,000	-	-	1,158,000
2031	522,000	503,000	-	-	1,025,000
2032	477,000	1,053,000	-	-	1,530,000
2033	1,638,000	1,594,000	-	-	3,232,000
2034	181,000	2,009,000	-	-	2,190,000
2035	199,000	-	-	-	199,000
2036	217,000	-	-	-	217,000
2037	152,000	-	-	-	152,000
2038	1,310,000	-	-	-	1,310,000
2039	836,000	-	-	-	836,000
2040	1,139,000	-	-	-	1,139,000
2041	1,800,000	-	-	-	1,800,000
2042	1,065,000	-	-	-	1,065,000
2043	757,000	-	-	-	757,000
2044	1,156,000	-	-	-	1,156,000
2045	1,909,000	-	-	-	1,909,000
Unlimited	-	7,918,000	1,131,000	9,401,000	18,450,000
Total	\$ 16,160,000	\$ 14,651,000	\$ 1,131,000	\$ 9,401,000	\$ 41,343,000

17. SUBSEQUENT EVENTS

On March 26, 2026, the Company closed the first tranche of its private placement, issuing 5,770,000 units at a price of \$0.10 per unit for total gross proceeds of \$577,000. Each unit consists of one Class A common share and one transferrable common share purchase warrant. Each warrant is exercisable into a Class A common share at an exercise price of \$0.14 per share for a period of three years.

On March 31, 2026, the Company closed the second tranche of its private placement, issuing 3,169,000 units at a price of \$0.10 per unit for total gross proceeds of \$316,900. Each unit consists of one Class A common share and one transferrable common share purchase warrant. Each warrant is exercisable into a Class A common share at an exercise price of \$0.14 per share for a period of three years. The Company paid a cash finder fee in the amount of \$1,800 in connection with the second tranche.

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17. SUBSEQUENT EVENTS (continued)

On April 24, 2026, the Company closed the third tranche of its private placement, issuing 4,060,000 units at a price of \$0.10 per unit for total gross proceeds of \$406,000. Each unit consists of one Class A common share and one transferrable common share purchase warrant. Each warrant is exercisable into a Class A common share at an exercise price of \$0.14 per share for a period of three years.

Subsequent to the year ended December 31, 2025, 10,000 stock options exercisable at \$1.29 per share expired unexercised and 542,500 stock options exercisable at an average price of \$0.34 per share were cancelled.