



**YNVISIBLE INTERACTIVE INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2020 and 2019**

**(Unaudited - Expressed in Canadian Dollars)**

**Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements**

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

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



**YNVISIBLE INTERACTIVE INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian Dollars)

	As at	
	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,849,821	\$ 2,126,725
Amounts receivable	743,691	601,172
Prepaid expenses	76,040	174,304
<b>Total current assets</b>	<b>2,669,552</b>	<b>2,902,201</b>
<b>Non-current assets</b>		
Deposits	25,789	24,791
Right-of-use assets (Note 6)	960,118	1,044,866
Fixed assets (Note 7)	2,264,065	2,308,251
Intangible assets (Note 8)	263,361	269,483
<b>Total non-current assets</b>	<b>3,513,333</b>	<b>3,647,391</b>
<b>Total assets</b>	<b>\$ 6,182,885</b>	<b>\$ 6,549,592</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 1,101,289	\$ 621,949
Current portion of lease liabilities (Note 6)	361,397	337,407
Deferred project grants	921,801	864,860
<b>Total current liabilities</b>	<b>2,384,487</b>	<b>1,824,216</b>
<b>Lease liabilities (Note 6)</b>	<b>626,895</b>	<b>705,484</b>
<b>Long-term liabilities</b>	<b>-</b>	<b>5,694</b>
<b>Total liabilities</b>	<b>3,011,382</b>	<b>2,535,394</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	15,103,817	14,993,969
Reserve (Note 10)	1,758,453	1,668,405
Obligation to issue shares (Note 10)	50,224	160,072
Deficit	(13,862,753)	(12,982,391)
Accumulated other comprehensive income	121,762	174,143
<b>Total shareholders' equity</b>	<b>3,171,503</b>	<b>4,014,198</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,182,885</b>	<b>\$ 6,549,592</b>

Note 1 – Corporate Information and Going Concern  
Note 14 – Subsequent Events

Approved and authorized for issue on behalf of the Board of Directors on June 30, 2020:

"Alexander Helmel" _____ Director	"Duarte Mineiro" _____ Director
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The accompanying notes are an integral part of these condensed interim consolidated financial statements.



**YNVISIBLE INTERACTIVE INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Revenue</b>		
Sales	\$ 85,321	\$ -
Cost of sales	(63,507)	-
<b>Gross profit</b>	<b>21,814</b>	<b>-</b>
<b>Expenses</b>		
Compensation and consulting (Note 9)	518,992	374,885
Depreciation (Notes 6 and 7)	158,299	41,455
Development and production	30,839	50,696
Interest and bank charges	7,178	137
Marketing and promotion	64,047	11,491
Office facilities and services	97,917	55,955
Professional fees	77,369	115,662
Share-based compensation (Notes 9 and 10)	101,434	69,000
Transfer and listing fees	18,051	20,568
Travel and project investigation	34,708	57,106
<b>Total operating expenses</b>	<b>1,108,834</b>	<b>796,955</b>
<b>Loss from operations</b>	<b>(1,087,020)</b>	<b>(796,955)</b>
<b>Other items</b>		
Income and gains	79,364	(2,000)
Expenses and losses	(2,279)	(7,198)
EU co-funded projects grants	118,855	137,657
Prototyping projects revenue	-	23,966
<b>Total other items</b>	<b>195,940</b>	<b>152,425</b>
<b>Loss before income taxes</b>	<b>(891,080)</b>	<b>(644,530)</b>
<b>Income tax expense</b>	<b>(668)</b>	<b>-</b>
<b>Net loss for the period</b>	<b>(891,748)</b>	<b>(644,530)</b>
<b>Other comprehensive gain (loss)</b>		
Foreign currency translation adjustment	(52,381)	18,968
<b>Comprehensive loss for the period</b>	<b>\$ (944,129)</b>	<b>\$ (625,562)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>73,520,840</b>	<b>56,257,904</b>

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



## YNVISIBLE INTERACTIVE INC.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY) (Unaudited - Expressed in Canadian Dollars)

	Common Shares		Reserve	Obligation to issue shares	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Class A Number	Class A Amount					
	#	\$					
<b>Balance, December 31, 2018</b>	<b>53,141,679</b>	<b>8,905,438</b>	<b>1,088,000</b>	-	<b>(9,836,801)</b>	<b>158,563</b>	<b>315,200</b>
Shares issued by private placement	3,339,200	1,001,760	-	-	-	-	1,001,760
Finder's units issued for private placement	166,553	49,966	-	-	-	-	49,966
Warrants issued for finder's fees for private placement	-	(9,900)	9,900	-	-	-	-
Share issue costs	-	(62,460)	-	-	-	-	(62,460)
Share-based compensation	-	-	69,000	-	-	-	69,000
Net loss for the period	-	-	-	-	(644,530)	-	(644,530)
Other comprehensive income	-	-	-	-	-	18,968	18,968
<b>Balance, March 31, 2019</b>	<b>56,647,432</b>	<b>9,884,804</b>	<b>1,166,900</b>	-	<b>(10,481,331)</b>	<b>177,531</b>	<b>747,904</b>
Shares issued by private placement	12,571,429	4,266,432	133,568	-	-	-	4,400,000
Shares issued in exchange for Ynvisible, S.A. shares	49,392	18,790	-	(12,210)	-	-	6,580
Shares issued in exchange for Ynvisible Production shares	3,564,474	1,119,193	-	-	-	-	1,119,193
Obligation to issue shares	-	-	-	172,282	-	-	172,282
Finder's units issued for private placement	420,673	140,574	6,662	-	-	-	147,236
Warrants issued for finder's fees for private placement	-	(147,729)	147,729	-	-	-	-
Share issue costs	-	(134,393)	-	-	-	-	(134,393)
Share issue costs by shares issuance	-	(197,202)	-	-	-	-	(197,202)
Stock options exercised	75,000	43,500	(21,000)	-	-	-	22,500
Stock options expired	-	-	(221,000)	-	221,000	-	-
Stock options cancelled	-	-	(100,498)	-	100,498	-	-
Share-based compensation	-	-	556,044	-	-	-	556,044
Net loss for the period	-	-	-	-	(2,822,558)	-	(2,822,558)
Other comprehensive loss	-	-	-	-	-	(3,388)	(3,388)
<b>Balance, December 31, 2019</b>	<b>73,328,400</b>	<b>14,993,969</b>	<b>1,668,405</b>	<b>160,072</b>	<b>(12,982,391)</b>	<b>174,143</b>	<b>4,014,198</b>
Shares issued in exchange for Ynvisible, S.A. shares	318,400	109,848	-	(109,848)	-	-	-
Stock options cancelled	-	-	(11,386)	-	11,386	-	-
Share-based compensation	-	-	101,434	-	-	-	101,434
Net loss for the period	-	-	-	-	(891,748)	-	(891,748)
Other comprehensive loss	-	-	-	-	-	(52,381)	(52,381)
<b>Balance, March 31, 2020</b>	<b>73,646,800</b>	<b>15,103,817</b>	<b>1,758,453</b>	<b>50,224</b>	<b>(13,862,753)</b>	<b>121,762</b>	<b>3,171,503</b>

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



**YNVISIBLE INTERACTIVE INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended March 31,	
	2020	2019
<b>Operating activities</b>		
Net loss for the period	\$ (891,748)	\$ (644,530)
<i>Items not involving the use of cash:</i>		
Depreciation	158,299	28,706
Share-based compensation	101,434	69,000
Unrealized foreign exchange	30,869	-
Income tax expense	668	-
<i>Changes in working capital items:</i>		
Amounts receivable	(142,519)	(76,481)
Prepaid expenses	98,264	-
Deposits	(998)	(140)
Accounts payable and accrued liabilities	478,672	231,997
Deferred project grants	56,941	(56,634)
<b>Cash used in operating activities</b>	<b>(110,118)</b>	<b>(448,082)</b>
<b>Investing activities</b>		
Purchase of fixed assets	(23,243)	(212,517)
<b>Cash used in investing activities</b>	<b>(23,243)</b>	<b>(212,517)</b>
<b>Financing activities</b>		
Proceeds on issuance of shares	-	1,001,760
Share issue costs	-	(12,494)
Long term debt repaid	(5,694)	(28,114)
Repayment of lease liabilities	(85,468)	-
<b>Cash (used in) provided by financing activities</b>	<b>(91,162)</b>	<b>961,152</b>
<b>Effect of foreign exchange</b>	<b>(52,381)</b>	<b>18,968</b>
<b>Net change in cash</b>	<b>(276,904)</b>	<b>319,521</b>
<b>Cash, beginning of period</b>	<b>2,126,725</b>	<b>957,078</b>
<b>Cash, end of period</b>	<b>\$ 1,849,821</b>	<b>\$ 1,276,599</b>
<b>Non-cash transactions</b>		
Capitalization of right-of-use assets and lease liabilities	\$ -	\$ 111,874
Shares issued for finder's fees for RTO	\$ -	\$ 49,966
Reclassification of stock options cancelled	\$ 11,386	\$ -
Value of warrants issued in private placement	\$ -	\$ 9,900

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

**YNVISIBLE INTERACTIVE INC.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three months ended March 31, 2020 and 2019  
(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

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**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 and principal place of business is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6, and the registered and records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

The Company’s principal business activity is the development and sale of electrochromic (“EC”) displays. The Company’s shares traded on the TSX Venture Exchange (“TSXV”) under the symbol “YNV”.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. During the three months ended March 31, 2020, the Company incurred a net loss of \$891,748 (March 31, 2019 - \$644,530) and as at March 31, 2020, had an accumulated deficit of \$13,862,753 (December 31, 2019 - \$12,982,391).

The Company’s ability to continue as a going concern, to fund work commitments and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. These factors may cast significant doubt on the Company’s ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Management believes that the Company has sufficient working capital to meet the Company’s obligations over the next twelve months. Subsequent to the quarter, the Company closed a private placement for proceeds of \$1,500,000 (Note 14).

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

**2. BASIS OF PRESENTATION**

***Statement of compliance***

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

This financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the years ended December 31, 2019 and 2018.

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**2. BASIS OF PRESENTATION (continued)**

***Basis of Consolidation***

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

***Basis of Measurement and Presentation***

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES**

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

***Foreign Currency Translation***

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

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

At the entity level, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate in effect at the financial position date and non-monetary assets and liabilities are translated at the exchange rates in effect at the date of the transaction. Income and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions. All exchange gains and losses are credited or charged to profit or loss in the period in which they arise.

**YNVISIBLE INTERACTIVE INC.**  
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**4. 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:

- a. The amounts disclosed related to fair values of stock options and warrants issued and the resulting 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.
- b. 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.
- c. The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The present value of the lease payment is determined using a discount rate representing the rate of a commercial mortgage rate, observed in the period when the lease agreement commences or is modified.

**5. ACQUISITION OF YNVISIBLE PRODUCTION AB**

On August 21, 2019, the Company completed the acquisition of Ynvisible Production pursuant to which the Company acquired 100% of the issued and outstanding shares of Ynvisible Production. Ynvisible Production is a printed electronics contract manufacturing company based in Linköping, Sweden.

Pursuant to the terms of the transaction, the Company issued an aggregate of 3,564,474 common shares of the Company (the "Payment Shares") with a fair value of \$1,119,193. The Payment Shares are subjected to a statutory hold period expiring December 21, 2019 as well as a voluntary hold period until February 20, 2020 for 25% of the Payment Shares and August 20, 2020 for an additional 25% of the Payment Shares.

The acquisition has been accounted for using the acquisition method pursuant to IFRS 3, *Business Combinations*. Under the acquisition method, assets and liabilities are recorded at their fair values on the date of acquisition. The excess consideration given over the fair value of the net assets acquired is recorded as goodwill.

**YNVISIBLE INTERACTIVE INC.**  
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**5. ACQUISITION OF YNVISIBLE PRODUCTION AB (continued)**

	<b>Total</b>
	<b>\$</b>
<b>Consideration:</b>	
Common shares	1,119,193
<b>Total consideration provided</b>	<b>1,119,193</b>
<b>Allocated as follows:</b>	
Bank indebtedness	(15,374)
Amounts receivable	37,024
Prepaid expenses	3,089
Deposits	9,486
Right-of-use assets	852,701
Option agreement value for manufacturing equipment*	1,326,000
Intangible assets	119,000
Accounts payable and accrued liabilities	(136,565)
Current portion of lease liabilities	(241,110)
Loans payable	(294,720)
Lease liabilities	(611,591)
Goodwill	71,253
	<b>1,119,193</b>

\*Subsequent to the acquisition, the Company exercised the option agreement and the value of the manufacturing equipment was transferred to fixed assets (Note 7).

**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Right-of-Use Assets

		<b>Leases</b>
<b>Cost:</b>		
At December 31, 2018	\$	-
Adjustment on initial adoption		368,734
Additions		852,701
At December 31, 2019 and March 31, 2020	<b>\$</b>	<b>1,221,435</b>
<b>Depreciation:</b>		
At December 31, 2018	\$	-
Charge for the year		176,569
At December 31, 2019	<b>\$</b>	176,569
Charge for the period		84,748
At March 31, 2020	<b>\$</b>	<b>261,317</b>
<b>Net book value:</b>		
At December 31, 2019	\$	1,044,866
<b>At March 31, 2020</b>	<b>\$</b>	<b>960,118</b>

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

**YNVISIBLE INTERACTIVE INC.**  
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**6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Lease Liabilities

Lease liabilities recognized as of January 1, 2019	\$	368,734
Additions		852,701
Lease payments made		(185,652)
Interest expense on lease liabilities		15,956
Foreign exchange adjustment		(8,848)
At December 31, 2019		1,042,891
Lease payments made		(85,468)
Interest expense on lease liabilities		4,503
Foreign exchange adjustment		26,366
		988,292
Less: current portion		(361,397)
<b>At March 31, 2020</b>	<b>\$</b>	<b>626,895</b>

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

Fiscal 2020	\$	272,622
Fiscal 2021	\$	334,947
Fiscal 2022	\$	309,756
Fiscal 2023	\$	86,222
Fiscal 2024	\$	10,052

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**7. FIXED ASSETS**

	Equipment	Manufacturing Equipment*	Leasehold Building Improvements	Office	Laboratory**	Other	Total
<b>Costs</b>							
Balance, December 31, 2018	\$ 466,897	\$ -	\$ 33,949	\$ 28,732	\$ -	\$ 55,614	\$ 585,192
Additions	34,721	1,834,126	7,964	62,800	13,149	16,018	1,968,778
Balance, December 31, 2019	501,618	1,834,126	41,913	91,532	13,149	71,632	2,553,970
Additions	19,466	-	-	1,471	-	2,306	23,243
Adjustments	-	-	-	6,694	(4,091)	(2,603)	-
<b>Balance, March 31, 2020</b>	<b>\$ 521,084</b>	<b>\$ 1,834,126</b>	<b>\$ 41,913</b>	<b>\$ 99,697</b>	<b>\$ 9,058</b>	<b>\$ 71,335</b>	<b>\$ 2,577,213</b>

**Accumulated Depreciation**

Balance, December 31, 2018	\$ 74,100	\$ -	\$ 1,414	\$ 4,320	\$ -	\$ 17,527	\$ 97,361
Charge for the year	52,596	62,310	5,655	11,308	-	16,489	148,358
Balance, December 31, 2019	126,696	62,310	7,069	15,628	-	34,016	245,719
Charge for the period	13,868	45,823	1,544	4,072	-	2,122	67,429
<b>Balance, March 31, 2020</b>	<b>\$ 140,564</b>	<b>\$ 108,133</b>	<b>\$ 8,613</b>	<b>\$ 19,700</b>	<b>\$ -</b>	<b>\$ 36,138</b>	<b>\$ 313,148</b>

**Carrying Value**

Balance, December 31, 2019	\$ 374,922	\$ 1,771,816	\$ 34,844	\$ 75,904	\$ 13,149	\$ 37,616	\$ 2,308,251
<b>Balance, March 31, 2020</b>	<b>\$ 380,521</b>	<b>\$ 1,725,993</b>	<b>\$ 33,300</b>	<b>\$ 79,997</b>	<b>\$ 9,058</b>	<b>\$ 35,197</b>	<b>\$ 2,264,065</b>

\* The manufacturing equipment included the option agreement value of \$1,326,000 upon acquisition of Ynvisible Production (Note 5).

\*\*The laboratory is currently under construction and are therefore not being depreciated.

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**8. INTANGIBLE ASSETS**

Costs	Patents and Software	License	Goodwill*	Total
Balance, December 31, 2018	\$ 99,183	\$ -	\$ -	\$ 99,183
Additions	9,921	119,476	71,253	200,650
<b>Balance, December 31, 2019 and March 31, 2020</b>	<b>\$ 109,104</b>	<b>\$ 119,476</b>	<b>\$ 71,253</b>	<b>\$ 299,833</b>
<b>Accumulated Depreciation</b>				
Balance, December 31, 2018	\$ 14,711	\$ -	\$ -	\$ 14,711
Charge for the year	9,298	6,341	-	15,639
Balance, December 31, 2019	24,009	6,341	-	30,350
Charge for the period	853	1,812	3,457	6,122
<b>Balance, March 31, 2020</b>	<b>\$ 24,862</b>	<b>\$ 8,153</b>	<b>\$ 3,457</b>	<b>\$ 36,472</b>
<b>Carrying Value:</b>				
Balance, December 31, 2019	\$ 85,095	\$ 113,135	\$ 71,253	\$ 269,483
<b>Balance, March 31, 2020</b>	<b>\$ 84,242</b>	<b>\$ 111,323</b>	<b>\$ 67,796</b>	<b>\$ 263,361</b>

\*The goodwill is related to the acquisition of Ynvisible Production (Note 5).

**9. RELATED PARTY TRANSACTIONS**

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

Key Management Compensation

	Three Months Ended March 31,	
	2020	2019
Compensation and consulting	\$ 127,746	\$ 102,086
Share-based compensation	38,885	7,778
	<b>\$ 166,631</b>	<b>\$ 109,864</b>

As at March 31, 2020, accounts payable and accrued liabilities include \$82,021 (December 31, 2019 - \$43,453) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured, and have no specified terms of repayment. During the three months ended March 31, 2020, the Company received \$19,857 (March 31, 2019 - \$19,857) in rent payments from a company controlled by a director of the Company.

**10. SHARE CAPITAL AND RESERVE**

**Authorized**

Unlimited number of Class A common shares without par value.

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

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**10. SHARE CAPITAL AND RESERVE (continued)**

***Issued***

*For the three months ended March 31, 2020:*

On February 6, 2020, the Company issued 318,400 common shares with a value of \$109,848 to the Minority Shareholders (defined below) in exchange for 318,400 common shares of Ynvisible, S.A.

*For the year ended December 31, 2019:*

On January 10, 2019, the Company closed a non-brokered private placement of 3,339,200 units of the Company at \$0.30 per unit for gross proceeds of \$1,001,760 (the "January 2019 Offering"). Each unit consists of one common share in the capital of the Company and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share in the capital of the Company at a price of \$0.60 per warrant for a period of three years from the closing of the January 2019 Offering. A value of \$133,568 was allocated to the warrants.

If 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 paid finders a cash commission in the aggregate amount of \$12,444 and incurred other expenses of \$8,133 on the January 2019 Offering. In addition, 166,553 units valued at \$49,966 were issued to finders. Each finder's unit consists of one share and one-half of a warrant. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.60 per warrant for a period of three years from the closing of the January 2019 Offering, subject to the Accelerated Expiry. A value of \$6,662 was allocated to the warrants, using the residual value pricing model.

On June 5, 2019, the Company closed a non-brokered private placement of 12,571,429 units of the Company at \$0.35 per unit for gross proceeds of \$4,400,000 (the "June 2019 Offering"). Each unit consists of one common share in the capital of the Company and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share in the capital of the Company at a price of \$0.60 per warrant for a period of three years from the closing of the June 2019 Offering. The warrants are subject to the Accelerated Expiry.

The Company has paid finders a cash commission in the aggregate amount of \$126,133 and incurred other expenses of \$22,736 on the June 2019 Offering. In addition, 420,673 units valued at \$147,236 were issued to finders and 729,553 non-transferable finder's warrants were issued to finders to purchase an aggregate of 729,553 shares of the Company. Each finder's unit consists of one share and one-half of a warrant. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.60 per warrant for a period of three years from the closing of the June 2019 Offering, subject to the Accelerated Expiry. The finder's warrants were valued at \$157,629 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 1.42%, volatility of 90%, and nil forecasted dividend yield.

On July 2, 2019, the Company issued 14,000 common shares with a value of \$6,580 to the Minority Shareholders (defined below) in exchange for 14,000 common shares of Ynvisible, S.A.

On August 20, 2019, the Company issued an aggregate of 3,564,474 common shares with a fair value of \$1,119,193 for the acquisition of Ynvisible Production (Note 5).

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**10. SHARE CAPITAL AND RESERVE (continued)**

***Issued (continued)***

*For the year ended December 31, 2019: (continued)*

On December 4, 2019, the Company issued 35,392 common shares with a value of \$12,210 to the Minority Shareholders (defined below) in exchange for 35,392 common shares of Ynvisible, S.A.

***Escrow Shares***

As at March 31, 2020, there are 4,477,651 Class A common shares held in escrow (December 31, 2019 - 6,716,452).

***Obligation to Issue Shares***

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, S.A., on a one-for-one basis for the Class A common shares of the Company, held by certain minority shareholders of Ynvisible, S.A. ("Minority Shareholders"). Accordingly, the Company recorded an obligation to issue 499,639 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, S.A.

During the year ended December 31, 2019, the Company issued 35,392 common shares with a value of \$12,210 related to squeeze-out transaction. During the three months ended March 31, 2020, the Company issued 318,400 common shares with a value of \$109,848 related to squeeze-out transaction, and as at March 31, 2020, the Company recorded a balance of \$50,224 (December 31, 2019 – \$160,072) for obligation to issue shares

***Stock Options***

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

In May 2019, the Company granted 1,675,000 stock options to various directors, officers, and consultants of the Company at an exercise price of \$0.37 per share for a period of five years, vesting as follows: 1/3rd on four months from the date of grant, 1/3rd on eight months from the date of grant and 1/3rd on twelve months from the date of grant. The options were valued at \$526,673, of which \$466,838 was recognized during the year ended December 31, 2019 and \$46,695 was recognized during the three months ended March 31, 2020, using the Black-Scholes pricing model.

In October 2019, the Company granted 535,000 stock options to various employees and consultants of the Company at an exercise price of \$0.30 per share for a period of five years, vesting as follows: 1/3rd on four months from the date of grant, 1/3rd on eight months from the date of grant and 1/3rd on twelve months from the date of grant. The options were valued at \$129,594, of which \$58,164 was recognized during the year ended December 31, 2019 and \$38,441 was recognized during the three months ended March 31, 2020, using the Black-Scholes pricing model.

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**10. SHARE CAPITAL AND RESERVE (continued)**

***Stock Options (continued)***

In December 2019, the Company granted 300,000 stock options to a director and an officer of the Company at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/3rd on four months from the date of grant, 1/3rd on eight months from the date of grant and 1/3rd on twelve months from the date of grant. The options were valued at \$46,723, of which \$3,043 was recognized during the year ended December 31, 2019 and \$21,298 was recognized during the three months ended March 31, 2020, using the Black-Scholes pricing model.

Share-based compensation recognized during the three months ended March 31, 2020 was \$101,434 (March 31, 2019 - \$69,000) from vesting of options. The Company's valuation of share purchase options granted during the year was estimated using the Black-Scholes option pricing model with the following assumptions:

	For three months ended March 31,	
	2020	2019
Risk-free interest rate	1.46% - 1.64%	0%
Expected dividend yield and forfeiture	0%	0%
Expected stock price volatility	107% - 119%	0%
Expected option life in years	5	0

During the three month ended March 31, 2020, 40,000 stock options were cancelled, and the fair value of \$11,386 attributable to these stock options was transferred from reserves to deficit.

During the year ended December 31, 2019, the Company issued 75,000 common shares in relation to the exercise of 75,000 stock options for total proceeds of \$22,500 and the fair value of \$21,000 attributable to these stock options was transferred from reserves to share capital. Additionally, 1,250,000 stock options expired unexercised and 310,000 stock options were cancelled, and the fair value of \$321,498 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:

	Three Months Ended March 31, 2020		Year Ended December 31, 2019	
	Number of Options #	Weighted Average Exercise Price \$	Number of Options #	Weighted Average Exercise Price \$
Outstanding, beginning	5,125,000	0.33	4,250,000	0.34
Granted	-	-	2,510,000	0.33
Exercised	-	-	(75,000)	0.30
Cancelled	(40,000)	0.37	(310,000)	0.33
Expired	-	-	(1,250,000)	0.40
<b>Outstanding, end</b>	<b>5,085,000</b>	<b>0.32</b>	<b>5,125,000</b>	<b>0.33</b>

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**10. SHARE CAPITAL AND RESERVE (continued)**

***Stock Options (continued)***

As at March 31, 2020, the following options were granted and vested:

<b>Expiry Date</b>	<b>Weighted Exercise Price</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested and Exercisable</b>	<b>Weighted Remaining Contractual Life</b>
January 19, 2023	\$0.30	1,925,000	1,925,000	2.81 years
February 21, 2023	\$0.40	275,000	275,000	2.90 years
May 25, 2023	\$0.30	300,000	300,000	3.15 years
September 25, 2023	\$0.31	150,000	150,000	3.49 years
May 1, 2024	\$0.37	1,600,000	1,066,662	4.09 years
October 2, 2024	\$0.30	535,000	172,084	4.51 years
December 18, 2024	\$0.20	300,000	-	4.72 years
	<b>\$0.32</b>	<b>5,085,000</b>	<b>3,888,746</b>	<b>3.55 years</b>

***Warrants***

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

	<b>Three Months Ended March 31, 2020</b>		<b>Year Ended December 31, 2019</b>	
	Number of Warrants #	Weighted Average Exercise Price \$	Number of Warrants #	Weighted Average Exercise Price \$
Outstanding, beginning	8,978,478	0.60	-	-
Issued	-	-	8,978,478	0.60
<b>Outstanding, end</b>	<b>8,978,478</b>	<b>0.60</b>	<b>8,978,478</b>	<b>0.60</b>

As at March 31, 2020, the following warrants were outstanding:

<b>Expiry Date</b>	<b>Weighted Exercise Price</b>	<b>Number of Warrants Outstanding</b>	<b>Weighted Remaining Contractual Life</b>
January 9, 2022	\$0.60	1,752,876	1.78 years
June 5, 2022	\$0.60	7,225,602	2.18 years
	<b>\$0.60</b>	<b>8,978,478</b>	<b>2.10 years</b>

**11. FAIR VALUES AND RISK MANAGEMENT**

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

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**11. FAIR VALUES AND RISK MANAGEMENT (continued)**

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 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 Ynvisible, S.A. in Portugal, Ynvisible, GmbH in Germany, and Ynvisible Production in Sweden by using Euros and Swedish krona, respectively, converted from its Canadian dollar bank accounts. Based on the Company's Euro and Swedish krona denominated financial instruments at March 31, 2020, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$59,200 and \$64,100, respectively, change in foreign exchange gain or loss.

**12. CAPITAL MANAGEMENT**

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

Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management during the three months ended March 31, 2020. The Company is not subject to externally imposed capital requirements.

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**13. SEGMENTED DISCLOSURE**

The Company has one operating segment, being the development and sale of EC displays in Europe. At March 31, 2020, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

	Europe	Canada	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 772,023	\$ 1,077,798	\$ 1,849,821
Amounts receivable	710,152	33,539	743,691
Prepaid expenses	56,377	19,663	76,040
<b>Total current assets</b>	<b>1,538,552</b>	<b>1,131,000</b>	<b>2,669,552</b>
<b>Non-current assets</b>			
Deposits	11,694	14,095	25,789
Right-of-use assets	905,994	54,124	960,118
Fixed assets	2,264,065	-	2,264,065
Intangible assets	192,108	71,253	263,361
<b>Total non-current assets</b>	<b>3,373,861</b>	<b>139,472</b>	<b>3,513,333</b>
<b>Total assets</b>	<b>\$ 4,912,413</b>	<b>\$ 1,270,472</b>	<b>\$ 6,182,885</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 949,668	\$ 151,621	\$ 1,101,289
Current portion of lease liabilities	315,577	45,820	361,397
Deferred project grants	921,801	-	921,801
<b>Total current liabilities</b>	<b>2,187,046</b>	<b>197,441</b>	<b>2,384,487</b>
<b>Lease liabilities</b>	<b>612,078</b>	<b>14,817</b>	<b>626,895</b>
<b>Total liabilities</b>	<b>\$ 2,799,124</b>	<b>\$ 212,258</b>	<b>\$ 3,011,382</b>
<b>Comprehensive loss for the three months ended March 31, 2020</b>	<b>\$ 721,521</b>	<b>\$ 222,608</b>	<b>\$ 944,129</b>

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**13. SEGMENTED DISCLOSURE (continued)**

At December 31, 2019, the Company's assets, liabilities and comprehensive loss were geographically located as follows:

	Europe	Canada	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 481,939	\$ 1,644,786	\$ 2,126,725
Amounts receivable	572,843	28,329	601,172
Prepaid expenses	122,915	51,389	174,304
<b>Total current assets</b>	<b>1,177,697</b>	<b>1,724,504</b>	<b>2,902,201</b>
<b>Non-current assets</b>			
Deposits	10,696	14,095	24,791
Right-of-use assets	979,918	64,948	1,044,866
Fixed assets	2,308,251	-	2,308,251
Intangible assets	198,230	71,253	269,483
<b>Total non-current assets</b>	<b>3,497,095</b>	<b>150,296</b>	<b>3,647,391</b>
<b>Total assets</b>	<b>\$ 4,674,792</b>	<b>\$ 1,874,800</b>	<b>\$ 6,549,592</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 480,318	\$ 141,631	\$ 621,949
Current portion of lease liabilities	292,935	44,472	337,407
Deferred project grants	864,860	-	864,860
<b>Total current liabilities</b>	<b>1,638,113</b>	<b>186,103</b>	<b>1,824,216</b>
<b>Lease liabilities</b>	681,176	24,308	705,484
<b>Long-term liabilities</b>	5,694	-	5,694
<b>Total liabilities</b>	<b>\$ 2,324,983</b>	<b>\$ 210,411</b>	<b>\$ 2,535,394</b>
<b>Comprehensive loss for the year ended December 31, 2019</b>	<b>\$ 1,908,029</b>	<b>\$ 1,543,479</b>	<b>\$ 3,451,508</b>

**14. SUBSEQUENT EVENTS**

On May 14, 2020, the Company closed a private placement and issued 7,500,000 common shares of the Company for gross proceeds of \$1,500,000. In connection with the offering, the Company paid cash commissions in the aggregate amount of \$23,100 and issued 252,875 common shares to eligible finders. All securities issued as part of this offering are subject to a statutory hold period of four months from the date of closing.

On May 19, 2020, the Company entered into a business transfer agreement to acquire the printed electrochromic displays business of rdot AB of Gothenburg, Sweden. The purchase price was 1.2 million Swedish Kronas (approximately \$171,000), plus certain performance based payments.

On May 20, 2020, the Company granted 325,000 stock options to various employees and consultants of the Company at an exercise price of \$0.33 per share for a period of five years, vesting as follows: 1/3rd on four months from the date of grant, 1/3rd on eight months from the date of grant, and 1/3rd on twelve months from the date of grant.

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**14. SUBSEQUENT EVENTS (continued)**

On June 23, 2020, the Company announced it has entered into a non-exclusive licensing agreement with RISE Research Institutes of Sweden ("RISE") covering RISE's intellectual property rights for printed electrochromic displays and related inks.