



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)



Ynvisible Interactive Inc.

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(Unaudited - Expressed in Canadian Dollars)

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Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

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

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



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

	As at	
	March 31, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,606,531	\$ 1,809,637
Amounts receivable	727,176	466,292
Prepaid expenses	201,987	159,799
Total current assets	9,535,694	2,435,728
Non-current assets		
Deposits	245,425	17,593
Right-of-use assets (Note 5)	615,831	753,989
Fixed assets (Note 6)	2,109,858	2,331,249
Intangible assets (Note 7)	453,341	495,625
Total non-current assets	3,424,455	3,598,456
Total assets	\$ 12,960,149	\$ 6,034,184
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 1,148,481	\$ 1,285,465
Current portion of lease liabilities (Note 5)	319,497	351,906
Deferred project grants	397,886	426,456
Total current liabilities	1,865,864	2,063,827
Non-current liabilities		
Lease liabilities (Note 5)	297,056	399,898
Total liabilities	2,162,920	2,463,725
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	26,542,374	17,565,296
Reserve (Note 9)	1,451,822	1,597,619
Share subscriptions received (Note 9)	-	459,130
Obligation to issue shares (Note 9)	47,809	114,409
Deficit	(17,702,568)	(16,614,794)
Accumulated other comprehensive income	457,792	448,799
Total shareholders' equity	10,797,229	3,570,459
Total liabilities and shareholders' equity	\$ 12,960,149	\$ 6,034,184

Note 1 – Corporate Information and Going Concern
Note 13 – Subsequent events

Approved and authorized for issue on behalf of the Board of Directors on May 31, 2021:

"Alexander Helmel"

Director

"Duarte Mineiro"

Director

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



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

	Three Months Ended March 31,	
	2021	2020
Revenue		
Sales	\$ 313,449	\$ 59,832
Cost of sales	(160,064)	(63,507)
Gross profit	153,385	(3,675)
Expenses		
Compensation and consulting (Note 8)	896,310	518,992
Depreciation (Notes 5, 6, and 7)	184,125	158,299
Development and production	49,571	30,839
Interest and bank charges	3,336	7,178
Marketing and promotion	42,795	64,047
Office facilities and services	118,907	97,917
Professional fees	67,311	77,369
Share-based compensation (Notes 8 and 9)	114,444	101,434
Transfer and listing fees	53,998	18,051
Travel and project investigation	5,606	34,708
Total operating expenses	1,536,403	1,108,834
Loss from operations	(1,383,018)	(1,112,509)
Other items		
Income and gains	92,671	79,364
Expense recovery (expenses and losses)	287	(2,279)
EU co-funded projects grants	146,360	118,855
Prototype project revenue	26,847	25,489
Total other items	266,165	221,429
Loss before income taxes	(1,116,853)	(891,080)
Income tax expense	-	(668)
Net loss for the period	(1,116,853)	(891,748)
Other comprehensive income		
Foreign currency translation adjustment	8,993	(52,381)
Comprehensive loss for the period	\$ (1,107,860)	\$ (944,129)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	100,662,007	73,520,840

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
(Unaudited - Expressed in Canadian Dollars)

	Common Shares		Reserve	Share subscriptions received	Obligation to issue shares	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Class A	Class A						
	Number	Amount						
	#	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2019	73,328,400	14,993,969	1,668,405	-	160,072	(12,982,391)	174,143	4,014,198
Shares issued in exchange for Ynvisible SA 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)
Balance, March 31, 2020	73,646,800	15,103,817	1,758,453	-	50,224	(13,862,753)	121,762	3,171,503
Shares issued by private placement	7,500,000	1,500,000	-	-	-	-	-	1,500,000
Finders' shares issued for private placement	252,875	50,575	-	-	-	-	-	50,575
Shares issued in exchange for Ynvisible SA shares	7,000	2,415	-	-	(2,415)	-	-	-
Share issue costs	-	(31,603)	-	-	-	-	-	(31,603)
Share issue costs by shares issuance	-	(50,575)	-	-	-	-	-	(50,575)
Share subscriptions received	-	-	-	459,130	-	-	-	459,130
Stock options exercised	487,500	303,491	(153,741)	-	-	-	-	149,750
Stock options cancelled	-	-	(150,932)	-	-	150,932	-	-
Share-based compensation	-	-	232,512	-	-	-	-	232,512
Warrants exercised	997,505	687,176	(88,673)	-	-	-	-	598,503
Shares to be issued for warrants exercised	-	-	-	-	66,600	-	-	66,600
Net loss for the period	-	-	-	-	-	(2,902,973)	-	(2,902,973)
Other comprehensive income	-	-	-	-	-	-	327,037	327,037
Balance, December 31, 2020	82,891,680	17,565,296	1,597,619	459,130	114,409	(16,614,794)	448,799	3,570,459
Shares issued by private placement	12,857,142	4,500,000	-	(459,130)	-	-	-	4,040,870
Finders' shares issued for private placement	452,280	158,298	-	-	-	-	-	158,298
Finders' warrants issued for private placement	-	(69,779)	69,779	-	-	-	-	-
Share issue costs	-	(196,622)	-	-	-	-	-	(196,622)
Share issue costs by shares issuance	-	(158,298)	-	-	-	-	-	(158,298)
Stock options exercised	450,000	265,815	(120,215)	-	-	-	-	145,600
Stock options cancelled	-	-	(29,079)	-	-	29,079	-	-
Share-based compensation	-	-	114,444	-	-	-	-	114,444
Warrants exercised	7,161,563	4,477,664	(180,726)	-	(66,600)	-	-	4,230,338
Net loss for the period	-	-	-	-	-	(1,116,853)	-	(1,116,853)
Other comprehensive income	-	-	-	-	-	-	8,993	8,993
Balance, March 31, 2021	103,812,665	26,542,374	1,451,822	-	47,809	(17,702,568)	457,792	10,797,229

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,	
	2021	2020
Operating activities		
Net loss for the period	\$ (1,116,853)	\$ (891,748)
<i>Items not involving the use of cash:</i>		
Depreciation	184,125	158,299
Share-based compensation	114,444	101,434
Unrealized foreign exchange	-	30,869
Income tax expense	-	668
<i>Changes in working capital items:</i>		
Amounts receivable	(260,884)	(142,519)
Prepaid expenses	(42,188)	98,264
Accounts payable and accrued liabilities	(139,084)	478,672
Deferred project grants	(28,570)	56,941
Cash used in operating activities	(1,289,010)	(109,120)
Investing activities		
Purchase of fixed assets	(13,400)	(23,243)
Deposits	(227,832)	(998)
Cash used in investing activities	(241,232)	(24,241)
Financing activities		
Proceeds on issuance of shares	4,040,870	-
Share issue costs	(194,522)	-
Stock options exercised	145,600	-
Warrants exercised	4,230,338	-
Long term debt repaid	-	(5,694)
Repayment of lease liabilities	(85,566)	(85,468)
Cash provided by financing activities	8,136,720	(91,162)
Effect of foreign exchange	190,416	(52,381)
Net change in cash	6,796,894	(276,904)
Cash and cash equivalents, beginning of period	1,809,637	2,126,725
Cash and cash equivalents, end of period	\$ 8,606,531	\$ 1,849,821
Non-cash transactions		
Reclassification of stock options exercised	\$ 120,215	\$ -
Reclassification of stock options cancelled	\$ 29,079	\$ 11,386
Reclassification of warrants exercised	\$ 180,726	\$ -
Finders' shares issued for private placement	\$ 158,298	\$ -
Share issuance costs in accounts payable and accrued liabilities	\$ 2,100	\$ -
Value of finders' warrants issued in private placement	\$ 69,779	\$ -

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

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended March 31, 2021
(Unaudited - 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 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 trade 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, 2021, the Company incurred a net loss of \$1,116,853 (March 31, 2020 - \$891,748) and as at March 31, 2021, had an accumulated deficit of \$17,702,568 (December 31, 2020 - \$16,614,794).

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.

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 the Company’s. This outbreak could decrease spending, adversely affect demand for the Company’s product and harm business and results of operations. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s 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 Standards (“IAS”), Interim Financial Reporting (“IAS 34”).

This financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the years ended December 31, 2020 and 2019.

Basis of Consolidation

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

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2. BASIS OF PRESENTATION (continued)

Basis of Measurement and Presentation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Foreign Currency Translation

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

Transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. The Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. 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.

Where applicable, the functional currency is translated into the presentation currency using the period end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

When preparing the financial statements in conformity with IFRS, management undertakes a number of judgments, estimates and assumptions about the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Significant areas of judgments and estimation uncertainty considered by management in preparing the 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.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES (continued)

- 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.
- d. Depreciation of tangible and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgement. 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.
- e. At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets consisting of Fixed Assets, Intangible Assets, and Goodwill to determine whether there is any indication that the carrying amount is not recoverable. The determination of whether any such indication exist 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.
- f. The amounts receivable balance is recorded at the estimated recoverable amount, which involves the estimate of uncollectible accounts.
- g. Judgement is required to determine if the Company's acquisitions represent a business combination or an asset purchase. The assessment requires management to determine if the acquisitions acquired represented an integrated set of activities with inputs, processes and outputs. The acquisition of rdot AB was considered to be an asset acquisition.

Estimates are made in determining the fair value of assets and liabilities, including the valuation of separately identifiable intangibles acquired as part of an acquisition. Management exercises judgment in estimating the probability and timing of when cash flows are expected to be achieved, which is used as the basis for estimating fair value. Future performance results that differ from management's estimates could result in changes to liabilities recorded, which are recorded as they arise through profit or loss. The fair value of identified intangible assets is determined using appropriate valuation techniques which are generally based on a forecast of the total expected future net cash flows of the acquiree. Valuations are highly dependent on the inputs used and assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied. Acquisitions that do not meet the definition of a business combination are accounted for as asset acquisitions. Consideration paid for an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Leases
Cost:	
At December 31, 2019	\$ 1,221,435
Lease termination	(54,530)
Foreign exchange adjustment	112,948
At December 31, 2020	1,279,853
Foreign exchange adjustment	(81,377)
At March 31, 2021	\$ 1,198,476
Depreciation:	
At December 31, 2019	\$ 176,569
Charge for the year	349,367
Adjustment from lease termination	12,576
Foreign exchange adjustment	(12,648)
At December 31, 2020	525,864
Charge for the period	90,606
Foreign exchange adjustment	(33,825)
At March 31, 2021	\$ 582,645
Net book value:	
At December 31, 2020	\$ 753,989
At March 31, 2021	\$ 615,831

The lease liabilities were measured by discounting the lease payments using an incremental borrowing rate of 12%. Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term. Interest expense of \$2,342 (March 31, 2020 - 4,503) is included in interest and bank charges.

Lease Liabilities

At December 31, 2019	\$ 1,042,891
Lease terminated as of December 31, 2020	(41,954)
Lease payments made	(353,167)
Interest expense on lease liabilities	16,056
Foreign exchange adjustment	87,976
At December 31, 2020	751,802
Lease payments made	(87,908)
Interest expense on lease liabilities	2,342
Foreign exchange adjustment	(49,683)
At March 31, 2021	616,553
Less: current portion	(319,497)
Non-Current Portion	\$ 297,056

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

Fiscal 2021	\$ 235,686
Fiscal 2022	298,327
Fiscal 2023	81,453
Fiscal 2024	9,520
Total	\$ 624,986

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6. FIXED ASSETS

	Equipment	Manufacturing Equipment	Leasehold Building Improvements	Office	Other	Total
Costs						
Balance, December 31, 2019	\$ 514,767	\$ 1,834,126	\$ 41,913	\$ 91,532	\$ 71,632	\$ 2,553,970
Additions	20,086	20,394	-	11,083	3,348	54,911
Disposal	(4,222)	-	-	-	-	(4,222)
Transfer	-	-	-	2,319	(2,319)	-
Foreign exchange adjustment	9,565	265,870	755	1,891	1,310	279,391
Balance, December 31, 2020	540,196	2,120,390	42,668	106,825	73,971	2,884,050
Additions	9,854	-	-	3,385	161	13,400
Foreign exchange adjustment	(20,390)	(147,208)	(1,595)	(4,060)	(2,769)	(176,022)
Balance, March 31, 2021	\$ 529,660	\$ 1,973,182	\$ 41,073	\$ 106,150	\$ 71,363	\$ 2,721,428
Accumulated Depreciation						
Balance, December 31, 2019	\$ 126,696	\$ 62,310	\$ 7,069	\$ 15,628	\$ 34,016	\$ 245,719
Charge for the year	58,050	201,681	6,372	17,157	8,721	291,981
Foreign exchange adjustment	1,235	13,271	90	219	286	15,101
Balance, December 31, 2020	185,981	277,262	13,531	33,004	43,023	552,801
Charge for the period	14,727	54,874	1,588	4,375	1,385	76,949
Foreign exchange adjustment	(1,715)	(15,639)	(126)	(308)	(392)	(18,180)
Balance, March 31, 2021	\$ 198,993	\$ 316,497	\$ 14,993	\$ 37,071	\$ 44,016	\$ 611,570
Carrying Value						
Balance, December 31, 2020	\$ 354,215	\$ 1,843,128	\$ 29,137	\$ 73,821	\$ 30,948	\$ 2,331,249
Balance, March 31, 2021	\$ 330,667	\$ 1,656,685	\$ 26,080	\$ 69,079	\$ 27,347	\$ 2,109,858

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7. INTANGIBLE ASSETS

Costs	Patents and Software	Customer List*	IP Rights*	License	Goodwill	Total
Balance, December 31, 2019	\$ 109,104	\$ -	\$ -	\$ 119,476	\$ 71,253	\$ 299,833
Additions	-	183,610	61,203	-	-	244,813
Foreign exchange adjustment	2,135	11,612	3,871	9,495	-	27,113
Balance, December 31, 2020	111,239	195,222	65,074	128,971	71,253	571,759
Foreign exchange adjustment	(4,358)	(13,507)	(4,503)	(6,386)	-	(28,754)
Balance, March 31, 2021	\$ 106,881	\$ 181,715	\$ 60,571	\$ 122,585	\$ 71,253	\$ 543,005

Accumulated Depreciation						
Balance, December 31, 2019	\$ 24,009	\$ -	\$ -	\$ 6,341	\$ -	\$ 30,350
Charge for the year	11,001	13,378	4,459	14,590	-	43,428
Foreign exchange adjustment	223	736	245	1,152	-	2,356
Balance, December 31, 2020	35,233	14,114	4,704	22,083	-	76,134
Charge for the period	2,742	7,546	2,515	3,767	-	16,570
Foreign exchange adjustment	(310)	(972)	(324)	(1,434)	-	(3,040)
Balance, March 31, 2021	\$ 37,665	\$ 20,688	\$ 6,895	\$ 24,416	\$ -	\$ 89,664

Carrying Value						
Balance, December 31, 2020	\$ 76,006	\$ 181,108	\$ 60,370	\$ 106,888	\$ 71,253	\$ 495,625
Balance, March 31, 2021	\$ 69,216	\$ 161,027	\$ 53,676	\$ 98,169	\$ 71,253	\$ 453,341

* In May 2020, the Company entered into a business transfer agreement with rdot AB ("rdot") to acquire customer lists and IP rights in the amount of \$175,080 (Swedish krona 1,200,000) ("Fixed Purchase Price") to be paid in 4 equal instalments on May 18, 2020 ("Closing Date") (paid), August 1, 2020 (paid), November 1, 2020 (paid) and February 1, 2021 (paid). In addition, rdot is entitled to a contingent consideration ("Success Fees") based on the Company's revenue generated from rdot customers during the period May 18, 2020 – May 17, 2023, in the following:

Time period from closing date	Percentage on invoiced sales for rdot customer	Percentage on invoiced sales for Shared customer
Month 1-12	15%	7.5%
Month 13-24	12%	6%
Month 25-36	5%	2.5%

If sales related to rdot/Shared customer were ordered or booked in one of the time periods, but invoiced at a later time period, the Success Fees percentage is calculated using the formula: (year booked percentage + year invoiced percentage)/2. Each instalment of the Success Fees shall be paid within 30 days after the closing of each fiscal quarter.

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

8. 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,	
	2021	2020
Compensation and consulting	\$ 236,552	\$ 127,746
Share-based compensation	13,162	38,885
	\$ 249,714	\$ 166,631

As at March 31, 2021, accounts payable and accrued liabilities include \$60,853 (December 31, 2020 - \$131,579) 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, 2021, the Company received \$19,857 (March 31, 2020 - \$19,857) in rent payments from a company controlled by a director of the Company.

9. SHARE CAPITAL AND RESERVE

Authorized

Unlimited number of Class A common shares without par value.

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

Issued

For the three months ended March 31, 2021:

On January 8, 2021, the Company closed a private placement and issued 12,857,142 units of the Company at \$0.35 per unit for gross proceeds of \$4,500,000 (the "January 2021 Offering"), whereby each unit consists of one Class A common share and one-third of a share purchase warrant of the Company. Each whole warrant, subject to acceleration provision, will be exercisable into an additional Class A common share at an exercise price of \$0.50 for a period of 18 months from the date of issuance. In connection with the offering, the Company paid cash commissions in the aggregate amount of \$62,580 and issued 452,280 finders' units, of which 452,280 finders' Class A common shares were valued at \$158,298 and 150,760 finders' warrants were valued at \$69,779, to eligible finders. The finders' units will bear the same terms and conditions of the units issued with the offering.

During the three months ended March 31, 2021, the Company issued 450,000 Class A common shares in connection with the exercise of 450,000 stock options with a weighted average exercise price of \$0.32 for total proceeds of \$145,600. In addition, the Company issued 7,161,563 Class A common shares in connection with the exercise of 7,161,563 warrants with an exercise price of \$0.60 for total proceeds of \$4,296,938 (see Note 13).

For the year ended December 31, 2020:

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

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9. SHARE CAPITAL AND RESERVE (continued)

Issued (continued)

On May 14, 2020, the Company closed a non-brokered private placement of 7,500,000 Class A common shares of the Company at \$0.20 per common share for gross proceeds of \$1,500,000 (the "May 2020 Offering"). The Company paid finders cash commissions in the aggregate amount of \$23,100 and incurred other expenses of \$8,503 related to the May 2020 Offering. In addition, 252,875 Class A common shares valued at \$50,575 were issued to finders.

On November 11, 2020, the Company issued 7,000 Class A common shares with a value of \$2,415 to the SEA Minority Shareholders (defined below) in exchange for 7,000 common shares of Ynvisible SA.

During the year ended December 31, 2020, the Company issued 487,500 Class A common shares in connection with the exercise of 487,500 stock options with a weighted average exercise price of \$0.31 for total proceeds of \$149,750. In addition, the Company issued 997,505 Class A common shares in connection with the exercise of 997,505 warrants with an exercise price of \$0.60 for total proceeds of \$598,503.

Escrow Shares

As at March 31, 2021, there are nil (December 31, 2020 - 2,238,850) Class A common shares held in escrow as a result of the Company's reverse takeover transaction in 2018. The escrowed shares vest in accordance with a Tier 2 Value Security Escrow Agreement and in accordance with certain performance conditions.

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.

During the year ended December 31, 2019, the Company issued 49,392 Class A common shares with a value of \$18,790 related to the Post-RTO Share Exchange Agreements. During the year ended December 31, 2020, the Company issued 318,400 Class A common shares with a value of \$109,848 related to the squeeze-out transaction and 7,000 Class A common shares with a value of \$2,415 related to the Post-RTO Share Exchange Agreements. As at March 31, 2021, the Company recorded a balance of \$47,809 (December 31, 2020 – \$114,409) 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.

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9. SHARE CAPITAL AND RESERVE (continued)

Stock Options (continued)

In May 2020, the Company granted 325,000 stock options to various employees and a consultant 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. The options were valued at \$83,133, of which \$70,242 was recognized during the year ended December 31, 2020 and \$8,815 was recognized during the three months ended March 31, 2021, using the Black-Scholes pricing model.

In September 2020, the Company granted 300,000 stock options to two officers of the Company at an exercise price of \$0.24 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 \$57,038, of which \$32,374 was recognized during the year ended December 31, 2020 and \$13,161 was recognized during the three months ended March 31, 2021, using the Black-Scholes pricing model.

In September 2020, the Company also granted 215,000 stock options to a consultant of the Company at an exercise price of \$0.25 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 \$42,599, of which \$22,681 was recognized during the year ended December 31, 2020 and \$10,644 was recognized during the three months ended March 31, 2021, using the Black-Scholes pricing model.

In November 2020, the Company granted 625,000 stock options to various consultants of the Company at an exercise price of \$0.285 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 \$136,952, of which \$34,707 was recognized during the year ended December 31, 2020 and \$54,863 was recognized during the three months ended March 31, 2021, using the Black-Scholes pricing model.

In November 2020, the Company granted 75,000 stock options to an employee 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 \$17,663, of which \$3,849 was recognized during the year ended December 31, 2020 and \$7,419 was recognized during the three months ended March 31, 2021, using the Black-Scholes pricing model.

In March 2021, the Company granted 265,000 stock options to various employees and consultants of the Company at an exercise price of \$1.29 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 \$278,814, of which \$19,541 was recognized during the three months ended March 31, 2021, using the Black-Scholes pricing model.

Share-based compensation recognized during the three months ended March 31, 2021 was \$114,444 (March 31, 2020 - \$101,434) from vesting of options. The Company's valuation of share purchase options granted during the period was estimated using the Black-Scholes option pricing model with the following assumptions:

	For the three months ended	
	March 31,	
	2021	2020
Risk-free interest rate	0.99%	1.46% - 1.64%
Expected dividend yield and forfeiture	0%	0%
Expected stock price volatility	110%	107% - 119%
Expected option life in years	5	5

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9. SHARE CAPITAL AND RESERVE (continued)

Stock Options (continued)

During the three months ended March 31, 2021, the Company issued 450,000 Class A common shares in relation to the exercise of 450,000 stock options for total proceeds of \$145,600 and the fair value of \$120,215 attributable to these stock options was transferred from reserves to share capital. The average share price on the date of options exercised was \$1.49 per share. Additionally, 95,000 stock options were cancelled, and the fair value of \$29,079 attributable to these stock options was transferred from reserves to deficit.

During the year ended December 31, 2020, the Company issued 487,500 Class A common shares in relation to the exercise of 487,500 stock options for total proceeds of \$149,750 and the fair value of \$153,741 attributable to these stock options was transferred from reserves to share capital. The weighted average share price on the date of options exercised was \$0.73 per share. Additionally, 515,000 stock options were cancelled, and the fair value of \$162,318 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, 2021		Year Ended December 31, 2020	
	Number of Options	Weighted Average	Number of Options	Weighted Average
	#	Exercise Price \$	#	Exercise Price \$
Outstanding, beginning	5,662,500	0.33	5,125,000	0.33
Granted	265,000	1.29	1,540,000	0.28
Exercised	(450,000)	0.32	(487,500)	0.31
Cancelled	(95,000)	0.36	(515,000)	0.35
Outstanding, end	5,382,500	0.36	5,662,500	0.31

As at March 31, 2021, the following options were granted and vested:

Expiry Date	Weighted Exercise Price (\$)	Number of Options Outstanding	Number of Options Vested and Exercisable	Weighted Remaining Contractual Life (years)
January 19, 2023	0.30	1,425,000	1,425,000	1.81
February 21, 2023	0.40	175,000	175,000	1.90
May 25, 2023	0.30	200,000	200,000	2.15
September 25, 2023	0.31	50,000	50,000	2.49
May 1, 2024	0.37	1,210,000	1,210,000	3.09
October 2, 2024	0.30	347,500	347,500	3.51
December 18, 2024	0.20	300,000	300,000	3.72
May 20, 2025	0.33	195,000	90,000	4.14
September 9, 2025	0.24	300,000	100,000	4.45
September 16, 2025	0.25	215,000	71,666	4.47
November 11, 2025	0.29	625,000	6,250	4.62
November 18, 2025	0.30	75,000	-	4.64
March 17, 2026	1.29	265,000	-	4.96
	0.36	5,382,500	3,975,416	3.19

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9. SHARE CAPITAL AND RESERVE (continued)

Warrants

During the three months ended March 31, 2021, the Company issued the following warrants:

- In connection with the January 2021 Offering, 4,436,451 warrants with an exercise price of \$0.50 per warrant.

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

	Three Months Ended March 31, 2021		Year Ended December 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
	#	\$	#	\$
Outstanding, beginning	7,980,973	0.60	8,978,478	0.60
Issued	4,436,451	0.50	-	-
Exercised	*(7,161,563)	0.60	*(997,505)	0.60
Outstanding, end	5,255,861	0.60	7,980,973	0.60

*For the three months ended March 31, 2021, the weighted average market share price on the date of warrants exercised was \$1.63 (for the year ended December 31, 2020 - \$0.79) per share.

As at March 31, 2021, the following warrants were outstanding:

Expiry Date	Weighted Exercise Price (\$)	Number of Warrants Outstanding	Weighted Remaining Contractual Life (years)
April 17, 2021*	0.60	355,750	0.05
April 17, 2021*	0.60	463,660	0.05
July 8, 2022	0.50	4,436,451	1.78
	0.52	5,255,861	1.51

*In March 2021, the Company elected to exercise its right to accelerate the expiry date of these warrants, of which 507,160 expired unexercised subsequent to March 31, 2021.

10. FAIR VALUES AND RISK MANAGEMENT

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

The Company is exposed to financial risks arising from its financial assets and liabilities. The Company manages its exposure to financial risks by operating in a manner that minimizes its exposure to the extent practical. The main financial risks affecting the Company are:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents are exposed to minimal credit risk. The credit risk on cash and cash equivalents is low because the counterparties are highly rated banks.

Cash and cash equivalents and amounts receivable are subject to the impairment requirements of IFRS 9, however, impairment was not identified. The carrying amount of cash and cash equivalents, amounts receivable and deposits represents the maximum credit exposure.

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10. FAIR VALUES AND RISK MANAGEMENT (continued)

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 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 March 31, 2021, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$144,900 and \$30,000, respectively, change in foreign exchange gain or loss.

11. 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, 2021. The Company is not subject to externally imposed capital requirements.

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12. SEGMENTED DISCLOSURE

The Company has one operating segment, being the development and sale of EC displays in Europe. At March 31, 2021, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

	Europe	Canada	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 2,352,134	\$ 6,254,397	\$ 8,606,531
Amounts receivable	695,997	31,179	727,176
Prepaid expenses	81,832	120,155	201,987
Total current assets	3,129,963	6,405,731	9,535,694
Non-current assets			
Deposits	231,330	14,095	245,425
Right-of-use assets	605,006	10,825	615,831
Fixed assets	2,109,858	-	2,109,858
Intangible assets	382,088	71,253	453,341
Total non-current assets	3,328,282	96,173	3,424,455
Total assets	\$ 6,458,245	\$ 6,501,904	\$ 12,960,149
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 986,168	\$ 162,313	\$ 1,148,481
Current portion of lease liabilities	304,680	14,817	319,497
Deferred project grants	397,886	-	397,886
Total current liabilities	1,688,734	177,130	1,865,864
Non-current liabilities			
Lease liabilities	297,056	-	297,056
Total non-current liabilities	297,056	-	297,056
Total liabilities	\$ 1,985,790	\$ 177,130	\$ 2,162,920
Comprehensive loss for the three months ended March 31, 2021	\$ 762,945	\$ 344,915	\$ 1,107,860

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12. SEGMENTED DISCLOSURE (continued)

At December 31, 2020, the Company's assets, liabilities and comprehensive loss were geographically located as follows:

	Europe	Canada	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 328,754	\$ 1,480,883	\$ 1,809,637
Amounts receivable	448,453	17,839	466,292
Prepaid expenses	85,733	74,066	159,799
Total current assets	862,940	1,572,788	2,435,728
Non-current assets			
Deposits	3,498	14,095	17,593
Right-of-use assets	732,340	21,649	753,989
Fixed assets	2,331,249	-	2,331,249
Intangible assets	424,372	71,253	495,625
Total non-current assets	3,491,459	106,997	3,598,456
Total assets	\$ 4,354,399	\$ 1,679,785	\$ 6,034,184
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 843,174	\$ 442,291	\$ 1,285,465
Current portion of lease liabilities	327,598	24,308	351,906
Deferred project grants	426,456	-	426,456
Total current liabilities	1,597,228	466,599	2,063,827
Non-current liabilities			
Lease liabilities	399,898	-	399,898
Total liabilities	\$ 1,997,126	\$ 466,599	\$ 2,463,725
Comprehensive loss for the year ended December 31, 2020	\$ 2,188,570	\$ 1,331,495	\$ 3,520,065

13. SUBSEQUENT EVENTS

In May 2021, the Company closed a private placement and issued 19,992,003 units of the Company at \$0.61 per unit for gross proceeds of \$12,195,122, whereby each unit consists of one Class A common share and one share purchase warrant of the Company. Each warrant will be exercisable into an additional Class A common share at an exercise price of \$0.76 for a period of 3 years from the date of issuance. In connection with the offering, the Company paid cash commissions in the amount of \$853,658 and issued 999,600 finders' warrants to the finder agent. The finders' warrants will be exercisable into a Class A common share at an exercise price of \$0.61 for a period of 3 years from the date of issuance.

Subsequent to March 31, 2021, the Company issued 675,581 Class A common shares in connection with the exercise of 675,581 warrants with a weighted average exercise price of \$0.52 for total proceeds of \$352,349. In addition, the Company also issued 20,000 Class A common shares in connection with the exercise of 20,000 stock options with an exercise price of \$0.37 for total proceeds of \$7,400.