



**YNVISIBLE INTERACTIVE INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2023 and 2022**

**(Expressed in Canadian Dollars – unaudited)**

# Ynvisible Interactive Inc.

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(Expressed in Canadian Dollars – unaudited)

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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**  
(Expressed in Canadian Dollars – unaudited)

	As at	
	March 31, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 10,893,084	\$ 11,844,266
Amounts receivable	510,411	769,184
Inventories	122,831	61,271
Prepaid expenses	84,406	117,418
<b>Total current assets</b>	<b>11,610,732</b>	<b>12,792,139</b>
<b>Non-current assets</b>		
Deposits	7,030	5,830
Right-of-use assets (Note 5)	238,322	307,429
Fixed assets (Note 6)	1,615,307	1,659,428
Intangible assets (Note 7)	303,639	315,512
<b>Total non-current assets</b>	<b>2,164,298</b>	<b>2,288,199</b>
<b>Total assets</b>	<b>\$ 13,775,030</b>	<b>\$ 15,080,338</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 893,736	\$ 946,067
Current portion of lease liabilities (Note 5)	249,317	308,271
Deferred project grants	42,947	209,716
<b>Total current liabilities</b>	<b>1,186,000</b>	<b>1,464,054</b>
<b>Non-current liabilities</b>		
Lease liabilities (Note 5)	-	9,310
<b>Total liabilities</b>	<b>1,186,000</b>	<b>1,473,364</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	37,532,180	37,532,180
Reserve (Note 9)	2,498,365	3,084,335
Obligation to issue shares (Note 9)	46,084	46,084
Deficit	(27,205,693)	(26,979,750)
Accumulated other comprehensive income	(281,906)	(75,875)
<b>Total shareholders' equity</b>	<b>12,589,030</b>	<b>13,606,974</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 13,775,030</b>	<b>\$ 15,080,338</b>

**Note 1 – Corporate Information and Going Concern**  
**Note 13 – Subsequent Event**

Approved and authorized for issue on behalf of the Board of Directors on May 30, 2023:

"Alexander Helmel"

Director

"Jani-Mikael Kuusisto"

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**  
(Expressed in Canadian Dollars – unaudited)

	Three Months Ended March 31,	
	2023	2022
<b>Revenue</b>		
Sales	\$ 264,895	\$ 185,246
Cost of sales	(59,001)	(63,014)
<b>Gross profit</b>	<b>205,894</b>	<b>122,232</b>
<b>Expenses</b>		
Compensation and consulting (Note 8)	812,498	727,036
Depreciation (Notes 5, 6, and 7)	155,150	159,319
Development and production	202,943	105,473
Interest and bank charges	2,985	3,412
Marketing and promotion	62,109	51,939
Office facilities and services	140,133	124,849
Professional fees	83,538	88,006
Share-based compensation (Notes 8 and 9)	141,837	366,608
Transfer and listing fees	15,456	6,673
Travel and project investigation	40,809	30,795
<b>Total operating expenses</b>	<b>1,657,458</b>	<b>1,664,110</b>
<b>Loss from operations</b>	<b>(1,451,564)</b>	<b>(1,541,878)</b>
<b>Other items</b>		
Rental income	-	63,530
Interest income and other	229,146	36,542
Expenses and losses	(40,964)	(2,830)
Projects grants	76,475	158,921
Gain on forgiveness of debt	-	9,222
Write-off of tangible assets	(6,150)	-
<b>Total other items</b>	<b>258,507</b>	<b>265,385</b>
<b>Net loss for the period</b>	<b>(1,193,057)</b>	<b>(1,276,493)</b>
<b>Other comprehensive income (loss)</b>		
Foreign currency translation adjustment	(206,031)	(255,976)
<b>Comprehensive loss for the period</b>	<b>\$ (1,399,088)</b>	<b>\$ (1,532,469)</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>124,671,915</b>	<b>124,666,915</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**  
(Expressed in Canadian Dollars – unaudited)

	Class A Common Shares			Share subscriptions received	Obligation to issue shares	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Number	Amount	Reserve					
	#	\$	\$					
<b>Balance, December 31, 2021</b>	<b>124,666,915</b>	<b>37,530,455</b>	<b>2,886,382</b>	-	<b>47,809</b>	<b>(22,388,865)</b>	<b>28,271</b>	<b>18,104,052</b>
Share-based compensation	-	-	366,608	-	-	-	-	366,608
Net loss for the period	-	-	-	-	-	(1,276,493)	-	(1,276,493)
Other comprehensive income	-	-	-	-	-	-	(255,976)	(255,976)
<b>Balance, March 31, 2022</b>	<b>124,666,915</b>	<b>37,530,455</b>	<b>3,252,990</b>	-	<b>47,809</b>	<b>(23,665,358)</b>	<b>(227,705)</b>	<b>16,938,191</b>
Shares issued in exchange for Ynvisible, S.A. shares	5,000	1,725	-	-	1,725	-	-	-
Stock options cancelled	-	-	(448,459)	-	-	518,239	-	69,780
Share-based compensation	-	-	349,583	-	-	-	-	349,583
Warrants expired	-	-	(69,779)	-	-	-	-	(69,779)
Net loss for the period	-	-	-	-	-	(3,832,631)	-	(3,832,631)
Other comprehensive loss	-	-	-	-	-	-	151,830	151,830
<b>Balance, December 31, 2022</b>	<b>124,671,915</b>	<b>37,532,180</b>	<b>3,084,335</b>	-	<b>46,084</b>	<b>(26,979,750)</b>	<b>(75,875)</b>	<b>13,606,974</b>
Stock options cancelled	-	-	(727,807)	-	-	967,114	-	239,307
Share-based compensation	-	-	141,837	-	-	-	-	141,807
Net loss for the period	-	-	-	-	-	(1,193,057)	-	(1,193,057)
Other comprehensive loss	-	-	-	-	-	-	(206,031)	(206,031)
<b>Balance, March 31, 2023</b>	<b>124,671,915</b>	<b>37,532,180</b>	<b>2,498,365</b>	-	<b>46,084</b>	<b>(27,205,693)</b>	<b>(281,906)</b>	<b>12,589,030</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**  
(Expressed in Canadian Dollars – unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating activities</b>		
Net loss for the period	\$ (1,193,057)	\$ (1,276,493)
<i>Items not involving the use of cash:</i>		
Depreciation	155,150	159,319
Depreciation included in Cost of Sales	5,690	5,959
Share-based compensation	141,837	366,608
<i>Changes in working capital items:</i>		
Amounts receivable	258,773	56,091
Inventories	(61,560)	16,242
Prepaid expenses	33,012	9,860
Accounts payable and accrued liabilities	(52,331)	(47,202)
Deferred project grants	(166,769)	(69,500)
<b>Cash used in operating activities</b>	<b>(879,255)</b>	<b>(779,116)</b>
<b>Investing activities</b>		
Purchase of fixed assets	(13,975)	(39,067)
Purchase of intangible assets	(1,092)	(1,853)
Deposits	(1,200)	(514)
<b>Cash used in investing activities</b>	<b>(16,267)</b>	<b>(41,434)</b>
<b>Financing activities</b>		
Repayment of lease liabilities	(69,789)	(73,888)
<b>Cash provided by financing activities</b>	<b>(69,789)</b>	<b>(73,888)</b>
<b>Effect of foreign exchange</b>	<b>14,129</b>	<b>(136,895)</b>
<b>Net change in cash</b>	<b>(951,182)</b>	<b>(1,031,333)</b>
<b>Cash, beginning of period</b>	<b>11,844,266</b>	<b>16,107,403</b>
<b>Cash, end of period</b>	<b>\$ 10,893,084</b>	<b>\$ 15,076,070</b>
<b>Non-cash transactions</b>		
Reclassification of stock options cancelled	\$ (727,807)	\$ -

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, 2023 and 2022**  
**(Expressed in Canadian Dollars Unless Otherwise Noted – unaudited)**

**1. CORPORATE INFORMATION**

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 displays (“ECDs”). The Company’s shares trade on the TSX Venture Exchange (“TSXV”) under the symbol “YNV”, on the OTCQB under the symbol “YNVYF”, and on the FSE under the symbol “1XNA”.

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, 2023, the Company incurred a net loss of \$1,193,057 (March 31, 2022 - \$1,276,493) and as at March 31, 2023, had an accumulated deficit of \$27,487,599 (March 31, 2022 - \$23,665,358).

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. 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, have 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, 2022 and 2021.

***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.

**YNVISIBLE INTERACTIVE INC.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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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. 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 condensed interim consolidated financial statements in conformity with IFRS, management undertakes a number of judgments, estimates and assumptions about the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

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

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

**ACCOUNTING ESTIMATES**

- a. The amounts disclosed related to fair values of stock options and warrants issued are based on estimates of future volatility of the Company's share price, expected lives of the options and expected dividends.
- b. The application of IFRS 16 requires the Company to make judgments that affect the measurement of the right-of-use assets and 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 incremental borrowing rate, observed in the period when the lease agreement commences or is modified.
- c. Depreciation of tangible and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. 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.
- d. The amounts receivable balance is recorded at the estimated recoverable amount, which involves the estimate of uncollectible accounts.

**CRITICAL JUDGMENTS**

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 exists requires significant management judgment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When an individual asset does not generate independent cash flows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**YNVISIBLE INTERACTIVE INC.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months ended March 31, 2023 and 2022  
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**5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Right-of-Use Assets

	<b>Leases</b>
<b>Cost:</b>	
At December 31, 2021	\$ 1,183,316
Lease modification	234,595
Foreign exchange adjustment	(171,181)
At December 31, 2022	1,246,730
Foreign exchange adjustment	8,172
<b>At March 31, 2023</b>	<b>\$ 1,254,902</b>
<b>Depreciation:</b>	
At December 31, 2021	\$ 811,335
Charge for the year	276,636
Foreign exchange adjustment	(148,670)
At December 31, 2022	939,301
Charge for the period	70,460
Foreign exchange adjustment	6,819
<b>At March 31, 2023</b>	<b>\$ 1,016,580</b>
<b>Net book value:</b>	
At December 31, 2022	\$ 307,429
<b>At March 31, 2023</b>	<b>\$ 238,322</b>

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

Lease Liabilities

At December 31, 2021	\$ 371,365
Lease payments made	(276,850)
Interest expense on lease liabilities	5,614
Foreign exchange adjustment	217,452
At December 31, 2022	317,581
Lease payments made	(71,035)
Interest expense on lease liabilities	1,246
Foreign exchange adjustment	1,525
<b>At March 31, 2023</b>	<b>249,317</b>
Less: current portion	(249,317)
<b>Non-Current Portion</b>	<b>\$ -</b>

The lease liabilities were measured by discounting the lease payments using an incremental borrowing rate of 12%. Interest expense of \$1,246 (March 31, 2022 - \$1,501) is included in interest and bank charges.

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

Fiscal 2023	\$ 239,847
Fiscal 2024	9,470
<b>Total</b>	<b>\$ 249,317</b>

**YNVISIBLE INTERACTIVE INC.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months ended March 31, 2023 and 2022  
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**6. FIXED ASSETS**

	Equipment	Manufacturing Equipment	Leasehold Building Improvements	Office	Other	Total
<b>Costs</b>						
Balance, December 31, 2021	\$ 586,839	\$ 1,918,779	\$ 39,685	\$ 152,985	\$ 65,931	\$ 2,764,219
Additions	31,576	-	-	27,315	2,835	61,726
Disposal	-	-	-	(1,321)	(2,359)	(3,680)
Foreign exchange adjustment	(27,700)	(79,670)	31,694	(8,438)	14,683	(69,430)
Balance, December 31, 2022	590,715	1,839,109	71,379	170,541	81,090	2,752,835
Additions	8,745	-	-	5,230	-	13,975
Foreign exchange adjustment	(2,595)	(21,914)	74	12,953	(14,274)	(25,757)
<b>Balance, March 31, 2023</b>	<b>\$ 596,865</b>	<b>\$ 1,817,195</b>	<b>\$ 71,453</b>	<b>\$ 188,724</b>	<b>\$ 66,816</b>	<b>\$ 2,741,053</b>
<b>Accumulated Depreciation</b>						
Balance, December 31, 2021	\$ 213,653	\$ 462,244	\$ 18,807	\$ 54,032	\$ 39,914	\$ 788,650
Charge for the year	62,715	167,061	8,389	23,603	4,971	266,739
Foreign exchange adjustment	7,545	26,629	617	(11,403)	14,630	38,018
Balance, December 31, 2022	283,913	655,934	27,813	66,232	59,515	1,093,407
Charge for the period	17,237	43,260	2,355	6,981	1,255	71,088
Foreign exchange adjustment	(7,774)	(27,008)	(649)	11,328	(14,646)	(38,749)
<b>Balance, March 31, 2023</b>	<b>\$ 293,376</b>	<b>\$ 672,186</b>	<b>\$ 29,519</b>	<b>\$ 84,541</b>	<b>\$ 46,124</b>	<b>\$ 1,125,746</b>
<b>Carrying Value</b>						
Balance, December 31, 2022	\$ 306,802	\$ 1,183,175	\$ 43,566	\$ 104,309	\$ 21,575	\$ 1,659,428
<b>Balance, March 31, 2023</b>	<b>\$ 303,489</b>	<b>\$ 1,145,009</b>	<b>\$ 41,933</b>	<b>\$ 104,183</b>	<b>\$ 20,692</b>	<b>\$ 1,615,307</b>

**YNVISIBLE INTERACTIVE INC.**  
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For the Three Months ended March 31, 2023 and 2022  
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**7. INTANGIBLE ASSETS**

<b>Costs</b>	<b>Patents and Software</b>		<b>Customer List</b>		<b>IP Rights</b>		<b>License</b>		<b>Goodwill</b>		<b>Total</b>	
Balance, December 31, 2021	\$	114,599	\$	164,349	\$	51,136	\$	140,100	\$	71,253	\$	541,437
Additions		-		5,049		-		-		-		5,049
Foreign exchange adjustment		2,613		(7,096)		(1,779)		(24,001)		-		(30,263)
Balance, December 31, 2022		117,212		162,302		49,357		116,099		71,253		516,223
Additions		-		1,092		-		-		-		1,092
Foreign exchange adjustment		(1,723)		(1,577)		(881)		11,584		-		7,403
<b>Balance, March 31, 2023</b>	<b>\$</b>	<b>115,489</b>	<b>\$</b>	<b>161,817</b>	<b>\$</b>	<b>48,476</b>	<b>\$</b>	<b>127,683</b>	<b>\$</b>	<b>71,253</b>	<b>\$</b>	<b>524,718</b>
<b>Accumulated Depreciation</b>												
Balance, December 31, 2021	\$	44,057	\$	41,058	\$	13,633	\$	55,234	\$	-	\$	153,982
Charge for the year		9,025		28,228		8,612		12,900		-		58,765
Foreign exchange adjustment		2,784		2,663		883		(18,366)		-		(12,036)
Balance, December 31, 2022		55,866		71,949		23,128		49,768		-		200,711
Charge for the period		2,058		7,271		2,161		(3,238)		-		8,252
Foreign exchange adjustment		(2,756)		(2,636)		(874)		18,382		-		12,116
<b>Balance, March 31, 2023</b>	<b>\$</b>	<b>55,168</b>	<b>\$</b>	<b>76,584</b>	<b>\$</b>	<b>24,415</b>	<b>\$</b>	<b>64,912</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>221,079</b>
<b>Carrying Value</b>												
Balance, December 31, 2022	\$	61,346	\$	90,353	\$	26,229	\$	66,331	\$	71,253	\$	315,512
<b>Balance, March 31, 2023</b>	<b>\$</b>	<b>60,321</b>	<b>\$</b>	<b>85,233</b>	<b>\$</b>	<b>24,061</b>	<b>\$</b>	<b>62,770</b>	<b>\$</b>	<b>71,253</b>	<b>\$</b>	<b>303,639</b>

**YNVISIBLE INTERACTIVE INC.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the Three Months ended March 31, 2023 and 2022  
(Expressed in Canadian Dollars Unless Otherwise Noted – unaudited)

**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,	
	2023	2022
Compensation and consulting	\$ 139,875	\$ 187,860
Share-based compensation	48,231	51,204
	<b>\$ 188,106</b>	<b>\$ 239,064</b>

As at March 31, 2023, accounts payable and accrued liabilities include \$29,015 (December 31, 2022 - \$11,611) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured and have no specified terms of repayment.

**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, 2023:* The Company had no share capital activity.

*For the year ended December 31, 2022:*

*In April 2022, the Company issued 5,000 Class A common shares to the SEA Minority Shareholders (defined below) in exchange for 5,000 common shares of Ynvisible SA.*

**Obligation to Issue Shares**

On November 9, 2018, the Board of Directors of the Company approved the issuance of up to 1,032,496 Class A common shares of the Company (the “SEA Shares”) to certain Ynvisible SA minority shareholders (the “SEA Minority Shareholders”) pursuant to the terms of share exchange agreements (the “Post-RTO Share Exchange Agreements”) between the Company and the SEA Minority Shareholders. The Board of Directors corrected the number of SEA Shares being issued to the SEA Minority Shareholders to 1,022,496 on September 4, 2019.

On September 4, 2019, the Company implemented a squeeze-out transaction, as per the applicable Portuguese law, pursuant to the RTO transaction, whereby the Company acquired the remaining 499,369 shares of Ynvisible SA, on a one-for-one basis for the Class A common shares of the Company, held by certain minority shareholders of Ynvisible SA (the “Squeeze-Out Minority Shareholders”). Accordingly, the Company recorded an obligation to issue 499,369 Class A common shares with a fair value of \$172,282, which has been reported as RTO transaction costs. As a result of the squeeze-out transaction, the Company now owns 100% of Ynvisible SA.

As at March 31, 2023, the Company recorded \$46,084 (December 31, 2022 - \$46,084) for obligation to issue shares.

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**9. SHARE CAPITAL AND RESERVE - continued**

***Stock Options***

The Company has a rolling 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 April 2022, the Company granted 20,000 stock options to an employee at an exercise price of \$0.225 per share for a period of five years, vesting as follows: 1/3rd at twelve months from the date of grant, 1/3rd at twenty-four months from the date of grant, and 1/3 at thirty-six months from the date of grant. The options were valued at \$3,797 using the Black-Scholes option pricing model.

In July 2022, the Company granted 2,680,000 stock options to various directors, officers, consultants, and employees at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$254,910 using the Black-Scholes option pricing model. In addition, the Company granted 25,000 stock options to a provider of investor relations services at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at three months from the date of grant, 1/4th at six months from the date of grant, 1/4th at nine months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$2,378 using the Black-Scholes option pricing model.

In September 2022, the Company granted 55,000 stock options to various consultants at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$6,308 using the Black-Scholes option pricing model.

In February 2023, the Company granted 2,427,500 stock options to various directors, officers, consultants, and employees at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$162,856 using the Black-Scholes option pricing model. In addition, the Company granted 25,000 stock options to a provider of investor relations services at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at three months from the date of grant, 1/4th at six months from the date of grant, 1/4th at nine months from the date of grant, and 1/4th at twelve months from the date of grant.

In March 2023, the Company granted 20,000 stock options to employees at an exercise price of \$0.20 per share for a period of five years, vesting as follows: 1/4th at the date of grant, 1/4th at four months from the date of grant, 1/4th at eight months from the date of grant, and 1/4th at twelve months from the date of grant. The options were valued at \$1,174 using the Black-Scholes option pricing model.

Share-based compensation recognized during the three months ended March 31, 2023 was \$141,837 (March 31, 2022 - \$366,608) from vesting of options.

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

**Stock Options (continued)**

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,	
	2023	2022
Risk-free interest rate	3.29%	-
Expected dividend yield and forfeiture	0%	-
Expected stock price volatility	118%	-
Expected option life in years	5 Years	-
Exercise price	0.20	-
Spot price	0.09	-

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

	Three Months Ended March 31, 2023		Year Ended December 31, 2022	
	Number of Options #	Weighted Average Exercise Price \$	Number of Options #	Weighted Average Exercise Price \$
Outstanding, beginning	9,472,500	0.47	8,952,500	0.47
Granted	2,472,500	0.20	2,780,000	0.20
Cancelled/Forfeited	(2,045,000)	0.37	(2,260,000)	0.58
<b>Outstanding, ending</b>	<b>9,900,000</b>	<b>0.47</b>	<b>9,472,500</b>	<b>0.39</b>

As at March 31, 2023, the following options were granted and vested:

Expiry Date	Weighted Average Exercise Price (\$)	Number of Options Outstanding	Number of Options Vested and Exercisable	Weighted Remaining Contractual Life (years)
May 25, 2023*	0.30	100,000	100,000	0.15
May 1, 2024	0.37	1,010,000	1,010,000	1.09
October 2, 2024	0.30	177,500	177,500	1.51
May 20, 2025	0.33	195,000	195,000	2.14
September 16, 2025	0.25	215,000	215,000	2.47
November 11, 2025	0.29	125,000	125,000	2.62
March 17, 2026	1.29	40,000	40,000	2.96
June 3, 2026	0.63	100,000	100,000	3.18
July 1, 2026	0.75	1,515,000	504,999	3.25
July 22, 2026	0.62	80,000	26,667	3.31
August 26, 2026	0.55	250,000	250,000	3.41
October 20, 2026	0.44	370,000	123,333	3.56
December 7, 2026	0.32	500,000	166,666	3.69
April 13, 2027	0.23	20,000	-	4.04
July 20, 2027	0.20	2,705,000	2,022,500	4.31
September 22, 2027	0.20	25,000	12,500	4.48
February 24, 2028	0.20	2,452,500	606,875	4.91
March 28, 2028	0.20	20,000	5,000	5.00
	<b>0.35</b>	<b>9,900,000</b>	<b>5,681,040</b>	<b>3.66</b>

\*Subsequently expired See Note 13.

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

**Warrants**

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

	<b>Three Months Ended March 31, 2023</b>		<b>Year Ended December 31, 2022</b>	
	Number of Warrants #	Weighted Average Exercise Price \$	Number of Warrants #	Weighted Average Exercise Price \$
Outstanding, beginning	20,891,603	0.75	24,898,057	0.71
Expired	-	-	(4,006,454)	0.50
<b>Outstanding, end</b>	<b>20,891,603</b>	<b>0.75</b>	<b>20,891,603</b>	<b>0.75</b>

As at March 31, 2023, the following warrants were outstanding:

<b>Expiry Date</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Number of Warrants Outstanding</b>	<b>Weighted Remaining Contractual Life (years)</b>
May 18, 2024	0.76	19,892,003	1.13
May 18, 2024	0.61	999,600	1.13
	<b>0.75</b>	<b>20,891,603</b>	<b>1.13</b>

**10. FAIR VALUES AND RISK MANAGEMENT**

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

The Company 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.

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

**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.

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

***Market Risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises: currency risk, interest rate risk and other price risk. The Company's management of market risk has not changed materially from that of the prior year and the Company's financial instruments aren't subject to other price risk.

***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to minimal interest rate risk as the Company invests cash at floating rates of interest in highly liquid instruments, when applicable.

***Currency Risk***

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, 2023, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$101,453 and \$69,806, 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, 2023. 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 ECDs in Europe. At March 31, 2023, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

	Europe	Canada	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 1,824,493	\$ 9,068,591	\$ 10,893,084
Amounts receivable	448,134	62,277	510,411
Inventories	122,831	-	122,831
Prepaid expenses	39,723	44,683	84,406
<b>Total current assets</b>	<b>2,435,181</b>	<b>9,175,551</b>	<b>11,610,732</b>
<b>Non-current assets</b>			
Deposits	7,030	-	7,030
Right-of-use assets	238,322	-	238,322
Fixed assets	1,615,307	-	1,615,307
Intangible assets	232,386	71,253	303,639
<b>Total non-current assets</b>	<b>2,093,045</b>	<b>71,253</b>	<b>2,164,298</b>
<b>Total assets</b>	<b>\$ 4,528,226</b>	<b>\$ 9,246,804</b>	<b>\$ 13,775,030</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 629,920	\$ 263,816	\$ 893,736
Current portion of lease liabilities	249,317	-	249,317
Deferred project grants	42,947	-	42,947
<b>Total current liabilities</b>	<b>922,184</b>	<b>263,816</b>	<b>1,186,000</b>
<b>Total liabilities</b>	<b>\$ 922,184</b>	<b>\$ 263,816</b>	<b>\$ 1,186,000</b>
<b>Comprehensive loss for the three months ended March 31, 2023</b>	<b>\$ 1,184,436</b>	<b>\$ 214,652</b>	<b>\$ 1,399,088</b>

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**12. SEGMENTED DISCLOSURE (continued)**

At December 31, 2022, the Company's assets, liabilities and comprehensive loss were geographically located as follows:

	Europe	Canada	Total
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 917,957	\$ 10,926,309	\$ 11,844,266
Amounts receivable	732,019	37,165	769,184
Inventories	61,271	-	61,271
Prepaid expenses	73,622	43,796	117,418
<b>Total current assets</b>	<b>1,784,869</b>	<b>11,007,270</b>	<b>12,792,139</b>
<b>Non-current assets</b>			
Deposits	5,830	-	5,830
Right-of-use assets	307,429	-	307,429
Fixed assets	1,659,428	-	1,659,428
Intangible assets	244,259	71,253	315,512
<b>Total non-current assets</b>	<b>2,216,946</b>	<b>71,253</b>	<b>2,288,199</b>
<b>Total assets</b>	<b>\$ 4,001,815</b>	<b>\$ 11,078,523</b>	<b>\$ 15,080,338</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$ 723,230	\$ 222,837	\$ 946,067
Current portion of lease liabilities	308,271	-	308,271
Deferred project grants	209,716	-	209,716
<b>Total current liabilities</b>	<b>1,241,217</b>	<b>222,837</b>	<b>1,464,054</b>
<b>Non-current liabilities</b>			
Lease liabilities	9,310	-	9,310
<b>Total non-current liabilities</b>	<b>9,310</b>	<b>-</b>	<b>9,310</b>
<b>Total liabilities</b>	<b>\$ 1,250,527</b>	<b>\$ 222,837</b>	<b>\$ 1,473,364</b>
<b>Comprehensive loss for the year ended December 31, 2022</b>	<b>\$ 3,891,652</b>	<b>\$ 1,321,618</b>	<b>\$ 5,213,270</b>

**13. SUBSEQUENT EVENT**

In May 2023, 100,000 options with an exercise price of \$0.30 expired unexercised. (Note 9)