

YNVISIBLE INTERACTIVE INC.**MANAGEMENT DISCUSSION AND ANALYSIS****YEAR ENDED DECEMBER 31, 2019****Date of Report: June 1, 2020**

The following management discussion and analysis (“MD&A”) of the financial position and results of operations for Ynvisible Interactive Inc. (the “Company” or “Ynvisible”) should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto for the years ended December 31, 2019 and 2018. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company’s activities can be found on SEDAR at www.sedar.com.

Overall Performance

Ynvisible Interactive Inc. is a public company listed on the TSX Venture Exchange under the trading symbol “YNV”. On January 11, 2018, the Company changed its name from Network Exploration Ltd. to Ynvisible Interactive Inc. and on January 19, 2018 (see news release dated January 19, 2018) the Company completed its reverse take-over transaction (“RTO”) with YD Ynvisible, S.A. (“YD Ynvisible”), whereby it acquired 94.19% of its issued and outstanding common shares. The Company’s consolidated financial statements for the years ended December 31, 2019 and 2018 have been prepared on a continuity of interest basis that present the comparative results of YD Ynvisible prior to the RTO.

Ynvisible aims to be a leading company in the emerging printed electronics sector. Printed electronics use new materials with electronic properties that are processable into inks and can be printed into thin layers (using conventional print house equipment) onto flexible materials, such as plastic and paper.

Ynvisible's proprietary electrochromic displays can be the face of smart labels and other smart printable surfaces. Ynvisible's displays use almost no power. They are ultra-low weight, microscopically thin, flexible, yet robust. When combined with various sensors, they bring functionality and life to smart products. Given the cost and power consumption advantages over conventional electronics, printed electronics are a key enabler of mass adoption of the Internet of Things (IoT). Electrochromics-based smart labels offer simple, non-obtrusive human interfaces to smart IoT objects.

Ynvisible's mix of services, materials, and technology is a unique combination, which is gaining traction among brand owners developing their IoT products for a huge market in its infancy. Since Ynvisible's displays are printed, product designers can easily adapt electrochromics to the desired product design and required user experience.

The address of the Company's head office and principal place of business is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6, and the registered and records office is located at 1500 – 1005 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7. The Company maintains a website at www.ynvisible.com.

The Company's ability to continue as a going concern, to fund its technology and market development and to ensure adequate working capital is dependent upon achieving profitable operations or upon obtaining sufficient additional financing. These factors may cast significant doubt on the Company's ability to continue as a going concern. While the Company is expanding its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Corporate Activities

In January 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.

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").

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, vested 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.

In May 2019, the Company cancelled a total of 200,000 stock options held by a director.

In June 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.

In August 2019, Ynvisible announced that it had acquired 100% of the common shares of Ynvisible Production AB ("Ynvisible Production" and formerly Consensum Production AB). See "Business Highlights and Year in Review 2019 – Acquisition of Ynvisible Production AB" below for further details regarding the acquisition.

In August 2019, the Company appointed Petteri Strömberg as Head of Product Management of the Company.

In September 2019, the Company appointed Tommy Höglund as Vice President of Sales & Marketing of the Company.

In September 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 YD Ynvisible, on a one-for-one basis for the Class A common shares of the Company, held by certain Minority Shareholders of YD Ynvisible. 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 YD Ynvisible.

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.

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.

Business Highlights for Q4 2019

Renaming of Consensum Production AB to Ynvisible Production AB

During the fourth quarter, Ynvisible renamed its wholly-owned Swedish subsidiary Consensum Production AB to Ynvisible Production AB. The Linköping Sweden based high-volume roll-to-roll contract manufacturing services company, specializing in printed electrochromic (EC) devices and related printed electronics (PE) technologies, was acquired by Ynvisible in Q3/2019.

Ynvisible Production sells pilot and scale production, and facilitates transfer services to ultra-high scale third-party manufacturing partners. In addition to manufacturing printed displays, Ynvisible Production sells its roll-to-roll production capacity and in-line quality control capability to early-stage printed electronics developments.

On November 4, 2019, Tommy Höglund joined Ynvisible's management team as Vice President of Sales & Marketing, and Managing Director of Ynvisible Production AB.

Ynvisible hosted an Open House at Ynvisible Production on November 13, 2019. Local clients Epishine AB and Invisense AB took part in the event and demonstrated their technologies. Epishine and Ynvisible showcased their first joint demonstrator, in which Epishine's solar modules power Ynvisible's displays. This solar-powered display demonstrator was featured prominently on the November cover of Organic & Printed Electronics Journal – a leading industry publication.

Partnerships for Consumer Markets & NFC Smart Sensors

On October 22, 2019, Ynvisible announced that **Electroninks**, a market leader in educational consumer electronics, is integrating Ynvisible's electrochromic displays into the Circuit Scribe product line. Circuit Scribe Kits are aimed at consumer markets, including designers, makers, students, and electronics hobbyists.

Circuit Scribe is well-known within educational STEM curricula and within the Maker community. Ynvisible's 7-segment modular electrochromic displays will be offered as a component of kits, which are used in schools and households around the world. The partnership provides a unique opportunity for users around the world to familiarize themselves with the value of Ynvisible displays in a fun and interactive way. Ynvisible and Electroninks are exploring product expansion.

On December 10, 2019, Ynvisible announced a partnership with **Identiv, Inc.** ("Identiv") (NASDAQ: INVE), a global leader in designing and manufacturing Radio Frequency Identification (RFID) and Near Field Communication (NFC) technology solutions. The partnership seeks to combine Ynvisible's electrochromic (EC) displays with Identiv's award-winning uTrust Sense Temperature Tracker products.

Identiv has designed the latest iteration and functionality of this industry-leading product line by incorporating Ynvisible's EC display and technology. The partnership makes it possible to instantly visually identify the NFC smart sensors (or labels) that have experienced temperatures outside the allowed temperature range and require immediate attention.

Sales of Production Upscaling and Contract Manufacturing Services

On October 10, 2019, Ynvisible announced a manufacturing agreement with **Invisense AB** ("Invisense"), a world technological leader for passive humidity sensors; Ynvisible Production AB is the preferred manufacturing partner for Invisense's growing range of sensor products. Ynvisible scaled roll-to-roll production and enabled the delivery of Invisense's humidity sensor to the EU and USA construction, consumer market and retail operations (www.sldeurope.com).

On November 7, 2019 Ynvisible announced a second order from Invisense for the production of a novel moisture sensor for the construction industry that continuously measures concrete moisture levels during the dry-out phase, enabling critical quality monitoring and safety. First deliveries were made in December 2019. Ynvisible and Invisense are working together to develop new products and manufacturing processes, and to apply these joint product solutions across industries and supply chains.

On November 7, 2019, Ynvisible announced the sale of contract manufacturing services to **Epishine AB** (“Epishine”), a world technological leader for organic photovoltaic (OPV) solar energy harvesting devices, enabling Epishine’s recurring purchase of Ynvisible Production’s roll to roll manufacturing. Epishine and Ynvisible are further partnering to combine Ynvisible’s printed electronic displays for high volume, reproducible, sustainable, and saleable Internet of Things (“IoT”) products.

Marketing & Other Media Coverage Highlights

Main marketing actions for the Company in Q4 included:

- **InPrint** – November 12-14. Ynvisible promoted its recently launched first electrochromic ink kit product for sale to industrial and academic R&D groups.
- **IDTechEx Printed Electronics USA** - November 20-21. CEO Jani-Mikael Kuusisto’s speech was titled “Printed Electrochromics Today, Ultra-Low-Power Displays from RFID Labels to Everyday Smart Objects.” On its exhibition booth the Company had on display several printed electronic display samples and end-product demonstrators, and initiated several new client leads.
- **LD Micro** - December 10-12. CEO Jani-Mikael Kuusisto spoke to on-line investor media Proactiveinvestors.com and SNN Network. These interviews are promoted on Ynvisible’s YouTube channel.
- **RFID Journal** - December 11, 2019, following the announcement with Identiv, the world’s leading source of RFID news and insights, wrote an article on Ynvisible with the title, “Smart Display Solution Finds a Match in RFID.” The article covered Ynvisible and benefits of the printed visual RFID tags/displays in places where RFID reads are inconvenient or impossible.

Strengthening of Board of Directors with FMCG & Printed Electronics Industry Experts

On November 21, 2019, Ynvisible announced the appointment of Michael Robinson and Leif Ljungqvist as new independent members of its Board of Directors.

Michael Robinson is currently Director of Open Innovation & Business Development for Packaging Innovation at L’Oréal USA. His role at L’Oréal centers on technology scouting & strategy, business development, and integrating business and design best practices to accelerate and launch new packaging, products, and experiences. To support Ynvisible’s growth, Mr. Robinson brings his experience in Luxury and FMCG markets, skill integrating business and design processes and know-how bringing innovation to market. He has previously worked at Hasbro Toys, Bliss World LLC, and Colgate-Palmolive. Mr. Robinson is an Industrial Designer by training, graduated from Rochester Institute of Technology. He holds multiple US and EU patents.

Leif Ljungqvist has extensive executive and senior management leadership experience, as well as governance and executive compensation expertise. He has particular expertise in strategy and operations in printed electronics. Before Ynvisible's acquisition, Mr. Ljungqvist was Chairman of Consensum Production AB. Previously, he has been the CEO of Acreo Swedish ICT AB, which is now a part of RISE (Research Institute of Sweden) and the manager of the ICT division at RISE with approximately 500 employees. Mr. Ljungqvist is currently also a Board Member in Ligna Energy AB. He has held several other executive and board positions in start-ups and large organizations, including but not limited to the manager for the distribution of Schwarzkopf Sweden, Photonic Sweden, Strand Interconnect, and DP Patterning. Mr. Ljungqvist brings more than 20 years of experience in electronics hardware design, manufacture, and sales and marketing. He has built organizations for profitable growth.

At the same time, Ynvisible announced that Martin Burian and Dr. Inês Henriques have stepped down from the board. Dr. Henriques continues in the executive management team of Ynvisible, focusing on her role as COO.

Business Highlights & Year in Review 2019

Ynvisible's client base grew in 2019. The Company introduced its first ynvisible-branded ink kit product and expanded the Company's services offering and operations into roll-to-roll printed electronics.

Ynvisible entered 2019 with the following key targets and milestones for the year:

- i) Develop and scale up the Company's patented printed electronic display technology platform toward "roll to roll" high volume manufacturing
- ii) Develop ynvisible-branded products, including tools for product designers and new inks for printed electrochromics; and
- iii) Grow the company's client base and launch prototypes with clients.

Operational targets and performance criteria within the Company measured revenue growth from client projects and the increase in visibility for Ynvisible and awareness of the Company's patented interactive printed graphics solutions. Several of these milestones and operational targets were met. The main achievements for the year are highlighted below.

Toward Printed Electronics Mass Production – Acquisition of Ynvisible Production AB

With the acquisition of Consensum Production AB in August, 2019 (renamed Ynvisible Production AB), Ynvisible was immediately able to expand its services offering in printed electrochromics as well as to other complementing printed electronic components and systems. The acquisition accelerated customer developments and boosted sales in the last 4 months of 2019.

The strategic acquisition was driven by:

- 1) Customer demand for roll-to-roll printable electrochromic devices as a cost-effective means to integrate the displays into otherwise roll-produced smart products and IoT devices,
- 2) Value-adding integration to Ynvisible's existing research, design, engineering and production services.

Ynvisible is now also more closely connected to the globally leading Nordic printed intelligence eco-systems and has direct access to suppliers, complementary products and services, and world-class technical expertise.

Expansion of Revenue Sources, Introduction of First Products

Prior to 2019, the Company had established three sources of client revenue:

- Provision of tailored electrochromic device R&D services
- Provision of printed electronics and printed electrochromics design and prototyping services
- Provision of production services in sheet-to-sheet format

In 2019, Ynvisible Production AB expanded revenue sources to include:

- Production piloting
- Contract manufacturing services
- Technology transfer services

Today, Ynvisible offers a full palette of value-adding services that help clients get started with printed electrochromics and incorporate Ynvisible's proprietary interactive printed graphics solutions into their smart products and IoT devices.

The Company is developing a portfolio of proprietary products built around Ynvisible's core printed electrochromics technology platform and may in parts be complemented with in-licensed or acquired technologies. The Company's product vision includes tools for designers, inks and process parameters for manufacture, quality control systems, plus technology transfer and out-licensing.

In Q2, Company introduced its first "ynvisible Ink Kit" aimed at industrial and academic R&D groups. First sales were generated and the Company built partnerships to expand and scale its inks business.

The Company invested in Product Management talent and systems. The aim is to build a more focused, product-centered approach to business and enabling speed to revenue.

On September 2019, the Company appointed Petteri Strömberg as Head of Product Management. Mr. Strömberg has over 15 years of product development and product portfolio management experience in the RFID/smart labels industry.

Marketing - Increased Awareness and Visibility

The central theme in Ynvisible's marketing for 2019 was to build visibility and awareness of the Company and its interactive printed graphics solutions.

The Company refined its marketing, sales and customer support processes to more effectively handle the increasing number of client requests and to accelerate time to market. A new CRM system was adopted. The Company directed its business development focus into three arenas with so far proven strongest interest and market pull for Ynvisible's interactive printed graphics solutions:

- Logistics & retail (smart labels)
- Premium consumer products
- Health & wellness

Marketing highlights for the year included:

- Booth and/or speeches at trade shows and industry conferences:
 - Consumer Electronics Show (CES) in Las Vegas, Nevada
 - OPE-MENA, in Dubai, United Arab Emirates
 - IDTechEx Printed Electronics Europe Show, in Berlin, Germany
 - PrintoCent Rapid Diagnostics seminar and PrintoCent INNOFEST, in Oulu, Finland
 - InPrint in Munich, Germany
 - IDTechEx Printed Electronics USA show in Santa Clara, California

- Open house events and seminars:
 - Ynvisible Production Open House in Linköping, Sweden
 - DecoChrom Open Conference - “Bringing Electrochromics to New Markets and Products” at the New University of Lisbon in Almada, Portugal
- Ynvisible was frequently featured in industry on-line journals, publications and articles. Highlights included:
 - In January 2019, the globally renowned science journal Nature published a paper by a research group from Instituto de Microelectrónica de Barcelona, IMB-CNM CSIC article “Self-powered smart patch for sweat conductivity monitoring”. In the paper the research group showed the use of Ynvisible’s displays in their work.
 - The front cover of the magazine OPE Journal’s November 2019 issue.
 - On December 11, 2019, RFID Journal article on Ynvisible.
- Investment conferences and interviews:
 - OTC Markets Group – Ynvisible Interactive Podcast
 - AlphaNorth Capital Investment Conference in Nassau, Bahamas
 - 12th Annual LD Micro Main Event in Los Angeles, California
 - On-line investor media interviews: Proactiveinvestors.com and SNN Network. These interviews are available on Ynvisible’s YouTube channel.
 - Big Biz Show tv/radio interview, available on Ynvisible’s YouTube channel.
- Ynvisible strongly increased its social media followership and content engagement.

In November 2019, Tommy Höglund strengthened Ynvisible’s management team in the position of VP Sales & Marketing. Mr. Höglund has nearly 10 years of experience in business development and sales in the printed electronics space.

Sales - Increased Client Prototyping Projects and Revenue

During the year, the Company sold a growing number of printed electrochromics prototyping and printed electronics production upscaling projects. All significant on-going client developments continue to be covered by confidentiality agreements and are focused on product initiatives driven by end clients. The following customer relationships and cases were announced during 2019:

- On February 7, 2019, commercial contracts with two smart label companies. On December 10, 2019, Ynvisible further announced a collaboration with **Identiv Inc.** (NASDAQ: INVE). The companies are combining Ynvisible’s electrochromic (EC) display technology-based visual indicators with Identiv’s range of uTrust Sense Temperature Tracker products.
- On April 4, 2019, commercial agreement with a globally leading security and identity solutions group exploring the use of Ynvisible’s proprietary intellectual property and expertise in electrochromics in its electronic identification document solutions.
- On September 18, 2019, delivery of a first commercial production run of prototypes to a globally leading healthcare and diagnostics company. Ynvisible’s display is intended as a replacement to the electronic display currently in use in the client’s globally recognized consumer product.
- On October 19, 2019, Agreement with **Invisense AB**, a world technological leader for passive humidity sensors, establishes Ynvisible as the preferred manufacturing partner for Invisense’s growing range of humidity sensor products.
- On October 22, 2019, Partnership with **Electroninks** brings Ynvisible’s electrochromics into the Electronink’s Circuit Scribe Kits aimed at consumer markets.

- November 7, 2019, **Epishine AB**, a world technological leader for organic photovoltaic (OPV) solar energy harvesting devices, purchase of Ynvisible Production's roll to roll manufacturing on a recurring basis.

Deliveries of ynvisible Ink Kits and display demonstrator kits also began contributing to sales.

Expanding R&D Ecosystem

The Company continued to enhance the performance of its core technologies to support market need driven product developments and build market leadership.

In its R&D, Ynvisible aims to capitalize on the value of its ecosystem, engages in funded engagements, and moves the results of engagements into Ynvisible's product pipeline.

Ynvisible actively engages with leading applied research institutes and universities. The aim is to maximize R&D resources, accelerate next-generation developments by accessing world-leading R&D resources, and minimize development risks. January 2019, Ynvisible announced a partnership with Europe's largest institution of applied research, **Fraunhofer-Gesellschaft**.

In 2019, Ynvisible was a partner in three EU co-funded project consortia, with funding from the European Union's Horizon 2020 research and innovation programmes. These projects help Ynvisible strengthen its ecosystem and provide important technical research and developments. These project engagements also help build awareness and understanding. For example, partners in the DecoChrom (www.decochrom.eu) project began offering hands-on electrochromics workshops and courses utilizing ink kits and other materials from Ynvisible. DecoChrom project partners also utilized materials from Ynvisible to produce prototypes and design examples. These samples were demoed at different events and conferences, e.g. the University of Lapland won the best demo award at the 8th ACM International Symposium on Pervasive Displays.

Ynvisible lead a project consortium, which won EU's Marie-Curie funding in 2019 for a new initiative called CHARISMA. This project launches a major initiative to develop low-cost smart labels based on chemical sensing and computing in combination with irreversible electrochromic displays. A total of 9 dedicated researchers will be working in the project over a period of 3 years. Two of these researchers will be working at Ynvisible.

Several groups in universities and applied research institutes are incorporating Ynvisible's printed electrochromic displays into their research work. Most notably, in 2019, researchers from **Instituto de Microelectrónica de Barcelona, IMB-CNM CSIC** have been utilizing Ynvisible's displays as the visual interface in their work on disposable paper-based "body-powered" medical diagnostic patches. The research group won the 2019 Best Prototype/New Product award in the **Organic and Printed Electronics Association's (OE-A)** annual competition for a "self-powered glucometer" skin patch. In 2018 they had won the OE-A award for "self-powered patch for cystic fibrosis diagnosis." In January 2019, the research group's article "Self-powered smart patch for sweat conductivity monitoring" was published in the globally renowned journal Nature.

Targets for 2020

In a VUCA world environment, Ynvisible has realized its value in staying focused on accelerating and delivering emerging technology and products to market. Ynvisible is increasing visibility of value-added services and product applications while increasing sales of Ynvisible production capability and forming partnerships to expand reseller networks. Ynvisible continues to invest in strengthening its sales team, accelerating product transformations and building a streamlined product portfolio to deliver aggressive sales goals.

Subsequent Events

On January 28, 2020, Ynvisible announced the sale of production up-scaling and manufacturing services to **Ligna Energy AB**, and the first industrial scale production of Ligna's groundbreaking energy storage technology based on residual materials from the forest.

On March 26, 2020, Ynvisible announced a collaboration agreement with **NxtGen Nano, Inc. DBA NXN Licensing** (NXN) to expand the range of electrochromic colors and global product reach. NXN and Ynvisible further announced the sale of a prototyping project to a Fortune 500 medical and diagnostics devices company. Confidentiality agreements bound the name of the client company and the product application.

On May 14, 2020, Ynvisible announced that it would be closing a non-brokered private placement of 7,500,000 common shares of the Company (the "Shares") at \$0.20 per Share to raise gross proceeds of \$1.5 million.

On May 19, 2020, Ynvisible announced it has entered into a business transfer agreement to acquire the printed electrochromic displays business of **rdot AB** of Gothenburg, Sweden.

On May 20, 2020, Ynvisible 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.

On May 26, 2020, Ynvisible and **Evonik Creavis GmbH**, the strategic innovation unit of **Evonik Industries AG** (FSE:EVNK01), announced collaboration in the field of printable electronics and introduced a first joint technology demonstrator. The collaboration combines Evonik's printable battery materials with electrochromic displays from Ynvisible, opening up novel product design possibilities for Internet-of-Things (IoT) and other everyday smart product applications.

Selected Annual Information

All financial information in this MD&A has been prepared in accordance with IFRS. The following financial data is derived from the consolidated financial statements:

	Years Ended December 31,		
	2019	2018	2017
	\$	\$	\$
Revenue	312,768	-	-
Operating expenses	4,155,795	4,510,074	772,397
Other items	465,062	(901,684)	190,869
Net loss	(3,467,088)	(5,418,514)	(905,658)
Total comprehensive loss	(3,451,508)	(5,481,562)	(684,047)
Loss per share (basic and diluted)	(0.05)	(0.11)	(0.18)

	As at	
	December 31,	December 31,
	2019	2018
	\$	\$
Working capital (deficit)	1,077,985	(60,676)
Total assets	6,549,592	2,192,314
Total liabilities	2,535,394	1,877,114

Operations

The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the years ended December 31, 2019 and 2018:

Expenses	For the years ended December 31,	
	2019	2018
	\$	\$
Compensation and consulting	1,732,494	2,005,132
Depreciation	333,719	33,534
Development and production	331,288	244,468
Interest and bank charges	19,660	17,376
Marketing and promotion	152,782	96,067
Office facilities and services	279,582	171,541
Professional fees	410,805	527,206
Share-based compensation	625,044	1,088,000
Transfer and listing fees	49,361	97,479
Travel and project investigation	221,060	229,271
Total operating expenses	4,155,795	4,510,074

Results of Operations for the year ended December 31, 2019

General and Administrative Expenses

Net loss for the year ended December 31, 2019 decreased to \$3,467,088 compared to \$5,418,514 during the year ended December 31, 2018. Key contributors to the decrease in net loss are as follows:

- Sales increased by \$312,768 to \$312,768 (year ended December 31, 2018 - \$nil) due to the acquisition of Ynvisible Production and its sales revenue.
- Compensation and consulting decreased by \$272,638 to \$1,732,494 (year ended December 31, 2018 - \$2,005,132) due to the Company using additional consultants in connection with the RTO transaction in the prior year.
- Depreciation increased by \$300,185 to \$333,719 (year ended December 31, 2018 - \$33,534) due to the acquisition of tangible and intangible assets and right of use assets in connection with the acquisition of Ynvisible Production.
- Development and production increased by \$86,820 to \$331,288 (year ended December 31, 2018 - \$244,468) due to the Company working towards developing products to bring to market.
- Professional fees decreased by \$116,401 to \$410,805 (year ended December 31, 2018 - \$527,206) as the Company paid more legal costs associated with the RTO transaction in the prior period.
- Share-based compensation recognized in the current period was \$625,044 for vesting of options granted, compared to \$1,088,000 in the prior period. The stock options were fair-valued using the Black-Scholes option pricing model.
- The Company expensed an additional \$178,862 in transaction costs in the current period relating to the RTO. The Company expensed \$1,201,399 in transaction costs relating to the RTO in the prior period, of which \$402,264 was the fair value assigned to 1,340,881 finder's fees shares issued in connection with the transaction, \$719,332 was a non-cash purchase price allocation, and \$79,803 was for related expenses.

Fourth quarter

Net loss for the quarter ended December 31, 2019 decreased to \$884,132 compared to \$941,514 during the quarter ended December 31, 2018 (“Q4 2018”). Key contributors to the increase in operating costs are as follows:

- Sales increased by \$184,988 to \$184,988 (Q4 2018 - \$nil) due to the acquisition of Ynvisible Production and its sales revenue.
- Depreciation increased by \$148,140 to \$171,560 (Q4 2018 - \$23,420) due to acquisition of tangible and intangible assets in connection with the acquisition of Ynvisible Production.
- Share-based compensation recognized in the current period was \$167,817 for vesting of options granted, while 835,000 options were granted and \$266,267 were partially vested in the prior period. The stock options were fair-valued using the Black-Scholes option pricing model.

Other than items disclosed within this MD&A, there are no trends, commitments, events or uncertainties presently known to management that are reasonably expected to have a material effect on the Company’s business, financial condition or results of operation, other than uncertainty as to the speculative nature of the business, and the uncertainty of fundraising activities.

Summary of Quarterly Results

Three months ended	Sales	EU Co-Funded Project Grants	Net Loss	Loss Per Share (Basic and Diluted)
	\$	\$	\$	\$
December 31, 2019	184,988	147,781	(884,132)	(0.01)
September 30, 2019	77,070	100,850	(1,096,405)	(0.02)
June 30, 2019	26,744	106,621	(842,021)	(0.01)
March 31, 2019	23,966	137,657	(644,530)	(0.01)
December 31, 2018	-	160,243	(941,514)	(0.02)
September 30, 2018	-	51,403	(668,504)	(0.01)
June 30, 2018	-	85,586	(619,814)	(0.01)
March 31, 2018	-	78,037	(3,188,682)	(0.07)

Variances quarter over quarter can be explained as follows:

- In the quarter ended September 30, 2019, sales of \$77,070 includes prototyping project revenue and sales from Ynvisible Production after its acquisition and net loss includes \$178,862 in non-cash RTO transaction fees and \$201,218 in non-cash share-based compensation.
- In the quarter ended March 31, 2018, net loss includes \$1,199,141 in mostly non-cash RTO transaction fees and \$793,600 in non-cash share-based compensation.

Liquidity

In management’s view, given the nature of the Company’s operations, the Company does not expect to receive significant income from any of its projects in the near term. The Company has financed its operations to date primarily through the issuance of common shares and the exercise of stock options or warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These factors may cast significant doubt on the Company's ability to continue as a going concern. While the Company is expanding its best efforts in this regard, the outcome of these matters cannot be predicted at this time. The 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.

Capital Resources

The Company's liquidity and capital resources are as follows:

	December 31, 2019	December 31, 2018
	\$	\$
Cash	2,126,725	957,078
Amounts receivable	601,172	637,128
Prepaid expenses	174,304	10,699
Total current assets	2,902,201	1,604,905
Accounts payables and accrued liabilities	621,949	637,047
Current portion of lease liabilities	337,407	-
Deferred project grants	864,860	1,028,534
Working capital (deficit)	1,077,985	(60,676)

During the first quarter of 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 proceeds of the financing will be used for general working capital. During the second quarter of 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 proceeds of the financing will be used for general corporate and working capital, development, marketing, and increasing production capacity.

The net proceeds from the financings are included in the Company's working capital of \$1,077,985 as at December 31, 2019 (December 31, 2018 – deficit of \$60,676).

Common Share Exchange

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

On July 2, 2019, the Company issued an additional 14,000 common shares with a value of \$6,580 to the minority shareholders in exchange for 14,000 common shares of YD Ynvisible. The remaining minority shareholders, who have not signed a voluntary share exchange agreement with the Company, are subject to a compulsory share exchange or "squeeze-out" of their shares in YD Ynvisible on a one-for-one basis for the Class A common shares of the Company.

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. 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, and as at December 31, 2019, the Company recorded a balance of \$160,072 for obligation to issue shares.

Cash Flows

Net cash used in operating activities for the year ended December 31, 2019 was \$3,037,686 (2018 - \$3,644,571). The cash used consisted primarily of general and administrative expenses, net of non-cash expenditures and a net change in non-cash working capital, detailed in the statement of cash flows. The prior period saw increased activity highlighted by the reverse takeover transaction.

During the year ended December 31, 2019, cash used in investing activities was \$668,073 (provided by investing activities in 2018 - \$1,116,082) for the purchase of fixed and intangible assets and from the acquisition of Ynvisible Production. As a result of the RTO, the Company acquired \$1,689,720 in cash in the prior period.

During the year ended December 31, 2019, cash provided from financing activities was \$4,859,826 (2018 - \$3,295,472). In the current period, the Company closed a private placement for gross proceeds of \$1,001,760 with \$20,628 in cash for share issuance costs in January 2019 and closed a private placement for gross proceeds of \$4,400,000 with \$148,869 in cash for share issuance costs in June 2019. The Company repaid long term debt of \$197,895 (2018 - \$949,251). In the prior period, the Company completed a prospectus offering for gross proceeds of \$4,600,000 and incurred share issuance costs of \$102,803 in cash. In addition, the Company received loan proceeds of \$149,790.

The Company's cash increased by \$1,169,647 from \$957,078 at December 31, 2018 to \$2,126,725 at December 31, 2019.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those disclosed elsewhere in this MD&A.

Off Balance Sheet Arrangements

At December 31, 2019 and as of the date of this report, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Transactions with Related Parties

As of December 31, 2019 and the date of this report, the Company had the following directors and officers:

Jani-Mikael Kuusisto – Chief Executive Officer and Director
Inês Henriques, PhD – Chief Operating Officer
Alexander Helmelt – Director
Duarte Mineiro – Director
Benjamin Leboe – Director
Michael Robinson – Director
Leif Ljungqvist – Director
Carlos Pinheiro Baptista, PhD – Chief Technology Officer
Darren Urquhart, CPA, CA – Chief Financial Officer

The Company has incurred charges during the years ended December 31, 2019 and 2018 from directors and officers, or companies controlled by them, for management and consulting fees and share-based compensation as follows:

	Years ended December 31,	
	2019	2018
	\$	\$
Jani-Mikael Kuusisto – Salary	158,731	184,384
Jani-Mikael Kuusisto – Share based compensation	42,699	145,059
Inês Henriques – Salary	97,896	113,576
Inês Henriques – Share based compensation	42,699	96,706
Alexander Helmel – Consulting fees	30,000	27,500
Alexander Helmel – Share based compensation	28,466	64,471
Duarte Mineiro – Share based compensation	-	64,471
Martin Burian – Consulting fees	10,500	11,000
Martin Burian – Share based compensation	28,466	32,235
Carlos Pinheiro Baptista – Salary	97,896	117,205
Carlos Pinheiro Baptista – Share based compensation	42,699	120,882
Benjamin Leboe – Consulting fees	12,000	7,000
Benjamin Leboe – Share based compensation	39,355	9,564
Tommy Höglund – Share based compensation	2,028	-
Michael Robinson – Consulting fees	1,500	-
Michael Robinson – Share based compensation	1,014	-
Darren Urquhart – Consulting fees	30,000	30,000
Darren Urquhart – Share based compensation	14,233	32,235
Total cash consulting and management fees	438,523	490,665
Total share-based compensation	241,659	565,623
Total compensation for officers and directors	680,182	1,056,288

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

As at December 31, 2019, accounts payable and accrued liabilities include \$43,453 (2018 - \$122,252) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured and have no specified terms of repayment. During 2019, the Company received \$79,425 (2018 - \$Nil) in rent payments from Jordão Capital Corp., a company controlled by Alexander Helmel.

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.

Disclosure of Data for Outstanding Common Shares, Stock Options, and Warrants

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

	As at December 31, 2019	Date of this MD&A
Common shares	73,328,400	81,399,675
Stock options	5,125,000	5,410,000
Warrants	8,978,478	8,978,478
Fully Diluted	87,431,878	95,788,153

Details of the outstanding stock options as at the date of this MD&A:

Expiry Date	Weighted Exercise Price \$	Number of Options Outstanding	Number of Options Vested and Exercisable
January 19, 2023	0.30	1,925,000	1,925,000
February 21, 2023	0.40	275,000	275,000
May 25, 2023	0.30	300,000	300,000
September 25, 2023	0.31	150,000	150,000
May 1, 2024	0.37	1,600,000	1,600,000
October 2, 2024	0.30	535,000	172,084
December 18, 2024	0.20	300,000	100,000
May 20, 2025	0.33	325,000	-
	0.33	5,410,000	4,522,084

Details of the outstanding warrants as at the date of this MD&A:

Expiry Date	Weighted Exercise Price \$	Number of Warrants Outstanding
January 9, 2022	0.60	1,752,876
June 5, 2022	0.60	7,225,602
	0.60	8,978,478

Controls and Procedures

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward-Looking Statements

All statements made in this MD&A, other than statements of historical facts, are forward-looking statements. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by securities regulations, the Company undertakes no obligation to publicly release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to the development of products, sales growth and global expansion, the impact of the Company's products and services on customers and marketplaces, future financial or operating performance of the Company, the ability to capitalize on future opportunities and estimates regarding the size and scope of target markets and their potential for growth.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future costs of materials and labor; speed of technology adoption in target markets and emergence of competing technologies, and other risks of the printed electronics and technology industries; and delays in obtaining financing.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Accounting Policies Adopted During the Period

Leases

On January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for its office leases. The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as at January 1, 2019, the date of initial application, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets will be measured at the lease liabilities amount, plus prepaid lease payments made by the Company. The Company has implemented the following accounting policies permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

As at January 1, 2019, the Company recognized \$368,734 in right-of-use assets and \$368,734 in lease liabilities as summarized below.

	\$
Minimum lease payments under operating leases as of December 31, 2018	393,169
Effect from discounting at the incremental borrowing rate as of January 1, 2019	<u>(24,435)</u>
Right-of-use assets and lease liabilities recognized as of January 1, 2019	<u>368,734</u>

The lease liabilities were discounted at a discount rate of 1% per annum for the European lease and 12% per annum for the Canadian lease as at January 1, 2019

The following is the accounting policy for leases as of January 1, 2019 upon adoption of IFRS 16:

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

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

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

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

Goodwill

Goodwill is deemed to have indefinite life and is not amortized but is subject to, at a minimum, annual impairment tests. The Company assesses the impairment of goodwill on an annual basis or whenever events or changes in circumstances indicate that the fair value is less than its carrying value. Impairment is tested at the cost center level by comparing the fair value of a cost center with its carrying amount including goodwill. If the carrying amount of the cost center exceeds its fair value, goodwill of the cost center is considered impaired and the second step of the test is performed to determine the amount of impairment loss, if any.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value. Acquisition costs incurred are expensed.

Revenue Recognition

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

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.
- d. For the year ended December 31, 2019, the Company determined to begin presenting revenue from its operations as sales in its Consolidated Statements of Comprehensive Loss. For the year ended December 31, 2018, the Company presented revenue as prototyping project revenue in Other Items in the Consolidated Statements of Comprehensive Loss. The Company considered the acquisition of Ynvisible Production AB (see Note 6 of the Company's consolidated financial statements for the years ended December 31, 2019 and 2018), with the corresponding increase in revenue and costs of goods sold, to be the determining factor in making this change in presentation.

Risks and Uncertainties

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

COVID-19 Pandemic

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.

Operational Risks

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

Governmental Regulation

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

Customer Demand

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

Financial Risks

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

Credit Risk

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

Interest Rate Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company 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 December 31, 2019, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$73,600 and \$52,000, respectively, change in foreign exchange gain or loss.

Other MD&A Requirements

This MD&A is intended to assist the reader's understanding of Ynvisible and its operations, business, strategies, performance and future outlook from the perspective of management.

This MD&A may contain management estimates of anticipated future trends, activities, or results; these are not a guarantee of future performance, since actual results may vary based on factors and variables outside of management's control. Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible to ensure that information disclosed externally, including the financial statements and MD&A, is complete and reliable. Ynvisible's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's Audit Committee meets with management to review the financial statement results, including the MD&A, and to discuss other financial, operating and internal control matters. The Audit Committee is free to meet with the independent auditors at any time.

Approval

A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information, on the SEDAR website at www.sedar.com including, not but limited to:

- the Company's audited consolidated financial statements for the years ended December 31, 2019 and 2018.

The Board of Directors of Ynvisible has approved the disclosure contained in this MD&A as of the date of this report.