

YNVISIBLE INTERACTIVE INC.**MANAGEMENT DISCUSSION AND ANALYSIS****SIX MONTHS ENDED JUNE 30, 2020****Date of Report: August 31, 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 and the condensed interim consolidated financial statements for the three and six months ended June 30, 2020 and 2019 (the “Financial Statements”). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis 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”.

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 expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Business Highlights for Q2 2020

On May 14, 2020, Ynvisible closed 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 a 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.

On June 23, 2020, Ynvisible announced it has entered into a non-exclusive licensing agreement with **RISE Research Institutes of Sweden** ("RISE") covering RISE's intellectual property rights for printed electrochromic displays and related inks. Ynvisible aims to converge RISE's technology with its own proprietary technologies, products, and services offering. With the license agreement and its proven high-volume production capability in Linköping Sweden, the research institute's clients can work with Ynvisible to bring RISE's printed electronics developments into high volume production for commercial uses.

Sales

In Q2 2020, the Company followed up on the positive customer momentum created with marketing actions carried out in Q1. The COVID-19 pandemic impacted the Company's marketing and sales operations, through the cancellations of all industry conferences and in person face-to-face client visits. The Company rapidly responded to the changing working environment and moved all marketing and sales actions, and customer engagements to online channels.

Despite the global market impacts and challenging operating environment brought on by the COVID-19, Ynvisible's Q2 2020 revenues increased by 29% compared to Q1 2020. While the pandemic led to certain clients halting or delaying on-going or planned developments with Ynvisible, other new customers and market opportunities emerged as a result of the crisis.

The acquisition of rdot AB's electrochromic display business in May 2020 increases the Company's customer pipeline.

The Company's management team has set the target of reaching "seven digit" revenues in fiscal 2020. Throughout the quarter the Company remained optimistic about reaching this annual target in orders booked. However, the delays caused by COVID-19 on individual component and material deliveries, will make it challenging for the Company to reach \$1 million in revenue for the year.

All major ongoing client developments continue to be covered by confidentiality agreements and are focused on product initiatives driven by end clients.

Marketing

In response to the rapid spread of the COVID-19 in March 2020, the Company altered its marketing plans to take more advantage of digital platforms. These plans were put into action in Q2 and several digital marketing campaigns were carried out during the quarter. Main marketing actions included i) Ynvisible's own 5 part webinar series "Making Things Alive with Printed Electronics", ii) hosting of PrintoCent printed intelligence commercialization community's webinar series, iii) speaker engagements at third party webinars, and iv) a digital marketing campaign designed to increase Company awareness in the North American markets.

The acquisition of rdot AB's electrochromic displays business brought into the Company new resources to boost in-house digital marketing and sales capabilities for printed electronic displays. The Company kicked off a revamp of its core digital assets, which the Company aims to roll out during Q3 and Q4 2020. The central aim is to facilitate the customer path to purchase for both Ynvisible's services and ynvisible® branded products.

Webinar Series

Ynvisible's own webinar series "Making Things Alive with Printed Electronics" was designed to partly make up for cancelled industry conferences and several invited talks. The webinar series included several partners and expert guest speakers, attracting a substantial audience. Primary target audiences included clients and other key stakeholders in the printed electronics value chain, especially the product design community, as well as investors.

The live webinar sessions were timed to favor North American viewers. Yet there were over 1,000 registrations to the live webinars, from roughly 40 different countries. All webinar sessions are available for viewing through Ynvisible's Youtube channel. By the end of Q2, the webinar recordings had in total 2,500 Youtube views. These numbers compare strongly with industry peer numbers.

The live broadcasting dates of the webinars were:

- April 2, "*Printed Electrochromics*", guest speakers from **Georgia Institute of Technology**, **NXN-IP Licensing**, **University of Lapland** (<https://youtu.be/Cwox9bF7WWs>)
- April 28, "*Smart Labels – When Chips Everywhere Begin to Sense and Visually Communicate*", guest speakers from **RFIDJournal** and **Identiv** (<https://youtu.be/uFwHTEsWfEM>)
- May 19, "*Bridging Industry Needs with Printed Electronics Design, Prototyping, and Volume Production*", guest speakers from **Material Connexion** and **Electroninks** (https://youtu.be/qA_HHtiS5z4)
- May 28, "*Printed Electronic Systems: Enabler of New Product Form Factors*", guest speakers from **RISE** and **Evonik** (<https://youtu.be/b11GjFbfRqs>)
- June 11, "*Investor Update*" with guest speaker Raghu Das, CEO of **IDTechEx**, a leading market research company covering the field of printed electronics, plus talks from Ynvisible's management team and Board Members, Michael Robinson and Leif Ljungqvist (<https://youtu.be/VMXzAjeI9g4>)

Due to strong positive feedback, Ynvisible aims to continue the webinar series later in the year and adopt this as a part of regular communications.

In response to the success of Ynvisible's webinar series, the printed electronics commercialization community **PrintoCent** employed the services of Ynvisible to host its webinar series on printed intelligence to bring visibility to companies in the network. Hosting the webinar series has brought positive visibility to Ynvisible and highlights the strength of the company's networks. This 6 part series started off with three sessions in June, and a further three sessions will be held in September 2020.

- June 4, *Boosting the Industrialization and Commercialization of Printed Intelligence*
- June 16, *Health & Medical Everywhere with You – rapid diagnostics, smart patches, wearables*
- June 25, *Structural Electronics – embedded intelligence around You*
- Sept. 10, *Printed Intelligence for a Safe, Secure & Sustainable World*
- Sept. 22, *Trillion Sensors*
- Sept. 29, *Investing in Printed Intelligence*

Speaking Engagements in Third Party Webinars

During the quarter, Ynvisible's management gave several talks in online webinars organized by third parties including:

- April 2, PSFK – World Retail Innovation Week Demo Day
- May 27, Speech in IDTechEx's Virtual Conference: '*Opportunities for Printed & Flexible Electronics*' (<https://www.idtechex.com/de/webinar/virtual-conference-opportunities-for-printed-and-flexible-electronics/277>)
- April 28, Video conference presentation to Global Partnership Family Offices' '*International Investment Afternoons*' (<https://www.gpfo.co.uk/international-investment-afternoon-virtual-forum-2>)
- May 13, Dr. Inês Henriques, COO, interviewed by TMX Money C-Suite at the Open (view interview: <https://blog.tmx.com/csuite-at-the-open/0a8059s0iizzu9fktor3z61ef8qz8o>)

Digital Marketing Campaign to Increase Company Awareness

During the quarter, the Company also carried out an extensive North America focused online marketing campaign designed to increase general awareness in Ynvisible. The campaign was carried out with the help of digital agency Digitonic and included a market report written by Valuethemarkets.com. The campaign received a large audience and the market report was downloaded over 22,000 times.

With the substantial increase in online visibility, during the quarter Ynvisible further increased its social media followership and user content engagement.

Impacts of COVID-19 Pandemic on Business Operations

During Q2 2020, Ynvisible's operations were moderately impacted by the COVID-19 pandemic. As the virus began to spread in Q1, the Company took immediate measures to protect its employees and customers, while staying as operational as possible within the guidelines of local governments in its different locations. These procedures were continued throughout Q2.

In all locations, those whose work allowed it, were asked to work from home. With more robust cleanliness requirements and social distancing measures, production continued at near normal levels at Ynvisible Production AB in Linköping, Sweden and Customer Solutions Center in Charneca de Caparica, Portugal. The Company's team was saved from any severe cases of COVID-19.

Business travel and customer visits were significantly reduced during the quarter and all marketing activities were conducted online.

COVID-19 moderately impacted Ynvisible's sales growth during Q2, 2020. Certain customer deliveries and product developments were delayed due to delays in material and component deliveries.

Selected Quarterly Information

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Sales	77,264	-	137,096	-
Operating expenses	1,312,990	981,477	2,421,824	1,778,534
Other items	273,188	139,456	494,617	291,983
Net loss	(995,641)	(842,021)	(1,887,389)	(1,486,551)
Total comprehensive loss	(1,040,457)	(830,378)	(1,984,586)	(1,455,940)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.02)	(0.03)

	As at June 30,	
	2020	2019
	\$	\$
Working capital	697,410	3,849,670
Total assets	6,631,005	6,000,266
Total liabilities	2,967,415	1,630,233

Operations

The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the three and six months ended June 30, 2020 and 2019:

Expenses	For the three months ended June 30,		For the six months ended June 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Compensation and consulting	590,200	391,012	1,109,192	766,037
Depreciation	165,467	43,478	323,766	84,933
Development and production	24,689	155,993	55,528	206,959
Interest and bank charges	7,516	8,211	14,694	8,348
Marketing and promotion	211,244	31,861	275,291	43,386
Office facilities and services	89,459	35,470	187,376	91,312
Professional fees	133,736	68,766	211,105	184,184
Share-based compensation	64,147	187,010	165,581	256,010
Transfer and listing fees (recovery)	21,067	(181)	39,118	20,387
Travel and project investigation	5,465	59,857	40,173	116,978
Total operating expenses	1,312,990	981,477	2,421,824	1,778,534

Results of Operations for the Three and Six Months Ended June 30, 2020

General and Administrative Expenses

Net loss for the three months ended June 30, 2020 increased to \$995,641 compared to \$842,021 during the three months ended June 30, 2019. Key difference between the two periods are as follows:

- Compensation and consulting increased by \$199,188 to \$590,200 (June 30, 2019 - \$391,012) due to the Company using additional employees and consultants in relation to the acquisition of Ynvisible Production AB.
- Depreciation increased by \$121,989 to \$165,467 (June 30, 2019 - \$43,478) due to the acquisition of tangible and intangible assets and right of use assets in relation to the acquisition of Ynvisible Production AB.
- Development and production decreased by \$131,304 to \$24,689 (June 30, 2019 - \$155,993) due to the Company using mostly internal resources for its development needs in the period, rather than hiring 3rd party development services as in the prior period.
- Marketing and promotion increased by \$179,383 to \$211,244 (June 30, 2019 - \$31,861) due to new marketing and social media campaigns engaged to increase investor awareness in the current period.
- Share-based compensation decreased by \$122,863 to \$64,147 (June 30, 2019 - \$187,010) due to stock options granted and vested with a higher value in the prior period.

Net loss for the six months ended June 30, 2020 increased to \$1,887,389 compared to \$1,486,551 during the six months ended June 30, 2019. Key difference between the two periods are as follows:

- Sales increased by \$137,096 to \$137,096 (June 30, 2019 - \$nil) due to the acquisition of Ynvisible Production AB and its sales revenue.
- Compensation and consulting increased by \$343,155 to \$1,109,192 (June 30, 2019 - \$766,037) due to the Company using additional employees and consultants in relation to the acquisition of Ynvisible Production AB.
- Depreciation increased by \$238,833 to \$323,766 (June 30, 2019 - \$84,933) due to the acquisition of tangible and intangible assets and right of use assets in relation to the acquisition of Ynvisible Production AB.
- Development and production decreased by \$151,431 to \$55,528 (June 30, 2019 - \$206,959) due to the Company using mostly internal resources for its development needs in the period, rather than hiring 3rd party development services as in the prior period.
- Marketing and promotion increased by \$231,905 to \$275,291 (June 30, 2019 - \$43,386) due to new marketing and social media campaigns engaged to increase investor awareness in the current period.

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)
	\$	\$	\$	\$
June 30, 2020	77,264	142,727	(995,641)	(0.01)
March 31, 2020	59,832	118,855	(891,748)	(0.01)
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)

Variances quarter over quarter can be explained as follows:

- In the quarter ended September 30, 2019, net loss includes \$178,862 in non-cash RTO transaction fees and \$201,218 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 expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. The 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:

	June 30, 2020	December 31, 2019
	\$	\$
Cash	2,189,638	2,126,725
Amounts receivable	797,356	601,172
Prepaid expenses	132,940	174,304
Total current assets	3,119,934	2,902,201
Accounts payables and accrued liabilities	1,156,470	621,949
Current portion of lease liabilities	369,113	337,407
Deferred project grants	896,941	864,860
Working capital	697,410	1,077,985

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. During the second quarter of 2020, the Company closed a non-brokered private placement of 7,500,000 shares of the Company at \$0.20 per share for gross proceeds of \$1,500,000. 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 \$697,410 as at June 30, 2020 (December 31, 2019 – \$1,077,985).

Common Share Exchange

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 YD Ynvisible, S.A., on a one-for-one basis for the Class A common shares of the Company, held by certain Minority Shareholders of YD 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 YD Ynvisible, S.A. During the year ended December 31, 2019, the Company issued 35,392 common shares with a value of \$12,210 related to squeeze-out transaction. During the six months ended June 30, 2020, the Company issued 318,400 common shares with a value of \$109,848 related to squeeze-out transaction, and as at June 30, 2020, the Company recorded a balance of \$50,224 (December 31, 2019 – \$160,072) for obligation to issue shares

Cash Flows

Net cash used in operating activities for the six months ended June 30, 2020 was \$1,059,897 (June 30, 2019 - \$1,331,506). 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.

During the six months ended June 30, 2020, cash used in investing activities was \$64,458 (June 30, 2019 - \$53,392) for the purchase of fixed and intangible assets.

During the six months ended June 30, 2020, cash provided by financing activities was \$1,284,465 (June 30, 2019 - \$5,175,030). The Company repaid long term debt of \$5,694 (June 30, 2019 - \$42,109) and repaid lease liabilities of \$178,238 (June 30, 2019 - \$37,624). The Company also closed a private placement for gross proceeds of \$1,500,000 (June 30, 2019 - \$5,401,760) and paid \$31,603 (June 30, 2019 - \$12,494) in cash for share issuance costs.

The Company's cash increased by \$62,913 from \$2,126,725 at December 31, 2019 to \$2,189,638 at June 30, 2020.

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 June 30, 2020 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 June 30, 2020 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 Helmel – 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 six months ended June 30, 2020 and 2019 from directors and officers, or companies controlled by them, for management and consulting fees and share-based compensation as follows:

	Six months ended June 30,	
	2020	2019
	\$	\$
Jani-Mikael Kuusisto – Salary	100,487	80,609
Jani-Mikael Kuusisto – Share based compensation	4,970	14,648
Inês Henriques – Salary	50,255	49,763
Inês Henriques – Share based compensation	4,970	14,648
Alexander Helmel – Consulting fees	15,000	15,000
Alexander Helmel – Share based compensation	3,313	9,765
Martin Burian* – Consulting fees	-	6,000
Martin Burian* – Share based compensation	-	9,765
Carlos Pinheiro Baptista – Salary	49,557	49,636
Carlos Pinheiro Baptista – Share based compensation	4,970	-
Benjamin Leboe – Consulting fees	6,000	6,000
Benjamin Leboe – Share based compensation	3,313	20,654
Tommy Höglund – Share based compensation	22,184	-
Michael Robinson – Consulting fees	6,000	-
Michael Robinson – Share based compensation	11,092	-
Leif Ljungqvist - Consulting fees	44,405	-
Darren Urquhart – Consulting fees	15,000	15,000
Darren Urquhart – Share based compensation	1,656	4,883
Total cash consulting and management fees	286,704	222,008
Total share-based compensation	56,468	74,363
Total compensation for officers and directors	343,172	296,371

*Martin Burian stepped down from the board during the year ended December 31, 2019.

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 June 30, 2020, accounts payable and accrued liabilities include \$31,151 (December 31, 2019 - \$43,453) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured and have no specified terms of repayment. During the six months ended June 30, 2020, the Company received \$39,714 (June 30, 2019 - \$39,714) in rent payments from 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 June 30, 2020	Date of this MD&A
Common shares	81,399,675	81,399,675
Stock options	5,410,000	5,410,000
Warrants	8,978,478	8,978,478
Fully Diluted	95,788,153	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	344,166
December 18, 2024	0.20	300,000	200,000
May 20, 2025	0.33	325,000	-
	0.32	5,410,000	4,794,166

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 "aims", "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.

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.

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 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 YD 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 June 30, 2020, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$34,900 and \$69,300, 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 condensed interim consolidated financial statements for the three and six months ended June 30, 2020 and 2019; and
- 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.