YNVISIBLE INTERACTIVE INC.

MANAGEMENT DISCUSSION AND ANALYSIS

THREE MONTHS ENDED MARCH 31, 2020

Date of Report: June 30, 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 months ended March 31, 2020 and 2019 (the "Financial Statement"). 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 expanding its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Business Highlights for Q1 2020

Sales & Marketing

In Q1 2020, the Company continued to focus on three lead business arenas with strong interest and proven market pull for ynvisible interactive printed graphics:
- Premium consumer products
- Logistics & retail (smart labels)
- Health & wellness

Ynvisible targets its marketing and sales efforts to consumer brand owners in these sectors, but also builds partnerships with established and highly innovative design and production companies serving these value chains.

The number and diversity of client contacts continued to increase. The ynvisible brand is well regarded. All major on-going client developments continue to be covered by confidentiality agreements and are focused on product initiatives driven by end clients.

Ynvisible began Q1 with a strong marketing push, before COVID-19 led to a wave of industry conference and event cancellations. Before the pandemic, Ynvisible had a chance to participate in the following events during Q1:

- **Consumer Electronics Show 2020,** Las Vegas, Nevada – Booth at Organic Electronics Association's Pavilion
- **New York Retail Innovation Week Demo Day by PSFK**, New York, New York – Invited pitch by CEO, Jani-Mikael Kuusisto. For the event Ynvisible partnered with HappyOrNot the global leader in instant customer and employee satisfaction reporting to demonstrate mass scalable thin form factor feedback collection system concepts.
- **Emerging Technologies 2020,** Shanghai, China – Invited talk by Head of Business Development, Samuli Strömberg
- **PRINSE20** Oulu, Finland – Keynote talk by CEO, Jani-Mikael Kuusisto. Demonstrator table, and DecoChrom printed electrochromics workshop at the printed intelligence conference.

COVID-19 lock downs and travel restrictions lead to cancellation of events for the spring and summer where Ynvisible had planned to continue its marketing activities during H1/2020. Cancelled events included a booth and invited speech at LOPE-C, invited speeches at 14th International Conference on Electrochromism, booth at IDTechEx Printed Electronics Europe, invited talk at DRUPA, pitch at PSFK Future of Retail SWSX. With event cancellations and travel restrictions, starting March the Company altered its marketing plans to be better equipped for marketing and sales through digital platforms. It planned several digital marketing communications activities, including a 5 part webinar series to be carried alongside partners, clients, and industry experts. The webinar series "Making Things Alive with Printed Electronics" was later carried out during Q2/2020.

During the quarter, Ynvisible strongly increased its social media followership and user content engagement.

In the media, the Company's news was featured in industry publications: e.g. OPE-Journal, Printed Electronics Now, Printed Electronics World, E-ink-info.com. The company was also features in the ResearchAndMarkets.com market report: Global Roll-to-Roll Printed Flexible Electronics Market is Projected to Grow at a CAGR of 20.5% from 2020 to 2025.

Sales of Production Upscaling and Contract Manufacturing Services

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

Technology & Product Development

The Company works actively to enhance the performance of its technologies and products to build market leadership. Ynvisible builds partnerships designed to accelerate the development and ultimate market introduction of next generation functionalities for electrochromics. During the quarter the Company continued work in the EU co-funded projects DecoChrom (www.decochrom.eu) and Innpaper (www.innpaper.com).

Collaboration to Expand Color Palette of Printed Electrochromics

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. The parties engage to bring NXN's electrochromic polymer (ECP) technology into global product platforms by utilizing Ynvisible's electrochromic systems and comprehensive portfolio of design and manufacturing services. In turn Ynvisible will utilize NXN's ECP technology to expand its portfolio of electrochromic inks for interactive printed graphics.

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.

Impacts of Corona-Virus Pandemic on Business Operations

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

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

As of mid-March the biggest impacts of COVID-19 were seen in the cancellation of marketing events, and nearly all manner of business travel.

COVID-19 did not greatly impact Ynvisible's sales during Q1, 2020.

Corporate Activities and Subsequent Events

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

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

On May 20, 2020, 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.

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 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.

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 March 31,	
	2020	**2019**
	$	**$**
Sales	85,321	-
Operating expenses	1,108,834	796,955
Other items	195,940	152,425
Net loss	(891,748)	(644,530)
Total comprehensive loss	(944,129)	(625,562)
Loss per share (basic and diluted)	(0.01)	(0.01)

	As at March 31,	
	2020	**2019**
	$	**$**
Working capital	285,065	112,608
Total assets	6,182,885	2,871,392
Total liabilities	3,011,382	2,123,488

Operations

The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the three months ended March 31, 2020 and 2019:

	For the three months ended March 31,	
Expenses	**2020**	**2019**
	$	**$**
Compensation and consulting	518,992	374,885
Depreciation	158,299	41,455
Development and production	30,839	50,696
Interest and bank charges	7,178	137
Marketing and promotion	64,047	11,491
Office facilities and services	97,917	55,955
Professional fees	77,369	115,662
Share-based compensation	101,434	69,000
Transfer and listing fees	18,051	20,568
Travel and project investigation	34,708	57,106
Total operating expenses	1,108,834	796,955

Results of Operations for the Three Months Ended March 31, 2020

General and Administrative Expenses

Net loss for the three months ended March 31, 2020 increased to $891,748 compared to $644,530 during the three months ended March 31, 2019. Key contributors to the decrease in net loss are as follows:

- Sales increased by $85,321 to $85,321 (March 31, 2019 - $nil) due to the acquisition of Ynvisible Production and its sales revenue.
- Compensation and consulting increased by $144,107 to $518,992 (March 31, 2019 - $374,885) due to the Company using additional employees and consultants in connection with the acquisition of Ynvisible Production.
- Depreciation increased by $116,844 to $158,299 (March 31, 2019 - $41,455) due to the acquisition of tangible and intangible assets and right of use assets in connection with the acquisition of Ynvisible Production.

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)
	$	$	$	$
March 31, 2020	85,321	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)
June 30, 2018	-	85,586	(619,814)	(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 expanding 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:

	March 31, 2020	December 31, 2019
	$	$
Cash	1,849,821	2,126,725
Amounts receivable	743,691	601,172
Prepaid expenses	76,040	174,304
Total current assets	2,669,552	2,902,201
Accounts payables and accrued liabilities	1,101,289	621,949
Current portion of lease liabilities	361,397	337,407
Deferred project grants	921,801	864,860
Working capital	285,065	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.

The net proceeds from the financings are included in the Company's working capital of $285,065 as at March 31, 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 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. During the three months ended March 31, 2020, the Company issued 318,400 commons shares with a value of $109,848 related to squeeze-out transaction, and as at March 31, 2020, the Company recorded a balance of $50,224 (December 31, 2019 – $160,072) for obligation to issue shares

Cash Flows

Net cash used in operating activities for the three months ended March 31, 2020 was $110,118 (2019 - $448,082). 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 three months ended March 31, 2020, cash used in investing activities was $23,243 (2019 - $212,517) for the purchase of fixed and intangible assets.

During the three months ended March 31, 2020, cash used in financing activities was $91,162 (provided by financing activities in 2019 - $961,152). The Company repaid long term debt of $5,694 (2019 - $28,114) and repaid lease liabilities of $85,468 (2019 - $nil). In the prior period, the Company closed a private placement for gross proceeds of $1,001,760 with $12,494 in cash for share issuance costs in January 2019.

The Company's cash decreased by $276,904 from $2,126,725 at December 31, 2019 to $1,849,821 at March 31, 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 March 31, 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 March 31, 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 three months ended March 31, 2020 and 2019 from directors and officers, or companies controlled by them, for management and consulting fees and share-based compensation as follows:

	Three months ended March 31,	
	2020	2019
	$	$
Jani-Mikael Kuusisto – Salary	45,716	34,731
Jani-Mikael Kuusisto – Share based compensation	3,769	-
Inês Henriques – Salary	21,095	21,482
Inês Henriques – Share based compensation	3,769	-
Alexander Helmel – Consulting fees	7,500	7,500
Alexander Helmel – Share based compensation	2,512	-
Martin Burian* – Consulting fees	-	3,000
Carlos Pinheiro Baptista – Salary	24,425	24,873
Carlos Pinheiro Baptista – Share based compensation	3,769	-
Benjamin Leboe – Consulting fees	3,000	3,000
Benjamin Leboe – Share based compensation	2,512	7,778
Tommy Höglund – Share based compensation	14,199	-
Michael Robinson – Consulting fees	3,000	-
Michael Robinson – Share based compensation	7,099	-
Leif Ljungqvist - Consulting fees	15,510	-
Darren Urquhart – Consulting fees	7,500	7,500
Darren Urquhart – Share based compensation	1,256	-
Total cash consulting and management fees	127,746	102,086
Total share-based compensation	38,885	7,778
Total compensation for officers and directors	166,631	109,864

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

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 March 31, 2020	Date of this MD&A
Common shares	73,646,800	81,399,675
Stock options	5,085,000	5,410,000
Warrants	8,978,478	8,978,478
Fully Diluted	87,710,278	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	100,000
May 20, 2025	0.33	325,000	-
	0.33	**5,410,000**	**4,694,166**

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 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 March 31, 2020, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately $59,200 and $64,100, respectively, change in foreign exchange gain or loss.

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 months ended March 31, 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.