# YNVISIBLE INTERACTIVE INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## THREE MONTHS ENDED MARCH 31, 2021

**Date of Report: May 31, 2021**

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, 2020 and 2019 and the condensed interim consolidated financial statements for the three months ended March 31, 2021 and 2020 (the "Financial Statements"). 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".

Ynvisible is a manufacturer that has developed and integrated know-how, design skill, development acumen, scale manufacturing capability, intellectual property in electrochromic displays ("ECDs"), materials, inks, display systems, and complementing electronic components. 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 printed displays can be easily scaled up in production and integrated into finished, scalable product solutions like packaging labels, smart cards, and at-home electronic devices.

Ynvisible sells a mix of standard and customized ultra-low-power and easy-to-use electronic displays and indicators for everyday smart objects, Internet of Things ("IoT") devices, and ambient intelligence (intelligent surfaces). The Company sells other products and services, including contracted research, prototyping, development, pilot production, production, and contract manufacturing services based on printed electronics, pilot and volume production of electrochromic displays, and tailored display solutions.

Ynvisible focuses on the marketing, sale, and development of ultra-low-power ECDs and devices, printable onto flexible substrates, using widely available industrial printing and converting techniques in its early market growth stage. The Company's products are less complicated to integrate and are a more cost-effective replacement to conventional LCDs, electrophoretic displays (e-paper), and LED indicators. The Company's vision is to bring everyday objects and surfaces to life, benefitting people in a smart and connected world.

Ynvisible aims to be a leading company in the emerging printed and flexible electronics sector. Ynvisible's mix of services, materials, and technology is unique in the general electronics and electronic display industry. The Ynvisible brand is gaining traction and notoriety among brand owners developing their IoT products.

The address of the Company's head office and principal place of business is 830 – 1100 Melville Street, Vancouver, British Columbia, Canada, V6E 4A6, and the registered and records office is located at 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7. The Company 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 Q1 2021**

***Sales & Marketing – Revenue and Sales Growth Through COVID-19***

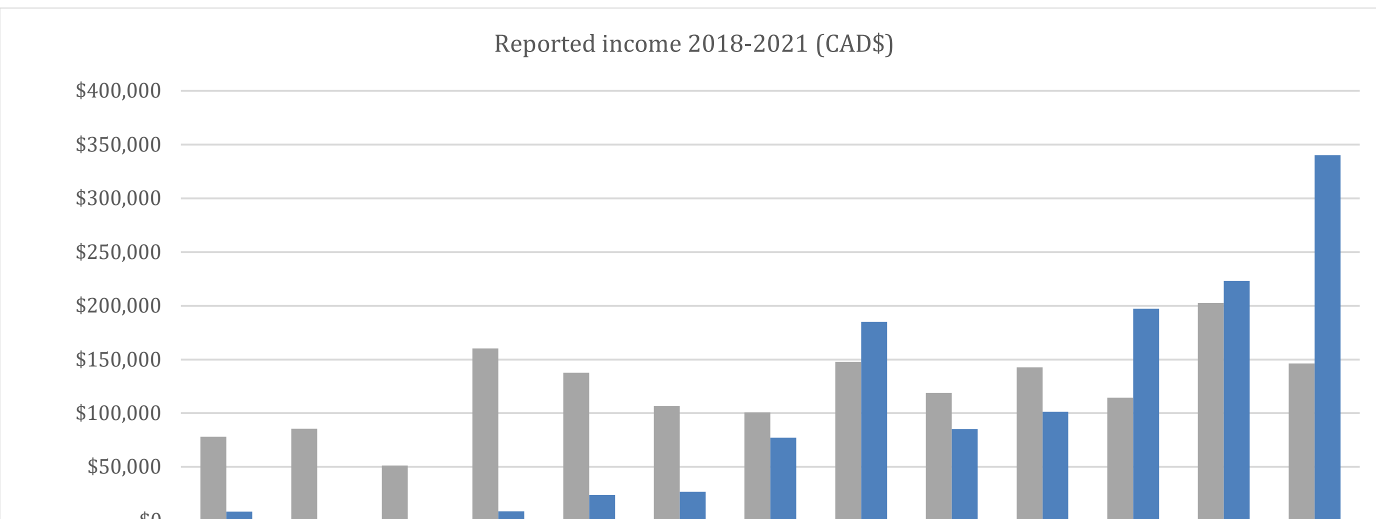
Despite the many global market impacts and challenging operating environment, Ynvisible is continuing to see steady growth in revenue.

Q1 2021 income from customers, including sales and prototype project revenue, net of EU funding, was $340,296, a 299% increase compared to total income from customers, net of EU funding, of $85,321 in the same period of 2020 and a 53% increase from the $223,020 of the previous quarter. Other income in the Financial Statements includes "Prototype project revenue".

Cost of Sales for the first quarter of 2021 was of $160,064, increasing 152%, as compared with the $63,507 registered in Q1 2020 and 88% as compared with the $85,184 in Q4 2020.

The aforementioned recognizes that Ynvisible's revenue comes from a mix of development, prototyping, and contract manufacturing services and that customer funded development and prototyping precedes pilot and full-scale manufacturing. This recognition provides a holistic view of the Company's investment and growth strategy as an emerging technology firm.

The Company's cumulative income & gains for Q1 2021 was $579,327, from $283,540 in Q1 2020 and $511,675 in Q4 2020.




| | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Q4 2019 | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EU funding | $78,037 | $85,586 | $51,403 | $160,243 | $137,657 | $106,621 | $100,850 | $147,781 | $118,855 | $142,727 | $114,447 | $202,731 | $146,360 |
| Revenue | $8,425 | $0 | $0 | $8,524 | $23,966 | $26,744 | $77,070 | $184,988 | $85,321 | $101,314 | $197,196 | $223,020 | $340,296 |

Since the Company's RTO in 2018, Ynvisible's revenue mix has included contracted research, prototyping, development, and contract production services. Historically, the most substantial revenue-generating segment of the Company has been the sale of research, development, and contract production services.

The Company anticipates revenues from customized printed electrochromic display development contracts will increase in the short term. In the medium term, the Company is preparing customers for pilot and recurring scale manufacturing.

To date, the Company offers the following revenue-generating products and services:

- Contract research services
- DIY ink kits for design and prototyping
- Ready-made electrochromic display kits
- Pre-pilot scale Customized Display Production (Monthly "CDP" runs)
- Product development & prototyping services
- Pilot and scale display print production
- Contract electronics development and printing services

***Investment & Acquisition – Customer Growth***

During 2018 and 2019, Ynvisible built operational capabilities in the design, R&D, prototyping, and manufacturing of its ultra-low-power consuming printed electrochromic display technology. With the acquisition of Consensum Production AB in August 2019 (renamed Ynvisible Production AB), Ynvisible extended its offering to include roll-to-roll printed displays. Through the purchase, the Company further expanded its services to include contract electronics printing services for customers in the printed electronics, energy, and energy storage sector.

COVID-19 increased the Company's focus on three lead business arenas with technology applications and proven market pull for Ynvisible interactive printed graphics:

- Logistics & Retail (in particular, cold-chain)
- Health & Wellness (in particular, medical technology and pharma)
- Premium Consumer Products (in particular, tobacco, cannabis, and alcohol)

**Enhancement of Ynvisible's Products Offering**

Ynvisible offers a full palette of value-adding research, development, and prototyping services. Those services help customers get started with printed electrochromics and incorporate Ynvisible's proprietary interactive printed graphics solutions into their smart products and IoT devices. Also, to complement roll-to-roll printed electronics pilot contract manufacturing, the Company offers production up-scaling services.

***2023 Transformation & Growth Strategy***

In January 2021, Ynvisible announced the appointment of Mr. Michael Robinson as its new Chief Executive Officer ("CEO"). Mr. Jani-Mikael Kuusisto was appointed as Senior Vice President Ventures ("Sr VP Ventures") and continued as Vice Chairman of the Board of Directors. Ynvisible began implementing its plans to focus on speed to market for customer products and sustainable financial growth through a "2023 Transformation & Growth Strategy" led by Mr. Robinson. Mr. Kuusisto will help reduce the risk and uncertainty of emerging technologies and provide a new growth arena for Ynvisible through a "2025 Venture Partnership Strategy".

Ynvisible's short term revenue growth strategy is based on integrating Ynvisible displays within the development and launch of value-added solutions, providing contract electronics development and printing services and establishing external Contract Manufacturing partnerships.

By providing integrated contract electronics development and printing services, and by establishing external Contract Manufacturing partnerships, Ynvisible is able to supply customers and Brand Owners with value-added printed electronics and IoT solutions.

In March 2021, Ynvisible announced its first commercial delivery of a new temperature indication solution to market with SpotSee, the global leader in shock, vibration and temperature monitoring through low-cost, connected solutions.

Subsequently in April 2021, Ynvisible and ALMAX announced their partnership to bring sensing cold chain, logistics, and Human Machine Interface (HMI) solutions to market for distributors and end customers.

Ynvisible will continue to work together with ALMAX for printed electronics solution development, integration, and mass-production.

Ynvisible will continue to mass-produce the screen-printed displays and supply them to ALMAX for system integration.

***Events***

In January 2021, the Company closed a private placement and issued 12,857,142 units of the Company at $0.35 per unit for gross proceeds of $4,500,000, whereby each unit consists of one Class A common share and one-third of a share purchase warrant of the Company. Each whole warrant, subject to acceleration provision, will be exercisable into an additional Class A common share at an exercise price of $0.50 for a period of 18 months from the date of issuance. In connection with the offering, the Company paid cash commissions in the aggregate amount of $62,580 and issued 452,280 finders' units to eligible finders. The finders' units will bear the same terms and conditions of the units issued with the offering. All securities issued as part of this offering are subject to a statutory hold period of four months from the date of closing.

In February 2021, the Company announced the appointment of Ramin Heydarpour as Chairman of the Board.

In February 2021, the Company announced its first customer collaboration to bring new temperature indication solutions to market with SpotSee, the global leader in shock, vibration, and temperature monitoring through low-cost connectivity and data. Both companies are partners in the CHARISMA project, funded by The European Union, Horizon 2020 Marie Skłodowska-Curie Actions program.

In March 2021, Ynvisible, Creavis (the strategic innovation unit of Evonik Industries AG - an Essen, Germany headquartered global specialty chemicals group), and Epishine AB, a world technological leader for organic photovoltaic (OPV) light energy harvesting devices, jointly announced the creation of a new joint demonstrator featuring TAeTTOOz® printed battery from Evonik, Epishine's solar cells, and Ynvisible's electrochromic displays. All technologies can be printed. When they are assembled, they can create self-powered signage, functional packaging, or device solutions

In March 2021, the Company elected to exercise its right to accelerate the expiry date of its warrants issued on January 9, 2019 and June 5, 2019 with each exercisable into a Class A common share of the Company at an exercise price of $0.60. These warrants expired on April 17, 2021.

In March 2021, the Company announced its first commercial delivery of a new temperature indication solution to market with SpotSee, the global leader in shock, vibration, and temperature monitoring through low-cost, connected solutions.

In April 2021, Ynvisible and ALMAX Electronic Interface Solutions announced the signing of a technology transfer agreement for North American and Chinese commercial production of a temperature threshold Indicator tag.

In May 2021, the Company closed a private placement and issued 19,992,003 units of the Company at $0.61 per unit for gross proceeds of $12,195,122, whereby each unit consists of one Class A common share and one share purchase warrant of the Company. Each warrant will be exercisable into an additional Class A common share at an exercise price of $0.76 for a period of 3 years from the date of issuance. In connection with the offering, the Company paid cash commissions in the amount of $853,658 and issued 999,600 finders' warrants to the finder agent. The finders' warrant will be exercisable into a Class A common share at an exercise price of $0.61 for a period of 3 years from the date of issuance. The common shares and warrants issued under the private placement were qualified by way of a prospectus supplement under the Company's base shelf prospectus dated May 10, 2021 (collectively, the

"Prospectus Supplement") which was filed in each of the provinces of Canada, except Québec, copies of which are available under the Company's profile at www.sedar.com. In the United States, the common shares, warrants and the shares issuable upon the exercise of the warrants were offered on a private placement basis pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and certain other jurisdictions in accordance with applicable securities laws.

Subsequent to March 31, 2021, the Company issued 675,581 Class A common shares in connection with the exercise of 675,581 warrants with a weighted average exercise price of $0.52 for total proceeds of $352,349. In addition, the Company also issued 20,000 Class A common shares in connection with the exercise of 20,000 stock options with an exercise price of $0.37 for total proceeds of $7,400. The Company intends to use the proceeds from the recent warrant and stock option exercises for working capital purposes.
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**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, | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Sales | 313,449 | 59,832 |
| Operating expenses | 1,536,403 | 1,108,834 |
| Other items | 266,165 | 221,429 |
| Net loss | (1,116,853) | (891,748) |
| Total comprehensive loss | (1,107,860) | (944,129) |
| Loss per share (basic and diluted) | (0.01) | (0.01) |

| | As at March 31, | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Working capital | 7,669,830 | 285,065 |
| Total assets | 12,960,149 | 6,182,885 |
| Total liabilities | 2,162,920 | 3,011,382 |

**Operations**

The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the three months ended March 31, 2021 and 2020:

| | For the three months ended March 31, | |
|---|---|---|
| **Expenses** | 2021 | 2020 |
| | $ | $ |
| Compensation and consulting | 896,310 | 518,992 |
| Depreciation | 184,125 | 158,299 |
| Development and production | 49,571 | 30,839 |
| Interest and bank charges | 3,336 | 7,178 |
| Marketing and promotion | 42,795 | 64,047 |
| Office facilities and services | 118,907 | 97,917 |
| Professional fees | 67,311 | 77,369 |
| Share-based compensation | 114,444 | 101,434 |
| Transfer and listing fees | 53,998 | 18,051 |

| | | |
|---|---|---|
| Travel and project investigation | 5,606 | 34,708 |
| Total operating expenses | 1,536,403 | 1,108,834 |

**Results of Operations for the Three Months Ended March 31, 2021**

***General and Administrative Expenses***

Net loss for the three months ended March 31, 2021 increased to $1,116,853 compared to $891,748 during the three months ended March 31, 2020. Key differences between the two periods are as follows:

- Sales increased by $253,617 to $313,449 (March 31, 2020 - $59,832) due to the Company expanding its market.
- Compensation and consulting increased by $377,318 to $896,310 (March 31, 2020 - $518,992) due to the Company using additional employees and consultants as well as strengthening its Sales & Marketing team.
- Transfer and listing fees increased by $35,947 to $53,998 (March 31, 2020 - $18,051) due to increased corporate activities during the period.
- Travel and project investigation decreased by $29,102 to $5,606 (March 31, 2020 - $34,708) due to COVID-19 pandemic travel restrictions in the current period limiting many business trips.

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, 2021 | 313,449 | 146,360 | (1,116,853) | (0.01) |
| December 31, 2020 | 142,374 | 202,731 | (1,072,585) | (0.01) |
| September 30, 2020 | 108,442 | 114,447 | (834,747) | (0.01) |
| 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 | 128,763 | 147,781 | (884,132) | (0.01) |
| September 30, 2019 | 77,070 | 100,850 | (1,096,405) | (0.02) |
| June 30, 2019 | - | 106,621 | (842,021) | (0.01) |

Variances quarter over quarter can be explained as follows:

- In the quarter ended March 31, 2021, net loss includes $114,444 in non-cash share-based compensation.
- In the quarter ended December 31, 2020, net loss includes $105,588 in non-cash share-based compensation.
- 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 and the focus on delivering recurring revenues in the short term, profitability is a medium and longer term goal for the Company.

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 exerting 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, 2021 | December 31, 2020 |
|---|---|---|
| | $ | $ |
| Cash and cash equivalents | 8,606,531 | 1,809,637 |
| Amounts receivable | 727,176 | 466,292 |
| Prepaid expenses | 201,987 | 159,799 |
| Total current assets | 9,535,694 | 2,435,728 |
| Accounts payables and accrued liabilities | 1,148,481 | 1,285,465 |
| Current portion of lease liabilities | 319,497 | 351,906 |
| Deferred project grants | 397,886 | 426,456 |
| Working capital | 7,669,830 | 371,901 |

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. During the fourth quarter of 2020, the Company issued 487,500 common shares in connection with the exercise of 487,500 stock options with a weighted average exercise price of $0.31 for total proceeds of $149,750. In addition, the Company issued 997,505 common shares in connection with the exercise of 997,505 warrants with an exercise price of $0.60 for total proceeds of $598,503. The proceeds of the financing, options exercised, and warrants exercised will be used for general corporate and working capital, development, marketing, and increasing production capacity. During the first quarter of 2021, the Company closed a non-brokered private placement of 12,857,142 shares of the Company at $0.35 per share for gross proceeds of $4,500,000. In addition, the Company issued 450,000 common shares in connection with the exercise of 450,000 stock options with a weighted average exercise price of $0.32 for total proceeds of $145,600. In addition, the Company issued 7,161,563 common shares in connection with the exercise of 7,161,563 warrants with an exercise price of $0.60 for total proceeds of $4,296,938. The proceeds of the financing, options exercised, and warrants exercised 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 $7,669,830 as at March 31, 2021 (December 31, 2020 – $371,901).

Subsequent to March 31, 2021, the Company closed a private placement and issued 19,992,003 units of the Company at $0.61 per unit for gross proceeds of $12,195,122. In connection with the offering, the Company paid cash commissions in the amount of $853,658 and issued 999,600 finders' warrants to the finder agent. The finders' warrants will be exercisable into a Class A common share at an exercise price of $0.61 for a period of 3 years from the date of issuance. The proceeds from this financing are being used for working capital purposes. In addition, the Company also issued 675,581 Class A common shares in connection with the exercise of 675,581 warrants with a weighted average exercise price of $0.52 for total proceeds of $352,349. In addition, the Company also issued 20,000 Class A common shares in connection with the exercise of 20,000 stock options with an exercise price of $0.37 for total proceeds of $7,400. The Company intends to use the proceeds from the recent warrant and stock option exercises for working capital purposes.

**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 499,369 Class A common shares with a fair value of $172,282, which has been reported as RTO transaction costs. As a result of the squeeze-out transaction, the Company now owns 100% of YD Ynvisible, S.A.

During the three months ended March 31, 2021, the Company issued nil (during the year ended December 31, 2020 - 318,400) common shares with a value of $nil (during the year ended December 31, 2020 - $109,848) related to the squeeze-out transaction.

**Cash Flows**

Net cash used in operating activities for the three months ended March 31, 2021 was $1,289,010 (March 31, 2020 - $109,120). 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, 2021, cash used in investing activities was $241,232 (March 31, 2020 - $24,241) for the purchase of fixed assets and deposits paid.

During the three months ended March 31, 2021, cash provided by financing activities was $8,136,720 (March 31, 2020 – used in financing activities was $91,162). The Company repaid long term debt of $nil (March 31, 2020 - $5,694) and repaid lease liabilities of $85,566 (March 31, 2020 - $85,468). The Company also closed a private placement for gross proceeds of $4,500,000, whereby $459,130 was received in the prior quarter and paid $194,522 in cash for share issuance costs. In addition, the Company received proceeds of $145,600 in connection with the exercise of 450,000 stock options and $4,296,938, whereby $66,600 was received in the prior quarter, in connection with the exercise of 7,161,563 warrants.

The Company's cash and cash equivalents increased by $6,796,894 from $1,809,637 at December 31, 2020 to $8,606,531 at March 31, 2021.

**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, 2021 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, 2021, the Company had the following directors and officers:

Michael Robinson – Chief Executive Officer
Jani-Mikael Kuusisto – Senior VP Ventures, Vice Chairman of the Board
Carlos Pinheiro Baptista, PhD – Chief Technology Officer
Tommy Höglund – VP of Sales and Marketing
Darren Urquhart, CPA, CA – Chief Financial Officer
Ramin Heydarpour – Chairman of the Board
Inês Henriques, PhD – Director
Alexander Helmel – Director
Duarte Mineiro – Director
Benjamin Leboe – Director

The Company has incurred charges during the three months ended March 31, 2021 and 2020 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, | |
|---|---|---|
| | **2021** | 2020 |
| | **$** | $ |
| Jani-Mikael Kuusisto – Salary | 82,488 | 45,716 |
| Jani-Mikael Kuusisto – Share based compensation | - | 3,769 |
| Inês Henriques – Salary | 22,956 | 21,095 |
| Inês Henriques – Share based compensation | - | 3,769 |
| Tommy Höglund – Salary | 37,904 | - |
| Tommy Höglund – Share based compensation | 6,581 | 14,199 |
| Michael Robinson – Salary | 38,950 | 3,000 |
| Michael Robinson – Share based compensation | 6,581 | 7,099 |
| Alexander Helmel – Consulting fees | 7,500 | 7,500 |
| Alexander Helmel – Share based compensation | - | 2,512 |
| Carlos Pinheiro Baptista – Salary | 29,254 | 24,425 |
| Carlos Pinheiro Baptista – Share based compensation | - | 3,769 |
| Benjamin Leboe – Consulting fees | 3,000 | 3,000 |
| Benjamin Leboe – Share based compensation | - | 2,512 |
| Ramin Heydarpour - Consulting fees | 7,000 | - |
| 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 | 236,552 | 127,746 |
| Total share-based compensation | 13,162 | 38,885 |
| Total compensation for officers and directors | 249,714 | 166,631 |

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, 2021, accounts payable and accrued liabilities include $60,853 (December 31, 2020 - $131,579) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured and have no specified terms of repayment. During the three months ended March 31, 2021, the Company received $19,857 (March 31, 2020 - $19,857) in rent payments from Jordao 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 March 31, 2021 | Date of this MD&A |
|---|---|---|
| Common shares | 103,812,665 | 124,500,249 |
| Stock options | 5,382,500 | 5,362,500 |
| Warrants | 5,255,861 | 25,064,723 |
| Fully Diluted | 114,451,026 | 154,927,473 |

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 | 1,425,000 | 1,425,000 |
| February 21, 2023 | 0.40 | 175,000 | 175,000 |
| May 25, 2023 | 0.30 | 200,000 | 200,000 |
| September 25, 2023 | 0.31 | 50,000 | 50,000 |
| May 1, 2024 | 0.37 | 1,190,000 | 1,190,000 |
| October 2, 2024 | 0.30 | 347,500 | 347,500 |
| December 18, 2024 | 0.20 | 300,000 | 300,000 |
| May 20, 2025 | 0.33 | 195,000 | 195,000 |
| September 9, 2025 | 0.24 | 300,000 | 200,000 |
| September 16, 2025 | 0.25 | 215,000 | 143,333 |
| November 11, 2025 | 0.285 | 625,000 | 212,498 |
| November 18, 2025 | 0.30 | 75,000 | 25,000 |
| March 17, 2026 | 1.29 | 265,000 | - |
| | **0.36** | **5,362,500** | **4,463,331** |

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

| Expiry Date | Weighted Exercise Price $ | Number of Warrants Outstanding |
|---|---|---|
| July 8, 2022 | 0.50 | 4,073,120 |
| May 18, 2024 | 0.76 | 19,992,003 |
| May 18, 2024 | 0.61 | 999,600 |
| | **0.71** | **25,064,723** |

### 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 judgments and estimation uncertainty considered by management in preparing the financial statements are as follows:

a. The amounts disclosed related to fair values of stock options and warrants issued and the resulting effects on profit or loss are based on estimates of future volatility of the Company's share price, expected lives of the options and expected dividends.

b. The valuation of deferred income tax assets is based on estimates of the probability of the Company utilizing certain tax pools and assets and on the impact of future changes in legislation, tax rates and interpretations by taxation authorities.

c. The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The present value of the lease payment is determined using a discount rate representing the rate of a commercial mortgage rate, observed in the period when the lease agreement commences or is modified.
d. Depreciation of tangible and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgement. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

e. At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets consisting of Fixed Assets, Intangible Assets, and Goodwill to determine whether there is any indication that the carrying amount is not recoverable. The determination of whether any such indication exist requires significant management judgment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When an individual asset does not generate independent cash flows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

   Recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Many factors are used in assessing recoverable amounts and are outside of the control of management and it is reasonably likely that assumptions and estimates will change from period to period. These changes may result in future impairments.

f. Judgement is required to determine if the Company’s acquisitions represent a business combination or an asset purchase. The assessments requires management to determine if the acquisitions acquired represented an integrated set of activities with inputs, processes and outputs. The acquisition of rdot AB was considered to be an asset acquisition.

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

g. The amounts receivable balance is recorded at the estimated recoverable amount, which involves the estimate of uncollectible accounts.

h. In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect demand for the Company's product and harm business and results of operations. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

**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.

***Global Semiconductor Shortage***

The 2020/2021 semiconductor shortage has highlighted the need for adjustments in capacity and sourcing patterns between automakers, tier-1 suppliers, semiconductor suppliers, and their foundries. The Company's contract manufacturing partners and the Company's clients rely on a supply of semiconductor chips for a wide range of functional electronic and display needs. While the impact on across all electronics sector production is already significant, the situation remains fluid and the Company's contract manufacturing partners and customers are tracking this situation on an ongoing basis.

***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 cyclic customer demand for its services and 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 and cash equivalents are exposed to minimal credit risk. The credit risk on cash and cash equivalents is low because the counterparties are highly rated banks.

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

***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 and cash equivalents is exposed to minimal interest rate risk as the Company invests cash at floating rates of interest in highly liquid instruments, when applicable.

***Liquidity Risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its cash on hand.

***Foreign Currency Risk***

The Company's functional currency is the Canadian dollar. The Company funds the operations of Ynvisible SA in Portugal, Ynvisible GmbH in Germany, and Ynvisible Production in Sweden by using Euros and Swedish krona, respectively, converted from its Canadian dollar bank accounts. Based on the Company's Euro and Swedish krona denominated financial instruments at March 31, 2021, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately $144,900 and $30,000, respectively, change in foreign exchange gain or loss.

**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, 2021 and 2020; and
- the Company's audited consolidated financial statements for the years ended December 31, 2020 and 2019.

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