

YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS

NINE MONTHS ENDED SEPTEMBER 30, 2018

Date of Report: November 28, 2018

The following management discussion and analysis (“MD&A”) of the financial position and results of operations for Ynvisible Interactive Inc. (the “Company” or “Ynvisible”) (formerly Network Exploration Ltd.) should be read in conjunction with the condensed consolidated interim financial statements and the notes thereto for the nine months ended September 30, 2018. 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”. On January 11, 2018, the Company changed its name from Network Exploration Ltd. to Ynvisible Interactive Inc. and on January 19, 2018 (see news release dated January 19, 2018) the Company completed its reverse take-over transaction (“RTO”) with YD Ynvisible, S.A. (“YD Ynvisible”), whereby it acquired 94.19% of its issued and outstanding common shares. The Company’s unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2018 have been prepared on a continuity of interest basis that present the comparative results of YD Ynvisible prior to the RTO.

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

Ynvisible's proprietary electrochromic displays can be the face of every smart label. 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 proposed product and service offering 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 and Third Quarter of 2018

Listing on OTCQB Venture Market in the United States

On September 28, 2018, the Company announced that its common shares were listing on the OTCQB Venture Market in the United States under the trading symbol "YNVYF" in addition to its primary listing on the TSX Venture Exchange under its Canadian trading symbol YNV. In addition, the Company's common shares are eligible for delivery and depository services of the Depository Trust Company (the "DTC") to facilitate electronic settlement of transfers of its common shares in the United States. Securities that are eligible to be electronically cleared and settled through the DTC are considered "DTC eligible". This electronic method of clearing securities speeds up the receipt of stock and cash, and therefore accelerates the settlement process for investors and greatly reduces transactional costs for participating stock brokerages.

New Printing Line and Customer Training Facility

On September 20, 2018, the Company opened a new production and customer training facility in Charneca de Caparica in the city of Almada, Portugal. The new sheet-to-sheet (S2S) production line will enable Ynvisible to produce electrochromic devices for orders in the hundreds of thousands of units per production run for products such as smart labels and IoT devices. The new site will also act as a training facility for clients and distribution partners learning to design and produce Ynvisible's proprietary technologies.

Production Scale-Up

The opening of the production and customer training facility in Portugal represents a key milestone to the Company's earlier reported scale-up initiatives for the year.

Roll-to-roll (R2R) printing developments were continued partially as subcontracted work with partner VTT Technical Research Centre of Finland. Discussions on location(s) and partnerships for first roll-to-roll commercial production were continued with potential partners in Europe.

European Commission co-funded R&D projects INFUSION, INNPAPER, and DECOCHROM were continued to enhance the Company's technology offering. These industrial partnerships provide valuable tools to help grow the electrochromic display ecosystem to accelerate product offerings. As a part of the DECOCHROM developments, designers were producing first prototypes utilizing electrochromic material sets supplied by Ynvisible.

Sales and Marketing

On September 25, 2018, the Company announced the appointment of Brent Crawford as its new Head of Sales and Marketing operating from the Greater Toronto Area. Mr. Crawford takes responsibility for direct and channel sales for Ynvisible's proprietary printed electrochromic displays. Brent has earlier held managerial positions in account management and large enterprise sales within Telus, and most recently in the position of senior business development manager for Toronto-based start-up, Nymi.

As a further reinforcement to the Company's sales, marketing, and business development, the Company further announced Samuli Strömberg to the position of Head of Business Development, Smart Labels. Mr. Strömberg will lead Ynvisible's business development in smart label applications, with particular focus on the RFID (Radio Frequency Identification) markets. Samuli has nearly 20 years of experience in the RFID industry with executive level business management and marketing positions in leading RFID companies, such as UPM RFID and Smartrac.

With the ongoing effort to build the new production facility in Portugal and limitations on available production capacity, Prototyping Project revenues were low in the first nine months of 2018. Marketing communications activities for the third quarter of 2018 focused on the opening of the new facility on September 20. An online live stream broadcast was aired on the opening day, introducing Ynvisible's technology and business, plus the team and facilities in Portugal. The video remains available for viewing in Ynvisible's YouTube channel. The video received hundreds of viewers in the first days, further fueling the number of client and partner contacts. News of the opening was covered by the main printed electronics industry news outlets.

Several new client opportunities for prototyping and pilot production were entered into the sales pipeline. First orders for client prototyping cases from the new production line were expected for delivery during the fourth quarter of 2018.

The Company has entered into multiple negotiations for new partnerships intended to complement Ynvisible's technology and services offering and further strengthen the Company's sales and distribution networks. Requests for technology sample kits remains high.

Results of Operations for the nine months ended September 30, 2018

General and Administrative Expenses

During the nine months ended September 30, 2018, the Company completed its RTO transaction with YD Ynvisible. As a result, the Company is now consolidating the results of YD Ynvisible from January 19, 2018 on a continuity of interest basis as if the Company had always been owned by the shareholders of YD Ynvisible. The Company's operating expenses have significantly increased during the period ended September 30, 2018 compared to those of the nine months ended September 30, 2017. Net loss for the period increased by \$4,186,902 to \$4,477,000 (2017 - \$393,784). Key contributors to the rise in operating costs are as follows:

- Compensation and Consulting increased by \$965,448 to \$1,353,611 (2017 - \$388,163) due to the Company now employing a team of employees and consultants it acquired in the RTO transaction.
- Professional fees increased by \$322,844 to \$322,844 (2017 - \$Nil) as the Company paid more legal costs associated with the RTO transaction.
- Share-based compensation of \$821,733 was recognized in the current period relating to granting of 3,925,000 stock exercisable options. The stock options were fair-valued using the Black-Scholes option pricing model. Another 400,000 stock options were granted that do not begin vesting until after September 30, 2018 for which no share-based compensation was recognized. There were no options granted in the comparative 2017 period.
- Supplies and external services costs increased by \$480,354 to \$630,682 (2017 - \$150,328) in the current period. These costs relate directly to the operations of YD Ynvisible and are growing with the Company.
- Transfer and listing fees increased by \$106,117 to \$106,117 (2017 - \$Nil). The Company paid additional fees associated with the RTO transaction, the consolidation of the Company's shares and financing activities in the current period. In the prior period, the Company was not trading on a public exchange.
- The Company earned European Union co-funded project grants of \$215,026 (2017 - \$128,310) for specific project based work in the current period.
- The Company expensed \$1,199,141 in transaction costs relating to the RTO, of which \$402,264 was the fair value assigned to 1,340,881 finder's fees shares issued in connection with the transaction, \$717,074 was a non-cash purchase price allocation and \$79,803 was for related expenses.

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	Prototyping Project Revenues	EU Co-Funded Project Grants	Net Loss	Loss Per Share (Basic and Diluted)*
September 30, 2018	\$ -	\$ 51,403	\$ 668,504	\$0.01
June 30, 2018	\$ -	\$ 85,586	\$ 619,814	\$0.01
March 31, 2018	\$ 8,425	\$ 78,037	\$ 3,188,682	\$0.07
December 31, 2017	\$ 27,697	\$ 12,143	\$ 520,186	\$0.02
September 30, 2017	\$ 12,576	\$ 16,626	\$ 170,200	\$0.01
June 30, 2017	\$ 34,577	\$ 89,534	\$ 70,102	\$0.00
March 31, 2017	\$ 28,792	\$ 22,150	\$ 152,048	\$0.01
December 31, 2016	\$ 56,252	\$ 30,654	\$ 171,934	\$0.01
September 30, 2016	\$ 30,868	\$ 27,569	\$ 80,254	\$0.00

* Restated for 2 to 1 share consolidation completed December 3, 2017.

The March 31, 2018 net loss includes \$1,199,141 in mostly non-cash RTO transaction fees and \$793,600 in non-cash share-based compensation.

With the exception of the 2018 periods, the above results are those of YD Ynvisible alone following the continuity of interest principle and were converted from European Euros to Canadian dollars.

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. During the past year the Company has received loans from related parties and third parties to fund operating expenses.

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.

Capital Resources

On January 19, 2018, Ynvisible Interactive Inc. (formerly Network Exploration Ltd.) completed its previously announced transaction with YD Ynvisible, S.A. whereby the Company acquired 94.19% of the issued and outstanding common shares of YD Ynvisible, through the issuance of 25,991,831 Class A common shares, which acquisition constituted a reverse takeover transaction pursuant to the policies of the TSX Venture Exchange. (see the Company's news release dated January 19, 2018).

Concurrent with the RTO, the Company closed a prospectus offering of 15,333,332 shares at a price of \$0.30 per share. The Company issued 83,333 Class A common shares and paid cash as finders' fees relating to this offering.

On December 19, 2017, the Company closed a non-brokered private placement issuing 5,875,400 shares at a price of \$0.30 per share for gross proceeds of \$1,762,620. The Company paid finders a cash commission in the aggregate

amount of \$88,092, being 6% of the aggregate proceeds from the sale of shares to purchasers introduced by the finders.

At September 30, 2018, the current assets of the Company consist of cash, amounts receivable and prepaid expenses totaling \$2,355,612 and the Company has a working capital of \$769,940. The Company will have to generate additional cash from equity raised through the Canadian public markets to meet its commitments.

Share Consolidation

On December 3, 2017, the Company consolidated its common shares (the “Shares”) on the basis of one post-consolidated common share for every two pre-consolidated Shares held (the “Consolidation”). The Company had 4,932,308 common shares issued and outstanding following the Consolidation. All references to the number of common shares and per share amounts prior to December 3, 2017 have been retroactively restated to reflect this consolidation.

Change in Year End

Effective January 1, 2018, the Company has elected to change its year end from November 30 to December 31. The change was made to align the Company’s reporting periods with its new subsidiary and to provide investors with better comparable information to other similar reporting companies.

Cash Flows

Net cash used in operating activities for the nine month period ended September 30, 2018 was \$2,996,888 (2017 - \$134,605). The cash used consisted primarily of general and administrative expenses, net of non-cash expenditures and a net change in non-cash working capital, detailed in the statement of cash flows. The current period saw increased activity highlighted by the reverse takeover transaction.

During the nine month period ended September 30, 2018, cash used in investing activities was \$401,345 for the purchase of fixed assets and \$6,469 was invested in intangible assets (2017 - \$49).

During the nine month period ended September 30, 2018, cash provided from financing activities was \$5,133,844 (2017 - \$146,661). In the current period, the Company completed a prospectus offering for gross proceeds of \$4,600,000 and incurred cash share costs of \$102,803, while no similar transactions were undertaken in the 2017 period. The Company also repaid \$949,251 in loans and \$106,080 in long term debt in the current period. As a result of the RTO, the Company acquired \$1,691,978 in cash. The Company received loan proceeds of \$146,661 in the 2017 comparative period.

The Company’s cash increased by \$1,685,727 from \$3,453 at December 31, 2017 to \$1,689,180 at September 30, 2018.

Off Balance Sheet Arrangements

At September 30, 2018, 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

Directors and Officers

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

Jani-Mikael Kuusisto – Chief Executive Officer and Director
 Ines Henriques, PhD – Chief Operating Officer and Director
 Alexander Helmelt – Director
 Duarte Mineiro – Director
 Martin Burian – Director
 Benjamin Leboe – Director
 Carlos Pinheiro Baptista, PhD – Chief Technology Officer
 Darren Urquhart, CPA, CA – Chief Financial Officer

The Company has incurred charges during the nine months ended September 30, 2018 and 2017 from directors and senior management, or companies controlled by them, for management and consulting fees and share-based compensation as follows:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Jani-Mikael Kuusisto – Salary	\$ 117,658	\$ 100,146
Jani-Mikael Kuusisto – Share based compensation	101,189	-
Inês Henriques – Salary	72,678	59,402
Inês Henriques – Share based compensation	67,459	-
Alexander Helmelt – Consulting fees	20,000	-
Alexander Helmelt – Share based compensation	44,973	-
Duarte Mineiro – Share based compensation	44,973	-
Martin Burian – Consulting fees	8,000	-
Martin Burian – Share based compensation	22,486	-
Carlos Pinheiro Baptista – Salary	76,131	32,732
Carlos Pinheiro Baptista – Share based compensation	84,324	-
Benjamin Leboe – Consulting fees	4,000	-
Benjamin Leboe – Share based compensation	7,502	-
Darren Urquhart – Consulting fees	22,500	-
Darren Urquhart – Share based compensation	22,486	-
Total cash consulting and management fees	\$ 320,967	\$ 192,280
Total share-based compensation	\$ 395,392	\$ -
Total compensation of officers and directors	\$ 716,359	\$ 192,280

As at September 30, 2018, accounts payable and accrued liabilities include \$111,416 (2017 - \$198,686) due to officers and directors. Trade and other payable amounts due to related parties are unsecured, and have no specified terms of repayment.

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.

Subsequent Events

Advisory Board

On October 25, 2018, the Company announced it had created an Advisory Board and appointed its first members: Dr. Michael Okoroafor, Dr. Harlan Byker, and Dr. Harri Kopola.

Dr. Michael Okoroafor, Vice President, Global Sustainability & Packaging Innovation at McCormick & Company, is highly acclaimed for his achievements in the consumer packaging industry. On October 15, 2018, Michael was inducted into the Packaging and Processing Hall of Fame at PACK EXPO International. Michael is an innovation leader and has over 40 patents to his name and a career that, in addition to McCormick, has spanned prominent roles within PPG, Coca-Cola, and Heinz. With 30 years of experience building off his PhD in Polymer Chemistry from Michigan State University, Michael has a unique background in working both with colour changing (chromogenic) systems, as well as novel packaging materials and concepts, including interactive packaging.

Dr. Harlan Byker, founder and CEO of Pleotint, LLC, is a world-leading expert on electrochromism and thermochromism. He has over 30 years of scientific research and development, invention, manufacturing and patenting experience. Harlan gained his PhD in Physical Chemistry at Montana State University. He is an inventor and/or co-inventor on more than 50 US patents. As a research scientist at Battelle Laboratories, Harlan invented the chemistry portion of the first commercially successful electrochromic device, an automatic dimming rear view mirror for motor vehicles commercialized by Gentex, a company in which Harlan became a Board member and VP of research, before founding Pleotint, a company focused on self-tinting building windows.

Dr. Harri Kopola is a pioneer in the printed electronics industry, who started printed electronics research on flexible substrates in the late 1990s within VTT Technical Research Centre of Finland, one of Europe's leading applied technical research centers. Harri earned his PhD in Electrical Engineering from the University of Oulu. He has publications and patents in various disciplines of electronics, optoelectronics and printed electronics. From 2006-2009, Kopola led VTT's spearhead program 'Center for Printed Intelligence', and in 2008 headed the founding of the PrintoCent printed intelligence industrialization community, which to date has produced 26 spin-off companies and linked these to a network of global scale companies. This month Harri is retiring from VTT, where his most recent position was VP Research in Knowledge Intensive Products and Services. At LOPEC Conference 2018, Harri was appointed Fellow of the Organic Electronics Association (OE-A) – regarding his selection, the jury cited his instrumental role in promoting industrialization of printed electronics internationally.

Common Share Exchange

On October 26, 2018, the Company issued 925,479 common shares at a deemed price of \$0.30 per share to the minority shareholders of YD Ynvisible in exchange for 925,479 common shares of YD Ynvisible. The Company now owns approximately 98% of YD Ynvisible.

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.

Other MD&A Requirements

This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended September 30, 2018. 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. The documents mentioned above, as well as news releases and other important information may be viewed through the SEDAR website at www.sedar.com.

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.

Summary of Outstanding Share Data as of the Date of this Report

	Number Issued and Outstanding
Common shares *	53,141,679
Stock Options *	4,325,000
Warrants *	-
Fully Diluted *	57,466,679

* These numbers reflect the effect of the share consolidation effected December 4, 2017.

Approval

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

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 our target markets and their potential for growth.

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

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

Accounting Policies Adopted During The Period

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Company has adopted the standard as of January 1, 2018. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash	Amortized cost	Amortized cost
Amounts receivable	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Loans payable	Amortized cost	Amortized cost
Long-term liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated interim statement of comprehensive income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated interim statement of comprehensive income (loss).

IFRS 15 Revenue from Contracts with Customers

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract, regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. The change did not impact the revenue recognized or the related assets and liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 15:

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

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 15 resulted in no impact to the opening deficit nor to the opening balance of comprehensive income on January 1, 2018.

Recent Accounting Pronouncements

The International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee continuously issue certain new standards and interpretations. The Company has not adopted the following standards and is in the process of evaluating the impact that these standards will have on the financial statements:

IFRS 16 Leases

IFRS 16 replaces the previous leases standard, IAS 17 Leases, and interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, lessee and lessor. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers. The Company is in the process of evaluating the impact that these standards will have on the financial 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: the amounts disclosed related to fair values of stock options and warrants issued and the resultant 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; and 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.

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.

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's accounts payable and loans payable are all current. 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 its subsidiary, YD Ynvisible, in Portugal, by using Euros converted from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Based on the Company's Euro denominated financial instruments at September 30, 2018, a 10% change in exchange rates between the Canadian dollar and the Euro would result in a \$323,155 change in foreign exchange gain or loss.