



**YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and Nine Months Ended September 30, 2019 and 2018

(UNAUDITED)

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the Company for the three and nine months ended September 30, 2019 have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed interim consolidated financial statements.



YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	As at	
	September 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	\$ 2,790,026	\$ 957,078
Amounts receivable	546,889	637,128
Prepaid expenses	68,398	10,699
Total current assets	3,405,313	1,604,905
Non-current assets		
Deposits	24,787	15,106
Right-of-use assets (Note 7)	1,084,691	-
Fixed assets (Note 8)	1,015,316	487,831
Intangible assets (Note 9)	258,453	84,472
Goodwill (Note 6)	1,629,738	-
Total non-current assets	4,012,985	587,409
Total assets	\$ 7,418,298	\$ 2,192,314
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 678,124	\$ 637,047
Current portion of lease liabilities (Note 7)	315,483	-
Deferred project grants	524,265	1,028,534
Total current liabilities	1,517,872	1,665,581
Lease liabilities (Note 7)	732,354	-
Long-term liabilities	86,213	211,533
Total liabilities	2,336,439	1,877,114
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	15,288,942	8,905,438
Reserve (Note 11)	1,500,589	1,088,000
Obligation to issue shares (Note 11)	172,282	-
Deficit	(12,098,259)	(9,836,801)
Accumulated other comprehensive income	218,305	158,563
Total shareholders' equity	5,081,859	315,200
Total liabilities and shareholders' equity	\$ 7,418,298	\$ 2,192,314

Note 1 – Corporate Information and Going Concern
Note 15 – Subsequent Events

Approved and authorized for issue on behalf of the Board of Directors on November 29, 2019:

“Jani-Mikael Kuusisto”

Director

“Alexander Helmel”

Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue				
Sales	\$ 77,070	\$ -	\$ 127,780	\$ 8,425
Cost of sales	(8,710)	-	(8,710)	-
Gross profit	68,360	-	119,070	8,425
Expenses				
Compensation and consulting (Note 10)	486,085	488,386	1,252,122	1,454,143
Depreciation (recovery) (Note 7 and 8)	77,226	(4,295)	162,159	10,114
Development and production	46,015	24,751	252,974	169,483
Interest and bank charges	4,965	84	13,313	17,342
Marketing and promotion	64,647	23,264	108,033	93,934
Office facilities and services	71,707	36,307	163,019	93,235
Professional fees	63,711	20,342	247,895	476,373
Share-based compensation	201,218	28,133	457,228	821,733
Transfer and listing fees	15,593	26,557	35,980	106,117
Travel and project investigation	54,511	50,948	171,489	161,062
Total operating expenses	1,085,678	694,477	2,864,212	3,403,536
Loss from operation	(1,017,318)	(694,477)	(2,745,142)	(3,395,111)
Other items				
Income and gains	5,918	-	9,150	17,250
Expenses and losses	(5,681)	(23,705)	(19,872)	(111,005)
EU co-funded projects grants	100,850	51,403	345,128	215,026
RTO transaction costs (Note 11)	(178,862)	-	(178,862)	(1,199,141)
Gain on forgiveness of debt	-	-	7,954	-
Total other items	(77,775)	27,698	163,498	(1,077,870)
Loss before income taxes	(1,095,093)	(666,779)	(2,581,644)	(4,472,981)
Income tax expense	(1,312)	(1,725)	(1,312)	(4,019)
Net loss	(1,096,405)	(668,504)	(2,582,956)	(4,477,000)
Other comprehensive gain (loss)				
Foreign currency translation adjustment	29,131	14,048	59,742	(43,415)
Total comprehensive loss	\$ (1,067,274)	\$ (654,456)	\$ (2,523,214)	\$ (4,520,415)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.09)
Weighted average number of common shares outstanding	71,355,642	52,216,200	62,747,446	49,334,290

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited - Expressed in Canadian Dollars)

	Common Shares		Reserve	Obligation to issue shares	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficiency)
	Class A Number	Class A Amount					
	#	\$					
Balance, December 31, 2017	26,172,815	2,154,178	-	-	(4,418,287)	221,611	(2,042,498)
Shares of Network Exploration Ltd. on RTO	10,807,704	-	-	-	-	-	-
Elimination of shares of YD Ynvisible, S.A.	(26,172,815)	-	-	-	-	-	-
Shares issued for RTO	24,650,950	2,254,063	-	-	-	-	2,254,063
Shares issued by prospectus	15,333,332	4,600,000	-	-	-	-	4,600,000
Shares issued for finder's fees for RTO	1,340,881	402,264	-	-	-	-	402,264
Shares issued for finder's fees for private placement	83,333	25,000	-	-	-	-	25,000
Share issue costs	-	(530,067)	-	-	-	-	(530,067)
Share-based compensation	-	-	821,733	-	-	-	821,733
Loss for the period	-	-	-	-	(4,477,000)	-	(4,477,000)
Other comprehensive loss	-	-	-	-	-	(43,415)	(43,415)
Balance, September 30, 2018	52,216,200	8,905,438	821,733	-	(8,895,287)	178,196	1,010,080
Shares issued in exchange for YD Ynvisible shares	925,479	-	-	-	-	-	-
Share-based compensation	-	-	266,267	-	-	-	266,267
Loss for the period	-	-	-	-	(941,514)	-	(1,941,514)
Other comprehensive income	-	-	-	-	-	(19,633)	(19,633)
Balance, December 31, 2018	53,141,679	8,905,438	1,088,000	-	(9,836,801)	158,563	315,200
Shares issued by private placement	15,910,629	5,268,192	133,568	-	-	-	5,401,760
Shares issued in exchange for Ynvisible, S.A. shares	14,000	6,580	-	-	-	-	6,580
Shares issued in exchange for Ynvisible Production shares	3,564,474	1,407,967	-	-	-	-	1,407,967
Obligation to issue shares	-	-	-	172,282	-	-	172,282
Finder's units issued for private placement	587,226	190,540	6,662	-	-	-	197,202
Warrants issued for finder's fees for private placement	-	(157,629)	157,629	-	-	-	-
Share issue costs	-	(375,646)	-	-	-	-	(375,646)
Stock options exercised	75,000	43,500	(21,000)	-	-	-	22,500
Stock options expired	-	-	(221,000)	-	221,000	-	-
Stock options cancelled	-	-	(100,498)	-	100,498	-	-
Share-based compensation	-	-	457,228	-	-	-	457,228
Loss for the period	-	-	-	-	(2,582,956)	-	(2,582,956)
Other comprehensive loss	-	-	-	-	-	59,742	59,742
Balance, September 30, 2019	73,293,008	15,288,942	1,500,589	172,282	(12,098,259)	218,305	5,081,859

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended September 30,	
	2019	2018
Operating activities		
Net loss for the period	\$ (2,582,956)	\$ (4,477,000)
<i>Items not involving the use of cash:</i>		
Depreciation	162,159	10,114
Gain on forgiveness of debt	(7,954)	-
Share-based compensation	457,228	821,733
Unrealized foreign exchange	(44,297)	-
RTO transaction fees	178,862	717,074
Income tax expense	1,312	2,294
<i>Changes in working capital items:</i>		
Amounts receivable	127,217	(174,648)
Prepaid expenses	(54,613)	(181,324)
Deposits	(207)	(174)
Accounts payable and accrued liabilities	(390,988)	(710,270)
Deferred project grants	(504,269)	893,588
Cash used in operating activities	(2,658,506)	(2,996,888)
Investing activities		
Purchase of fixed assets	(596,709)	(401,345)
Investments in intangible assets	(9,921)	(6,469)
Cash used in investing activities	(606,630)	(407,814)
Financing activities		
Proceeds on issuance of shares	5,401,760	4,600,000
Share issue costs	(178,444)	(102,803)
Cash acquired in RTO	-	1,691,978
Cash indebtedness acquired from Ynvisible Production	(15,355)	-
Stock options exercised	22,500	-
Loans repaid	-	(949,251)
Long term debt repaid	(117,366)	(106,080)
Repayment of lease liabilities	(74,753)	-
Cash provided by financing activities	5,038,342	5,133,844
Effect of foreign exchange	59,742	(43,415)
Net change in cash	1,832,948	1,685,727
Cash, beginning of period	957,078	3,453
Cash, end of period	\$ 2,790,026	\$ 1,689,180
Non-cash transactions		
Capitalization of right-of-use assets and lease liabilities	\$ 314,186	\$ -
Shares issued for RTO	\$ -	\$ 2,254,063
Shares issued for finder's fees for RTO	\$ -	\$ 402,264
Shares issued for finder's fees for private placement	\$ -	\$ 25,000
Shares issued for the acquisition of Ynvisible Production	\$ 1,407,967	\$ -
Reclassification of stock options exercised	\$ 21,000	\$ -
Reclassification of stock options expired	\$ 221,000	\$ -
Reclassification of stock options cancelled	\$ 100,498	\$ -
Value of warrants issued in private placement	\$ 133,568	\$ -
Value of finder's units issued for private placement	\$ 197,202	\$ -
Value of finder's warrants issued in private placement	\$ 157,629	\$ -

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

YNVISIBLE INTERACTIVE INC.
(formerly Network Exploration Ltd.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended September 30, 2019
(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

1. CORPORATE INFORMATION AND GOING CONCERN

Ynvisible Interactive Inc. (formerly Network Exploration Ltd.) (the “Company”) was incorporated on September 2, 1983 under the laws of British Columbia, Canada. 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.

On January 19, 2018, the Company completed a transaction with YD Ynvisible, S.A. (“Ynvisible, S.A.”), whereby the Company acquired 94.19% of the issued and outstanding Class A common shares of Ynvisible, S.A., which constituted a reverse takeover (see Note 5).

The Company changed its name to Ynvisible Interactive Inc. on January 11, 2018, and its principal business activity is the development and sale of electrochromic (“EC”) displays. The Company’s shares, which were halted from trading since announcing the reverse takeover on May 2, 2016, resumed trading on the TSX Venture Exchange (“TSXV”) on January 23, 2018 under the symbol “YNV”.

On February 15, 2018, the Company elected to change its fiscal year-end to December 31 to align its reporting periods with the industry standard calendar year-end.

Certain figures for the prior period have been reclassified in order to conform to the current year’s presentation.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. During the nine months ended September 30, 2019, the Company incurred a net loss of \$2,582,956 (September 30, 2018 - \$4,477,000) and as at September 30, 2019, has an accumulated deficit of \$12,098,259 (December 31, 2018 - \$9,836,801).

The Company’s ability to continue as a going concern, to fund work commitments 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. These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Management believes that the Company has sufficient working capital to meet the Company’s obligations over the next twelve months.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”), Interim Financial Reporting (“IAS 34”).

This financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the years ended December 31, 2018 and 2017.

YNVISIBLE INTERACTIVE INC.
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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2. BASIS OF PRESENTATION (continued)

Statement of compliance (continued)

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018, except for the following:

IFRS 16 Leases

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

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

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

As at January 1, 2019, the Company recognized \$314,186 in right-of-use assets and \$314,186 in lease liabilities as summarized below.

	\$
Minimum lease payments under operating leases as of December 31, 2018	337,431
Effect from discounting at the incremental borrowing rate as of January 1, 2019	<u>(23,245)</u>
Right-of-use assets and lease liabilities recognized as of January 1, 2019	<u>314,186</u>

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

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

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

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2. BASIS OF PRESENTATION (continued)

Statement of compliance (continued)

IFRS 16 Leases (continued)

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

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

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

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

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

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

Basis of Measurement and Presentation

The Company's condensed interim consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value. The comparative figures presented in these condensed interim consolidated financial statements are in accordance with IFRS. Certain comparative figures may have been reclassified to conform to the current period's presentation.

The preparation of condensed interim consolidated financial statements requires the use of certain critical accounting estimates and the exercise of management's judgment in applying the Company's accounting policies. Areas involving a high degree of judgment or complexity and areas where assumptions and estimates are significant to the Company's condensed interim consolidated financial statements are discussed in Note 4.

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For the three and nine months ended September 30, 2019
(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. BASIS OF PRESENTATION (continued)

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company, its 100% owned subsidiary Ynvisible, S.A., Portugal, Ynvisible GmbH, Germany, which is 100% owned by Ynvisible, S.A., and Ynvisible Production AB (“Ynvisible Production” and formerly Consensum Production AB), Sweden, which is 100 % owned by the Company. All intercompany transactions and balances have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information and as otherwise specified, as set out in the accounting policies below.

Foreign Currency Translation

The functional currency of the Company is the Canadian dollar. The Company’s functional currency is also the presentation currency. The functional currency of Ynvisible, S.A. and Ynvisible, GmbH is the European Euro. The functional currency of Ynvisible Production is the Swedish krona.

Transactions in currencies other than the Company’s functional currency are recorded at the rates of exchange prevailing at the dates of the transactions. The Company translates monetary assets and liabilities denominated in foreign currencies at period-end rates. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates in effect during the period except for depreciation which is translated at historical rates. The resulting gains or losses are reflected in profit or loss in the period of translation.

At the entity level, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate in effect at the financial position date and non-monetary assets and liabilities are translated at the exchange rates in effect at the date of the transaction. Income and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions. All exchange gains and losses are credited or charged to profit or loss in the period in which they arise.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred to share capital. The residual values of expired and cancelled options and warrants are transferred to deficit.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-Based Compensation

The Company has a stock option plan under which it grants stock options to officers, directors, employees and consultants.

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions and the fair value of restricted share units is determined using the fair value on grant date. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. When vested options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based compensation is transferred to deficit. As the options are exercised, the consideration paid, together with the amount previously recognized in share-based compensation, is recorded as an increase in share capital.

Goodwill

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

Business Combinations

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

Intangible Assets

Intangible assets are comprised of patents and software, production development, and license with finite use lives and are depreciated over the life of the asset. Intangible assets are recorded at the cost of acquisition less any accumulated impairment losses. Intangible assets are only recognized if it is probable that attributable future economic benefits to the asset flow to the Company, and that they are controllable and their cost can be valued with reliability.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed Assets

Fixed assets are initially recorded at the cost of acquisition or production, which includes the purchase cost, any costs directly attributable to the activities required to put the assets in the necessary location and condition to operate in the manner intended and, when applicable, the initial estimated decommissioning costs and assets removal and the restoring of the respective location of installation / operation in which the Company expects to incur.

The tangible fixed assets are recorded at the cost of acquisition or production, deducted from accumulated depreciation and any accumulated impairment losses. Depreciation is calculated after the asset is available for use, according to the straight-line method, except for some basic equipment assets for which the declining balance method is used, in accordance with the estimated useful life for each group of assets.

The straight-line depreciation rates used correspond to the following estimated useful lives:

Equipment	5 – 7 years
Manufacturing equipment	10 years
Leasehold building improvements	Term of the lease
Office	3 – 5 years
Laboratory	10 years

The useful lives and depreciation methods for the various assets are reviewed annually. The effect of any changes to these estimates is recognized prospectively in profit or loss. Maintenance and repair expenses (subsequent expenditure) that are unlikely to generate additional economic benefits in the future are recorded as expenses in the period they are incurred. The gain (or loss) resulting from the alienation or disposal of tangible fixed assets is determined as the difference between the fair value of the amount received or receivable in the transaction, and the carrying amounts of the asset, and is recognized in the period in which the disposal or alienation occurs.

Revenue Recognition

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

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4. 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.

5. REVERSE TAKEOVER TRANSACTION

On January 19, 2018, the Company completed a transaction with Ynvisible, S.A. (See Note 1) whereby the Company acquired 94.19% of the issued and outstanding common shares of Ynvisible, S.A. through the issuance of a total of 25,991,831 Class A common shares, which acquisition constituted a reverse takeover ("RTO") pursuant to the policies of the TSXV. The RTO was completed pursuant to the terms of a share exchange agreement dated effective July 19, 2016, as amended (the "Share Exchange Agreement"), among the Company, Ynvisible, S.A. and certain shareholders of the Ynvisible, S.A. In consideration of the acquisition of 94.19% of the Ynvisible, S.A.'s shares, and pursuant to the terms of the Share Exchange Agreement, the Company issued 24,650,950 Class A common shares of the Company and 1,340,881 Class A common shares were issued as a finder's fee in connection with the RTO.

The Company is the acquiree (the "Target") and Ynvisible, S.A. is the acquirer in the RTO. The acquisition of Ynvisible, S.A. by the Company constitutes a reverse asset acquisition as the Company does not meet the definition of a business, as defined in IFRS 3, Business Combinations. Accordingly, as a result of the RTO, the consolidated statements of financial position have been adjusted for the elimination of the Company's share capital of \$18,813,444, reserve of \$762,213 and accumulated deficit of \$17,939,668, all within shareholders' equity as of the date of acquisition.

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5. REVERSE TAKEOVER TRANSACTION (continued)

The Company accounted for the assets and liabilities acquired in the RTO as follows:

Total Purchase Price:	
24,650,950 Class A common shares of the Company	\$ 2,254,063
Allocation of purchase price	
	January 19, 2018
Cash	\$ 1,689,720
Accounts receivable	6,136
Prepaid expenses	70,000
Deposits	14,095
Loans receivable	149,790
Accounts payable and accrued liabilities	(217,693)
Loans payable	(177,317)
Net Assets of the Target	1,534,731
RTO transaction costs	719,332
	\$ 2,254,063

The Company issued 1,340,881 Class A common shares at a deemed price of \$0.30 per Class A common share to an arm's length finder as payment of a finder's fee in connection with the RTO. The finder's fees Class A common shares' value of \$402,264 is included in the RTO transaction costs of \$1,199,141 in the consolidated statement of comprehensive loss.

6. ACQUISITION OF YNVISIBLE PRODUCTION AB (FORMERLY CONSENSUM PRODUCTION AB)

On August 21, 2019, the Company completed the acquisition of Ynvisible Production pursuant to which the Company acquired 100% of the issued and outstanding shares of Ynvisible Production. Ynvisible Production is a printed electronics contract manufacturing company based in Linköping, Sweden.

Pursuant to the terms of the transaction, the Company issued an aggregate of 3,564,474 common shares of the Company (the "Payment Shares") with a value of \$1,407,967 or \$0.395 per share. The Payment Shares are subjected to a statutory hold period expiring December 21, 2019 as well as a voluntary hold period until February 20, 2020 for 25% of the Payment Shares and August 20, 2020 for an additional 25% of the Payment Shares.

The acquisition has been accounted for using the acquisition method pursuant to IFRS 3, *Business Combinations*. Under the acquisition method, assets and liabilities are recorded at their fair values on the date of acquisition. The excess consideration given over the fair value of the net assets acquired is recorded as goodwill.

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**6. ACQUISITION OF YNVISIBLE PRODUCTION AB (FORMERLY CONSENSUM PRODUCTION AB)
(continued)**

	Total
	\$
Consideration:	
Common shares	1,407,967
Total consideration provided	1,407,967
Allocated as follows:	
Bank indebtedness	(15,355)
Amounts receivable	36,978
Prepaid expenses	3,086
Deposits	9,474
Right-of-use assets	852,701
Intangible assets	174,799
Accounts payable and accrued liabilities	(136,397)
Current portion of lease liabilities	(241,110)
Loans payable	(294,356)
Lease liabilities	(611,591)
Goodwill	1,629,738
	1,407,967

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Leases	
Cost:		
At December 31, 2017 and 2018	\$	-
Additions		1,166,887
At September 30, 2019	\$	1,166,887
Depreciation:		
At December 31, 2017 and 2018	\$	-
Charge for the period		82,196
At September 30, 2019	\$	82,196
Net book value:		
At December 31, 2018	\$	-
At September 30, 2019	\$	1,084,691

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Lease Liabilities

Lease liabilities recognized as of January 1, 2019	\$ 314,186
Additions	852,701
Lease payments made	(85,434)
Interest expense on lease liabilities	10,681
Foreign exchange adjustment	(44,297)
	<u>1,047,837</u>
Less: current portion	<u>(315,483)</u>
At September 30, 2019	\$ 732,354

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease including assumed renewal periods are as follows:

October 1, 2019 to December 31, 2019	\$ 85,202
Fiscal 2020	\$ 330,734
Fiscal 2021	\$ 305,544
Fiscal 2022	\$ 280,353
Fiscal 2023	\$ 77,767
Fiscal 2024	\$ 9,313

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8. FIXED ASSETS

	Equipment	Manufacturing Equipment	Leasehold Building Improvements	Office	Laboratory	Other	Total
Costs							
Balance, December 31, 2017	\$ 60,944	\$ -	\$ -	\$ -	\$ -	\$ 12,681	\$ 73,625
Additions	405,953	-	33,949	28,732	-	42,933	511,567
Balance, December 31, 2018	\$ 466,897	\$ -	\$ 33,949	\$ 28,732	\$ -	\$ 55,614	\$ 585,192
Additions	25,094	508,127	-	23,868	30,133	9,486	596,709
Balance, September 30, 2019	\$ 491,991	\$ 508,127	\$ 33,949	\$ 52,600	\$ 30,133	\$ 65,100	\$ 1,181,901

Accumulated Depreciation

Balance, December 31, 2017	\$ 56,249	\$ -	\$ -	\$ -	\$ -	\$ 12,681	\$ 68,930
Charge for the year	17,851	-	1,414	4,320	-	4,846	28,431
Balance, December 31, 2018	\$ 74,100	\$ -	\$ 1,414	\$ 4,320	\$ -	\$ 17,527	\$ 97,361
Charge for the period	40,208	4,234	4,132	9,219	-	11,431	69,224
Balance, September 30, 2019	\$ 114,308	\$ 4,234	\$ 5,546	\$ 13,539	\$ -	\$ 28,958	\$ 166,585

Carrying Value

Balance, December 31, 2018	\$ 392,797	\$ 392,797	\$ 32,535	\$ 24,412	\$ -	\$ 38,087	\$ 487,831
Balance, September 30, 2019	\$ 377,683	\$ 503,893	\$ 28,403	\$ 39,061	\$ 30,133	\$ 36,142	\$ 1,015,316

The Laboratory assets are currently under construction and are therefore not being amortized.

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9. INTANGIBLE ASSETS

Costs	Patents and Software	Production Development	License	Total
Balance, December 31, 2017	\$ 37,112	\$ -	\$ -	\$ 37,112
Additions	62,071	-	-	62,071
Balance, December 31, 2018	\$ 99,183	\$ -	\$ -	\$ 99,183
Additions	9,921	58,448	116,351	184,720
Balance, September 30, 2019	\$ 109,104	\$ 58,448	\$ 116,351	\$ 283,903

Accumulated Depreciation

Balance, December 31, 2017	\$ 4,231	\$ -	\$ -	\$ 4,231
Adjustments	5,375	-	-	5,375
Charge for the year	5,105	-	-	5,105
Balance, December 31, 2018	\$ 14,711	\$ -	\$ -	\$ 14,711
Charge for the period	6,671	1,780	2,288	10,739
Balance, September 30, 2019	\$ 21,382	\$ 1,780	\$ 2,288	\$ 25,450

Carrying Value:

Balance, December 31, 2018	\$ 84,472	\$ -	\$ -	\$ 84,472
Balance, September 30, 2019	\$ 87,722	\$ 56,668	\$ 114,063	\$ 258,453

10. RELATED PARTY TRANSACTIONS

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.

Key Management Compensation

	Nine Months Ended September 30,	
	2019	2018
Consulting and management fees	\$ 321,181	\$ 320,967
Share-based compensation	151,609	395,392
	\$ 472,790	\$ 716,359

As at September 30, 2019, accounts payable and accrued liabilities include \$125,200 (December 31, 2018 - \$122,252) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured, and have no specified terms of repayment.

11. SHARE CAPITAL AND RESERVE

Authorized

Unlimited number of Class A common shares without par value.

Unlimited number of Class B non-voting convertible common shares without par value, convertible to Class A common shares on a one-for-one basis.

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11. SHARE CAPITAL AND RESERVE (continued)

Issued

For the nine months ended September 30, 2019

On January 10, 2019, the Company closed a non-brokered private placement of 3,339,200 units of the Company at \$0.30 per unit for gross proceeds of \$1,001,760 (the "January 2019 Offering"). Each unit consists of one common share in the capital of the Company and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share in the capital of the Company at a price of \$0.60 per warrant for a period of three years from the closing of the January 2019 Offering. A value of \$133,568 was allocated to the warrants.

If at any time commencing 4 months from the date the warrants are issued, if for the preceding 7 consecutive trading days, the daily volume weighted average trading price of the Company's shares is greater than \$0.75, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th calendar day after the date of such notice ("Accelerated Expiry").

The Company paid finders a cash commission in the aggregate amount of \$12,444 and incurred other expenses of \$8,133 on the January 2019 Offering. In addition, 166,553 units valued at \$49,966 were issued to finders. Each finder's unit consists of one share and one-half of a warrant. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.60 per warrant for a period of three years from the closing of the January 2019 Offering, subject to the Accelerated Expiry. A value of \$6,662 was allocated to the warrants, using the residual value pricing model.

On June 5, 2019, the Company closed a non-brokered private placement of 12,571,429 units of the Company at \$0.35 per unit for gross proceeds of \$4,400,000 (the "June 2019 Offering"). Each unit consists of one common share in the capital of the Company and one-half of a share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share in the capital of the Company at a price of \$0.60 per warrant for a period of three years from the closing of the June 2019 Offering. The warrants are subject to the Accelerated Expiry.

The Company has paid finders a cash commission in the aggregate amount of \$126,133 and incurred other expenses of \$22,736 on the June 2019 Offering. In addition, 420,673 units valued at \$147,236 were issued to finders and 729,553 non-transferable finder's warrants were issued to finders to purchase an aggregate of 729,553 shares of the Company. Each finder's unit consists of one share and one-half of a warrant. Each warrant will entitle the holder to purchase one additional common share at a price of \$0.60 per warrant for a period of three years from the closing of the June 2019 Offering, subject to the Accelerated Expiry. The finder's warrants were valued at \$157,629 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 1.42%, volatility of 90%, and nil forecasted dividend yield.

On July 2, 2019, the Company issued 14,000 common shares with a value of \$6,580 to the Minority Shareholders in exchange for 14,000 common shares of Yvisible, S.A.

On August 20, 2019, the Company issued an aggregate of 3,564,474 common shares with a value of \$1,407,967 for the acquisition of Yvisible Production. (Note 6)

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11. SHARE CAPITAL AND RESERVE (continued)

Issued (continued)

For the year ended December 31, 2018

On January 19, 2018, the Company completed a transaction with Ynvisible, S.A. (See Notes 1 and 5) whereby the Company acquired 94.19% of the issued and outstanding Class A common shares of Ynvisible, S.A. through the issuance of a total of 24,650,950 Class A common shares, which acquisition constitutes a reverse takeover transaction (“RTO”) pursuant to the policies of the TSXV. The other 5.81% ownership stake consisting of 1,521,865 shares of Ynvisible, S.A. were held by shareholders from when Ynvisible, S.A. was previously publicly traded on the Frankfurt Stock Exchange in Germany (the “Minority Shareholders”). Following the closing of the RTO transaction, the Company has signed additional voluntary share exchange agreements with part of these Minority Shareholders. In connection with the RTO, the Company issued 1,340,881 common shares of the Company for finder’s fees that were valued at \$0.30 per share.

On January 19, 2018, the Company closed a prospectus offering, including the full exercise of the over-allotment option, raising gross proceeds of \$4,600,000 for the Company. Haywood Securities Inc. (the “Agent”) acted as agent with respect to the sale of 15,333,332 Class A common shares at a price of \$0.30 per share. The Company paid the Agent a cash commission equal to 7.5% of gross proceeds raised from purchasers not on the president’s list, comprised of investors introduced by the Company to the Agent (the “President’s List”), and 2.5% of gross proceeds raised from purchasers on the President’s List. In addition, the Company paid the Agent a corporate finance fee payable partially in cash and partially by way of issuing 83,333 Class A common shares, issued at a deemed price equal to \$0.30 per Share.

On October 26, 2018, the Company issued 925,479 common shares to the Minority Shareholders in exchange for 925,479 common shares of Ynvisible, S.A.

Escrow Shares

As at September 30, 2019, there are 6,716,452 Class A common shares held in escrow (December 31, 2018 - 11,194,000).

Obligation to Issue Shares

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.

Stock Options

The Company has a fixed stock option plan, which follows the policies of the TSXV regarding stock option awards granted to employees, directors and consultants. According to the plan, the Company may grant incentive stock options up to a total of 10% of the Company’s issued and outstanding common shares issued.

In January 2018, the Company granted 2,200,000 stock options to various directors, officers, and consultants of the Company at an exercise price of \$0.30 per share for a period of five years, vested immediately. The options were valued at \$685,000 using the Black-Scholes pricing model.

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11. SHARE CAPITAL AND RESERVE (continued)

Stock Options (continued)

In February 2018, the Company granted 350,000 stock options to various consultants of the Company at an exercise price of \$0.40 per share for a period of five years, vested immediately. The options were valued at \$133,000 using the Black-Scholes pricing model. In addition, the Company granted 1,250,000 stock options to various consultants of the Company at an exercise price of \$0.40 per share for one year, vested immediately. The options were valued at \$221,000 using the Black-Scholes pricing model.

In May 2018, the Company granted 375,000 stock options to a director and various consultants of the Company at an exercise price of \$0.30 per share for a period of five years, vesting as follows: 1/3rd on four months from the date of grant, 1/3rd on eight months from the date of grant and 1/3rd on twelve months from the date of grant. The options were valued at \$105,000 using the Black-Scholes pricing model.

In September 2018, the Company granted 100,000 stock options to a consultant of the Company at an exercise price of \$0.30 per share for a period of five years, vesting as follows: 1/3rd on four months from the date of grant, 1/3rd on eight months from the date of grant and 1/3rd on twelve months from the date of grant. In addition, the Company granted 50,000 stock options to a consultant of the Company at an exercise price of \$0.30 per share for a period of five years, vesting as follows: 1/2 on four months from the date of grant and 1/2 on eight months from the date of grant. The options were valued at \$41,000 and were recognized during the nine months ended September 30, 2019, using the Black-Scholes pricing model.

In May 2019, the Company granted 1,675,000 stock options to various directors, officers, and consultants of the Company at an exercise price of \$0.37 per share for a period of five years, 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. The options were valued at \$526,673, of which \$360,229 was recognized during the nine months ended September 30, 2019, using the Black-Scholes pricing model.

Share-based compensation recognized during the nine months ended September 30, 2019 was \$457,229 (September 30, 2018 - \$821,733) from vesting of options from prior periods. The Company's valuation of share purchase options granted during the period was estimated using the Black-Scholes option pricing model with the following assumptions:

	For the nine months ended September 30,	
	2019	2018
Risk-free interest rate	1.49%	1.60% - 2.35%
Expected dividend yield and forfeiture	0%	0%
Expected stock price volatility	119%	162% - 173%
Expected option life in years	5	1 – 5

During the nine months ended September 30, 2019, the Company issued 75,000 common shares in relation to the exercise of 75,000 stock options for total proceeds of \$22,500 and the fair value of \$21,000 attributable to these stock options was transferred from reserves to share capital. Additionally, 1,250,000 stock options expired unexercised and 310,000 stock options were cancelled, and the fair value of \$321,498 attributable to these stock options was transferred from reserves to deficit.

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11. SHARE CAPITAL AND RESERVE (continued)

Stock Options (continued)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Nine Months Ended September 30, 2019		Year Ended December 31, 2018	
	Number of Options #	Weighted Average Exercise Price \$	Number of Options #	Weighted Average Exercise Price \$
Outstanding, beginning	4,250,000	0.34	-	-
Granted	1,675,000	0.37	4,250,000	0.34
Exercised	(75,000)	0.30	-	-
Cancelled	(310,000)	0.33	-	-
Expired	(1,250,000)	0.40	-	-
Outstanding, end	4,290,000	0.33	4,250,000	0.34

As at September 30, 2019, the following options were granted and vested:

Expiry Date	Weighted Exercise Price	Number of Options Outstanding	Number of Options Vested and Exercisable	Weighted Remaining Contractual Life
January 19, 2023	\$0.30	1,925,000	1,925,000	3.31 years
February 21, 2023	\$0.40	275,000	275,000	3.40 years
May 25, 2023	\$0.30	300,000	300,000	3.65 years
September 25, 2023	\$0.31	150,000	150,000	3.99 years
May 1, 2024	\$0.37	1,640,000	546,667	4.58 years
	\$0.33	4,290,000	3,196,667	3.85 years

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Nine Months Ended September 30, 2019		Year Ended December 31, 2018	
	Number of Warrants #	Weighted Average Exercise Price \$	Number of Warrants #	Weighted Average Exercise Price \$
Outstanding, beginning	-	-	-	-
Issued	8,978,478	0.60	-	-
Outstanding, end	8,978,478	0.60	-	-

As at September 30, 2019, the following warrants were outstanding:

Expiry Date	Weighted Exercise Price	Number of Warrants Outstanding	Weighted Remaining Contractual Life
January 9, 2022	\$0.60	1,752,876	2.28 years
June 5, 2022	\$0.60	7,225,602	2.68 years
	\$0.60	8,978,478	2.60 years

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12. FAIR VALUES AND RISK MANAGEMENT

The Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities, and long-term liabilities. Cash is measured at fair value based on Level 1 input of the fair value hierarchy. The fair value of amounts receivable, deposits, accounts payable and accrued liabilities, and long-term liabilities approximate their carrying values.

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 September 30, 2019, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$56,500 and \$63,000, respectively, change in foreign exchange gain or loss.

13. CAPITAL MANAGEMENT

Management determines the Company's capital structure and makes adjustments to it based on funds available to the Company, in order to support its business operations. The Board of Directors has not established quantitative return on capital criteria for capital management but rather relies upon the expertise of the management team to sustain the future development of the business. As the Company does not generate significant revenue, the Company is dependent upon external financing to fund technology and business development as well as its administrative costs. The Company will spend existing working capital and raise additional amounts as needed. The Company will continue to assess new business verticals for its technology and know-how, and may seek to acquire an interest in supporting business opportunities, if management feels there is sufficient economic potential, provided it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management during the nine months ended September 30, 2019. The Company is not subject to externally imposed capital requirements.

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14. SEGMENTED DISCLOSURE

The Company has one operating segment, being the development and sale of EC displays in Europe. At September 30, 2019, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

	Europe	Canada	Total
ASSETS			
Current assets			
Cash	\$ 401,770	\$ 2,388,256	\$ 2,790,026
Amounts receivable	533,174	13,715	546,889
Prepaid expenses	4,757	63,641	68,398
Total current assets	939,701	2,465,612	3,405,313
Non-current assets			
Deposits	10,692	14,095	24,787
Right-of-use assets	1,008,918	75,773	1,084,691
Fixed assets	1,015,316	-	1,015,316
Intangible assets	258,453	-	258,453
Goodwill	-	1,629,738	1,629,738
Total non-current assets	2,293,379	1,719,606	4,012,985
Total assets	\$ 3,233,080	\$ 4,185,218	\$ 7,418,298
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 568,176	\$ 109,948	\$ 678,124
Current portion of lease liabilities	272,319	43,164	315,483
Deferred project grants	524,265	-	524,265
Total current liabilities	1,364,760	153,112	1,517,872
Lease liabilities	693,943	38,411	732,354
Long-term liabilities	86,213	-	86,213
Total liabilities	\$ 2,144,916	\$ 191,523	\$ 2,336,439
Comprehensive loss for the nine months ended September 30, 2019	\$ 1,330,689	\$ 1,192,525	\$ 2,523,214

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14. SEGMENTED DISCLOSURE (continued)

At December 31, 2018, the Company's assets, liabilities and comprehensive loss were geographically located as follows:

	Europe	Canada	Total
ASSETS			
Current assets			
Cash	\$ 523,543	\$ 433,535	\$ 957,078
Amounts receivable	592,320	44,808	637,128
Prepaid expenses	-	10,699	10,699
Total current assets	1,115,863	489,042	1,604,905
Non-current assets			
Deposits	1,011	14,095	15,106
Fixed assets	487,831	-	487,831
Intangible assets	84,472	-	84,472
Total non-current assets	573,314	14,095	587,409
Total assets	\$ 1,689,177	\$ 503,137	\$ 2,192,314
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 569,740	\$ 67,307	\$ 637,047
Deferred project grants	1,028,534	-	1,028,534
Total current liabilities	1,598,274	67,307	1,665,581
Long-term liabilities	211,533	-	211,533
Total liabilities	\$ 1,809,807	\$ 67,307	\$ 1,877,114
Comprehensive loss for the year ended December 31, 2018	\$ 1,734,296	\$ 3,747,266	\$ 5,481,562

15. SUBSEQUENT EVENTS

In October 2019, the Company granted 535,000 stock options to various consultants and employees of the Company at an exercise price of \$0.30 per share for a period of five years, of which 460,000 stock options are 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 and the remaining of 75,000 stock options are vesting as follows: 1/4th on four months from the date of grant, 1/4th on eight months from the date of grant and 1/2 on twelve months from the date of grant.