



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2022 and 2021

(Expressed in Canadian Dollars – unaudited)

Ynvisible Interactive Inc.

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(Expressed in Canadian Dollars – unaudited)

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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 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.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars – unaudited)

	As at	
	March 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 15,076,070	\$ 16,107,403
Amounts receivable	1,011,877	1,067,968
Inventories	57,280	73,522
Prepaid expenses	180,000	189,860
Total current assets	16,325,227	17,438,753
Non-current assets		
Deposits	6,080	5,566
Right-of-use assets (Note 5)	281,505	371,981
Fixed assets (Note 6)	1,836,545	1,975,569
Intangible assets (Note 7)	359,684	387,455
Total non-current assets	2,483,814	2,740,571
Total assets	\$ 18,809,041	\$ 20,179,324
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 1,053,066	\$ 1,100,268
Current portion of lease liabilities (Note 5)	248,097	298,757
Deferred project grants	534,139	603,639
Total current liabilities	1,835,302	2,002,664
Non-current liabilities		
Lease liabilities (Note 5)	35,548	72,608
Total liabilities	1,870,850	2,075,272
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	37,530,455	37,530,455
Reserve (Note 9)	3,252,990	2,886,382
Obligation to issue shares (Note 9)	47,809	47,809
Deficit	(23,665,358)	(22,388,865)
Accumulated other comprehensive income	(227,705)	28,271
Total shareholders' equity	16,938,191	18,104,052
Total liabilities and shareholders' equity	\$ 18,809,041	\$ 20,179,324

Note 1 – Corporate Information and Going Concern
Note 13 – Subsequent Events

Approved and authorized for issue on behalf of the Board of Directors on May 30, 2022:

“Alexander Helmel”

Director

“Jani-Mikael Kuusisto”

Director

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



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars – unaudited)

	Three Months Ended March 31,	
	2022	2021
Revenue		
Sales	\$ 185,246	\$ 313,449
Cost of sales	(63,014)	(160,064)
Gross profit	122,232	153,385
Expenses		
Compensation and consulting (Note 8)	727,036	896,310
Depreciation (Notes 5, 6, and 7)	159,319	184,125
Development and production	105,473	49,571
Interest and bank charges	3,412	3,336
Marketing and promotion	51,939	42,795
Office facilities and services	124,849	118,907
Professional fees	88,006	67,311
Share-based compensation (Notes 8 and 9)	366,608	114,444
Transfer and listing fees	6,673	53,998
Travel and project investigation	30,795	5,606
Total operating expenses	1,664,110	1,536,403
Loss from operations	(1,541,878)	(1,383,018)
Other items		
Rental income	63,530	66,243
Income and gains	36,542	26,428
(Recovery) expenses and losses	(2,830)	287
EU co-funded projects grants	158,921	146,360
Gain on forgiveness of debt	9,222	-
Prototype project revenue	-	26,847
Total other items	265,385	266,165
Net loss for the period	(1,276,493)	(1,116,853)
Other comprehensive (loss) income		
Foreign currency translation adjustment	(255,976)	8,993
Comprehensive loss for the period	\$ (1,532,469)	\$ (1,107,860)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	124,666,915	100,662,007

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



YNVISIBLE INTERACTIVE INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Expressed in Canadian Dollars – unaudited)

	Class A Common Shares			Share	Obligation to		Accumulated	Total
	Number	Amount	Reserve	subscriptions	issue shares	Deficit	Other Comprehensive Income	Shareholders' Equity
	#	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	82,891,680	17,565,296	1,597,619	459,130	114,409	(16,614,794)	448,799	3,570,459
Shares issued by private placement	12,857,142	4,500,000	-	(459,130)	-	-	-	4,040,870
Finders' shares issued for private placement	452,280	158,298	-	-	-	-	-	158,298
Finders' warrants issued for private placement	-	(69,779)	69,779	-	-	-	-	-
Share issue costs	-	(196,622)	-	-	-	-	-	(196,622)
Share issue costs by shares issuance	-	(158,298)	-	-	-	-	-	(158,298)
Stock options exercised	450,000	265,815	(120,215)	-	-	-	-	145,600
Stock options cancelled	-	-	(29,079)	-	-	29,079	-	-
Share-based compensation	-	-	114,444	-	-	-	-	114,444
Warrants exercised	7,161,563	4,477,664	(180,726)	-	(66,600)	-	-	4,230,338
Net loss for the period	-	-	-	-	-	(1,116,853)	-	(1,116,853)
Other comprehensive income	-	-	-	-	-	-	8,993	8,993
Balance, March 31, 2021	103,812,665	26,542,374	1,451,822	-	47,809	(17,702,568)	457,792	10,797,229
Shares issued by private placement	19,992,003	12,195,122	-	-	-	-	-	12,195,122
Finders' warrants issued for private placement	-	(501,313)	501,313	-	-	-	-	-
Share issue costs	-	(1,227,639)	-	-	-	-	-	(1,227,639)
Stock options exercised	20,000	15,102	(7,702)	-	-	-	-	7,400
Stock options cancelled	-	-	(82,961)	-	-	82,961	-	-
Share-based compensation	-	-	1,052,370	-	-	-	-	1,052,370
Warrants exercised	842,247	487,249	(8,900)	-	-	-	-	478,349
Warrants expired	-	19,560	(19,560)	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(4,769,258)	-	(4,769,258)
Other comprehensive loss	-	-	-	-	-	-	(429,521)	(429,521)
Balance, December 31, 2021	124,666,915	37,530,455	2,886,382	-	47,809	(22,388,865)	28,271	18,104,052
Share-based compensation	-	-	366,608	-	-	-	-	366,608
Net loss for the period	-	-	-	-	-	(1,276,493)	-	(1,276,493)
Other comprehensive loss	-	-	-	-	-	-	(255,976)	(255,976)
Balance, March 31, 2022	124,666,915	37,530,455	3,252,990	-	47,809	(23,665,358)	(227,705)	16,938,191

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



YNVISIBLE INTERACTIVE INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars – unaudited)

	Three Months Ended March 31,	
	2022	2021
Operating activities		
Net loss for the period	\$ (1,276,493)	\$ (1,116,853)
<i>Items not involving the use of cash and cash equivalents:</i>		
Depreciation	159,319	184,125
Depreciation included in Cost of Sales	5,959	-
Share-based compensation	366,608	114,444
<i>Changes in working capital items:</i>		
Amounts receivable	56,091	(260,884)
Inventories	16,242	-
Prepaid expenses	9,860	(42,188)
Accounts payable and accrued liabilities	(47,202)	(139,084)
Deferred project grants	(69,500)	(28,570)
Cash used in operating activities	(779,116)	(1,289,010)
Investing activities		
Purchase of fixed assets	(39,067)	(13,400)
Purchase of intangible assets	(1,853)	-
Deposits	(514)	(227,832)
Cash used in investing activities	(41,434)	(241,232)
Financing activities		
Proceeds on issuance of shares	-	4,040,870
Share issue costs	-	(194,522)
Stock options exercised	-	145,600
Warrants exercised	-	4,230,338
Repayment of lease liabilities	(73,888)	(85,566)
Cash provided by financing activities	(73,888)	8,136,720
Effect of foreign exchange	(136,895)	190,416
Net change in cash	(1,031,333)	6,796,894
Cash and cash equivalents, beginning of period	16,107,403	1,809,637
Cash and cash equivalents, end of period	\$ 15,076,070	\$ 8,606,531
Non-cash transactions		
Reclassification of stock options exercised	\$ -	\$ 120,215
Reclassification of stock options cancelled	\$ -	\$ 29,079
Reclassification of warrants exercised	\$ -	\$ 180,726
Finders' shares issued for private placement	\$ -	\$ 158,298
Share issuance costs in accounts payable and accrued liabilities	\$ -	\$ 2,100
Value of finders' warrants issued in private placement	\$ -	\$ 69,779

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

YNVISIBLE INTERACTIVE INC.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months ended March 31, 2022 and 2021
(Expressed in Canadian Dollars Unless Otherwise Noted – unaudited)

1. CORPORATE INFORMATION

Ynvisible Interactive Inc. (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.

The Company’s principal business activity is the development and sale of electrochromic displays (“ECDs”). The Company’s shares trade on the TSX Venture Exchange (“TSXV”) under the symbol “YNV”, on the OTCQB under the symbol “YNVYF”, and on the FSE under the symbol “1XNA”.

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 three months ended March 31, 2022, the Company incurred a net loss of \$1,276,493 (March 31, 2021 - \$1,116,853) and as at March 31, 2022, had an accumulated deficit of \$23,665,358 (March 31, 2021 - \$22,388,865).

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. Management believes that the Company has sufficient working capital to meet the Company’s obligations over the next twelve months.

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

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 Standards (“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 audited consolidated financial statements of the Company for the years ended December 31, 2021 and 2020.

Basis of Consolidation

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

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2. BASIS OF PRESENTATION (continued)

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 and 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.

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 SA 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. The resulting gains or losses are reflected in profit or loss in the period of translation.

Where applicable, the functional currency is translated into the presentation currency using the period end rates for assets and liabilities while the operations and cash flows are translated using average rates of exchange. Exchange adjustments arising when net assets and profit or loss are translated into the presentation currency are taken into a separate component of equity and reported in other comprehensive income or loss.

4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

When preparing the condensed interim consolidated financial statements in conformity with IFRS, management undertakes a number of judgments, estimates and assumptions about the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

Significant areas of judgments and estimation uncertainty considered by management in preparing the condensed interim consolidated financial statements are as follows:

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

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4. CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES (continued)

- b. 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.
- c. Depreciation of tangible and intangible assets is dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.
- d. At the end of each reporting period, the Company reviews the carrying amounts of its long-lived assets consisting of Fixed Assets, Intangible Assets, and Goodwill to determine whether there is any indication that the carrying amount is not recoverable. The determination of whether any such indication exists requires significant management judgment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When an individual asset does not generate independent cash flows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
- e. The amounts receivable balance is recorded at the estimated recoverable amount, which involves the estimate of uncollectible accounts.
- f. Inventories are carried at the lower of cost and net realizable value which requires the Company to utilize estimates related to selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to sell the inventory.
- g. Judgment is required to determine if the Company's acquisitions represent a business combination or an asset purchase. The assessment requires management to determine if the acquisitions acquired represented an integrated set of activities with inputs, processes and outputs. The acquisition of rdot AB was considered to be an asset acquisition.

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

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

		Leases
Cost:		
At December 31, 2020	\$	1,279,853
Foreign exchange adjustment		(96,537)
At December 31, 2021		1,183,316
Foreign exchange adjustment		(156,415)
At March 31, 2022	\$	1,026,901
Depreciation:		
At December 31, 2020	\$	525,864
Charge for the year		331,327
Foreign exchange adjustment		(45,856)
At December 31, 2021		811,335
Charge for the period		72,090
Foreign exchange adjustment		(138,029)
At March 31, 2022	\$	745,396
Net book value:		
At December 31, 2021	\$	371,981
At March 31, 2022	\$	281,505

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

Lease Liabilities

At December 31, 2020	\$	751,802
Lease payments made		(337,237)
Interest expense on lease liabilities		7,563
Foreign exchange adjustment		(50,763)
At December 31, 2021		371,365
Lease payments made		(75,389)
Interest expense on lease liabilities		1,501
Foreign exchange adjustment		(13,832)
At March 31, 2022		283,645
Less: current portion		(248,097)
Non-Current Portion	\$	35,548

The lease liabilities were measured by discounting the lease payments using an incremental borrowing rate of 12%. Interest expense of \$1,501 (March 31, 2021 - \$2,342) is included in interest and bank charges.

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

Fiscal 2022	\$	210,543
Fiscal 2023		54,578
Fiscal 2024		8,935
Total	\$	274,056

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6. FIXED ASSETS

		Equipment	Manufacturing Equipment	Leasehold Building Improvements	Office	Other	Total
Costs							
Balance, December 31, 2020	\$	540,196	\$ 2,120,390	\$ 42,668	\$ 106,825	\$ 73,971	\$ 2,884,050
Additions		106,923	-	-	54,509	9,733	171,165
Disposal		(22,749)	-	-	(9,692)	-	(32,441)
Transfer		(30,845)	-	-	27,540	3,305	-
Foreign exchange adjustment		(6,686)	(201,611)	(2,983)	(26,197)	(21,078)	(258,555)
Balance, December 31, 2021		586,839	1,918,779	39,685	152,985	65,931	2,764,219
Additions		2,728	-	33,385	2,804	150	39,067
Disposal		-	-	-	(1,009)	(131)	(1,140)
Foreign exchange adjustment		(36,074)	(38,317)	7,929	(10,600)	14,148	(62,914)
Balance, March 31, 2022	\$	553,493	\$ 1,880,462	\$ 80,999	\$ 144,180	\$ 80,098	\$ 2,739,232
Accumulated Depreciation							
Balance, December 31, 2020	\$	185,981	\$ 277,262	\$ 13,531	\$ 33,004	\$ 43,023	\$ 552,801
Charge for the year		61,378	212,944	6,377	20,339	11,761	312,799
Disposal		(22,749)	-	-	(9,692)	-	(32,441)
Foreign exchange adjustment		(10,957)	(27,962)	(1,101)	10,381	(14,870)	(44,509)
Balance, December 31, 2021		213,653	462,244	18,807	54,032	39,914	788,650
Charge for the period		16,021	43,418	1,878	5,623	1,351	68,291
Foreign exchange adjustment		11,332	28,621	1,172	(10,278)	14,899	45,746
Balance, March 31, 2022	\$	241,006	\$ 534,283	\$ 21,857	\$ 49,377	\$ 56,164	\$ 902,687
Carrying Value							
Balance, December 31, 2021	\$	373,186	\$ 1,456,535	\$ 20,878	\$ 98,953	\$ 26,017	\$ 1,975,569
Balance, March 31, 2022	\$	312,487	\$ 1,346,179	\$ 59,142	\$ 94,803	\$ 23,934	\$ 1,836,545

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7. INTANGIBLE ASSETS

Costs	Patents and Software	Customer List	IP Rights	License	Goodwill	Total
Balance, December 31, 2020	\$ 111,239	\$ 195,222	\$ 65,074	\$ 128,971	\$ 71,253	\$ 571,759
Additions	11,585	11,417	-	-	-	23,002
Write off	-	(22,903)	(7,634)	-	-	(30,537)
Foreign exchange adjustment	(8,225)	(19,387)	(6,304)	11,129	-	(22,787)
Balance, December 31, 2021	114,599	164,349	51,136	140,100	71,253	541,437
Additions	-	1,853	-	-	-	1,853
Foreign exchange adjustment	(353)	(3,217)	(903)	(22,510)	-	(26,983)
Balance, March 31, 2022	\$ 114,246	\$ 162,985	\$ 50,233	\$ 117,590	\$ 71,253	\$ 516,307
Accumulated Depreciation						
Balance, December 31, 2020	\$ 35,233	\$ 14,114	\$ 4,704	\$ 22,083	\$ -	\$ 76,134
Charge for the year	11,108	29,441	9,758	14,620	-	64,927
Foreign exchange adjustment	(2,284)	(2,497)	(829)	18,531	-	12,921
Balance, December 31, 2021	44,057	41,058	13,633	55,234	-	153,982
Charge for the period	2,795	7,376	2,263	3,390	-	15,824
Foreign exchange adjustment	2,215	2,421	804	(18,623)	-	(13,183)
Balance, March 31, 2022	\$ 49,067	\$ 50,855	\$ 16,700	\$ 40,001	\$ -	\$ 156,623
Carrying Value						
Balance, December 31, 2021	\$ 70,542	\$ 123,291	\$ 37,503	\$ 84,866	\$ 71,253	\$ 387,455
Balance, March 31, 2022	\$ 65,179	\$ 112,130	\$ 33,533	\$ 77,589	\$ 71,253	\$ 359,684

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8. 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

	Three Months Ended March 31,	
	2022	2021
Compensation and consulting	\$ 187,860	\$ 236,552
Share-based compensation	51,204	13,162
	\$ 239,064	\$ 249,714

As at March 31, 2022, accounts payable and accrued liabilities include \$24,225 (December 31, 2021 - \$37,225) due to officers and directors. Accounts payable and accrued liabilities due to related parties are unsecured and have no specified terms of repayment. During the three months ended March 31, 2022, the Company received \$nil (March 31, 2021 - \$19,857) in rent payments from a company controlled by a director of the Company.

9. 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.

Issued

For the three months ended March 31, 2022: The Company had no share capital activity.

For the year ended December 31, 2021:

In January 2021, the Company closed a private placement and issued 12,857,142 units of the Company at \$0.35 per unit for gross proceeds of \$4,500,000 (the "January 2021 Offering"), whereby each unit consists of one Class A common share and one-third of a share purchase warrant of the Company. Each whole warrant, subject to acceleration provision, will be exercisable into an additional Class A common share at an exercise price of \$0.50 for a period of 18 months from the date of issuance. In connection with the offering, the Company paid share issuance costs totaling \$196,622 in cash and issued 452,280 finders' units, of which 452,280 finders' Class A common shares were valued at \$158,298 and 150,760 finders' warrants were valued at \$69,779, to eligible finders. The fair value of the finder warrants was calculated using the Black-Scholes pricing model with the following assumptions: expected life of warrants – 18 months, expected volatility – 122.24%, expected dividend yield – 0%, and risk-free rate – 0.16%. The finders' units will bear the same terms and conditions of the units issued with the offering.

In May 2021, the Company closed a private placement and issued 19,992,003 units of the Company at \$0.61 per unit for gross proceeds of \$12,195,122 (the "May 2021 Offering"), whereby each unit consists of one Class A common share and one share purchase warrant of the Company. Each warrant will be exercisable into an additional Class A common share at an exercise price of \$0.76 for a period of three years from the date of issuance. In connection with the offering, the Company paid share issuance costs totaling \$1,151,040 in cash and issued 999,600 finders' warrants valued at \$501,313 using the Black-Scholes pricing model to the finder agents with the following assumptions: expected life of warrants – 3 years, expected volatility – 117.72%, expected dividend yield – 0%, and risk-free rate – 0.49%. The finders' warrants will be exercisable into a Class A common share at an exercise price of \$0.61 for a period of three years from the date of issuance.

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9. SHARE CAPITAL AND RESERVE (continued)

Issued (continued)

During the year ended December 31, 2021, the Company issued 470,000 Class A common shares in connection with the exercise of 470,000 stock options with a weighted average exercise price of \$0.33 for total proceeds of \$153,000. In addition, the Company issued 8,003,810 Class A common shares in connection with the exercise of 8,003,810 warrants with a weighted average exercise price of \$0.60 for total proceeds of \$4,775,286. The Company incurred additional general share issuance costs totaling \$76,599 in cash.

Obligation to Issue Shares

On November 9, 2018, the Board of Directors of the Company approved the issuance of up to 1,032,496 Class A common shares of the Company (the “SEA Shares”) to certain Ynvisible SA minority shareholders (the “SEA Minority Shareholders”) pursuant to the terms of share exchange agreements (the “Post-RTO Share Exchange Agreements”) between the Company and the SEA Minority Shareholders. The Board of Directors corrected the number of SEA Shares being issued to the SEA Minority Shareholders to 1,022,496 on September 4, 2019.

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 SA, on a one-for-one basis for the Class A common shares of the Company, held by certain minority shareholders of Ynvisible SA (the “Squeeze-Out Minority Shareholders”). Accordingly, the Company recorded an obligation to issue 499,369 Class A common shares with a fair value of \$172,282, which has been reported as RTO transaction costs. As a result of the squeeze-out transaction, the Company now owns 100% of Ynvisible SA.

As at March 31, 2022, the Company recorded \$47,809 (December 31, 2021 - \$47,809) for obligation to issue shares.

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 March 2021, the Company granted 265,000 stock options to various employees and consultants of the Company at an exercise price of \$1.29 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 \$278,814 using the Black-Scholes pricing model.

In June 2021, the Company granted 100,000 stock options to a director of the Company at an exercise price of \$0.63 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 \$48,929 using the Black-Scholes pricing model. In addition, the Company granted 250,000 stock options to a consultant of the Company at an exercise price of \$0.63 per share for a period of five years, vesting as follows: 1/3rd on nine months from the date of grant, 1/3rd on twenty-one months from the date of grant and 1/3rd on thirty-three months from the date of grant. The options were valued at \$122,323 using the Black-Scholes pricing model.

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9. SHARE CAPITAL AND RESERVE (continued)

Stock Options (continued)

In July 2021, the Company granted 2,465,000 stock options to an officer, a director, various consultants and employees of the Company at an exercise price of \$0.75 per share for a period of five years, vesting as follows: 1/3rd at nine months from the date of grant, 1/3rd at twenty-one months from the date of grant and 1/3 at thirty-three months from the date of grant. The options were valued at \$1,441,052 using the Black-Scholes pricing model. In addition, the Company granted 80,000 stock options to a consultant of the Company at an exercise price of \$0.62 per share for a period of five years, vesting as follows: 1/3rd at nine months from the date of grant, 1/3rd at twenty-one months from the date of grant, and 1/3 at thirty-three months from the date of grant. The options were valued at \$36,587 using the Black-Scholes pricing model.

In August 2021, the Company granted 250,000 stock options to a director of the Company at an exercise price of \$0.55 per share for a period of five years, vesting as follows: 1/3rd at four months from the date of grant, 1/3rd at eight months from the date of grant, and 1/3rd at twelve months from the date of grant. The options were valued at \$107,829 using the Black-Scholes pricing model.

In October 2021, the Company granted 640,000 stock options to an officer and director, a director, a consultant and various employees of the Company at an exercise price of \$0.44 per share for a period of five years, vesting as follows: 1/3rd at nine months from the date of grant, 1/3rd at twenty-one months from the date of grant, and 1/3 at thirty-three months from the date of grant. The options were valued at \$222,650 using the Black-Scholes pricing model.

In December 2021, the Company granted 500,000 stock options to various consultants of the Company at an exercise price of \$0.32 per share for a period of five years, vesting as follows: 1/3rd at nine months from the date of grant, 1/3rd at twenty-one months from the date of grant, and 1/3 at thirty-three months from the date of grant. The options were valued at \$131,909 using the Black-Scholes pricing model.

Share-based compensation recognized during the three months ended March 31, 2022 was \$366,608 (March 31, 2021 - \$114,444) from vesting of options.

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 three months ended March 31,	
	2022	2021
Risk-free interest rate	nil%	0.99%
Expected dividend yield and forfeiture	nil%	0%
Expected stock price volatility	nil%	110%
Expected option life in years	Nil	5

During the year ended December 31, 2021, the Company issued 470,000 Class A common shares in relation to the exercise of 470,000 stock options for total proceeds of \$153,000 and the fair value of \$127,917 attributable to these stock options was transferred from reserves to share capital. The average share price on the date of options exercised was \$1.48 per share. Additionally, 790,000 stock options were cancelled, and the fair value of \$112,040 attributable to these stock options was transferred from reserves to deficit.

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9. SHARE CAPITAL AND RESERVE (continued)

Stock Options (continued)

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

	Three Months Ended March 31, 2022		Year Ended December 31, 2021	
	Weighted Average		Weighted Average	
	Number of Options	Exercise Price	Number of Options	Exercise Price
	#	\$	#	\$
Outstanding, beginning	8,952,500	0.47	5,662,500	0.33
Granted	-	-	4,550,000	0.67
Exercised	-	-	(470,000)	0.33
Modified/Forfeited	-	-	(790,000)	0.58
Outstanding, ending	8,952,500	0.47	8,952,500	0.47

As at March 31, 2022, the following options were granted and vested:

Expiry Date	Weighted Average Exercise Price (\$)	Number of Options Outstanding	Number of Options Vested and Exercisable	Weighted Remaining Contractual Life (years)
January 19, 2023	0.30	1,425,000	1,425,000	0.81
February 21, 2023	0.40	175,000	175,000	0.90
May 25, 2023	0.30	200,000	200,000	1.15
May 1, 2024	0.37	1,140,000	1,140,000	2.09
October 2, 2024	0.30	347,500	347,500	2.51
December 18, 2024	0.20	300,000	300,000	2.72
May 20, 2025	0.33	195,000	195,000	3.14
September 9, 2025	0.24	300,000	300,000	3.45
September 16, 2025	0.25	215,000	215,000	3.47
November 11, 2025	0.29	625,000	625,000	3.62
November 18, 2025	0.30	75,000	75,000	3.64
March 17, 2026	1.29	170,000	170,000	3.96
June 3, 2026	0.63	100,000	66,667	4.18
July 1, 2026	0.75	2,465,000	-	4.25
July 22, 2026	0.62	80,000	-	4.31
August 26, 2026	0.55	250,000	83,333	4.41
October 20, 2026	0.44	390,000	-	4.56
December 7, 2026	0.32	500,000	-	4.69
	0.47	8,952,500	5,317,500	3.09

Warrants

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

	Three Months Ended March 31, 2022		Year Ended December 31, 2021	
	Weighted Average		Weighted Average	
	Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
	#	\$	#	\$
Outstanding, beginning	24,898,057	0.71	7,980,973	0.60
Issued	-	-	25,428,054	0.71
Exercised	-	-	(8,003,810)	0.60
Expired	-	-	(507,160)	0.60
Outstanding, end	24,898,057	0.71	24,898,057	0.71

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9. SHARE CAPITAL AND RESERVE (continued)

Warrants (continued)

As at March 31, 2022, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise Price (\$)	Number of Warrants Outstanding	Weighted Remaining Contractual Life (years)
July 8, 2022	0.50	4,006,454	0.78
May 18, 2024	0.76	19,892,003	2.13
May 18, 2024	0.61	999,600	2.13
	0.71	24,898,057	1.92

10. FAIR VALUES AND RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, deposits, accounts payable and accrued liabilities, and lease liabilities. Cash and cash equivalents are 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 lease 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 and cash equivalents are exposed to minimal credit risk. The credit risk on cash and cash equivalents is low because the counterparties are highly rated banks.

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to minimal interest rate risk as the Company invests cash at floating rates of interest in highly liquid instruments, when applicable.

Liquidity Risk

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

Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company funds the operations of Ynvisible SA in Portugal, Ynvisible GmbH in Germany, and Ynvisible Production in Sweden by using Euros and Swedish krona, respectively, converted from its Canadian dollar bank accounts. Based on the Company's Euro and Swedish krona denominated financial instruments at March 31, 2022, a 10% change in exchange rates between the Canadian dollar and the Euro and Swedish krona, respectively, would result in an approximately \$44,200 and \$17,200, respectively, change in foreign exchange gain or loss.

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11. 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 three months ended March 31, 2022. The Company is not subject to externally imposed capital requirements.

12. SEGMENTED DISCLOSURE

The Company has one operating segment, being the development and sale of ECDs in Europe. At March 31, 2022, the Company's assets, liabilities and comprehensive loss are geographically located as follows:

	Europe		Canada		Total
ASSETS					
Current assets					
Cash and cash equivalents	\$	610,679	\$	14,465,391	\$ 15,076,070
Amounts receivable		989,222		22,655	1,011,877
Inventories		57,280		-	57,280
Prepaid expenses		139,714		40,286	180,000
Total current assets		1,796,895		14,528,332	16,325,227
Non-current assets					
Deposits		6,080		-	6,080
Right-of-use assets		281,505		-	281,505
Fixed assets		1,836,545		-	1,836,545
Intangible assets		288,431		71,253	359,684
Total non-current assets		2,412,561		71,253	2,483,814
Total assets	\$	4,209,456	\$	14,599,585	\$ 18,809,041
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$	898,778	\$	154,288	\$ 1,053,066
Current portion of lease liabilities		248,097		-	248,097
Deferred project grants		534,139		-	534,139
Total current liabilities		1,681,014		154,288	1,835,302
Non-current liabilities					
Lease liabilities		35,548		-	35,548
Total non-current liabilities		35,548		-	35,548
Total liabilities	\$	1,716,562	\$	154,288	\$ 1,870,850
Comprehensive loss for the three months ended March 31, 2022	\$	1,038,300	\$	494,169	\$ 1,532,469

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12. SEGMENTED DISCLOSURE (continued)

At December 31, 2021, the Company's assets, liabilities and comprehensive loss were geographically located as follows:

	Europe	Canada	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,323,175	\$ 14,784,228	\$ 16,107,403
Amounts receivable	856,497	19,998	1,067,968
Inventories	73,522	-	73,522
Prepaid expenses	330,092	51,240	189,860
Total current assets	2,583,286	14,855,466	17,438,752
Non-current assets			
Deposits	5,566	-	5,566
Right-of-use assets	371,981	-	371,981
Fixed assets	1,975,569	-	1,975,569
Intangible assets	316,202	71,253	387,455
Total non-current assets	2,669,318	71,253	2,740,571
Total assets	\$ 5,252,604	\$ 14,926,719	\$ 20,179,323
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 746,408	\$ 353,861	\$ 1,100,268
Current portion of lease liabilities	298,757	-	298,757
Deferred project grants	603,639	-	603,639
Total current liabilities	1,648,804	353,861	2,002,664
Non-current liabilities			
Lease liabilities	72,608	-	72,608
Total non-current liabilities	72,608	-	72,608
Total liabilities	\$ 1,721,412	\$ 353,861	\$ 2,075,272
Comprehensive loss for the year ended December 31, 2021	\$ 3,743,277	\$ 2,563,362	\$ 6,306,639

13. SUBSEQUENT EVENTS

- a. In April 2022, the Company granted 20,000 stock options to an employee of the Company at an exercise price of \$0.225 per share for a period of five years, vesting as follows: 1/3rd at twelve months from the date of grant, 1/3rd at twenty-four months from the date of grant, and 1/3 at thirty-six months from the date of grant.
- b. In April 2022, the Company issued 5,000 Class A common shares to the SEA Minority Shareholders in exchange for 5,000 common shares of Ynvisible SA.
- c. Subsequent to the three months ended March 31, 2022, 440,000 stock options were cancelled.