



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

**CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended December 31, 2018 and 2017**

**(Expressed in Canadian Dollars)**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Ynvisible Interactive Inc. (formerly Network Exploration Ltd.)

### Opinion

We have audited the consolidated financial statements of Ynvisible Interactive Inc. (formerly Network Exploration Ltd.) and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The financial statements for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 16, 2018.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$5,152,247 during the year ended December 31, 2018 and, as of that date, the Company's current liabilities exceeded its current assets by \$60,676. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the management's discussion and analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Kwan.

Vancouver, Canada

April 30, 2019

*"Morgan & Company LLP"*

Chartered Professional Accountants



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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(Expressed in Canadian Dollars)**

	<b>As at</b>	
	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 957,078	\$ 3,453
Amounts receivable	637,128	184,534
Prepaid expenses	10,699	-
<b>Total current assets</b>	<b>1,604,905</b>	<b>187,987</b>
<b>Non-current assets</b>		
Deposits	15,106	637
Fixed assets (Note 7)	487,831	4,695
Intangible assets (Note 8)	84,472	32,881
<b>Total non-current assets</b>	<b>587,409</b>	<b>38,213</b>
<b>Total assets</b>	<b>\$ 2,192,314</b>	<b>\$ 226,200</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 10)	\$ 637,047	\$ 1,084,761
Deferred project grants	1,028,534	95,881
Loans payable (Note 9)	-	771,934
<b>Total current liabilities</b>	<b>1,665,581</b>	<b>1,952,576</b>
<b>Long-term liabilities</b>	<b>211,533</b>	<b>316,122</b>
<b>Total liabilities</b>	<b>1,877,114</b>	<b>2,268,698</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	8,905,438	2,154,178
Share-based payments reserve	1,088,000	-
Deficit	(9,836,801)	(4,418,287)
Accumulated other comprehensive income	158,563	221,611
<b>Total shareholders' equity</b>	<b>315,200</b>	<b>(2,042,498)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,192,314</b>	<b>\$ 226,200</b>

**Note 1 - Corporate Information and Going Concern**

Approved and authorized for issue on behalf of the Board of Directors on April 30, 2019:

"Jani-Mikael Kuusisto"

Director

"Alexander Helm"

Director

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



**YNVISIBLE INTERACTIVE INC.**  
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**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(Expressed in Canadian Dollars)**

	Year Ended	
	December 31, 2018	December 31, 2017
<b>Expenses</b>		
Compensation and Consulting (Note 10)	\$ 1,895,678	\$ 482,592
Depreciation	33,534	5,829
Interest and bank charges (Note 9)	17,376	53,842
Marketing and promotion	67,599	-
Office facilities and services (Note 10)	38,064	-
Professional fees	330,344	-
Share-based compensation	1,088,000	-
Supplies and external services	886,466	230,134
Transfer and listing fees	97,479	-
Travel and project investigation	55,534	-
<b>Total operating expenses</b>	<b>(4,510,074)</b>	<b>(772,397)</b>
<b>Other (expense) income</b>		
Other income and gains	22,511	14,903
Other expenses and losses	(115,014)	(68,129)
EU co-funded projects grants	375,269	140,453
RTO transaction costs	(1,201,399)	-
Prototyping projects revenue	16,949	103,642
<b>Total other (expense) income</b>	<b>(901,684)</b>	<b>190,869</b>
<b>Loss before income taxes</b>	<b>(5,411,758)</b>	<b>(581,528)</b>
<b>Income tax expense</b>	<b>(6,756)</b>	<b>(324,130)</b>
<b>Net loss for the year</b>	<b>(5,418,514)</b>	<b>(905,658)</b>
<b>Other comprehensive (loss) income</b>		
Foreign currency translation adjustment	(63,048)	221,611
<b>Comprehensive loss for the year</b>	<b>\$ (5,481,562)</b>	<b>\$ (684,047)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.11)</b>	<b>\$ (0.18)</b>
<b>Weighted average number of common shares outstanding</b>	<b>50,228,036</b>	<b>4,932,261</b>

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



**YNVISIBLE INTERACTIVE INC.**  
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**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**  
**(Expressed in Canadian Dollars)**

	Common Shares		Share-based Payments Reserve	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity (Deficiency)
	Class A Number	Class A Amount				
Balance, December 31, 2016	26,172,815	\$ 2,154,178	\$ -	\$ (3,512,629)	\$ -	\$ (1,358,451)
Net loss for the year	-	-	-	(905,658)	-	(905,658)
Other comprehensive income	-	-	-	-	221,611	221,611
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 (Note 6)	24,650,950	2,254,063	-	-	-	2,254,063
Shares issued by prospectus (Note 11)	15,333,332	4,600,000	-	-	-	4,600,000
Shares issued for finder's fees for RTO (Note 6)	1,340,881	402,264	-	-	-	402,264
Shares issued for finder's fees for private placement (Note 11)	83,333	25,000	-	-	-	25,000
Share issue costs	-	(530,067)	-	-	-	(530,067)
Shares issued in exchange for YD Ynvisible shares (Note 11)	925,479	-	-	-	-	-
Share-based compensation	-	-	1,088,000	-	-	1,088,000
Net loss for the year	-	-	-	(5,418,514)	-	(5,418,514)
Other comprehensive loss	-	-	-	-	(63,048)	(63,048)
<b>Balance, December 31, 2018</b>	<b>53,141,679</b>	<b>\$ 8,905,438</b>	<b>\$ 1,088,000</b>	<b>\$ (9,836,801)</b>	<b>\$ 158,563</b>	<b>\$ 315,200</b>

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

	<b>Year Ended</b>	
	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Operating activities</b>		
Net loss for the year	\$ (5,418,514)	\$ (905,658)
<i>Items not involving the use of cash</i>		
Depreciation	33,534	5,829
Interest on loans payable	-	-
Share-based compensation	1,088,000	-
RTO transaction costs	1,191,596	-
Foreign exchange	(244,313)	-
<i>Changes in working capital items:</i>		
Amounts receivable	(446,458)	11,564
Prepaid expenses	(10,699)	-
Deposits	(374)	(637)
Accounts payable and accrued liabilities	(769,996)	187,865
Deferred project grants	932,653	20,860
<b>Cash used in operating activities</b>	<b>(3,644,571)</b>	<b>(680,177)</b>
<b>Investing activities</b>		
Cash acquired in RTO	1,689,720	-
Purchase of fixed assets	(511,567)	(467)
Investments in intangible assets	(62,071)	(12,756)
<b>Cash provided by (used in) investing activities</b>	<b>1,116,082</b>	<b>(13,223)</b>
<b>Financing activities</b>		
Proceeds on issuance of shares	4,600,000	-
Share issue costs	(505,067)	-
Loan proceeds received	149,790	411,085
Loans repaid	(949,251)	-
<b>Cash provided by financing activities</b>	<b>3,295,472</b>	<b>411,085</b>
<b>Effect of exchange rate changes on cash</b>	<b>186,642</b>	<b>256,799</b>
<b>Increase (decrease) in cash</b>	<b>953,625</b>	<b>(25,516)</b>
<b>Cash, beginning of year</b>	<b>3,453</b>	<b>28,969</b>
<b>Cash, end of year</b>	<b>\$ 957,078</b>	<b>\$ 3,453</b>
<b>Non-Cash Transactions</b>		
Shares issued for RTO (Note 6)	\$ 2,254,063	\$ -
Shares issued for finder's fees for RTO (Note 6)	\$ 402,264	\$ -
Shares issued for finder's fees for private placement (Note 11)	\$ 25,000	\$ -
<b>Supplemental Cash Disclosure</b>		
Interest paid	\$ 35,758	\$ -

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

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **For the years ended December 31, 2018 and 2017** **(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. The Company’s principal business activity previously was the exploration and evaluation of minerals in its mineral properties.

On January 19, 2018, the Company completed a transaction with YD Ynvisible, S.A. (the “Subsidiary”), whereby the Company acquired 94.19% of the issued and outstanding Class A common shares of the Subsidiary, which constituted a reverse takeover (see Note 6).

The Company changed its name to Ynvisible Interactive Inc. on January 11, 2018, and its principle business activity is now 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 “YINV”.

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

These audited 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 year ended December 31, 2018, the Company incurred a net loss of \$5,418,514 (2017 - \$905,658) and as at December 31, 2018, has an accumulated deficit of \$9,836,801 (2017 - \$4,418,287).

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. While the Company is expending its best efforts in this regard, the outcome of these matters cannot be predicted at this time. These audited 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.

### **2. BASIS OF PRESENTATION**

#### ***Statement of compliance***

These audited 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”).

#### ***Basis of Measurement and Presentation***

These audited consolidated financial statements have been prepared on a continuity of interest basis that present the comparative results of YD Ynvisible, S.A. prior to the reverse takeover transaction referred to in Note 6.



**YNVISIBLE INTERACTIVE INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars Unless Otherwise Noted)**

**2. BASIS OF PRESENTATION (continued)**

***Basis of Measurement and Presentation (continued)***

The Company's audited 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 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 audited 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 audited consolidated financial statements are discussed in Note 5.

***Basis of Consolidation***

These consolidated financial statements include the accounts of the Company, its 98% owned subsidiary YD Ynvisible, S.A. (the "Subsidiary"), incorporated in Portugal, and Ynvisible GmbH, incorporated in Germany, which is 100% owned by the Subsidiary. All intercompany transactions and balances have been eliminated on consolidation.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The audited 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 Subsidiary's functional currency is the European Euro.

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.

**YNVISIBLE INTERACTIVE INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2018 and 2017

(Expressed in Canadian Dollars Unless Otherwise Noted)

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand, demand deposits, short-term, highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. As at December 31, 2018 and 2017, the Company had no cash equivalents.

***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.

Any increase resulting from revaluation is recorded in equity under "revaluation surplus", unless the same reverses a previously recognized decrease in income, in which case such increase is also recognized in income.

Decreases resulting from revaluations are recorded directly under "revaluation surplus" until the limit of any remaining credit balance in the revaluation surplus of that same asset. Any excess of decreases regarding that remaining credit balance is directly recognized in income. When the asset revalued is derecognized, the revaluation surplus included in equity associated to the asset is not reclassified to income, but rather transferred to "retained earnings".

The remaining 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 moment 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 depreciation rates used correspond to the following estimated useful life:

Equipment	5 – 7 years
Leasehold building improvements	Term of the lease
Office	3 – 5 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.

**YNVISIBLE INTERACTIVE INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Intangible Assets***

Intangible assets are comprised of patents and trademarks 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.

***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.

***Share-based Payments***

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

Share-based payments are recorded as expenses for all options granted to employees, or to those providing similar services, at the fair value of the equity instruments over the vesting period, with a corresponding increase in share-based payments reserve. Each transfer in an award is considered separately with its own vesting date and grant date fair value. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant.

For awards with vesting conditions, a forfeiture rate is recognized at the grant date and is adjusted to reflect the number of awards expected to vest. As the options are exercised, the consideration paid, together with the amount previously recognized in share-based payments reserve, is recorded as an increase in share capital.

For equity-settled stock-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

The Company has no cash-settled share-based payment transactions.

***Income Tax***

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences, and the carry forward of non-capital losses, can be utilized.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Income Tax (continued)***

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future profit will allow the deferred tax asset to be recovered and/or the carrying value of temporary differences exceed their tax basis.

***Loss per Share***

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings/loss per share reflect the potential dilution of outstanding stock options and warrants that could share in the earnings of the Company. In a loss period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

**ACCOUNTING POLICIES ADOPTED DURING THE PERIOD**

***IFRS 9 Financial Instruments***

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

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (continued)**

***IFRS 9 Financial Instruments (continued)***

***Classification***

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

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

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

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

***Measurement***

**Financial assets and liabilities at amortized cost**

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars Unless Otherwise Noted)**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ACCOUNTING POLICIES ADOPTED DURING THE PERIOD (continued)**

***IFRS 9 Financial Instruments (continued)***

***Impairment of financial assets at amortized cost***

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

***Derecognition***

Financial assets

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

***IFRS 15 Revenue from Contracts with Customers***

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars Unless Otherwise Noted)**

**4. RECENT ACCOUNTING PRONOUNCEMENTS**

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

**IFRS 16 Leases**

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

**5. 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 resultant effects on profit or loss are based on estimates of future volatility of the Company's share price, expected lives of the options and expected dividends.
- 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.

**6. REVERSE TAKEOVER TRANSACTION**

On January 19, 2018, the Company completed a transaction with its Subsidiary (See Note 1) whereby the Company acquired 94.19% of the issued and outstanding common shares of the Subsidiary through the issuance of a total of 25,991,831 Class A common shares, which acquisition constitutes a reverse takeover ("RTO") pursuant to the policies of the TSX Venture Exchange. 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, the Subsidiary and certain shareholders of the Subsidiary. In consideration of the acquisition of 94.19% of the Subsidiary'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.



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2018 and 2017

(Expressed in Canadian Dollars Unless Otherwise Noted)

**6. REVERSE TAKEOVER TRANSACTION (continued)**

The Company is the acquiree (the “Target”) and the Subsidiary is the acquirer in the RTO. The acquisition of the Subsidiary 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, share-based payments reserve of \$762,213 and accumulated deficit of \$17,939,668, all within shareholders’ equity as of the date of acquisition.

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

<b>Total Purchase Price:</b>		
24,650,950 Class A common shares of the Company	\$	2,254,063
<hr/>		
<b>Allocation of purchase price</b>	<b>January 19, 2018</b>	
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 also 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 \$1,201,399 in the consolidated statement of comprehensive loss.



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars Unless Otherwise Noted)

**7. FIXED ASSETS**

	Equipment	Leasehold Building Improvements	Office	Other	Total
<b>Costs</b>					
Balance, December 31, 2016 and 2017	\$ 60,944	\$ -	\$ -	\$ 12,681	\$ 73,625
Additions	405,953	33,949	28,732	42,933	511,567
<b>Balance, December 31, 2018</b>	<b>\$ 466,897</b>	<b>\$ 33,949</b>	<b>\$ 28,732</b>	<b>\$ 55,614</b>	<b>\$ 585,192</b>
	Equipment	Leasehold Building Improvements	Office	Other	Total
<b>Accumulated Depreciation</b>					
Balance, December 31, 2016	\$ 50,260	\$ -	\$ -	\$ 12,681	\$ 62,941
Depreciation	5,989	-	-	-	5,989
Balance, December 31, 2017	56,249	-	-	12,681	68,930
Depreciation	17,851	1,414	4,320	4,846	28,431
<b>Balance, December 31, 2018</b>	<b>\$ 74,100</b>	<b>\$ 1,414</b>	<b>\$ 4,320</b>	<b>\$ 17,527</b>	<b>\$ 97,361</b>
	Equipment	Leasehold Building Improvements	Office	Other	Total
<b>Carrying Value</b>					
Balance, December 31, 2017	\$ 4,695	\$ -	\$ -	\$ -	\$ 4,695
<b>Balance, December 31, 2018</b>	<b>\$ 392,797</b>	<b>\$ 32,535</b>	<b>\$ 24,412</b>	<b>\$ 38,087</b>	<b>\$ 487,831</b>

During the year ended December 31, 2018, the Company began purchasing and assembling equipment for a new sheet-to-sheet ("S2S") production line that will be used for EC display production in Portugal.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars Unless Otherwise Noted)

**8. INTANGIBLE ASSETS**

<b>Costs</b>	<b>Patents</b>
Balance, December 31, 2016	\$ 29,085
Additions	8,027
Balance, December 31, 2017	37,112
Additions	62,071
<b>Balance, December 31, 2018</b>	<b>\$ 99,183</b>
<b>Accumulated Depreciation</b>	
Balance, December 31, 2016	\$ 4,231
Additions	-
Balance, December 31, 2017	4,231
Adjustments	5,375
Additions	5,105
<b>Balance, December 31, 2018</b>	<b>\$ 14,711</b>
<b>Carrying Value:</b>	
Balance, December 31, 2017	\$ 32,881
<b>Balance, December 31, 2018</b>	<b>\$ 84,472</b>

**9. LOANS PAYABLE**

As of December 31, 2018, there were no loans payable (2017 - \$771,934). Loans payable were unsecured, payable on demand, and bore interest at rates of either 1% or 1.5% per month.

During the year ended December 31, 2018, the Company recorded \$14,564 (2017 - \$53,842) in interest expense.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the years ended December 31, 2018 and 2017 (Expressed in Canadian Dollars Unless Otherwise Noted)

### 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

	Year Ended	
	December 31, 2018	December 31, 2017
Consulting and management fees – cash	\$ 490,665	\$ 288,860
Share-based compensation	565,623	-
	<b>\$ 1,056,288</b>	<b>\$ 288,860</b>

As at December 31, 2018, accounts payable and accrued liabilities include \$122,252 (2017 - \$284,750) due to officers and directors. Trade and other payable amounts due to related parties are unsecured, and have no specified terms of repayment.

### 11. SHARE CAPITAL

#### **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**

On January 19, 2018, the Company completed a transaction with its Subsidiary (See Notes 1 and 6) whereby the Company acquired 94.19% of the issued and outstanding Class A common shares of the Subsidiary 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 TSX Venture Exchange. The other 5.81% ownership stake consisting of 1,521,865 shares of the Subsidiary are held by shareholders from when the Subsidiary 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars Unless Otherwise Noted)**

**11. SHARE CAPITAL (continued)**

***Issued (continued)***

On October 26, 2018, the Company issued 925,479 common shares to the Minority Shareholders in exchange for 925,479 common shares of the Subsidiary. The Company now owns approximately 98% of the Subsidiary. The remaining Minority Shareholders, who have not signed a voluntary share exchange agreement with the Company, are now the subject of a compulsory share exchange or “squeeze-out” of their shares in the Subsidiary on a one-for-one basis for the Class A common shares of the Company.

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 “Offering”). The Class A common shares were sold pursuant to an agency agreement dated December 27, 2017 among the Company, the Subsidiary and the Agent (the “Agency Agreement”). In consideration for the services performed by the Agent under the Agency Agreement, 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. The Company also paid the reasonable expenses of the Agent.

***Escrow Shares***

As at December 31, 2018, there are 11,194,000 Class A common shares held in escrow (2017 – Nil).

***Stock Options***

The Company has a fixed stock option plan, which follows the policies of the TSX Venture Exchange 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.

Share-based compensation recognized during the year ended December 31, 2018 was \$1,088,000 (2017 - \$Nil). 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:

	December 31, 2018	December 31, 2017
Risk-free interest rate	1.60% - 2.35%	-
Expected dividend yield and forfeiture	0%	-
Expected stock price volatility	116% - 173%	-
Expected option life in years	1 – 5	-

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars Unless Otherwise Noted)

**11. SHARE CAPITAL (continued)**

***Stock Options (continued)***

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

	<b>Year Ended December 31, 2018</b>		<b>Year Ended December 31, 2017</b>	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning	-	\$ -	-	\$ -
Granted	4,250,000	\$ 0.34	-	\$ -
Outstanding, end	4,250,000	\$ 0.34	-	\$ -

As at December 31, 2018, the following options were granted and vested:

<b>Expiry Date</b>	<b>Weighted Exercise Price \$</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested and Exercisable</b>	<b>Weighted Remaining Contractual Life</b>
19-Jan-23	0.30	2,125,000	2,125,000	4.05 years
21-Feb-19	0.40	1,250,000	1,250,000	0.14 years
21-Feb-23	0.40	350,000	350,000	4.15 years
25-May-23	0.30	375,000	375,000	4.40 years
25-Sep-23	0.31	150,000	150,000	4.74 years
	0.34	<b>4,250,000</b>	<b>4,250,000</b>	<b>2.98 years</b>

As at December 31, 2017, there were no stock options to purchase Class A common shares outstanding. The Company did not grant any stock options during the year ended December 31, 2017.

***Warrants***

As at December 31, 2018 and 2017, the Company did not have any warrants outstanding.

**12. FAIR VALUES AND RISK MANAGEMENT**

The Company's financial instruments consist of cash, amounts receivable, deposits, accounts payable and accrued liabilities, loans payable, 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, loans payable, 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars Unless Otherwise Noted)**

**12. FAIR VALUES AND RISK MANAGEMENT (continued)**

***Interest Rate Risk***

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

***Liquidity Risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and loans payable are all current. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its cash on hand.

***Foreign Currency Risk***

The Company's functional currency is the Canadian dollar. The Company funds the operations of its Subsidiary in Portugal by using Euros converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Based on the Company's Euro denominated financial instruments at December 31, 2018, a 10% change in exchange rates between the Canadian dollar and the Euro would result in a \$373,277 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 any 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 year ended December 31, 2018.

The Company is not subject to externally imposed capital requirements.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars Unless Otherwise Noted)

**14. COMMITMENTS**

**Office Lease**

The Company has an office lease agreement expiring June 30, 2021 and is committed to total monthly basic rental payments averaging \$4,292 from July 1, 2016 to June 30, 2021, of which a portion is recoverable from companies with a common director and other companies for sharing office space. Pursuant to the lease agreement, the Company has paid \$14,095 in a security deposit.

**15. INCOME TAXES**

The Company is subject to income taxes on its statements of comprehensive loss in Canada and Portugal. The statutory income tax rates were approximately 27% (2016 – 26%) in Canada and 21% (2017 – 21%) in Portugal.

A reconciliation of the expected income tax expense (benefit) to the actual income tax expense (benefit) is as follows:

	2018	2017
Recovery at statutory rate	\$ (1,463,000)	\$ (190,000)
Non-deductible items	378,000	87,000
Change in estimate and other	2,068,000	-
Change in tax benefits not recognized	(983,000)	103,000
Income taxes expense (recovery)	\$ -	\$ -

The components of deferred income taxes are:

	2018	2017
Share issue costs	\$ 114,000	\$ -
Fixed assets	130,000	-
Non-capital losses	1,064,000	325,000
Tax benefits not recognized	(1,308,000)	(325,000)
Net deferred income tax assets (liabilities)	\$ -	\$ -

The realization of income tax benefits related to these deferred potential tax deductions is not probable. Accordingly, no deferred income tax assets have been recognized for accounting purposes. The Company has non-capital losses carried forward of approximately \$4,621,000 (2017 - \$1,546,000) that may be available for tax purposes. The losses expire as follows:

Expiry date	Amount
2034	\$ 571,000
2035	204,000
2036	280,000
2037	490,000
2037	3,076,000
Total	\$ 4,621,000

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the years ended December 31, 2018 and 2017  
(Expressed in Canadian Dollars Unless Otherwise Noted)

**16. SEGMENTED DISCLOSURE**

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

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

At December 31, 2017, all of the Company's assets, liabilities and comprehensive loss were located in Portugal and Europe.



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended December 31, 2018 and 2017**  
**(Expressed in Canadian Dollars Unless Otherwise Noted)**

**17. SUBSEQUENT EVENTS**

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

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, in which case 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 has paid eligible finders a cash commission in the aggregate amount of \$12,444 on the Offering within the amount permitted by the policies of the TSX Venture Exchange (the "Exchange"). In addition, 166,553 Shares were issued to eligible finders and 83,276 non-transferable finder's warrants were issued to eligible finders to purchase an aggregate of 83,276 units of the Company (the "Finder's Units"). Each Finder's Unit consists of one Share and one-half of a Warrant. Each Warrant will entitle the holder to purchase a Warrant Share at a price of \$0.60 per Warrant Share for a period of three years from the closing of the Offering, subject to Accelerated Expiry.

All securities issued under the Offering are subject to a statutory hold period ending on May 10, 2019 in accordance with applicable Canadian securities laws. The proceeds of the Offering will be used for general working capital.

- b) On April 19, 2019, the Company arranged a non-brokered private placement for gross proceeds of up to \$2,500,000. The private placement consists of up to 7,142,857 units (the "Units") at a price of \$0.35 per Unit. Each Unit consists of one common share (a "Share") and one-half of a common share purchase warrant (a "Warrant"). Each whole Warrant is exercisable into a common share of the Company (a "Warrant Share") at a price of \$0.60 per Warrant Share for a period of three years from issuance.

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, in which case 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").

Net proceeds from the private placement will be used for general working capital. All securities issued in connection with the private placement will be subject to a statutory hold period of four months. The Company may be paying finder's fees up to the amount permitted by the TSX Venture Exchange policies. Completion of the private placement is subject to the receipt of all necessary corporate and regulatory approvals, including approval of the TSX Venture Exchange.