

## Glance Technologies Inc.



### Interim Management's Discussion and Analysis Quarterly Highlights for Venture Issuers

Period Ended February 28, 2019

Prepared as of April 17, 2019

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#### General

The following interim Management Discussion and Analysis ("MD&A") presents an analysis of the financial conditions of Glance Technologies Inc. and its subsidiaries (collectively referred to as "Glance" or the "Company") as at and for the three-month period ended February 28, 2019, compared with the corresponding period in the prior year. It has been prepared to provide an update since the Company's last MD&A for the year ended November 30, 2018. Since this information is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Company's interim consolidated financial statements for the period ended February 28, 2019, which provide information about the activities of the Company as a whole, and present a longer-term view of the Company's finances. The financial information presented in this MD&A is derived from our interim consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). There are no non-IFRS financial measures included in this MD&A.

This MD&A is the responsibility of management. Prior to its release, the Company's Board of Directors (the "Board") approved this MD&A on the Audit Committee's recommendation. The Company presents its interim consolidated financial statements in Canadian dollars. Amounts in this MD&A are stated in Canadian Dollars unless otherwise indicated.

Unless otherwise noted or the context indicates otherwise, "we", "us", "our", the "Company" or "Glance" refer to Glance Technologies Inc. and its direct and indirect subsidiaries. The Company's common shares ("Common Shares") commenced trading on the Canadian Securities Exchange under the ticker symbol "GET" on September 7, 2016.

Additional information with respect to the Company, including interim filings, audited consolidated financial statements and annual information form can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Caution Regarding Forward Looking Statements

Certain information included in this MD&A may constitute forward-looking statements. Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements are typically identified by the words *assumption*, *goal*, *guidance*, *objective*, *outlook*, *project*, *strategy*, *target* and other similar expressions or future or conditional verbs such as *aim*, *anticipate*, *believe*, *could*, *expect*, *intend*, *may*, *plan*, *seek*, *should*, *strive*, and *will*. In this MD&A, forward-looking statements include such statements as:

- that the Company has sufficient capital to achieve its immediate goals and to continue to build out its technology platform;

- the Company's belief that the *Glance Pay* and *Glance PayMe* apps could be a desirable solution in that marketplace;
- the Company's belief that there will be significant demand for the Company's new features such as Real-Time Bill and Ordering, that the monetization opportunities are significantly greater for these new features, and the Company's optimism that this will be reflected in future results;
- that products with features such as Real-Time Bill and Ordering will become the dominant form of payment;
- the Company's estimates that users can save an average of 10 to 25 minutes per visit in a full-service restaurant environment using its new features such as Real-Time Bill and Ordering;
- the Company's belief that its anti-fraud technology represents a significant accomplishment and market edge;
- that as the Company's new merchant app, *Glance PayMe* is further rolled out that revenue from merchants will begin to grow;
- the Company's intention to sell *Glance PayMe* predominantly through digital online sales, targeting markets in a number of geographies with minimal overhead;
- the Company's belief regarding its ability to generate new revenue from advertising, promotions and consumer fees for premium features;
- the Company's belief that our technology and blockchain-related patent application make it well positioned for market opportunities when there is a resurgence in activity and adoption of cryptocurrencies and blockchain;
- the Company's plan to utilize *Glance Coin*;
- the Company's expectation that *Glance Coin* will simplify and enable the adoption of cryptocurrency into everyday life;
- the Company's intention to utilize reward tokens to allow merchants to reward and provide deals and incentives to customers;
- that the Company will continue to review and prioritize its expenditures to best use its cash resources that its expectation that cash expenses will be further reduced in the near term;
- that the Company is exploring the potential to apply its *Ticket Pay* feature to other types of tickets such as traffic violations;
- that the Company is exploring licensing opportunities for its technology into geographies and verticals in which it currently does not have a presence;
- the Company's ability to raise additional capital needed to fund operations.

Readers are cautioned not to put undue reliance on forward-looking statements. Unless otherwise indicated by us, forward-looking statements in this MD&A describe our expectations as at April 17, 2019 and, accordingly, are subject to change after that date. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in, or implied by, such forward-looking statements and that our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statements will materialize and we caution you against relying on any of these forward-looking statements. Forward-looking statements are presented in this MD&A, for the purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes. The forward-looking statements in this MD&A are based on, among other things, the following assumptions:

- the Company will be able to achieve its business objectives;
- the Company will be able to develop proprietary software to implement its plans;
- the Company will be successful in obtaining and retaining clients and licensees for its software;
- the blockchain platform will continue to develop and grow in utilization and adoption in the world;

- the Company will be able to expand its operations successfully in new geographic markets and industries;

The forward-looking statements in this MD&A are subject to, among other things, the following risks:

- the Company's operations are dependent on key technical personnel, and the loss of such personnel could have a significant impact on the Company's ability to conduct its activities;
- competition;
- currency fluctuations and exchange rates;
- the Company's ability to continue as a going concern;
- the Company may not be able to obtain all necessary funding for its operations, on terms satisfactory to the Company or at all;
- credit risk;
- the Company's dependence on information technology systems;
- risks that the Company's software and applications may contain security problems, security vulnerabilities, or defects in design or manufacture, including "bugs" and other problems that could interfere with the intended operation of its software;
- risks related to the volatility of customer demand for Glance's products;
- risks associated with cyber security and privacy violations, in particular given the Company's operations are highly dependent on online technologies and the Company obtains a significant amount of personal information in the course of operations;
- risks associated with having customers in the cannabis industry, which remain illegal in certain jurisdictions;
- risks associated with investments and activities in the cryptocurrency industry, which are generally currently unregulated but which may be subject to ongoing regulation in due course;
- risks associated with the adoption and development of blockchain platforms;
- the Company may not be able to successfully expand its operations beyond the Canadian marketplace or into industries other than the restaurant industry;

We have made certain economic, market and operational assumptions in preparing the forward-looking statements contained in this MD&A. If our assumptions turn out to be inaccurate, our actual results could be materially different from what we expect.

Important risk factors including, without limitation, competitive, regulatory, economic, financial, operational, technological and other risks that could cause actual results or events to differ materially from those expressed in, or implied by, the previously-mentioned forward-looking statements.

We caution readers that the risks described in this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our financial position, financial performance, cash flows, business or reputation. Except as otherwise indicated by us, forward-looking statements do not reflect the potential impact of any special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after April 17, 2019. The financial impact of these transactions and special items can be complex and depends on facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way, or in the same way we present known risks affecting our business.

### **Q1 2019 Highlights:**

- Net income of \$4,816,906 for the quarter
- Launched Real-Time Bill feature
- Previewed new feature – Order-from-Table
- Filed a provisional patent for Blockchain Technology with USPTO

## **Subsequent to Q1 2019:**

Subsequent to February 28, 2019, the Company announced bar and nightclub features intended to be built into its Glance Pay application. The Company showcased these new products at the Nightclub and Bar Show in Las Vegas from March 25 – 27, 2019.

### **Company Overview**

Glance Technologies Inc., a Vancouver-based technology company, owns and operates Glance Pay, a streamlined payment system that revolutionizes how smartphone users choose where to shop, make payments, access digital receipts, redeem digital deals, earn great rewards and interact with merchants. Since launching at the end of 2016, Glance has been building a valuable network of businesses and consumers and offers targeted in-app marketing, geo-targeted digital coupons, customer feedback, and custom rewards programs. The Glance Pay mobile payment system consists of proprietary technology, which includes user apps available for free downloads in iOS (Apple) and Android formats, merchant manager apps and a large-scale technology hosting system. Glance PayMe is another mobile app, which allows businesses across multiple verticals (such as freelancers, graphic designers, salons, retail and e-commerce) to accept mobile payments instantly and build superior analytics. The company has also worked on creating Glance Coin, a reward token, which is intended to simplify and enable the adoption of cryptocurrency into everyday life.

### **Integrations**

During 2018, we built system integrations to many of the some of the largest Point-of-Sale (“POS”) systems in North America to enable new product features. POS integrations allow Glance to send and retrieve information directly to the POS, removing manual steps and opening up new opportunities for Glance’s technology such as auto-closing bills, pulling bills electronically, and auto-inserting orders.

### ***Real-Time Bill™ and Order from Table™***

Glance is focused on commercializing our products that we believe provide the highest value to our customers and have the strongest monetization potential. In the past several months, we devoted development efforts to our Order from Table™ and Real-Time Bill™ feature sets. We know these features are a significant advancement of our platform and completely enhance the customer experience in a fast-casual & full-service restaurant or bar setting, as well as providing large tangible operational benefits to merchants. Glance currently estimates that, with these features, users can save an average of 10 to 25 minutes per visit in a full-service restaurant environment, blurring the line between quick-service and full-service dining durations. In addition to providing a superior experience for their customers, this can also dramatically increase table turnover during peak times for restaurants, thus driving more revenue and impacting their bottom line. We have launched Real-Time Bill™ at select initial launch locations with very promising early results. We have secured many further locations for rollout, already surpassing our expectations. Based on our initial market feedback, we are optimistic that there will be significant demand for these new products and we have added new sales resources while also working with resellers to accelerate the roll-out of these products. Glance also believes that the monetization opportunities are significantly greater for these new products due to the significant increase in value they provide to both merchants and consumers. Glance is optimistic that this will be reflected in future results.

### ***Order from Bar™ and Cover Charge Payment***

Subsequent to the quarter, Glance announced its upcoming Order From Bar product which will allow people to order drinks from anywhere within the bar. Users then simply pickup their drinks at the end of the bar when they are notified. The system utilizes Glance’s proven anti-fraud technology to protect the establishment as well as leveraging Glance’s powerful promotion and rewards platform to help increase sales and loyalty. Order From Bar compliments Glance’s previously announced Real-Time Bill and Order From Table features which are also applicable to bars that provide table service. In addition, at many establishments, the night begins for their customers by waiting in a long line to pay a cash cover charge to then get a stamp on their hand. Glance’s upcoming cover charge feature accelerates and modernizes this process, enabling quick and easy cover charge payments, with tracking and upselling opportunities for establishments.

### **Glance Coin and Blockchain Initiatives**

In 2018, we released our White Paper on Glance Coin, launched our “Pay With Bitcoin” feature and filed a provisional patent application with the United States Patent and Trademark Office directed at methods, systems and techniques for cryptographic token transfers. This patent application is for a foundational technology to lower costs and improve the speed and efficiency of cryptocurrency transactions, even where the value of the transaction may be relatively small, as well as to facilitate converting between cryptocurrencies whose transactions are recorded on different blockchains. It also facilitates storing information of different sensitivity levels on differently permissioned blockchains, which can be useful when privacy is important. During the year, we also added support for Bitcoin as a payment method in our system, enabling users to quickly and easily use Bitcoin to spend at Glance merchants. As mentioned above, 2018 saw a decrease in the value of cryptocurrencies and a rise in the pessimism around the adoption of cryptocurrencies and blockchain technology. Glance continues to believe that blockchain and cryptocurrencies are fundamentally transformative technologies, providing significant opportunities for the early pioneers in this space. We believe that our technology and patent application make us well positioned for market opportunities when there is a resurgence in activity and adoption of cryptocurrencies and blockchain.

### **Anti-Fraud Technology**

Fraud is a serious issue for many merchants, and unfortunately, most payment methods pass the fraud risk onto the merchant. That is why we designed important innovations in fraud prevention, which continue to perform far beyond our expectations. Fraud prevention may be one of the most important features of our intellectual property to date. Since Glance launched the current version of our proprietary fraud prevention technology, our platform has experienced less than 0.018% of its transactions being fraudulent across all of its live locations (which includes even what is called ‘friendly fraud’ whereby users mistakenly identify transactions as fraudulent). We believe our anti-fraud technology represents a significant accomplishment and market edge and we believe it is one of the requirements to unlock the benefits of mobile payments.

### **Cost and Controls**

As previously disclosed, management has been in the process of prioritizing its expenditures to improve efficiency, which can be seen in reduction of expenses over the last year. Significant changes have been implemented to better utilize its cash resources. Specifically, the Company has reduced costs related to external advisors and restructured our team to focus on our core technologies and sales and marketing of our new features. We will continue to review and prioritize our expenditures to best use our cash resources and we expect cash expenses to be further reduced in the near term.

### **Assets**

As a result of our efforts to better utilize our cash resources, Glance has sufficient capital in the bank to achieve our immediate goals and continue to build out our technology platform. In addition to our cash resources from previous financings, Glance owns a significant number of shares in a number of companies including Yield, Loop Insights Inc. and Euro Asia Pay Holdings Inc. – all of which have raised significant amounts of capital. Glance has the option to raise funds through liquidating its shareholdings in these entities when appropriate. Yield is currently a public company and AlkaLi3 has announced that Loop and AlkaLi3 will amalgamate, and the amalgamated corporation will carry on the business of Loop under the name "Loop Insights Inc." and proposes to list as a Tier 2 Technology Issuer on the TSX Venture Exchange.

### **Summary**

By adding new products and capabilities to our technology, growing new merchants and consumers, opening our products to new segments, and improving capacity for monetization, we feel we have made solid progress. We are convinced that our enhanced products with new features are dramatic improvements over conventional ordering, payment, and loyalty experiences. Based on our experiences in using these new features and the early market feedback, we are confident that products with features such as these will become the dominant form of payment and we are working hard to ensure that Glance is the leading company to deliver this future.

## Financial Position and Liquidity - Review of Financial Results

The Company became a reporting issuer after the final receipt from the British Columbia Securities Commission of the Company's prospectus on August 4, 2016. The following table presents selected audited and unaudited financial information for each of the last eight quarters:

	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Revenue	43,110	76,091	216,195	229,060
Corporate communications & investor media	(87,869)	(187,636)	(239,106)	(347,359)
Depreciation	(128,503)	(127,307)	(118,834)	(105,552)
Finance	(24,539)	(21,388)	(34,291)	(27,650)
General & administrative costs	(488,071)	(544,790)	(603,860)	(673,728)
Management fees	(81,815)	(82,000)	(82,185)	(12,530)
Professional fees	(108,764)	(162,733)	(47,628)	(171,358)
Sales & marketing expenses	(425,999)	(487,136)	(686,930)	(1,082,312)
Software development costs	(446,752)	(623,455)	(910,094)	(744,719)
Stock option-based payments	(132,973)	(115,128)	(351,235)	(685,519)
<b>Total Expenses</b>	<b>(1,925,285)</b>	<b>(2,351,573)</b>	<b>(3,074,163)</b>	<b>(3,850,727)</b>
Loss from operations	(1,882,175)	(2,275,482)	(2,857,968)	(3,621,667)
<b>Other income (expense)</b>				
Gain on sale of marketable securities	231,130	-	-	-
Gain on settlement of license agreement	-	690,000	-	-
Impairment of intangible asset	-	(1,419,844)	-	-
Interest income	23,051	25,791	31,667	41,520
Loss on settlement of debt	-	-	-	-
Other income	2,700	-	-	2,709
Proportionate loss from associate	-	7,226	-	-
Proxy contest expenses	-	-	(231,340)	(997,728)
Unrealized gain on marketable securities	6,442,200	2,430,000	-	-
Net income (loss) for the period	4,816,906	(2,972,309)	(3,057,641)	(4,575,166)
<b>Other comprehensive income (loss)</b>				
Foreign currency adjustment	(1,521)	1,277	3,584	8,611
Comprehensive gain (loss) for the period	4,815,385	(541,032)	(3,054,057)	(4,566,555)
Loss per share	0.04	(0.00)	(0.02)	(0.03)
Weighted average number of ordinary shares	136,747,147	136,747,147	136,457,071	135,373,594
Loss per share - diluted	0.03	(0.00)	(0.02)	(0.03)
Number of diluted shares	145,248,917	151,559,720	160,113,407	160,573,390

	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Revenue	1,173,719	687,238	240,130	126,527
Corporate communications & investor media	(2,308,136)	(1,854,090)	(916,755)	(150,463)
Depreciation	(77,261)	(68,119)	(67,359)	(59,984)
Finance	(47,638)	(168,881)	(20,168)	(25,715)
General & administrative costs	(451,255)	(184,922)	(108,205)	(139,714)
Management fees	(7,662)	(7,269)	(8,347)	(8,465)
Professional fees	(306,329)	(51,908)	(14,206)	(13,152)
Sales & marketing expenses	(1,446,137)	(829,741)	(517,806)	(420,558)
Software development costs	(359,480)	(205,450)	(125,443)	(129,502)
Stock option-based payments	(220,288)	(3,283,757)	(25,920)	(39,868)
<b>Total Expenses</b>	<b>(5,224,186)</b>	<b>(6,377,668)</b>	<b>(1,804,209)</b>	<b>(1,263,890)</b>
Loss from operations	(4,050,467)	(5,690,430)	(1,564,079)	(1,137,363)
<b>Other income (expense)</b>				
FX gain/(loss)	(10,032)	8,143	-	-
Gain on sale of marketable securities	-	-	-	-
Gain on settlement of license agreement	-	-	-	-
Impairment of intangible asset	-	-	-	-
Interest income	30,672	-	-	-
Loss on settlement of debt	-	-	-	(4,240)
Other income	34	-	-	-
Proportionate loss from associate	(616,130)	(180,893)	(160,467)	(62,236)
Proxy contest expenses	(222,644)	-	-	-
Unrealized gain on marketable securities	-	-	-	-
Net loss for the period	(4,868,567)	(5,863,180)	(1,724,546)	(1,203,839)
<b>Other comprehensive income (loss)</b>				
Foreign currency adjustment	-	-	-	-
Comprehensive gain (loss) for the period	(4,868,567)	(541,032)	(3,054,057)	(4,566,555)
Loss per share	(0.04)	(0.08)	(0.02)	(0.02)
Weighted average number of ordinary shares	131,112,157	75,623,413	75,623,413	68,290,604
Loss per share diluted	(0.03)	(0.04)	(0.02)	(0.01)
Number of diluted shares	160,388,293	148,194,303	83,721,036	101,306,071

Revenue decreased by \$1,130,609 (96%) in the three month period ended February 28, 2019 in comparison to the same period in 2018, primarily as a royalty revenue of \$1 million was received in the comparative period. There has also been a reduction in revenue from licensing agreements. In the current period, there were application and service fees of \$9,470 (2018: \$129,719) and marketing revenue of \$nil (2018: \$44,000). In addition, the current period includes licensing revenue of \$33,640 (2018: \$nil). As anticipated, licensing revenues have fluctuated in recent quarters.

Glance is focused on demonstrating the capabilities of its technology and commercializing our products that we believe provide the highest value to our customers and have the strongest monetization potential: POS integration, Real-Time Bill™ and Order from Table™. We believe these new features provide a significant advancement of our platform and completely enhance the customer experience, as well as providing large tangible operational benefits to merchants. In addition to providing a superior experience for their customers, this can also dramatically increase table turnover during peak times for restaurants, thus driving more revenue and impacting their bottom line. We have launched Real-Time Bill™ for rollout and based on initial market feedback, we are optimistic that there will be significant demand for these new products and we have added new

sales resources while also working with resellers to accelerate the roll-out of these products. Glance believes that the monetization opportunities are significantly greater for these new features due to the significant increase in value they provide to both merchants and consumers. Glance is optimistic that this will be reflected in future results.

Glance also expects to increase the sales rate to large chains by expanding its enterprise sales team and the new set of application features that target this market segment. Glance believes that its products will have the ability to generate recurring (Software as a Service/SaaS) revenue, in addition to revenue from advertising, promotions, and consumer fees for premium features.

Net income was \$4,816,906 for the three months ended February 28, 2019, compared to a net loss of \$4,868,567 for the same period in 2018 (an increase of \$9,685,473).

Net loss from operations decreased to \$1,882,175 for the three months ended February 28, 2019 compared to a net loss of \$4,050,467 for the same period in 2018 (54% decrease), which was due to a reduction in expenses in the current quarter combined with an increase in market value of some of our investments. Several factors led to the year-over-year decrease in expenses:

- Corporate communication and investor media expenses were \$87,869, a decrease of 96% in Q1 2019 compared to Q1 2018 (\$2,308,136). This expense includes publicists and media. As noted in our previous interim MD&As, the Company is continuing to achieve its planned cost reductions in this category, while working to spread awareness efficiently and effectively.
- Depreciation of equipment in use accounted for \$128,503 in Q1 2019, which was an increase of 66% from the same period in the prior year (\$77,261). This was due to an increase in the purchase of office equipment and furnishings to support an increase in staff and new office location.
- Finance expenditure was \$24,539 in Q1 2019 compared to \$47,638 in the same period last year (48% decrease). In Q1 2018, there was more financing activity and transfer agent fees of \$29,984 were incurred, compared to \$8,779 in Q1 2019. The remaining finance expense includes bank and merchant charges (\$11,451) and broker commissions (\$4,309).
- General and administrative expenditures increased 8% (\$488,071) in Q1 2019 compared to the same period in 2018 (\$451,255). The most significant increase was in rent (\$137,274 vs \$39,214 in Q1 2018), due to a premises relocation which took place in Q1 2018, to facilitate the growing team, as well as overall additional resource demands. The administrative staff wages and consulting fees decreased 5% (\$272,632 in Q1 2019 vs \$287,499 in Q1 2018). In addition, general office expenditure (\$71,528) decreased 38% from Q1 2018 (\$115,694).
- Professional fees in Q1 2019 (\$108,764) decreased by 64% compared to Q1 2018 (\$306,329). The professional fees mainly consisted of legal fees (\$52,319 vs Q1 2018 \$265,667) and accounting fees (\$49,626 vs Q1 2018 \$30,800). The difference in expenditure is because in Q1 2018, the Company completed a bought deal public offering of units; legal fees for this were \$193,517. There were fees incurred for patent applications for Glance Pay, as well as trademark applications for Glance Pay and Glance Coin.
- Sales and marketing expenditure in Q1 2019 (\$425,999) decreased 71% compared to Q1 2018 marketing expenditure (\$1,446,137). Salaries for marketing increased to \$282,506 (41%) in Q1 2019, due to the increase in the marketing team, compared to \$201,050 in Q1 2018. Other consulting costs were \$nil (Q1 2018: \$445,461), which in the prior year were predominantly related to digital and blockchain advisory services, as well as recruitment. There was \$56,471 incurred on social media and marketing materials, to promote the Glance Pay and PayMe applications (Q1 2018: \$157,508). There was \$21,620 (Q1 2018: \$79,039) incurred on new customer acquisitions – a 77% decrease; this expenditure decreased as the Company experienced more repeat usage, instead of being majority new sign up. In the same period last year, \$387,825 was incurred to participate in a blockchain conference in Davos.
- Software development costs increased 24% (\$446,752) in Q1 2019 in contrast to Q1 2018 (\$359,480). Of

this, \$381,469 relates to salaries paid to the development team (Q1 2018: \$292,051), to enhance the mobile application for iOS and Android.

- Non-cash stock option-based payments relate to the cost of issuing stock options to new and existing directors, employees and consultants of the Company. The expense of \$132,973 in Q1 2019 compared to Q1 2018 (\$220,288) represents a 40% decrease, as only 100,000 new stock options were granted in the quarter and the closing share price was lower than the previous year. There were also 1,581,250 options cancelled during the quarter.
- Other activity in the three months ended February 28, 2019, was the sale of 900,000 Yield Growth Corp shares for net proceeds of \$474,130. These gains were recognized, along with an unrealized gain of \$6,442,200 on the remaining 8.1 million shares and 6 million warrants.

### **Operating Activities**

Cash used by operating activities during the three months ended February 28, 2019, was \$1,780,335 (February 28, 2018 - \$6,290,548). The 72% decrease over the period relates to increased efficiency in expenditure. In the previous period, there were several payments made to vendors, consultants and employees before the end of the quarter, which impacted on cash flow. In the previous period, there was expenditure on investor awareness programs (\$2,004,599), which impacted cash flow. This level of expenditure has been significantly reduced.

### **Investing Activities**

There were proceeds of \$474,130 for the sale of Yield shares in the current quarter. Cash used for investing activities during the three months ended February 28, 2019, was \$1,418 on office equipment (February 28, 2018 - \$1,207,063). In the previous year, \$1.1 million of this amount related to the purchase of intellectual property from Ztudium Ltd, which was impaired in November 2018. The remaining expenditures in the prior year were for the purchase of iPads for merchants and equipment for employees (\$73,175).

### **Financing Activities**

There were no financing activities during the three months ended February 28, 2019 (February 28, 2018 – received \$10,580,704). The proceeds from financing activities in the previous year was primarily related to funds from a bought deal of \$11,052,000 and exercise of warrants of \$620,107 offset by financing costs of \$779,937 relating to the bought deal and \$403,501 for repurchase of the Company's common shares.

### **First Quarter**

During the three months ended February 28, 2019, the overall expenses and investment activities have declined substantially. Costs incurred on operating activities were approximately \$1.7 million, compared \$4.9 million in Q1 2018. This demonstrates that the Company continues to follow its policy of optimizing expenditures to maximize overall efficiency and effectiveness.

At February 28, 2019, the Company's net working capital was \$11.2 million.

## The Consolidated Statement of Financial Position

The following consolidated statement reports information about Glance as a whole and about its activities in a way that helps describe how Glance performed in the current period. This consolidated statement includes all assets and liabilities using the accrual basis of accounting.

<b>ASSETS</b>	<b>February 28, 2019</b>	<b>November 30, 2018</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>
<b>Current assets</b>			
Cash	4,317,645	5,626,789	-23%
Accounts and other receivables	205,364	245,864	-16%
Prepaid expenses and deposits	1,677,836	1,690,042	-1%
Marketable securities	5,402,000	-	100%
<b>Total current assets</b>	<b>11,602,845</b>	<b>7,562,695</b>	<b>53%</b>
<b>Non-current assets</b>			
Property and equipment	237,908	316,251	-25%
Intangible assets	113,348	162,089	-30%
Marketable securities – non-current	4,667,200	-	100%
Investments	845,000	4,715,000	-82%
<b>Total non-current assets</b>	<b>5,863,456</b>	<b>5,193,340</b>	<b>13%</b>
<b>Total assets</b>	<b>17,466,301</b>	<b>12,756,035</b>	<b>37%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	254,570	456,561	-44%
Deferred revenue	144,404	144,404	0%
<b>Total current liabilities</b>	<b>398,974</b>	<b>600,965</b>	<b>-34%</b>
<b>Non-current liabilities</b>			
Deferred revenue	168,471	204,572	-18%
<b>Total liabilities</b>	<b>567,445</b>	<b>805,537</b>	<b>-30%</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	32,899,790	32,899,790	0%
Shares to be issued	15,866	15,866	0%
Reserves	4,642,805	4,509,832	3%
Accumulated other comprehensive income	(1,521)	-	-100%
Deficit	(20,658,084)	(25,474,990)	-18%
<b>Total shareholders' equity</b>	<b>16,898,857</b>	<b>11,950,498</b>	<b>41%</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,466,301</b>	<b>12,756,035</b>	<b>37%</b>

### Assets

Total assets increased by 37% (\$17.5 million compared to \$12.8 million) as at February 28, 2019. Total assets are 25% comprised of cash holdings.

The accounts receivables decreased 16% to \$205,364 (November 30, 2018: \$245,864) during the three months ended February 28, 2019, as amounts owed from customers were paid during the period. GST receivable of \$73,463 consists of ITCs from the CRA (November 30, 2018: \$64,643). Other customer amounts receivable of \$17,997 consists of GST from licensing, as well as services revenue (November 30, 2018: \$65,116).

The prepaid expenses decreased 1% to \$1,677,836 (November 30, 2018: \$1,690,042). Included in prepaid expenses is a license fee of \$1.5 million paid by Glance relating to an agreement between the Company, Fobisuite Technologies Inc. and Fobi Pay Technologies Inc. Of this amount, \$250,000 and 250,000 common shares (at a fair value of \$2.00 per share) of Glance Technologies Inc. is held in escrow pending the completion of the above noted long form agreement. Also included in prepaid expenses is \$107,491, which represents a deposit on office premises rental.

Investments were split into marketable securities, both current and non-current. This was to reflect the Yield Growth Corp initial public offering in December 2018 and the Company was able to sell shares. The amount increased \$6.4 million due to unrealized gains in investment in Yield (\$10.1 million). The remaining amounts in investments relates to Euro Asia Pay (\$595,000) and Loop Insights Inc. (\$250,000).

### **Liabilities**

Total liabilities decreased by 30% (\$567,445 compared to \$805,537) as at February 28, 2019.

The accounts payable and accrued liabilities decreased 44% to \$254,570 (November 30, 2018: \$456,561), due to a decrease in expenses. There were accrued payroll liabilities of \$30,890 (November 30, 2018: \$82,298), payments due and accrued liabilities to vendors for work performed of \$183,736 (November 30, 2018: \$273,742) and payments due to officers, directors and other related parties of \$39,944 (November 30, 2018: \$62,041) for various consulting, marketing and management costs, as well as expense reimbursements.

At the end of Q1 2019, the Company had a deferred revenue balance of \$312,875 (November 30, 2018: \$348,976) This is split into \$144,404 current deferred revenue (November 30, 2018: \$144,404) and \$204,572 non-current deferred revenue (November 30, 2018: \$204,572). In line with the contract, the Company was issued shares for services that were not yet recognized. Glance began recognizing the services in fiscal 2018; this will continue into 2019 and 2020.

### **Options**

Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company. The terms of the granted stock options are in accordance with the Company's stock option plan and the policies of the CSE. The vesting terms are determined at the sole discretion of the directors.

During the three months ended February 28, 2019, the Company granted 100,000 stock options to a consultant of the Company, with exercise price of \$0.18 per common share. These options vest over a two-year period with a term of five years. In accordance with the Company's Stock Option Plan, vested options will terminate 90 days after the consultant ceases to work for the Company. During the three month period ended February 28, 2019, a total of 1,581,250 stock options were cancelled. Subsequent to February 28, 2019, a further 4,141,500 stock options were cancelled.

The schedule of incentive stock options is detailed below:

	Number of options	Weighted average exercise price \$
Outstanding, November 30, 2018	8,540,250	0.85
Granted	100,000	0.18
Cancelled	(1,581,250)	2.14
<b>Outstanding, February 28, 2019</b>	<b>7,059,000</b>	<b>0.82</b>

The weighted average fair value of options granted was \$0.82 (2018 - \$1.15) per option. During the three months ended February 28, 2019, the Company recognized stock options-based payment of \$132,973 (2018 - \$220,288) for options previously granted to directors, officers, employees and consultants, which are unvested.

### Related Party Transactions

During the three month periods ended February 28, 2019 and 2018, compensation to key management personnel and related parties were as follows:

	February 28, 2019 \$	February 28, 2018 \$
	<i>(unaudited)</i>	<i>(unaudited)</i>
Remuneration and fees	377,000	87,500
Share-based compensation	74,892	145,721
	<b>451,892</b>	<b>233,221</b>

The remuneration and fees were allocated to sales and marketing, general and administrative, and research and development expenses.

### Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

### Subsequent Events

- Subsequent to February 28, 2019, a further 4,141,500 stock options were cancelled.

### Outstanding Share Data

The Company's authorized capital is an unlimited number of common shares without par value. The following table summarizes the outstanding share capital as of April 17, 2019:

Issued and outstanding common shares at April 17, 2019: **136,737,783**

Total Warrants outstanding at April 17, 2019, detailed below:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
340,935	\$0.25	April 27, 2019
5,000	\$0.25	April 28, 2019
10,000	\$0.30	August 30, 2019
125,000	\$0.30	September 6, 2019
1,500	\$0.30	September 7, 2019
27,000	\$0.30	September 13, 2019
100,000	\$0.30	September 14, 2019
171,388	\$0.30	September 22, 2019
380,527	\$0.30	September 25, 2019
113,027	\$0.30	September 28, 2019
139,166	\$0.30	September 29, 2019
3,160	\$0.75	April 19, 2019
4,812	\$0.75	May 1, 2019
6,940	\$0.75	June 19, 2019
15,054	\$0.75	June 20, 2019
<b>1,443,509</b>		

Total Options outstanding at April 17, 2019:

	<b>Number of options</b>	<b>Weighted average exercise price \$</b>
Outstanding, February 28, 2019	7,059,000	0.82
Granted	-	-
Exercised	-	-
Cancelled	(4,141,500)	0.39
<b>Outstanding, April 17, 2019</b>	<b>2,917,500</b>	<b>1.43</b>

## Outstanding Share Data, cont'd

Range of exercise prices \$	Number of options outstanding	Number of options vested	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.15	280,000	280,000	2.26	0.15
0.18	100,000	-	4.67	0.18
0.295	50,000	50,000	3.42	0.295
0.34	315,000	315,000	4.29	0.34
0.39	75,000	75,000	4.38	0.39
0.45	40,000	40,000	4.32	0.45
0.50	97,500	47,500	4.20	0.50
0.52	60,000	60,000	4.06	0.52
0.54	75,000	75,000	3.97	0.54
0.72	50,000	50,000	3.50	0.72
1.36	100,000	100,000	3.81	1.36
1.37	25,000	25,000	3.58	1.37
1.46	650,000	650,000	3.77	1.46
2.68	1,000,000	1,000,000	3.64	2.68
	2,917,500	2,767,500	3.71	1.43

Fully diluted at April 17, 2019

**141,098,792**

### Management's Responsibility for Financial Information

The Company's financial statements are the responsibility of the Company's management and have been approved by the board of directors. The financial statements were prepared by the Company's management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

### Approval

On April 17, 2019, the Board of Directors of Glance Technologies Inc. approved the disclosures contained in this MD&A.