

Glance Technologies Inc.



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

Period Ended May 31, 2019
Prepared as of June 19, 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 and six month period ended May 31, 2019, compared with the corresponding periods 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 and February 28, 2019. 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 May 31, 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, with the exception of adjusted EBITDA on page 9.

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.

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 Order from Table™, 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 Order from Table™ 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 Order from Table™;
- the Company's belief that its anti-fraud technology represents a significant accomplishment and market edge;
- 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 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 June 19, 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 June 19, 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.

Q2 2019 Highlights:

- Launched the Real-Time Bill™ feature at more restaurants, including Steamworks and the Rogue Bar chain, the Mr. Mike's Steakhouse Casual Restaurant chain and popular Vancouver restaurants such as Fable Diner, Dunn's Famous Restaurant and at Mary's on Davie.
- Previewed its new Order-From-Table™ feature.
- Amended an agreement to complete its transaction with Fobisuite Technologies Inc.
- Entered into a joint venture with Kinect Technologies Inc.

Subsequent to Q2 2019:

- Subsequent to May 31, 2019, the Company announced the appointment of a new Chief Technology Officer, Chief Financial Officer and Chief Executive Officer.
- Loop Insights Inc. recently announced that it completed its reverse takeover and began trading on the TSX Venture Exchange under the symbol “MTRX” on June 19, 2019. Glance holds 1,000,000 common shares of Loop.

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 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 believe these features will significantly advance our platform and completely enhance the customer experience in a fast-casual & full-service restaurant or bar setting, as well as provide 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 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 product features. 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.

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 using their phones. 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.

Hotel Room Service

Ordering room service can often be a frustrating experience for hotel guests. Guests must find a paper menu buried somewhere in their room and dial a room service phone number, often waiting on hold for an extended period of time. Guests must then communicate their order to staff over the phone, which can present language challenges especially for international guests. Guests frequently wait for long periods of time for their dinner to arrive with no updates on the status of their order. Upon checkout, guests rarely have an itemized dinner bill as room service usually appears as a bulk charge on their bill. Since many customers do not officially check out at the front desk when they leave, consumers are often surprised by the room service charges they see after the fact on their credit card. This can also result in hotels experiencing significant chargebacks and fraud as there is no signature or PIN captured with the transaction.

Glance believes it can leverage its ordering system to apply it to help solve these issues, allowing consumers to securely and conveniently order from their room and pay for their meal using the Glance Pay® app on their phone. Users could simply scan or tap a marker in their room, make their desired selections, and pay from their mobile phone. Users would be able to see the status of the order on their device until the food and drinks are delivered to their room. A digital copy of their bill would be available on the user's device for verification and expense tracking. Users could also access promotions and offers right from within the App, while benefiting from Glance's powerful loyalty engine. The payments would be protected using Glance's proprietary and anti-fraud technology.

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 beyond our expectations. 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.

Fobisuite

Fobisuite has granted Glance a non-exclusive licence to use Fobisuite's technology which allows for the digitization of receipts for data collection and the ability to customize and append receipts with advertisements, deals and coupons for merchants in the hospitality industry. Fobisuite's technology platform will allow us to bypass traditional integrations with POS systems to access order & payment information, especially improving our offering to both consumers and merchants in situations where integrations may not be feasible. Additionally, this opens up further revenue opportunities from real-time targeted consumer advertising and increased data analytics. We believe this is complementary to our current Glance Pay® platform.

Converge Joint Venture

Glance has also entered into a joint venture with Kinect Technologies Inc. to form Converge MobiSolutions Inc. and granted it a license to sell Glance's products. Converge will initially be focused on selling Glance's products in destination cities around the world, commencing in Las Vegas and Hawaii, with an aim to increase market share in APAC Region.

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 Loop recently announced that it completed its reverse takeover and began trading on the TSX Venture Exchange on June 19, 2019.

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 Q2	2019 Q1	2018 Q4	2018 Q3
Revenue	44,267	43,110	76,091	216,195
Corporate communications & investor media	(32,544)	(87,869)	(187,636)	(239,106)
Depreciation	(127,197)	(128,503)	(127,307)	(118,834)
Finance	(24,157)	(24,539)	(21,388)	(34,291)
General & administrative costs	(419,640)	(488,071)	(544,790)	(603,860)
Management fees	(82,185)	(81,815)	(82,000)	(82,185)
Professional fees	(76,563)	(108,764)	(162,733)	(47,628)
Sales & marketing expenses	(394,737)	(425,999)	(487,136)	(686,930)
Software development costs	(1,860,412)	(446,752)	(623,455)	(910,094)
Stock option-based payments	(215,130)	(132,973)	(115,128)	(351,235)
Total Expenses	(3,232,565)	(1,925,285)	(2,351,573)	(3,074,163)
Loss from operations	(3,188,298)	(1,882,175)	(2,275,482)	(2,857,968)
Other income (expense)				
Exceptional Item	-			
Gain on settlement of license agreement	-	-	690,000	-
Impairment of intangible asset	-	-	(1,419,844)	-
Interest income	9,310	23,051	25,791	31,667
Loss on settlement of debt	-	-	-	-
Other income	1,381	2,700	-	-
Proportionate loss from associate	-	-	7,226	-
Proxy contest expenses	-	-	-	(231,340)
Unrealized gain (loss) on marketable securities	(3,638,160)	6,199,200	2,430,000	-
Realized gain (loss) on marketable securities	(14,193)	474,130		
Net income (loss) for the period	(6,829,960)	4,816,906	(2,972,309)	(3,057,641)
Other comprehensive income (loss)				
Foreign currency adjustment	3,915	(1,521)	1,277	3,584
Comprehensive gain (loss) for the period	(6,826,045)	4,815,385	(541,032)	(3,054,057)
Loss per share - basic and diluted	(0.05)	0.04	(0.00)	(0.02)
Weighted average number of shares - basic and diluted	136,737,783	136,747,147	136,747,147	136,457,071

	2018 Q2	2018 Q1	2017 Q4	2017 Q3
Revenue	229,060	1,173,719	687,238	240,130
Corporate communications & investor media	(347,359)	(2,308,136)	(1,854,090)	(916,755)
Depreciation	(105,552)	(77,261)	(68,119)	(67,359)
Finance	(27,650)	(47,638)	(168,881)	(20,168)
General & administrative costs	(673,728)	(451,255)	(184,922)	(108,205)
Management fees	(12,530)	(7,662)	(7,269)	(8,347)
Professional fees	(171,358)	(306,329)	(51,908)	(14,206)
Sales & marketing expenses	(1,082,312)	(1,446,137)	(829,741)	(517,806)
Software development costs	(744,719)	(359,480)	(205,450)	(125,443)
Stock option-based payments	(685,519)	(220,288)	(3,283,757)	(25,920)
Total Expenses	(3,850,727)	(5,224,186)	(6,377,668)	(1,804,209)
Loss from operations	(3,621,667)	(4,050,467)	(5,690,430)	(1,564,079)
Other income (expense)				
Gain on sale of marketable securities	-	-	-	-
Gain on settlement of license agreement	-	-	-	-
Impairment of intangible asset	-	-	-	-
Interest income	41,520	30,672	-	-
Loss on settlement of debt	-	-	-	-
Other income	2,709	34	-	-
Proportionate loss from associate	-	(616,130)	(180,893)	(160,467)
Proxy contest expenses	(997,728)	(222,644)	-	-
Unrealized gain on marketable securities	-	-	-	-
Net loss for the period	(4,575,166)	(4,858,535)	(5,871,323)	(1,724,546)
Other comprehensive income (loss)				
Foreign currency adjustment	8,611	(10,032)	8,143	-
Comprehensive gain (loss) for the period	(4,566,555)	(4,868,567)	(5,863,180)	(3,054,057)
Loss per share - basic and diluted	(0.03)	(0.04)	(0.08)	(0.02)
Weighted average number of shares - basic and diluted	135,373,594	131,112,157	75,623,413	75,623,413

Non-IFRS Earnings Measure

The Company has reported "Adjusted EBITDA", as we believe that the disclosure of Adjusted EBITDA allows investors to evaluate the operational and financial performance of the Company's ongoing business, using the same evaluation that Management uses, and is therefore a useful indicator of the Company's performance or expected performance of recurring operations. "Adjusted EBITDA" is calculated based on EBITDA, or earnings before interest, income taxes, depreciation and amortization, and further adjusted to exclude asset impairment charges, share based payments expense, gains and losses on derivative financial instruments, foreign exchange gains and losses and items of an unusual nature that do not reflect our ongoing operations. EBITDA and Adjusted EBITDA are commonly reported and widely used by investors and lenders as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. EBITDA and Adjusted EBITDA do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies and should not be considered as an alternative to measures of performance prepared in accordance with IFRS.

	Three months ended May 31, 2019 \$'000	Three months ended May 31, 2018 \$'000	Six months ended May 31, 2019 \$'000	Six months ended May 31, 2018 \$'000
Net loss from continuing operations	(6,826)	(4,567)	(2,011)	(9,435)
Add back (subtract):				
Depreciation and amortization	127	105	256	183
Net finance costs	24	28	49	75
Income tax (recovery) expense	-	-	-	-
EBITDA from continuing operations	(6,977)	(4,434)	(1,706)	(9,177)
Share-based payments	215	686	348	906
Loss (gain) on derivative financial instruments	3,652	-	(3,021)	-
Foreign exchange loss (gain)	(4)	-	(2)	-
Purchase of license from Fobisuite	1,500	-	1,500	-
Proxy contest expenses	-	998	-	1,220
Adjusted EBITDA	(1,614)	(2,750)	(2,881)	(7,051)

Revenue decreased by \$184,793 (81%) in the three-month period ended May 31, 2019 in comparison to the same period in 2018, primarily as there has also been a reduction in revenue from licensing agreements. In the current period, there were application and service fees of \$10,627 (2018: \$153,485) and marketing revenue of \$nil (2018: \$25,000). In addition, the current period includes licensing revenue of \$33,640 (2018: \$50,575). 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 provide tangible operational benefits to merchants. In addition to providing a superior experience for their customers, this can also 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.

Overall comprehensive loss was \$6,826,045 for the three months ended May 31, 2019, compared to a comprehensive loss of \$4,566,555 for the same period in 2018. The largest factor of change is due to a \$3.6 million unrealized loss in marketable securities in the current quarter and the increase in R&D costs for the Fobisuite license of \$1.5 million. When these amounts are isolated, the remaining comprehensive loss was \$1,687,885. Management also note that cash utilized in operating and investing activities in Q2 2019 was \$1.17 million compared to \$3.25 million in Q2 2018, representing a 64% decrease and continued commitment to the Company's overall efficient spend.

Net loss from operations decreased to \$3,188,298 for the three months ended May 31, 2019 compared to a net loss from operations of \$3,621,667 for the same period in 2018 (12% decrease). It is noted by management that this decrease would have been significantly more however the Fobisuite license of \$1.5 million was incurred in R&D expenditure. The remaining loss from operations amounts to \$1,688,298, so overall, expenditure has decreased. Several factors led to the year-over-year decrease in expenses:

- Corporate communication and investor media expenses were \$32,544, a decrease of 91% in Q2 2019 compared to Q2 2018 (\$347,359). 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 \$127,197 in Q2 2019, which was an increase of 21% from the same period in the prior year (\$105,552). This was due to an increase in the purchase of office equipment and furnishings to support an increase in staff and new office location in the prior year.
- Finance expenditure was \$24,157 in Q2 2019 compared to \$27,650 in the same period last year (13% decrease). The finance expense includes bank and merchant charges, as well as broker commissions.
- General and administrative expenditures decreased 38% (\$419,640) in Q2 2019 compared to the same period in 2018 (\$673,728). The administrative staff wages and consulting fees decreased 36% (\$205,739 in Q2 2019 vs \$323,820 in Q2 2018). In addition, general office expenditure (\$83,167) decreased 48% from Q2 2018 (\$159,040).
- Professional fees in Q2 2019 (\$76,563) decreased by 55% compared to Q2 2018 (\$171,358), The professional fees mainly consisted of legal fees (\$22,790 vs Q2 2018 \$132,171) and accounting fees (\$22,305 vs Q2 2018 \$29,599). There were fees incurred for patent applications for Glance Pay®, as well as trademark applications for Glance Pay® and Glance Coin. There were also listing expenses incurred for the Company's AGM.
- Sales and marketing expenditure in Q2 2019 (\$394,737) decreased 64% compared to Q2 2018 marketing expenditure (\$1,082,312). Salaries and consulting fees for marketing decreased 62% to \$251,094 in Q2 2019, due to the reorganization and refocus of the team, compared to \$664,160 in Q2 2018, which included digital and blockchain advisory services. There was \$48,791 incurred on social media and marketing materials, to promote the Glance Pay® and PayMe applications (Q2 2018: \$182,934). The rebrand also took place in Q2 2018 (\$56,986). There was \$35,354 (Q2 2018: \$52,378) incurred on new customer acquisitions – a 33% decrease; this expenditure decreased as the Company experienced more repeat usage, instead of being majority new sign up.
- Software development costs increased 150% (\$1,860,412) in Q2 2019 in contrast to Q2 2018 (\$744,719). Of this, \$296,948 relates to salaries paid to the development team (Q2 2018: \$685,648), to enhance the mobile application for iOS and Android. \$1.5 million was released from prepayments and added to software development costs in connection with the amendment to the agreement with Fobisuite.

- 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 \$215,130 in Q2 2019 compared to Q2 2018 (\$685,519) represents a 69% decrease, as the closing share price was lower than the previous year.
- Other activity in the three months ended May 31, 2019, was the exercising of 540,000 Yield Growth Corp warrants. This investment was revalued and showed an unrealized loss of \$3,638,160 on the remaining 8.1 million shares and 5.46 million warrants.

Operating Activities

Cash used by operating activities during the six months ended May 31, 2019, was \$3,037,754 (May 31, 2018 - \$9,047,657). The 60% decrease over the period relates to increased efficiency in expenditure.

Investing Activities

Cash proceeds of \$558,121 were received for investing activities during the six months ended May 31, 2019 (May 31, 2018 – expenditure of \$1,697,198). In addition to selling 900,000 shares held in Yield, the Company exercised a further 540,000 \$0.50 warrants of Yield for \$270,625. Overall, there were proceeds of \$827,330 for the sale of Yield shares during the six months ended May 31, 2019. In the previous year, there was \$1.4 million of expenditure related to the purchase of intellectual property from Ztudium Ltd, which was impaired in November 2018.

Financing Activities

There were no financing activities during the three months ended May 31, 2019 (May 31, 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 \$920,601 offset by financing costs of \$281,591 relating to the bought deal and \$403,501 for repurchase of the Company's common shares.

At May 31, 2019, the Company's net working capital was \$6.9 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.

ASSETS	May 31, 2019	November 30, 2018	Variance
	\$	\$	%
Current assets			
Cash	3,149,551	5,626,789	-44%
Accounts and other receivables	57,264	245,864	-77%
Prepaid expenses and deposits	151,602	1,690,042	-91%
Marketable securities	3,928,272	-	100%
Total current assets	7,286,689	7,562,695	53%
Non-current assets			
Property and equipment	157,972	316,251	-50%
Intangible assets	64,605	162,089	-60%
Marketable securities – non-current	2,406,000	-	100%
Investments	845,000	4,715,000	-82%
Total non-current assets	3,473,577	5,193,340	13%
Total assets	10,760,266	12,756,035	-16%
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	195,550	456,561	-57%
Deferred revenue	144,404	144,404	0%
Total current liabilities	339,954	600,965	-43%
Non-current liabilities			
Deferred revenue	132,370	204,572	-35%
Total liabilities	472,324	805,537	-41%
SHAREHOLDERS' EQUITY			
Share capital	32,899,790	32,899,790	0%
Shares to be issued	15,866	15,866	0%
Reserves	4,857,935	4,509,832	11%
Accumulated other comprehensive income	2,395	-	-100%
Deficit	(27,488,044)	(25,474,990)	8%
Total shareholders' equity	10,287,942	11,950,498	14%
Total liabilities and shareholders' equity	10,760,266	12,756,035	-16%

Assets

Total assets decreased by 16% (\$10.8 million compared to \$12.8 million) as at May 31, 2019. Total assets are 29% comprised of cash holdings.

The accounts receivables decreased 77% to \$57,264 (November 30, 2018: \$245,864) during the six months ended May 31, 2019, as amounts owed from customers were paid during the period. GST receivable of \$17,063 consists of ITCs from the CRA (November 30, 2018: \$64,643). Other customer amounts receivable of \$20,406 consists of GST from licensing, as well as services revenue (November 30, 2018: \$65,116).

The prepaid expenses decreased 91% to \$151,602 (November 30, 2018: \$1,690,042), as the Company completed its \$1.5 million agreement with Fobisuite Technologies Inc. Pursuant to the long form agreement, Glance was granted a non-exclusive license to use technology allowing for the digitization of receipts for data-collection and the ability to customize and append receipts with advertisements, deals and coupons for merchants in the hospitality industry.

Also included in prepaid expenses is \$102,931, 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 that the Company was able to sell shares. The value increased to \$6,334,272 due to an overall unrealized gain in investment in Yield (November 30, 2018: \$3,870,000). The remaining amounts in investments relates to Euro Asia Pay (\$595,000) and Loop Insights Inc. (\$250,000).

Liabilities

Total liabilities decreased by 41% (\$472,324 compared to \$805,537) as at May 31, 2019.

The accounts payable and accrued liabilities decreased 57% to \$195,550 (November 30, 2018: \$456,561), due to a decrease in expenses. There were accrued payroll liabilities of \$41,537 (November 30, 2018: \$82,298), payments due and accrued liabilities to vendors for work performed of \$95,397 (November 30, 2018: \$273,742) and payments due to officers, directors and other related parties of \$60,616 (November 30, 2018: \$62,041) for various consulting, marketing and management costs, as well as expense reimbursements.

At the end of Q2 2019, the Company had a deferred revenue balance of \$276,774 (November 30, 2018: \$348,976) This is split into \$144,404 current deferred revenue (November 30, 2018: \$144,404) and \$132,370 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.

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	3,935,000	0.154
Cancelled	(2,393,750)	0.53
Outstanding, May 31, 2019	10,081,500	0.51

The weighted average fair value of options granted was \$0.154 (2018 - \$1.15) per option. During the six months ended May 31, 2019, the Company recognized stock options-based payment of \$348,103 (2018 - \$905,807) for options previously granted to directors, officers, employees and consultants, which are unvested.

Related Party Transactions

During the six month period ended May 31, 2019 and 2018, compensation to key management personnel and related parties were as follows:

	May 31, 2019	May 31, 2018
	\$	\$
	<i>(unaudited)</i>	<i>(unaudited)</i>
Remuneration and fees	599,717	200,364
Share-based compensation	250,879	179,351
	850,596	379,715

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

On June 12, 2019, Loop Insights Inc. (“Loop”) announced the completion of its reverse take-over and closing of oversubscribed private placement at \$0.80 per unit. Glance holds 1,000,000 common share of Loop.

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 June 19, 2019:

Issued and outstanding common shares at June 19, 2019: **136,737,783**

Total Warrants outstanding at June 19, 2019, detailed below:

Number of Warrants	Exercise Price	Expiry Date
15,054	\$0.75	June 20, 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
1,082,662		

Total Options outstanding at June 19, 2019:

	Number of options	Weighted average exercise price \$
Outstanding, May 31, 2019	10,081,500	0.58
Granted	-	-
Exercised	-	-
Cancelled	(210,000)	0.16
Outstanding, June 19, 2019	9,871,500	0.52

Range of exercise prices \$	Number of options outstanding	Number of options vested	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.14	200,000	25,000	4.89	0.14
0.15	1,725,000	875,000	3.53	0.15
0.155	5,871,500	2,552,750	4.85	0.16
0.18	100,000	25,000	4.50	0.18
0.295	30,000	30,000	3.24	0.30
0.34	20,000	20,000	4.12	0.34
0.39	75,000	75,000	4.21	0.39
0.50	75,000	-	4.03	0.50
1.36	100,000	100,000	3.64	1.36
1.37	25,000	25,000	3.41	1.37
1.46	650,000	650,000	3.60	1.46
2.68	1,000,000	1,000,000	3.47	2.68
	9,871,500	5,377,750	4.36	0.52

Fully diluted at June 19, 2019

143,198,195

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 June 19, 2019, the Board of Directors of Glance Technologies Inc. approved the disclosures contained in this MD&A.