

**Glance Technologies Inc.**



**Interim Management's Discussion and Analysis**  
**Quarterly Highlights for Venture Issuers**  
Period Ended February 28, 2018  
Prepared as of April 27, 2018

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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, 2018, compared with the corresponding period in the prior year. This MD&A has been prepared to provide an update since the Company’s last MD&A for the year ended November 30, 2017. Since this information is designed to focus on the current year’s activities, resulting changes and currently known facts, this MD&A should be read in conjunction with the Company’s unaudited consolidated financial statements for the period ended February 28, 2018 (the “Interim Financial Statements”), 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 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 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:

- the Company’s plans 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 plans to expand operations in the United States (“U.S”) and other parts of North America;
- the Company’s belief that it will acquire new customers, pursue new licensing deals, acquire new technologies, expand its development resources and continue to add significant innovations to its technology such as a rewards-based cryptocurrency;
- the Company’s belief that it’s poised to build on traction within the foodservice industry by incorporating business development strategy, targeted digital marketing campaigns, and traditional marketing efforts to expand the Glance Pay App (as defined below) community into new and varied industry verticals;
- the Company’s belief that its anti-fraud technology represents a significant accomplishment and market edge;
- the Company’s intention to leverage fraud prevention in various markets;
- the Company’s expectation to receive payments for monthly and annual Software as a Service (“SaaS”) model fees from merchants, transaction fees, licensing fees, promotion and advertising fees, and consumer fees for premium service;
- the Company’s new merchant application (the “Glance Merchant App”), which the Company believes should help enable viral adoption of its technology;
- the Company’s belief that its upcoming Glance Merchant App is well suited to digital marketing and the Company’s intention to focus significant efforts towards this when the merchant app is live;

- the Company's belief that the Glance Merchant App will open up a much larger audience for its products;
- the Company's expectation that revenue from merchants will begin to grow after it introduces the new downloadable merchant app;
- the Company's expectation the merchant app will increase the rate of signing of large chains by its enterprise sales team;
- the Company's expectation that custom hardware will not be required to process cryptocurrency payments, suggesting the Glance Merchant App could be a desirable solution in that marketplace;
- the Company's plans to expand its technology into online purchases and e-commerce by leveraging its anti-fraud technology for online merchants suffering high fraud rates;
- the Company's belief that the large influx of investment in initial coin offerings ("ICOs") should accelerate the advance of fundamental blockchain platform technology as well as applications, leading to widespread adoption of the technology in the next few years;
- the Company's intention to utilize reward tokens to allow merchants to reward and provide deals and incentives to customers;
- the Company's plans to provide a loyalty mechanism, leading to flexible reward and loyalty structures to meet merchant needs;
- the Company's expectation of the value of Glance being an especially compelling reward for consumers by businesses;
- the Company's plans to reduce spending on corporate communication and investor media significantly in future quarters compared to this past quarter and belief that it will focus on spending efficiently and effectively in this category;
- the Company's ability to build out its technology platform;
- the Company's belief that it will be able to take advantage of online marketing which will help enable viral adoption of the Glance Merchant App;
- the Company's ability to offer services that compete with large payment companies without requiring special hardware to combat fraud;
- the Company's belief that mobile devices are the future of payments and consumer engagement;
- the belief that the Company is well positioned to take advantage of technological trends as the Company continues to build technology and expand its network of merchants and consumers;
- the Company's belief that the capital it has raised in the past twelve months giving Glance a runway to acquire new customers, expand into other geographic markets such as the U.S., pursue new license deals, acquire new technologies, expand its development resources and continue adding significant innovations to its technology such as a rewards-based cryptocurrency; and
- 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 27, 2018 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 statement, 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 statement 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 new 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 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 the adoption and development of the downloadable merchant app;
- 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 the global blockchain platform;
- 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 27, 2018. 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 2018 Highlights (compared with Q1 2017):**

- \$1,174k revenue (transactions and royalties), up 6,986% from \$17k
- 30 launches at new merchants, up 58% from 19 launches at new merchants
- Live in 164 locations, up 173% from 60 locations
- Raised \$11 million net of costs in equity financings, up 1,000% from \$1 million

**Company Overview**

Glance, a Vancouver-based technology company, owns and operates the Glance Pay mobile application, 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 (the “Glance Pay App”). Glance is 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 App 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. The Glance Merchant App is another mobile app enabling businesses to accept mobile payments instantly and build superior analytics. Both apps plan to utilize the upcoming Glance Coin, a reward token, which is intended to simplify and enable the adoption of cryptocurrency into everyday life. Any issuance of Glance Coin would be undertaken in accordance with any applicable securities laws. The payment processing platform is now being licensed to other companies, enabling them to build their own network of users who will use the mobile application in their businesses.

Since launching at the end of 2016, the rollout of the Glance Pay App has expanded from the restaurant industry to many other merchants and service providers across industry verticals, including beauty and wellness, automotive retail, and e-commerce. Merchants are demonstrating that they buy into the enhanced technology, app features, and development roadmap of the Glance Pay App, while the characteristics of the varied markets they represent are highly viable and promising for the growth of the Glance Pay App.

**Capital**

A key objective for Glance has been to raise sufficient capital to execute our plan. This quarter we raised approximately \$11 million in net equity financings. This strong cash position gives us a clear runway to acquire new customers, expand into other geographic markets such as the U.S., pursue new licensing deals, acquire new technologies, expand our development resources and continue adding significant innovations to our technology such as a rewards-based cryptocurrency. We believe our cash reserve gives us a competitive advantage, especially if venture funding becomes more difficult in the future.

**Merchant App**

During our first year of operations, we focused on developing and enriching the user experience through the Glance Pay App. We are now devoting significant resources to enhancing the Glance

Merchant App. These latest innovations are aimed at repeatedly bringing customers back to our merchants' establishments and making it faster for us to expand base of merchants. We plan to expand this technology into online purchases and e-commerce by leveraging our anti-fraud technology for online merchants suffering high fraud rates. We are very excited about our technology roadmap for this year. With sufficient capital in the bank, we're confident we can achieve our goals and continue to build out our technology platform.

### **Expansion**

Glance's position as an industry leader for mobile payments in the restaurant industry has been solidified by the Company's recent promotional success at key trade shows and events. In February 2018, our team exhibited the Glance Pay App to a receptive audience of prospective clientele at RC Show 2018, the flagship event of Restaurants Canada and Canada's largest foodservice trade show. Recently, Glance was selected by the U.S. National Restaurant Association as one of 14 exhibitors to join its exclusive Startup Alley pavilion at the upcoming 2018 National Restaurant Association Show in Chicago in May 2018, which is the industry's premiere event internationally and the largest foodservice trade show in the U.S. The Company is poised to build on this strong traction within the foodservice industry by incorporating business development strategy, targeted digital marketing campaigns, and traditional marketing efforts to expand the Glance Pay App community into new and varied industry verticals.

The Company has also been engaged in a period of rapid business development, having secured commitments from almost 400 merchant locations across Canada and the U.S. to adopt the Glance Pay App as their mobile payment solution of choice. A cornerstone of the Company's many restaurant partnerships are several signed restaurant chains, which boast lucrative businesses and an expanding footprint of franchised locations, including MR MIKES Steakhouse Casual, Ricky's Group of Restaurants, and the Steamworks Group of Companies.

Glance's footprint is also growing on a local scale. The Company has expanded its business development team with new offices and representatives on the ground in both Toronto, Ontario and San Jose, California. Subsequently, the Company has worked efficiently to grow the number of signed and launched Glance Pay App partner locations in both areas by more than 100% over a period of five months. Glance is now expanding its U.S. presence, and has plans to expand into additional countries, including the U.K. and Australia, where subsequent to quarter end, Glance opened offices in March and April 2018.

### **Downloadable Merchant App**

To date, merchant sign-up has been primarily by direct sales, partly due to the Glance Merchant App requiring set hardware on which to operate. However, we are building a downloadable version of the merchant app, allowing merchants to download the Glance Merchant App to their own mobile devices and sign up via the Glance Merchant App (which previously was not possible), with the goal of getting them up and running very quickly and begin accepting payments and

rewards, with no custom hardware and no dongles required. Glance's track record of success with its anti-fraud technology means no custom hardware is required for swiping cards or using chip and pin machines. We believe these innovations will change our sales dynamics allowing us to leverage online marketing and accelerate the viral adoption of the Glance Merchant App.

### **Monetization Strategy**

In addition to establishing a significant base of merchants and users and expanding our market, we have also explored and tested different monetization strategies for our products. Current and future monetization opportunities for the Glance Pay App include monthly and annual SaaS model fees to the merchant, transaction fees, licensing fees, promotion and advertising fees, and consumer fees for premium services. The philosophy behind our monetization strategy is that, in exchange for a fee, our partner businesses will receive a return on investment through increased customer retention, an expanded customer base, and higher-value transactions overall.

These outcomes can be directly attributed to the main features of the Glance Pay App, such as payment efficiencies, promotions, events and Glance's own loyalty rewards program. We plan to continue adding a number of services and features to our platform that could be used to earn additional revenue. Merchants with a connection to the Glance Pay App user base will have greater means by which to achieve and raise the bar for their operational and revenue goals. We believe we have an opportunity to provide secure services which can compete with large payment companies without requiring special hardware to combat fraud.

### **Licensing**

We have been exploring other opportunities to license our technology for fees and royalties, some of which were recognized this quarter and contributed significantly to our revenue. These types of license fees may not continue in an evenly distributed and consistent manner in the future as recognition of such fees depend on the type of deal and timing of signing and delivery. On December 6, 2017, we announced the acquisition of the Blockimpact cryptocurrency and blockchain platform ("Blockimpact") to accelerate our blockchain development. We are also exploring licensing opportunities of this technology beyond our rewards token initiative.

### **Cryptocurrency and Rewards**

We believe blockchain and cryptocurrencies are fundamentally transformative technologies. According to Coinschedule.com, over US\$6.1 billion dollars has already been invested in cryptocurrency initial coin offerings (ICOs) in 2018. That large influx of investment should accelerate the advance of fundamental blockchain platform technology as well as applications and more widespread adoption of the technology in the next few years. We also announced that we are working on a rewards-based cryptocurrency using blockchain technology. This development will utilize a rewards token that allows merchants to reward and provide deals and incentives to customers. Our plan is to provide a loyalty mechanism that allows Glance Pay App users to spend accumulated rewards within a larger marketplace. We also anticipate that by rewarding Glance



Users with our token, we will provide access to cryptocurrencies for individuals, with the hope this will lead to more widespread adoption. We are working diligently on our crypto technology and assembling what we believe to be a strong team on this front. This blockchain-based rewards platform will allow flexible reward and loyalty structures to meet merchant needs based on smart contracts. On a recent trip to Davos, Switzerland, we presented at a blockchain conference which validated the opportunity for our planned rewards-based token. This conference also provided a great networking opportunity for potential partners, customers, and investors.

### **Anti-Fraud**

Fraud is a serious issue for many merchants, and unfortunately most payment methods pass the fraud risk onto the merchant. To combat this, we designed important innovations in fraud prevention that were implemented over a year ago. Since that time we have experienced zero payment fraud on our platform in over 16 months across all of our live locations. Fraud prevention may be one of the most important features of our intellectual property to date, and we intend to leverage this advantage in various markets including cryptocurrency and blockchain, online e-commerce, mobile payments and in-store purchases. We believe our anti-fraud technology represents a significant accomplishment and market advantage. Based on recent announcements by credit card firms, fraud is also emerging as a major issue in the crypto currency space, and our technology could offer an important defense against it.

### **Summary**

By establishing the usability of our technology, expanding our target market to a broader array of merchants, allowing merchants to download the Glance Merchant App and be up and running quickly, improving capacity for monetization with more products, raising significant capital, preventing fraud and strengthening our product offering, we feel Glance has embarked on an exciting path. We firmly believe that mobile devices are the future of payments and consumer engagement, and we believe blockchain is a fundamentally transformative technology. According to iResearch, mobile payments are the dominant form of payment in China, where annual payments already amount to trillions of U.S. dollars annually. We believe Glance is well positioned to take advantage of these technological trends as we continue to build our technology and expand our network of merchants and consumers. Every year mobile phones advance significantly, accelerating the transition to mobile payments and giving us even more tools for innovation.

## 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:

	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Revenue	1,173,719	687,238	240,130	126,527
Corporate communications & investor media	(2,482,161)	(1,854,090)	(949,558)	(150,463)
Depreciation	(77,261)	(68,119)	(67,359)	(59,984)
Finance expense	(47,638)	107,588	(20,168)	(302,184)
Management fees	(7,662)	(7,269)	(8,347)	(8,465)
Office and miscellaneous expenses	(357,708)	(184,922)	(109,479)	(139,714)
Professional fees	(345,087)	(51,908)	(14,206)	(13,152)
Sales & marketing expenses	(1,540,090)	(829,741)	(483,729)	(420,558)
Software development costs	(368,935)	(205,450)	(125,443)	(129,502)
Stock option-based payments	(220,288)	(3,283,757)	(25,920)	(39,868)
<b>Total Expenses</b>	<b>(5,446,830)</b>	<b>(6,377,668)</b>	<b>(1,804,209)</b>	<b>(1,263,890)</b>
Loss before other items	(4,273,111)	(5,690,430)	(1,564,079)	(1,137,363)
<b>Other items</b>				
Proportionate loss from associate	(616,130)	(180,893)	(222,703)	-
FX gain/(loss)	(10,032)	8,143	-	-
Interest income	30,672	-	-	-
Loss on settlement of debt	-	-	-	(4,240)
<b>Net Loss</b>	<b>(4,868,601)</b>	<b>(5,863,179)</b>	<b>(1,786,781)</b>	<b>(1,141,603)</b>
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

	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Revenue	16,564	7,576	429	-
Corporate communications & investor media	(129,428)	(116,850)	(13,128)	-
Depreciation	(58,161)	(53,130)	(17,063)	(621)
Finance expense	(19,638)	(23,789)	-	-
Management fees	(11,250)	(11,250)	(11,250)	(10,000)
Office and miscellaneous expenses	(186,377)	(192,334)	(53,661)	(39,528)
Professional fees	(23,793)	(44,880)	(65,405)	(44,127)
Sales & marketing expenses	(340,871)	(314,030)	(178,476)	(73,450)
Software development costs	(133,369)	(137,855)	(97,148)	(78,093)
Stock option-based payments	(77,935)	(145,844)	(117,642)	(193,024)
<b>Total Expenses</b>	<b>(980,822)</b>	<b>(1,039,962)</b>	<b>(553,773)</b>	<b>(438,843)</b>
Loss before other items	(964,258)	(1,032,386)	(553,344)	(438,843)
<b>Other items</b>				
Gain on disposal of equipment	-	-	266	-
Proportionate loss from associate	-	-	-	-
FX gain/(loss)	-	-	-	-
Interest income	-	-	-	-
Loss on settlement of debt	-	-	-	-
<b>Net Loss</b>	<b>(964,258)</b>	<b>(1,032,386)</b>	<b>(553,078)</b>	<b>(438,843)</b>
Loss per share	(0.02)	(0.02)	(0.01)	(0.01)
Weighted average number of ordinary shares	52,455,469	56,219,492	47,343,607	46,691,666
Loss per share diluted	(0.01)	(0.01)	(0.01)	(0.01)
Number of diluted shares	80,440,216	71,118,478	66,248,721	53,101,835

Revenue increased by \$1,157k (6,986%) in the three month period ended February 28, 2018 in contrast with the same period in 2017. In the comparative period in the previous year, the Company had just launched the Glance Pay App and the majority of the revenue related to application and service fees, with a small portion for marketing. The current period includes a royalty fee (\$1m) and marketing revenue (\$44k), in addition to application and service fees (\$130k).

Although Glance received significant revenue from licencing its technology and related services, as a strategic priority Glance has chosen to focus on demonstrating the capabilities of its technology and expanding its base of merchants over maximizing revenue from merchants, which is a strategy common amongst platform technology companies. Thus, merchant revenue was not substantial in the first quarter of 2018 and prior quarters. After Glance introduces its new downloadable Merchant App (expected in fiscal 2018), Glance anticipates that revenue from merchants will begin to grow. Glance expects that the forthcoming Merchant App will allow merchants to very quickly download

directly to their own mobile devices, with built-in fraud-protection and loyalty rewards. Once the downloadable Merchant App is available, Glance intends to progress to predominantly digital online sales, targeting markets in a number of geographies with minimal overhead. 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. Over time, Glance expects that this downloadable Merchant App, combined with new features such as advanced data analytics, will deliver monthly recurring revenue from merchants through a tiered SaaS subscription model. This will be in addition to Glance's ability to generate new revenue from advertising, promotions, and consumer fees for premium features.

Glance is also pursuing opportunities to monetize the blockchain platform it purchased this quarter as well as for the rewards-based cryptocurrency solution it is working on, further leveraging our current technology.

It should be noted that revenues in the fourth quarter of 2017 (Q4 2017) and first quarter of 2018 (Q1 2018) may be higher than revenues in future near term quarters due to timing of licensing related revenue. Glance is likely to accrue revenue from the Active Pay Distribution Inc. ("Active Pay") and Euro Asia Pay Holdings Inc. ("Euro Asia Pay") contracts in the coming months.

The net loss for the three month period ended February 28, 2018 of \$4,869k was in contrast to \$964k for the three month period ended February 28, 2017 (405% increase). The significant increases in expenses during Q1 2018 compared to Q1 2017 are as follows:

- Corporate communication and investor media expenses were \$2,482k, an increase of 1,818% in Q1 2018 compared to Q1 2017 (\$129k) to create more awareness, reaching across Canada, the U.S. and Europe. Ms. Green, the former President and Chief Operating Officer ("COO"), was a primary driver of spending in this category. Since Ms. Green's termination, the Company has reviewed and adjusted its plans for corporate communication and investor media. The Company will continue to work to create more awareness efficiently and effectively in this category but expects to significantly reduce spending on corporate communications and investor media in future quarters compared to this past quarter.
- Depreciation of equipment accounted for \$77k in Q1 2018, which was an increase of 33% from the same period in the prior year (\$58k). This is due to the requirement for more equipment for operations (i.e. in hiring new employees, presence in more locations, etc.).

- Finance expenditure was \$48k in Q1 2018 compared to \$20k in the same period last year (143% increase). Q1 2018 finance expenditures were primarily transfer agent fees (\$30k), which increase was due to an increase in financing activities.
- Office expenditure increased 92% (\$358k) in Q1 2018 compared to the same period last year (\$186k). This was due to additional resources required as the Company grew. The main increase was in administrative staff wages and salary (\$171k in Q1 2018 compared to \$54k in Q1 2017), due to more employees being hired and numerous functional areas being moved in-house, such as human resources, legal and accounting. In addition, general office-running expenditure (\$109k) increased 32% from Q1 2017 (\$83k) due to a premises relocation which took place in early February 2018, to facilitate the rapid growth of the Company and its team. Rent during the quarter was \$39k, which is an increase of 31% compared to the same quarter last year (\$30k). Travel expenses of \$38k increased 96% in Q1 2018 compared to Q1 2017 (\$20k), as the Company invested in participating in the Davos blockchain technology conference and the Restaurant Canada Trade Show in Toronto. In addition, expenses were incurred in connection with travel to Toronto and San Jose, California, to expand the number of Glance locations.
- Professional fees in Q1 2018 (\$345k) increased by 1,350% compared to Q1 2017 (\$24k). The professional fees consisted of legal fees (\$314k) and accounting fees (\$31k). In Q1 2018, the Company completed a bought deal public offering of units, which raised over \$10.2 million in net proceeds (“the Offering”); audit fees were \$6k and legal fees were \$194k. The company also incurred legal fees in respect of legal advice on the compliance framework for a rewards-based token. Also in the quarter, legal fees were incurred in connection with the termination of the Company’s former President and COO. Subsequent to this termination, a shareholder meeting was requisitioned and additional resources were required to oversee the proxy contest.
- Sales and marketing expenditure in Q1 2018 (\$1,540k) increased 352% compared to Q1 2017 marketing expenditure (\$340k). Blockchain consulting costs of \$199k were incurred, in addition to \$388k to participate in the blockchain conference in Davos (2017: \$nil). The Company expects to substantially reduce its spend in this area. Salaries increased to \$201k (81%) in Q1 2018, due to the human resource expansion at the end of last year, compared to \$111k in Q1 2017. Other consulting costs of \$363k (2017: \$50k) were incurred for recruitment and HR, to ensure top talent was sourced, as well as ongoing consultants for sales, marketing and strategy. There was \$66k spent on social media and marketing materials, to promote the

Glance Pay App, in addition to \$68k on the Company rebrand, design and strategy. There was \$63k (2017: \$84k) spent on new customer acquisitions; this expenditure was reduced in Q1 2018 due to the number of repeat users increasing (59.3% of our total transactions compared to 46% in Q1 2017).

- Software development costs increased 177% (\$369k) in Q1 2018 in contrast to Q1 2017 (\$133k). Of this, \$292k relates to salaries for the expanded development team, to support mobile application enhancements and develop channels to access blockchain capabilities. The employee expansion started in October 2017 and is ongoing as we support the scaling of this part of the business. Other costs were incurred as the application was enhanced for new version releases, as well as subscribing to multiple integration and software services. In the comparative period, there was steady, continuous development, with minimal subscription services.
- The Company's stock option-based payment increased 183% in connection with the issuance of options in Q1 2018 (2,970k) compared to Q1 2017 (314k), due to the increase in employees of the Company.

**Operating Activities**

Cash used by operating activities during the period ended February 28, 2018, was \$6,291k (February 28, 2017 - \$852k). The increase over the period relates to increased expenditure on marketing and office expenses, as well as wages and salaries. There were several payments made to vendors, consultants and employees before the end of the quarter, along with payments for corporate communications (\$2.4m), which impacted upon cash flow. The Company's GST credit/PST refund also increased by \$231k in the three month period, which also had an impact on cash available. \$750k in cash was paid in connection with the agreement dated January 19, 2018, between the Company, Fobisuite Technologies Inc. ("Fobisuite"), and Fobi Pay Technologies Inc. ("Fobi Pay").

**Investing Activities**

Cash used for investing activities during the period ended February 28, 2018, was \$1,207k (February 28, 2017 - \$15k). The transaction with Ztudium Limited to purchase the intellectual property for the Blockimpact platform was finalised, amounting to \$1.1m (US\$0.9 million). The remaining expenditure was the purchase of iPads for merchants (\$33k) and equipment for employees (\$41k).

**Financing Activities**

Net cash received from financing activities during the period ended February 28, 2018, was \$10,580k (February 28, 2017 - \$966k). Please see Note 12 of the Interim Financial Statements for more details on the transactions, which included a prospectus offering.

## 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	February 28, 2018 \$	November 30, 2017 \$	Variance  %
<b>Current assets</b>			
Cash	13,377,306	10,294,213	30%
Accounts and other receivable	871,066	179,372	386%
Prepaid expenses and deposits	1,985,525	683,284	191%
<b>Total current assets</b>	<b>16,233,897</b>	<b>11,156,869</b>	<b>46%</b>
<b>Non-current assets</b>			
Investment in associate	992,774	608,904	63%
Investments - other	1,495,00	695,000	115%
Property and equipment	214,745	170,089	26%
Intangible assets	1,427,891	342,745	316%
<b>Total non-current assets</b>	<b>4,130,410</b>	<b>1,816,738</b>	<b>127%</b>
<b>Total assets</b>	<b>20,364,307</b>	<b>12,973,607</b>	<b>57%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	491,862	408,554	20%
Deferred revenue	650,625	393,750	65%
<b>Total liabilities</b>	<b>1,142,487</b>	<b>802,304</b>	<b>42%</b>
<b>Non-current liabilities</b>			
Deferred revenue	1,084,375	551,250	97%
<b>Total liabilities</b>	<b>1,084,375</b>	<b>551,250</b>	<b>97%</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	31,642,588	20,273,414	56%
Shares to be issued	15,866	74,249	-79%
Reserves – Options	3,792,336	3,717,135	2%
Deficit	(17,313,346)	(12,444,745)	39%
<b>Total shareholders' equity</b>	<b>18,137,444</b>	<b>11,620,053</b>	<b>56%</b>
<b>Total liabilities and shareholders' equity</b>	<b>20,364,307</b>	<b>12,973,607</b>	<b>57%</b>



## **Assets**

Total assets increased by 57% (\$20 million compared to \$13 million) over the three month period ended February 28, 2018. Total assets are substantially comprised of cash holdings, received from equity financing during the year, including a prospectus offering in December 2017 (raising approximately \$10.2 million, after financing costs), and from the exercise of warrants and options.

During the period ending February 28, 2018, the Company invested an additional \$1.5 million in a range of non-current assets, including the Blockimpact intellectual property and computer equipment for new employees.

In exchange for a sublicense, the Company received 4,000,000 common shares at a fair value of \$0.25 per common share in Loop Insights Inc. (“Loop”, formerly Loop Cannabis Insights Inc.) Loop recorded a loss of \$152k in Q1 2018. The Company had 21.4% ownership of Loop for 20 days of Q1 2018 and incorporated a proportionate loss of \$7,226 into its consolidated income statement.

The Yield Growth Corp. (“Yield”) (formerly, Cannapay Financial Inc.) recorded a loss of \$2.7m for the three months ended February 28, 2018. The Company had 27.8% ownership of Yield in Q1 2018 and incorporated a proportionate loss of \$608,904. This dilutes its investment in Yield to \$nil.

Other investments increased \$800k, due to the issuance of shares by Active Pay (3,200,000 at fair value of \$0.25).

The accounts receivable relates to amounts receivable for GST input tax credits of \$276k (an increase of 138% in the three month period) and a PST refund of \$71k (2017: \$nil). Also included in the accounts receivable is \$155k which is outstanding from a licensing contract. Other customer amounts receivable includes the GST from licensing, as well as services and marketing revenue.

The prepaid expenses increased 191% to \$1,986k (2017: \$683k). A license fee of \$1.5 million was paid in relation to an agreement between the Company, Fobisuite and Fobi Pay, which includes \$250,000 cash and 250,000 common shares (at fair value of \$2.00 per share) of the Company held in escrow pending the finalization of the long form license agreement with Fobisuite and Fobi Pay. Prepaids also includes \$154k, which is an advance deposit for the new office rental premises.

## **Liabilities**

The accounts payable and accrued liabilities increased 20% to \$492k (2017: \$409k), as there was increased marketing and legal activities in the quarter. There were accrued payroll liabilities of \$48k (2017: \$76k), payments due and accrued liabilities to vendors for work performed of \$364k (2017: \$245k) and payments due to officers, directors and other related parties of \$82k (2017: \$58k) for various consulting, marketing, commission and management costs, as well as expense

reimbursements.

At the end of Q1 2018, the Company had a current deferred revenue balance of \$651k (2017: \$394k - 65% increase) and a non-current balance of \$1,084k (2017: \$551k - 97% increase). This was for the Active Pay and Euro Asia Pay licensing agreements. As noted above, Active Pay issued 3,200,000 shares to the Company in February 2018, pursuant to its licensing agreement. Glance will recognise the up-front payments for these licensing agreements as revenue over fiscal 2018 and 2019.

## Options

The Company's stock option plan (the "Stock Option Plan") allows directors to authorize the issuance of options to Glance directors, officers, employees and consultants. The terms and conditions of the option grants are governed by the Stock Option Plan.

During the three month period ended February 28, 2018, the Company granted 2,970,000 options to employees and consultants of the Company, with an exercise price of \$1.36 to \$2.68 per common share. These options vested over a one-year period with a term of five years. In accordance with the Stock Option Plan, options will terminate 90 days after a consultant or employee ceases to work for the Company. During the three month period ended February 28, 2018, a total of 142,500 stock options were cancelled on termination of services and/or employee contracts. Subsequent to the year end, 361,000 stock options were granted and 95,000 stock options were cancelled.

The schedule of incentive stock options is detailed below:

	Number of options	Weighted average exercise price \$
Outstanding, November 30, 2017	5,975,322	0.64
Granted	2,970,000	2.05
Exercised	(432,528)	0.31
Cancelled	(142,500)	1.25
<b>Outstanding, February 28, 2018</b>	<b>8,370,294</b>	<b>1.15</b>

The weighted average fair value of options granted was \$1.15 (2017 - \$0.16) per option. During the three months ended February 28, 2018, the Company recognized stock options-based payment of \$220,288 (2017 - \$77,935) for options previously granted to directors, officers, employees and consultants, which are unvested, as well as \$nil (2017 - \$50,961) for options granted to agents in connection with equity financing.

### **Related Party Transactions**

During the three month periods ended February 28, 2018 and 2017, compensation of key management personnel and related parties were as follows:

	<b>February 28, 2018</b>	<b>February 28, 2017</b>
	<b>\$</b>	<b>\$</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Remuneration and fees	87,500	268,483
Share-based compensation	145,721	60,517
	<b>233,221</b>	<b>493,371</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, 2018, the Company issued 1,088,544 Common Shares and 11,785 warrants on the exercise of \$0.40 unit warrants for proceeds of \$298,569. The warrants are exercisable into Common Shares of the Company at a price of \$0.75 per Common Share, for a period of one year from the date of exercise.
- Subsequent to February 28, 2018, there were 873,750 Common Shares issued from the exercise of stock options, for aggregate proceeds of \$151,656. Of these stock options exercises, 843,750 were exercised by related parties.
- Subsequent to February 28, 2018, 361,000 options were granted to employees of the Company at \$0.54 per share expiring on April 5, 2023.

### 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 27, 2018:

Issued and outstanding common shares at April 27, 2018: **135,880,880**

Total warrants outstanding at April 27, 2018, detailed below:

Number of warrants	Exercise price \$	Expiry Date
512,138	\$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
505,832	\$0.30	September 22, 2019
489,527	\$0.30	September 25, 2019
117,527	\$0.30	September 28, 2019
139,166	\$0.30	September 29, 2019
76,669	\$0.33	January 25, 2019
5,843	\$0.33	November 29, 2019
7,497	\$0.33	December 30, 2019
324,243	\$0.40	October 19, 2018
64,625	\$0.40	February 20, 2019
2,000,000	\$0.75	September 27, 2018
7,130,000	\$0.75	October 19, 2018
4,722	\$0.75	January 24, 2019
48,375	\$0.75	February 20, 2019
11,475	\$0.75	February 21, 2019
12,500	\$0.75	February 22, 2019
180,750	\$0.75	February 23, 2019
1,100	\$0.75	February 27, 2019
3,000	\$0.75	March 1, 2019
5,625	\$0.75	March 12, 2019
3,160	\$0.75	April 19, 2019
500,000	\$0.75	October 19, 2019
220,000	\$1.10	November 1, 2018
<u>4,412,880</u>	\$3.84	December 27, 2018
<b>17,045,154</b>		

Total options outstanding at April 27, 2018:

	Number of options	Weighted average exercise price \$
Outstanding, February 28, 2018	8,370,294	1.15
Granted	361,000	0.54
Exercised	(896,250)	0.11
Cancelled	(95,000)	0.33
<b>Outstanding, April 27, 2018</b>	<b>7,740,044</b>	<b>1.23</b>

Range of exercise prices \$	Number of options outstanding	Number of options vested	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.15	727,500	377,500	3.24	0.15
0.18	118,544	68,544	3.50	0.18
0.20	100,000	100,000	3.98	0.20
0.28	180,000	100,000	3.44	0.28
0.295	641,250	418,750	4.39	0.295
0.425	700,000	340,000	4.41	0.425
0.465	50,000	-	4.44	0.465
0.54	361,000	3,750	4.52	0.54
0.72	711,750	496,750	4.48	0.72
0.85	187,500	125,000	4.50	0.85
1.14	390,000	300,000	4.52	1.14
1.36	650,000	32,500	4.52	1.36
1.37	152,500	103,750	4.52	1.37
1.46	400,000	162,500	4.52	1.46
2.06	770,000	230,000	4.52	2.06
2.60	500,000	300,000	4.52	2.60
2.68	1,100,000	1,025,000	4.52	2.68
	<b>7,740,044</b>	<b>4,184,044</b>	<b>4.41</b>	<b>1.23</b>

Fully diluted at April 27, 2018

**160,666,078**

## **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 IFRS as issued by the 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 27, 2018, the Board of Directors approved the disclosures contained in this MD&A.