

Glance Technologies Inc.

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

Period Ended 31 May, 2017

Prepared as of July 10, 2017



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General

The consolidated entity (referred to as “Glance”) presents the interim consolidated statements, including its wholly owned subsidiaries. This discussion and analysis provides an overview of the financial activities for the six months ended May 31, 2017. 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 consolidated financial statements, which provide information about the activities of the Company as a whole and presents a longer-term view of the Company’s finances. All financial information, unless otherwise indicated, has been prepared in accordance with International Financial Reporting Standards (IFRS) and in Canadian dollars. Additional information relating to the Company is available on SEDAR at www.SEDAR.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Statements in this report 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. Readers are cautioned not to put undue reliance on forward-looking statements.

Overall Performance

The business is in its initial growth phase and it was expected that there would be a loss for this period. Although the Company generated \$143,091 in revenue, it did not result in a positive cash flow.

Management expects to continue launching its mobile application in many more Canadian restaurants. During Q1, the Company had developed a remote launch kit that allowed a restaurant outside of Glance Pay’s launch regions to set up and have Glance Pay live in less than one hour. With this, the Company was able to launch in Vancouver, but also remotely in Toronto, Edmonton, Victoria, Cranbrook, and Chilliwack.

In Q2, the Company signed the nationwide hospitality conglomerate, Donnelly Group, and with the remote launch kit facilitating the process, Management expects the sign-to-launch turnaround to be significantly reduced. With the remote launch kit, Management was also able to develop a strategic action plan to launch existing signed restaurant chains such as Mr. Mikes and Famoso Pizzeria.

In addition, Glance Pay has entered into a licensing agreement with CannaPay Financial Inc. Glance Technologies Inc became an investor of CannaPay Financial Inc, owning 48.8% of the common shares. Glance Pay Inc granted CannaPay Financial Inc. a worldwide, non-exclusive license to use the Licensed Patents, the Licensed Trademarks, and the Licensed Technology in order to make, market and sell the MJ App. The “MJ App” is a mobile payment app designed for legal marijuana purchase and delivery which uses the Payment Platform as its base technology..

The Company is increasing monthly revenue by continuously adding new restaurants and identifying additional revenue streams. Once a restaurant is launched on the Glance Pay mobile payment system, it provides recurring revenues to the Company. However, the Company expects some fluctuations in monthly revenue due to seasonality in the restaurant industry.

In Q1 & Q2 2017, the Company intentionally slowed its growth to focus on more revenue producing innovations. The Company also changed its revenue model to begin charging monthly base service fees, as well as offering monthly fees for various other services and customer feedback.

In addition to this, Glance Technologies Inc is generating revenue through social media management packages, along with other marketing services. The restaurants are billed monthly and there is a notice provision in place, so revenue is recognized monthly as it is earned. Finally, the Company also has diversified its market space into the retail and services industry, showing its agility to serve more markets.

Glance Technologies Inc is projecting to generate revenue through takeout and delivery services, as well as order-ahead capabilities for the Company's restaurant partners. These are expected to launch in Q3 2017. Glance Technologies Inc is also projecting revenues from Glance Pay Anywhere; a new technology which enables Glance Pay merchant partners to send bills to customers anywhere, and securely receive remote payments from anywhere via the Glance Pay App.

Financial Position and Liquidity - Review of Financial Results

Prior to the launch of the Glance Pay app, the Company's main expenditure was on software and development costs, along with limited expenses including occupancy costs, office and administration. The Company became a reporting issuer after the final receipt from the BCSC 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:

	2017 Q2	2017 Q1	2016 Q4	2016 Q3
Revenue	126,527	16,564	7,576	429
Depreciation	(59,984)	(58,161)	(53,130)	(17,063)
Finance expense	(302,184)	(19,638)	(23,789)	-
Management fees	(8,465)	(11,250)	(11,250)	(11,250)
Marketing expenses	(571,021)	(470,299)	(430,880)	(186,104)
Office and miscellaneous expenses	(139,714)	(186,376)	(192,334)	(52,411)
Professional fees	(13,152)	(23,793)	(44,880)	(65,405)
Software development costs	(129,502)	(133,369)	(137,855)	(103,898)
Stock option-based payments	(39,868)	(77,936)	(145,844)	(117,642)
Total Expenses	(1,263,890)	(980,822)	(1,039,962)	(553,773)
Loss before other items	(1,137,363)	(964,258)	(1,032,386)	(553,344)
Other Items				
Gain on disposal of equipment	-	-	-	266
Proportionate loss from associate	(62,236)	-	-	-
Loss on settlement of debt	(4,240)	-	-	-
Net Loss	(1,203,839)	(964,258)	(1,032,386)	(553,078)
Loss per share	(0.02)	(0.02)	(0.02)	(0.01)
Weighted average number of ordinary shares	68,290,604	52,455,469	56,219,492	47,343,607

	2016 Q2	2016 Q1	2015 Q4	2015 Q3
Revenue	-	-	-	-
Depreciation	(621)	(407)	-	-
Finance expense	-	-	(1,868)	-
Management fees	(16,250)	(1,750)	(3,000)	(31,857)
Marketing expenses	(48,450)	(9,546)	(20,000)	(111,000)
Office and miscellaneous expenses	(39,528)	(5,839)	(7,999)	(10,288)
Professional fees	(44,127)	(26,144)	(22,614)	(4,035)
Software development costs	(96,843)	(58,731)	(38,461)	(30,110)
Stock option-based payments	(193,024)	(23,421)	(5,197)	-
Total Expenses	(438,843)	(125,838)	(99,139)	(187,290)
Loss before other items	(438,843)	(125,838)	(99,139)	(187,290)
Other Items				
Proportionate loss from associate	-	-	-	-
Loss on settlement of debt	-	-	-	-
Net Loss	(438,843)	(125,838)	(99,139)	(187,290)
Loss per share	(0.01)	(0.00)	(0.00)	(0.01)
Weighted average number of ordinary shares	46,691,666	46,691,666	32,317,813	31,995,380

The net loss for the three month period ended May 31, 2017 of \$1,203,839 was in contrast to \$438,843 for the three month period ended May 31, 2016 (174% increase). There were a few causes for the increase in expenses during Q2 2017 compared to Q2 2016:

- Depreciation of equipment now in use accounted for \$59,984 in Q2 2017, whereas there was minor expenditure in the same period in the prior year (\$621). This is because equipment was put into use when restaurants launched towards the end of 2016. In addition to depreciation of equipment, there was also amortization of the software, which commenced in Q3 2016. The depreciation during Q2 2017 is consistent with the previous two quarters.
- There was a large finance expenditure in Q2 2017 for the rights offering (\$276k). This is in addition to transfer agent fees (\$15k), which would not have been required prior to the Company becoming public in September 2016.
- There was less marketing expenditure incurred (\$48,450) during Q2 2016, as the Company was not a public entity and there was no product to sell. Instead, it related to some initial consultancy and design work as the Company prepared for its launch in Fall 2016. In the same three-month period in Q2 2017, expenditure was \$571,021 (1,083% increase). The Company has begun to increase marketing expenditure in the United States, as this geographical location will be targeted over the next two quarters. 7% of this expenditure was on customer acquisition from the application and 21% was on wages, salaries and management fees. Marketing expenditure also includes marketing fees/campaigns (\$97k), client promotion (\$23k), sales representative commission (\$19k) and consultants (\$43k), as well as investor awareness campaigns (\$141k).
- Software development costs increased 34% (\$129,502) in Q2 2017 in contrast to Q2 2016. In the comparative period last year, the application was not ready for public use, unlike the current year where it needs consistent development, maintenance, etc., so the team has grown to accommodate this growth. Expenses in Q2 2017 also consist of subscriptions to multiple integration services. In the comparative period, there was only steady, continuous development;
- Stock option-based payments decreased by 79% to \$39,868 (2016: \$193,024) in Q2 2017, as there were fewer options were granted;
- Office expenditure increased 250% (\$140k) in Q2 2017 due to additional resources required as the Company grew. This included wages and salary (\$51k in Q2 2017 vs \$nil in Q2 2016), rent (\$19k in Q2 2017 vs \$17k in Q2 2016), filing & listing fees (\$22k in Q2 2017 vs \$nil in Q2 2016), telephone (\$14k in Q2 2017 vs \$nil in Q2 2016) and travel (\$13k in Q2 2017, vs \$1k in Q2 2016);
- Despite the Company's activity in Q2 2017, management fees decreased by 48% compared to Q2 2016 (\$8,465). This is because focus was shifted from overall management to improving technological capabilities of the mobile payment app. As the Company competes in the marketplace, this was seen to be a more important allocation of resources.

Operating Activities

Cash used by operating activities during the period ended May 31, 2017, was \$1,893,440 (May 31, 2016 - \$287,045). 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, which impacted upon cash flow and meant less amounts owing at the period end. The Company's GST credit also increased 69% to \$82,831 in the six month period, which also had an impact in cash available.

Investing Activities

Cash used for investing activities during the period ended May 31, 2017, was \$221,978 (May 31, 2016 - received \$320,385), due to the purchase of iPads for use in restaurants (\$15k) and the investment in associate, CannaPay Financial Inc (\$200k).

Financing Activities

Net cash received from financing activities during the period ended May 31, 2017, was \$2,831,207 (May 31, 2016 - \$67,500). Please see Note 10 of the Company's Interim Financial Statements for more details on the transactions, which included a rights offerings and some private placements.

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 include all assets and liabilities using the accrual basis of accounting.

	May 31, 2017 \$	November 30, 2016 \$	Variance %
ASSETS			
Current assets			
Cash	1,076,706	360,917	198%
Accounts and other receivable	131,513	67,575	95%
Prepaid expenses and deposits	214,347	37,242	476%
Total current assets	1,422,566	465,734	205%
Non-current assets			
Investment in Associate	137,764	-	100%
Computer equipment	106,106	111,001	-4%
Intangible assets	433,931	525,203	-17%
Total non-current assets	677,801	636,204	7%
Total assets	2,100,367	1,101,938	91%
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	121,573	142,873	-15%
Deferred revenue	97,500	-	100%
Total liabilities	219,073	142,873	53%
SHAREHOLDERS' EQUITY			
Share capital	5,775,144	2,988,667	38%
Shares to be issued	63,336	93,743	-32%
Reserves – Options	899,833	565,577	350%
Deficit	(4,857,019)	(2,688,922)	81%
Total shareholders' equity	1,881,294	959,065	96%
Total liabilities and shareholders' equity	2,100,367	1,101,938	91%

Total assets increased by 91% (\$2.1 million compared to \$1.1 million) over the six month period ended May 31, 2017. This is largely due to private placements (\$1.25m) and a rights offering (\$1.64m) which took place in the period, generating over \$2 million after financing costs. At the end of May 2017, the Company had \$540k invested in a range of non-current assets, including computer equipment, software and the payment processing application. This amount represented a decrease of 15% in the six month period. Although computer equipment increased with the purchase of iPads, the overall decrease came about due to the amortization of the computer software over its useful life (3 years).

The accounts receivable relates to amounts receivable for GST credits of \$82,831 (an increase of 69% in the six month period), as well as a \$18,655 (2016: \$13k) due from the credit card processor as part of the hold-back retainer required and restaurant transactions on 29-31 May. There is also \$38k (2016: \$4k)

owed by the restaurants for service fees charged on the use of the Glance Pay mobile application, as well as related parties. The prepaid expenses increased 476% to \$214,347 (2016: \$37k), largely comprised of prepaid services for marketing consultancy.

The accounts payable and accrued liabilities decreased, as many vendors and consultants were paid before the end of the quarter. There were accrued payroll liabilities of \$28,488 (2016: \$29,218), payments due and accrued liabilities to vendors for work performed of \$40,633 (2016: \$58,692) and payments due to officers, directors and other related parties of \$52,452 (2016: \$54,963) for various consulting, marketing, commission and management costs, as well as expense reimbursements.

There was deferred revenue of \$97,500 (2016: \$nil) at the end of Q2 2017. This relates to the CannaPay licensing agreement. \$100,000 was invoiced for 40 days of licensing at \$2,500 per day; the agreement commenced on May 31, 2017. The remaining \$97,500 was booked as deferred income and will be recognized as revenue in the next quarter.

Options

The Company's stock option plan allows directors to authorize the issuance of options to Glance directors, officers, employees and consultants. The terms and vesting conditions of the granted stock options are at the discretion of the directors.

During the six month period ended May 31, 2017, the Company granted 314,455 stock options to agents in relation to its private placements, with an exercise price of \$0.18 per common share of the Company. The Company also granted 1,572,552 stock options to agents in relation to its rights offering, with an exercise price of \$0.20 per common share of the Company. These options vested immediately with a term of two years. A further 500,000 stock options were granted during the six month period, to consultants and a director, with exercise prices ranging from \$0.18 to \$0.25. All options have a term of five years and vest over various dates over the next 18 months.

During the six months ended May 31, 2017, 659,167 previously granted stock options vested. A further 1,610,000 remaining stock options will vest in their entirety between one and two years.

The remaining 650,000 stock options were granted pursuant to certain sales, marketing and design contracts, the vesting of which are dependent upon specific performance conditions (such as a target for the number of the restaurant sign-ups for the use of Glance's payment processing application). Glance expects these performance conditions and the related vesting of the stock options to be completed by the end of fiscal 2018.

The schedule of incentive stock options is detailed below:

	Number of options	Weighted average exercise price \$
Outstanding, November 30, 2016	5,718,821	0.16
Granted	2,387,007	0.20
Expired	(25,000)	0.15
Cancelled	(72,000)	0.15
Outstanding, May 31, 2017	8,008,828	0.17

Range of exercise prices \$	Number of options outstanding	Number of options vested	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.10	150,000	90,000	3.42	0.10
0.15	4,823,200	3,315,700	3.74	0.15
0.18	608,076	558,076	2.11	0.18
0.20	1,672,552	1,597,552	2.08	0.20
0.25	300,000	-	4.78	0.25
0.28	455,000	187,500	4.34	0.28
	8,008,828	5,748,828	3.34	0.17

The weighted average fair value of options granted was \$0.11 (2016 - \$0.13) per option. During the six months ended May 31, 2017, the Company recognized stock options-based payment of \$204,662 (2016 - \$nil) for options granted to agents in connection with private placements. In the same period, the Company recognized stock options-based payment of \$117,803 (2016 - \$216,445) for options previously granted to directors, officers, employees and consultants, which are unvested.

Related Party Transactions

During the six month periods ended May 31, 2017 and May 31, 2016, compensation of key management personnel and related parties were as follows:

	May 31, 2017 \$	May 31, 2016 \$
	(<i>unaudited</i>)	(<i>unaudited</i>)
Remuneration and fees	506,438	141,425
Share-based compensation	74,333	170,368
	580,771	311,793

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

- From June 1 to July 6, 2017, Glance Pay has launched in 2 more locations (total 72).
- On June 16, 2017, the Company completed a private placement of 500,000 units at \$0.20 per unit for gross proceeds of \$100,000. Each unit consists of one common share and one common share purchase warrant with each warrant exercisable into one common share at a price of \$0.23 per share for six months until the warrants expire on December 16, 2017.
- On June 20, 2017, the Company entered into a subscription agreement to purchase 4,000,000 units in CannaPay Financial Inc at \$0.005 per unit for gross proceeds of \$200,000. The Company had a 45.25% shareholding in CannaPay Financial Inc at this point, thus it continues to be recognised as an associate. As of July 7, 2017, the Company's shareholding was 43.33%.

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 July 10, 2017:

Issued and outstanding common shares at July 10, 2017: **74,600,849**

Total Warrants outstanding at July 10, 2017, detailed below:

Number of warrants outstanding	Exercise price \$	Expiry date
5,948,998	0.25	August 31, 2017
16,666	0.25	September 6, 2017
106,640*	0.15	August 31, 2018
968,108	0.33	November 29, 2018
1,289,716	0.33	December 30, 2018
282,555	0.33	January 25, 2019
1,334,831	0.33	February 24, 2019
84,800*	0.18	February 24, 2018
8,225,520**	0.23	April 27, 2019
855,000**	0.23	April 28, 2019
250,000**	0.23	May 1, 2019
500,000	0.23	December 16, 2017
19,862,834		

*These warrants relate to agent warrants issued as finder's fees pursuant to a private placement.

All warrants are half warrants, meaning each is exercisable to purchase one half of one common share of the Company.

**Each warrant exercisable into one common share at a price of \$0.23 per share for the first six months and \$0.25 thereafter, until the warrants expire in April, 2019.

Total Options outstanding at July 10, 2017:

	Number of options	Weighted average exercise price \$
Outstanding, May 31, 2017	8,008,828	0.17
Granted	-	-
Cancelled	-	-
Outstanding, July 10, 2017	8,008,828	0.17

Range of exercise prices \$	Number of options outstanding	Number of options vested	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.10	150,000	90,000	3.31	0.10
0.15	4,848,200	3,355,700	3.63	0.15
0.18	608,076	508,076	2.00	0.18
0.20	100,000	1,597,552	1.98	0.20
0.25	300,000	75,000	4.67	0.25
0.28	455,000	187,500	4.24	0.28
	8,008,828	5,863,828	3.23	0.17

Fully diluted at July 10, 2017:

100,327,511

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 July 6, 2017, the Board of Directors of Glance Technologies Inc. approved the disclosures contained in this MD&A.