

GLANCE TECHNOLOGIES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2019

Stated in Canadian dollars

**NOTICE OF AUDITOR REVIEW OF CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited condensed interim financial statements for the three and six months ended May 31, 2019 have been prepared by management in accordance with International Financial Reporting Standards and approved by the Board of Directors of Glance Technologies Inc. (the “**Company**”). These condensed consolidated interim financial statements have been reviewed by the Company’s independent auditors.

Glance Technologies Inc.
Condensed Consolidated Statements of Financial Position

(stated in Canadian dollars)

ASSETS	Note	May 31, 2019	November 30, 2018
		\$	\$
		<i>(unaudited)</i>	
Current assets			
Cash		3,149,551	5,626,789
Accounts and other receivables	3	57,264	245,864
Prepaid expenses and deposits	4	151,602	1,690,042
Marketable securities	5	3,928,272	-
Total current assets		7,286,689	7,562,695
Non-current assets			
Property and equipment	8	157,972	316,251
Intangible assets	9	64,605	162,089
Marketable securities – non current	5	2,406,000	-
Investments	6	845,000	4,715,000
Total non-current assets		3,473,577	5,193,340
Total assets		10,760,266	12,756,035
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	195,550	456,561
Deferred revenue	11	144,404	144,404
Total current liabilities		339,954	600,965
Non-current liabilities			
Deferred revenue	11	132,370	204,572
Total liabilities		472,324	805,537
SHAREHOLDERS' EQUITY			
Share capital	13	32,899,790	32,899,790
Shares issuable	15	15,866	15,866
Reserves	14	4,857,935	4,509,832
Accumulated other comprehensive income		2,395	-
Deficit		(27,488,044)	(25,474,990)
Total shareholders' equity		10,287,942	11,950,498
Total liabilities and shareholders' equity		10,760,266	12,756,035

Nature of Operations and Going Concern (Note 1)

Commitment (Note 18)

Subsequent Event (Note 21)

"Jonathan Hoyles", Director

"Kirk Herrington", Director

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Glance Technologies Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss

Unaudited

(stated in Canadian dollars)

	Note	For the three months ended May 31, 2019 \$	For the three months ended May 31, 2018 \$	For the six months ended May 31, 2019 \$	For the six months ended May 31, 2018 \$
Revenue	12	44,267	229,060	87,377	1,402,779
Expenses					
Corporate communications and investor media	16	(32,544)	(347,359)	(120,413)	(2,655,496)
Depreciation	8,9	(127,197)	(105,552)	(255,700)	(182,813)
Finance	15	(24,157)	(27,650)	(48,696)	(75,288)
General and administrative costs	16	(419,640)	(673,728)	(907,711)	(1,125,016)
Management fees	16	(82,185)	(12,530)	(164,000)	(20,192)
Professional fees	16	(76,563)	(171,358)	(185,327)	(477,687)
Sales and marketing expense	15,16	(394,737)	(1,082,312)	(820,736)	(2,528,449)
Software development and information technology	15,16	(1,860,412)	(744,719)	(2,307,164)	(1,104,199)
Stock-options based compensation	14,15	(215,130)	(685,519)	(348,103)	(905,807)
		(3,232,565)	(3,850,727)	(5,157,850)	(9,074,947)
Loss from operations		(3,188,298)	(3,621,667)	(5,070,473)	(7,672,168)
Other income (expense)					
Foreign exchange gain/ (loss)		-	8,611	-	(1,421)
Interest income		9,310	41,520	32,361	72,192
Other income		1,381	2,709	4,081	2,743
Proportionate loss on investment in associate		-	-	-	(616,130)
Proxy cost expenses		-	(997,728)	-	(1,220,372)
Realized gain (loss) on marketable securities	5	(14,193)	-	216,937	-
Unrealized gain (loss) on marketable securities	5	(3,638,160)	-	2,804,040	-
Total other income (expense)		(3,641,662)	(944,888)	3,057,419	(1,762,988)
Net loss for the period		(6,829,960)	(4,566,555)	(2,013,054)	(9,435,156)
Other comprehensive income (loss)					
Foreign currency translation adjustment		3,915	-	2,395	-
Comprehensive loss		(6,826,045)	(4,566,555)	(2,010,660)	(9,435,156)
Net loss per share					
Basic and diluted		(0.05)	(0.03)	(0.01)	(0.07)
Weighted average number of shares outstanding – basic and diluted		136,737,783	135,373,594	136,737,783	133,266,960

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Glance Technologies Inc.

Condensed Consolidated Statements of Changes in Equity

Unaudited

(stated in Canadian dollars)

	Number of shares	Share capital \$	Shares to be issued \$	Reserves - options \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance, November 30, 2017	127,358,895	20,273,414	74,249	3,717,135	-	(12,444,745)	11,620,053
Shares issued under prospectus offering	3,684,000	11,052,000	-	-	-	-	11,052,000
Share issuance costs	-	(1,553,577)	-	-	-	-	(1,553,577)
Commission	257,880	773,640	-	-	-	-	773,640
Shares issued from warrant exercise	3,006,139	971,642	(49,483)	(1,557)	-	-	920,602
Stock issued from options exercise	1,328,778	602,481	(8,900)	(311,992)	-	-	281,589
Stock-options based compensation	-	-	-	905,807	-	-	905,807
Shares to be cancelled	(360,000)	(403,501)	-	-	-	-	(403,501)
Warrants issued in overallotment	-	-	-	47,100	-	-	47,100
Held in escrow	250,000	500,000	-	-	-	-	500,000
Net loss for the period	-	-	-	-	-	(9,435,156)	(9,435,156)
Balance, May 31, 2018	135,525,692	32,216,098	15,866	4,356,493	-	(21,879,901)	14,708,556

	Number of shares	Share capital \$	Shares to be issued \$	Reserves - options \$	Accumulated other comprehensive loss \$	Deficit \$	Total \$
Balance, November 30, 2018	136,737,783	32,899,790	15,866	4,509,832	-	(25,474,990)	11,950,498
Foreign currency translation	-	-	-	-	2,395	-	2,395
Stock-options based compensation	-	-	-	348,103	-	-	348,103
Net loss for the period	-	-	-	-	-	(2,013,054)	(2,013,054)
Balance, May 31, 2019	136,737,783	32,899,790	15,866	4,857,935	2,395	(27,488,044)	10,287,942

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Glance Technologies Inc.

Consolidated Statements of Cash Flows

Unaudited

(stated in Canadian dollars)

	Note	For the six months ended May 31, 2019 \$	For the six months ended May 31, 2018 \$
Cash flows provided by (used in)			
Operating activities			
Net income (loss)		(2,013,054)	(9,435,156)
Items not affecting cash:			
Depreciation	7,8	255,701	182,813
Gain on the sale of marketable securities	5	(216,937)	-
Gain on the sale of property and equipment		(1,354)	-
Proportionate losses on investments in associates		-	616,130
Shares received for services		-	(1,000,000)
Stock option-based payments	13	348,103	905,807
Unrealized gain on marketable securities	5	(2,804,040)	-
Changes in non-cash working capital:			
Accounts and other receivable		188,600	(497,322)
Prepaid expenses and deposits		1,538,440	(572,409)
Accounts payable and accrued liabilities		(261,011)	974,476
Deferred revenue		(72,202)	(220,575)
		(3,037,754)	(9,046,236)
Investing activities			
Proceeds from the sale of marketable securities, net of warrant exercises		556,705	-
Purchase of property and equipment		(5,733)	(175,526)
Proceeds from sale of property and equipment		7,149	-
Tenancy improvements		-	(94,112)
Purchase of intangible assets		-	(1,427,560)
		558,121	(1,697,198)
Financing activities			
Financing cost paid		-	(779,937)
Payment for share repurchase		-	(403,501)
Proceeds from prospectus offering		-	11,052,000
Proceeds from warrants exercised		-	920,602
Proceeds from options exercised		-	281,589
Proceeds from warrants purchased in over-allotment		-	47,100
		-	11,117,853
Effects of foreign exchange rate changes on cash		2,395	(1,422)
Net change in cash		(2,477,238)	372,997
Cash - beginning of period		5,626,789	10,294,213
Cash - end of period		3,149,551	10,667,210

Supplemental Cash Flow Information (Note 17)

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Glance Technologies Inc.

Notes to the Condensed Interim Consolidated Financial Statements

May 31, 2019

Unaudited – (stated in Canadian dollars)

1. Nature of Operations and Going Concern

Glance Technologies Inc. (“Glance Technologies” or the “Company”) was incorporated under the laws of the province of British Columbia, Canada, on October 24, 2014. The Company’s registered office is located at Suite 400, 200 Granville Street, Vancouver, British Columbia, V6C 1S4.

The Company’s common stock is quoted on the Canadian Securities Exchange under the symbol ‘GET’ and began trading on September 7, 2016.

On August 28, 2015, the Company completed a share exchange agreement (the “Transaction”) with Glance Pay Inc. (formerly, Clover Acquisitions Inc. and Glance Mobile Inc.) (“Glance Pay”). Glance Pay was incorporated on November 12, 2014 under the laws of the province of British Columbia, Canada. Glance Pay is a Canadian financial technology company involved in the business of developing and operating mobile payment processing software and smart-phone applications.

Under the terms of the Transaction, the shareholders of Glance Pay each received one common share of Glance Technologies (“Glance Technologies Shares”) in exchange for one common share of Glance Pay (“Glance Pay Shares”). As a result, the shareholders of Glance Pay acquired 75.4% of Glance Technologies. Glance Technologies’ board of directors and senior management were reconstituted and consist of directors and senior management of Glance Pay. The Transaction was accounted as a reverse acquisition.

The Company aims to enhance the payment process for both consumers and merchants online, and brick-and-mortar environments, using proprietary technology that combines mobile technologies and traditional payment processing. The Company launched its applications during August 2016.

On December 27, 2017, Glance Coin Inc. (formerly “Glance Blockchain Token Inc.”) was incorporated as a wholly-owned subsidiary of the Company. Glance Coin Inc. will be responsible for developing and managing the Glance token, which will be a cryptocurrency with a series of smart contracts to allow merchants to grant the Glance token as a reward for consumer loyalty and engagement. The Company has written and published its white paper for its cryptocurrency.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company’s ability to continue as a going concern. As at May 31, 2019, the Company has an accumulated deficit of \$27,488,044. The Company is continuing to enhance its mobile payment applications. The continued operations of the Company are dependent on future profitable operations, management’s ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due subsequent to May 31, 2019 is uncertain. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate and the impact of those adjustments could be material.

Glance Technologies Inc.
Notes to the Condensed Interim Consolidated Financial Statements
May 31, 2019

Unaudited – (stated in Canadian dollars)

2. Significant Accounting Policies

a) Statement of Compliance

These condensed interim consolidated financial statements of the Company have been prepared for the three and six months ended May 31, 2019, in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, and based on the principles of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended November 30, 2018, which include the Company’s significant accounting policies, and have been prepared in accordance with the same methods of application, with the exception of recently adopted accounting policies.

The Board of Directors approved the condensed interim consolidated financial statements for issuance on June 19, 2019.

b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets to fair value. This implies that the Company will continue realizing assets in the normal course of business for the foreseeable future. The accounts are presented in Canadian dollars, which is the functional currency of the Company. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

c) Basis of Consolidation

These condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company - Glance Pay, Glance Pay USA Inc. and Glance Coin. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances are eliminated upon consolidation.

d) Reclassifications

Certain of the prior period figures have been reclassified to conform to the current year’s presentation.

e) Marketable Securities

Marketable securities are comprised of common shares and warrants of publicly-traded company. The fair value of common shares and warrants have been determined by reference to public price quotations in an active market. The investments in marketable securities are classified as fair value through profit or loss and are measured at fair value with unrealized gains and losses recorded in the consolidated statement of operations.

Glance Technologies Inc.

Notes to the Condensed Interim Consolidated Financial Statements

May 31, 2019

Unaudited – (stated in Canadian dollars)

2. Significant Accounting Policies (continued)

f) Significant Accounting Estimates and Judgments

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the collectability of accounts and other receivables, the useful lives and carrying values of property and equipment and intangible assets, the carrying value of investments including the variables used in calculating the fair value of warrants, the measurement of stock option-based payments, unrecognized deferred income tax assets and the split between current and non-current deferred revenue.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended November 30, 2018.

g) New Accounting Standards and Interpretations

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are mandatory for accounting years beginning on or after December 1, 2018 or later years. All other significant accounting policies have been applied on a basis consistent with those applied in the most recent audited annual consolidated financial statements. The policies applied in these consolidated financial statements are based on IFRS issued and outstanding as at the date the Board of Directors approved and authorized to issue these consolidated financial statements.

New standard IFRS 16, "Leases"

IFRS 16 replaces IAS 17, "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue From Contracts". The Company is currently assessing the impact of the implementation of IFRS 16 on its consolidated financial statements, and plans to apply IFRS 16 on a simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

h) Recently adopted accounting policies

Newly adopted standard IFRS 15, "Revenue from Contracts with Customers"

The Company has adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15") effective December 1, 2018. The objective of this new standard is to provide a single, comprehensive revenue recognition framework for all contracts with customers to improve comparability of financial statements of companies globally. This new standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

Glance Technologies Inc.
Notes to the Condensed Interim Consolidated Financial Statements
May 31, 2019

Unaudited – (stated in Canadian dollars)

2. Significant Accounting Policies (continued)

h) Recently adopted accounting policies (continued)

As a result of the application of this new standard, where a right of return exists, the Company records an asset and a refund liability when revenue is recorded. Under IFRS 15, there is a requirement to apply a five-step model to determine when and what amount of revenue to recognize. Revenue will either be recognized over time or at a point in time, when control transfers to the customer. The implementation of IFRS 15 did not have a significant impact on the Company’s consolidated financial statements.

Newly adopted standard IFRS 9, “Financial Instruments”

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Under IFRS 9, the IAS 39 guidance will be replaced relating to the classification and measurement of financial instruments, and this new standard has been implemented as at December 1, 2018.

The Company has adopted IFRS 9 Financial Instruments (“IFRS 9”) effective December 1, 2018. The implementation of IFRS 9 did not have a significant impact on the Company’s consolidated financial statements. IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instrument’s contractual cash flow characteristics and the business models under which they are held. At initial recognition, financial assets are measured at fair value. The adoption of IFRS 9 did not result in a material change in the carrying values of any of the Company’s financial assets or liabilities on the transition date.

The following table presents the classification impacts on the financial assets and liabilities upon the adoption of IFRS 9. There was no significant impact with regards to the measurement of the financial assets and liabilities.

	Classification under IAS 39	Classification under IFRS 9
Cash	Fair value through profit or loss	Fair value through profit or loss
Trade receivables	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Marketable securities	Available for sale	Fair value through profit or loss
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

Financial liabilities are recognized initially at fair value, and in the case of financial liabilities, not subsequently measured at fair value, net of directly attributable transaction costs. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. Accounts payable and accrued liabilities are classified as financial liabilities to be subsequently measured at amortized cost. The adoption of IFRS 9 did not result in a change in the carrying values of any of the Company’s financial liabilities on the transition date.

IFRS 9 requires a forward-looking expected credit loss impairment (“ECL”) model as opposed to an incurred credit loss model under IAS 39. The Company’s financial assets include trade receivables and other receivables, and the Company will opt to use the general approach for measuring the loss allowance at an amount equal to lifetime ECL. Under the general approach, at each reporting date, an entity recognizes a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognized in the consolidated statement of operations as an impairment gain or loss. The adoption of the ECL model does not have an impact on the Company’s consolidated financial statements and did not result in a transitional adjustment.

Glance Technologies Inc.
Notes to the Condensed Interim Consolidated Financial Statements
May 31, 2019

Unaudited – (stated in Canadian dollars)

2. Significant Accounting Policies (continued)

h) Recently adopted accounting policies (continued)

The Company's financial instruments include cash, accounts and other receivables, marketable securities, accounts payable and accrued liabilities. All financial instruments are recorded at fair value at recognition. Subsequent to initial recognition, financial instruments classified as accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Other financial assets and liabilities are recorded at fair value subsequent to initial recognition.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities, other than financial assets and financial liabilities measured at fair value through profit and loss ("FVTPL"), are accounted for as part of the carrying amount of the respective asset or liability at inception. Transaction costs related to financial instruments measured at amortized cost are amortized using the effective interest rate over the anticipated life of the related instrument. Transaction costs on financial assets and financial liabilities measured at FVTPL are expensed in the period incurred. Financial assets are derecognized when the contractual rights to the cash flows from financial assets expire or have been transferred. All derivative instruments, including embedded derivatives, are recorded in the consolidated financial statements at fair value.

3. Accounts and Other Receivables

Accounts and other receivables balance consist of the following:

	May 31, 2019	November 30 2018
	\$	\$
Accounts receivable – Customers	20,406	65,116
Accounts receivable – Merchant	19,250	19,425
GST receivable	17,063	64,643
Other receivables	545	96,680
	57,264	245,864

4. Prepaid Expenses and Deposits

The prepaid expenses and deposits balance consist of the following:

	May 31, 2019	November 30 2018
	\$	\$
Fobisuite agreement	-	1,500,000
Security deposits	102,931	107,491
Other prepayments	48,671	82,551
	151,602	1,690,042

During the period ended May 31, 2019 the Company amended its agreement and transaction with Fobisuite Technologies Inc. and expensed \$1,500,000 (2018 - \$Nil) to software development and information technology. Refer to Note 16.

Glance Technologies Inc.
Notes to the Condensed Interim Consolidated Financial Statements
May 31, 2019

Unaudited – (stated in Canadian dollars)

5. Marketable Securities

The breakdown of marketable securities as at May 31, 2019 is as follows

	May 31, 2019	November 30, 2018
	\$	\$
Yield Growth Corp – current	2,406,000	-
Yield Growth Corp – non-current	3,928,272	-
	6,334,272	-

On May 29, 2017 (and as amended and restated on May 31, 2017), the Company’s subsidiary Glance Pay (“Glance Pay”) entered into a licensing agreement with The Yield Growth Corp. (“Yield”), a company incorporated in the province of British Columbia. Pursuant to the licensing agreement, Glance Pay granted Yield a worldwide, non-exclusive license to use its intellectual property in the marijuana financial technology industry.

The licence had an initial term of one year and will automatically renew for up to 50 additional one year terms upon Yield’s payment of the annual renewal fee of \$10,000. As consideration for the license, Yield agreed to pay Glance Pay a fee of \$912,500 for the initial term of one year, which was paid as follows:

- \$100,000 on May 31, 2017;
- \$200,000 on June 20, 2017; and
- \$612,500 from the issuance of 2,450,000 common shares of Yield on November 28, 2017.

Pursuant to the terms of the licensing agreement, on May 31, 2017 and June 20, 2017, the Company acquired an additional 8,000,000 common shares of Yield for proceeds of \$400,000. This was in addition to 2,450,000 shares at a fair value of \$0.25 per share for services. On June 4, 2018, Yield split their common shares on the basis of two for one, increasing the Company’s holdings in Yield to 20,900,000 common shares.

As part of an agreement modification in November 2018, Glance returned 11,900,000 Yield common shares in exchange for the issuance of 6,000,000 warrants to purchase Yield shares with a five-year term at a price of \$0.50 per share. As a result of the modification, the Company amended its accounting of its investment in Yield from the equity method to FVTPL as the Company no longer had significant influence of Yield as its common share holdings were less than 20% and had no participation in the operations of Yield. As part of the modified agreement, the Company agreed not to sell more than 20,000 of its Yield shares in a single day when Yield became listed on a Canadian stock exchange, which occurred on December 14, 2018. During the six months ended May 31, 2019, the Company sold 900,000 shares of Yield for proceeds of \$474,130. As at May 31, 2019, the fair value of the 8,100,000 Yield common shares was \$3,969,000 (November 30, 2018 - \$2,430,000). As at May 31, 2019, the fair value of the 5,460,000 Yield warrants was \$2,365,272 (November 30, 2018 - \$1,440,000) calculated using the Black-Scholes option pricing model assuming no forfeitures or expected dividends, expected life of five years, volatility of 150%, and a risk-free rate of 2.43%. During the six months ended May 31, 2019, the Company recorded an unrealized gain of \$2,804,040.

	November 30, 2018	Proceeds from Sale	Realized gain on Sale	Unrealized gain/ loss	May 31, 2019
	fair value	\$	\$	\$	fair value
	\$	\$	\$	\$	\$
Yield Growth Corp - Shares	2,430,000	(474,130)	231,130	1,782,000	3,969,000
Yield Growth Corp - Warrants	1,440,000	(82,575)	(14,193)	1,022,040	2,365,272
	3,870,000	(556,705)	216,937	2,804,040	6,334,272

Glance Technologies Inc.
Notes to the Condensed Interim Consolidated Financial Statements
May 31, 2019

Unaudited – (stated in Canadian dollars)

6. Investments

Below is a summary of the investments held by the Company:

	May 31, 2019	November 30, 2018
	\$	\$
Yield Growth Corp. (<i>see Note 5</i>)	-	3,870,000
Euro Asia Pay Holdings Inc.	595,000	595,000
Loop Insights Inc.	250,000	250,000
	845,000	4,715,000

Euro Asia Pay Holdings Inc. (“EAP”)

In October 2017, Glance Pay received \$250,000, as due upon signing an agreement with EAP. In November 2017, EAP issued 8,500,000 common shares at fair market value of \$595,000, pursuant to its obligation to pay for an element of licensing, the design of the application and marketing. As at November 30, 2018, the Company still held 8,500,000 shares of EAP with a fair value of \$595,000. Euro Asia Pay is a private company incorporated under the laws of the province of British Columbia, Canada, on October 16, 2017. EAP combines traditional financial service with innovative technology to provide enhanced digital financial services to operate business in the tourism and education industry. As of May 31, 2019 and November 30, 2018, Glance Pay owned less than 20% of the issued and outstanding common shares of Euro Asia Pay.

Loop Insights Inc. (formerly “Big Cannabis Data”)

On January 4, 2018, Yield, a private company that is partially owned but not controlled by the Company, signed a definitive agreement for licensing and product pre-sales with Loop Insights Inc. (“Loop”) (formerly “Big Cannabis Data”). Under the terms of the agreement, Yield sublicensed the Glance Pay mobile payment platform technology to Loop for \$2,000,000 for a one year license, payable in stock at a fair value of \$0.25 per share for 8,000,000 common shares, of which 4,000,000 common shares was paid to Glance as a sublicense royalty, and the sublicense was renewable for \$10,000 per year. On February 6, 2018, the 4,000,000 Loop common shares were transferred by Yield to Glance Pay. Loop is a private company incorporated under the laws of the province of British Columbia, Canada on January 2, 2018. Loop combines traditional financial service with innovative technology to provide enhanced digital financial services to legally operating businesses in the marijuana industry. AlkaLi3 has announced that Loop and AlkaLi3 will amalgamate, and the amalgamated corporation will carry on the business of Loop under the name "Loop Insights Inc." and proposes to list as a Tier 2 Technology Issuer on the TSX Venture Exchange.

During the year ended November 31, 2018, the Company recognised revenue of \$1,000,000 to Loop in connection with a royalty fee for sublicensing the mobile payment platform from Yield. In November 2018, a modified agreement was put in place to cancel the Yield sublicense and the Company entered into a more limited scope license agreement to work directly with Loop and leverage each other’s technology. There has been no impact to revenue as the licensed patents were already provided under the original agreement. There are no remaining obligations under the contract prior to modification and there are no new performance obligations under the modified contract. Glance received 1,000,000 common shares at a fair value of \$0.25 per share of Loop in connection with the license agreement in place of the 4,000,000 common shares it previously owned. As of May 31, 2019 and November 30, 2018, Glance Pay owned less than 20% of the issued and outstanding common shares of Loop.

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7. Joint Venture Agreement – Converge MobiSolutions Inc.

Glance previously announced an agreement with Fobisuite which included the grant of a license from Glance and Fobisuite to a newly-created company Fobi Pay Technologies Inc. (“Fobi Pay”). The terms of that agreement were amended to substitute a new entity, Converge MobiSolutions Inc. (“Converge”), for Fobi Pay. As part of the amended agreement, Glance has entered into a license and distribution agreement with Converge pursuant to which Converge has the right to sell Glance’s technology. Converge has also entered into a separate license and distribution agreement pursuant to which it has the right to sell certain other technology that has been licensed to Kinect. As explained further below, Converge will be focused on marketing and selling technology to certain types of merchants such as casinos, hotels, restaurants and nightclubs and will target certain geographies including Las Vegas. Glance owns 49% of the common shares of Converge and Kinect owns the remaining 51% of Converge.

Glance owns 20,000,000 shares in Converge and Kinect owns 20,500,000 shares. There was no cash or share consideration for entering into this joint venture. It is noted by the Company that no transactions took place during the six month ended May 31, 2019; therefore, no incorporation is required at this time.

8. Property and Equipment

A continuity of the Company’s property and equipment is as follows:

	Tenancy Improvements	Computer Equipment	Office Furniture	Total
	\$	\$	\$	\$
<u>Cost:</u>				
Balance, November 30, 2018	220,474	367,819	26,075	614,368
Additions	-	4,315	1,418	5,733
Disposals	-	(15,307)	-	(15,307)
Balance, May 31, 2019	220,474	356,827	27,493	604,794
<u>Accumulated Depreciation:</u>				
Balance, November 30, 2018	75,877	213,628	8,612	298,117
Additions	86,758	65,667	5,792	158,217
Disposals	-	(9,512)	-	(9,512)
Balance, May 31, 2019	162,635	269,783	14,404	446,822
<u>Carrying Amounts:</u>				
Balance, November 30, 2018	144,597	154,192	17,463	316,251
Balance, May 31, 2019	57,839	87,044	13,089	157,972

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9. Intangible Assets

A continuity of the Company's intangible assets is as follows:

	Computer Software \$	Payment Processing Applications \$	Patent and Domain Name \$	Total \$
<u>Cost:</u>				
Balance, November 30, 2018 and May 31, 2019	493,244	26,667	32,111	552,022
<u>Accumulated Depreciation:</u>				
Balance, November 30, 2018	369,933	20,000	-	389,933
Additions	92,484	5,000	-	97,484
Balance, May 31, 2019	462,417	25,000	-	487,417
<u>Carrying Amounts:</u>				
Balance, November 30, 2018	123,311	6,667	32,111	162,089
Balance, May 31, 2019	30,827	1,667	32,111	64,605

On March 31, 2016, the Company filed a provisional application in the United States to patent its wireless electronic transaction system. In August 2016, the Company launched its payment processing application and began amortizing its acquired computer software and payment processing application. The Company amortizes its intangible assets on a straight-line basis over the estimated useful life of three years.

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consists of the following:

	May 31, 2019 \$	November 30, 2018 \$
Accounts payable	14,247	172,234
Accrued liabilities	79,150	139,988
Amounts due to related parties (Note 15)	60,616	62,041
Payroll liabilities	41,537	82,298
	195,550	456,561

11. Deferred revenue

The breakdown of deferred revenue as at May 31, 2019 is as follows:

	May 31, 2019 \$	November 30, 2018 \$
Euro Asia Pay Holdings Inc. - Current	144,404	144,404
Euro Asia Pay Holdings Inc. – Non-current	132,370	204,572
	276,774	348,976

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12. Revenue

The breakdown of revenue for the three and six months ended May 31, 2019 and 2018, is as follows:

	Three months ended May 31, 2019 \$	Three months ended May 31, 2018 \$	Six months ended May 31, 2019 \$	Six months ended May 31, 2018 \$
Application, development & service fees	10,627	153,485	20,097	283,204
License fee	33,640	50,575	67,280	50,575
Marketing and branding services	-	25,000	-	69,000
Royalty fee	-	-	-	1,000,000
	44,267	229,060	87,377	1,402,779

During the three and six months ended May 31, 2019, the Company's revenue recognition pertains to fees charged to merchants for payment processing through the Company's Glance Pay application. There was also revenue recognised for licensing fees.

13. Share Capital

As at May 31, 2019, the Company had 17,438,102 (November 30, 2018 – 24,282,440) common shares held in escrow.

Share Warrants:

	Number of warrants	Weighted average exercise price \$
Balance, November 30, 2018	6,281,687	2.81
Expired	(5,192,085)	3.33
Outstanding, May 31, 2019	1,089,602	0.31

Additional information regarding Share Purchase Warrants outstanding as at May 31, 2019 is as follows:

Number of warrants outstanding	Exercise price \$	Expiry Date
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
6,940	0.75	June 19, 2019
15,054	0.75	June 20, 2019
<u>1,089,602</u>		

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14. Stock Options

Pursuant to the Company's Stock Option Plan (the "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 as well as the vesting conditions are at the sole discretion of the directors. During the six month period ended May 31, 2019, the Company granted 3,935,000 options to employees, directors and consultants of the Company, with exercise prices ranging from \$0.155 to \$0.18 per Common Share. These options vest over a two-year period with a term of five years. In accordance with the Company's Stock Option Plan, options will terminate 90 days after an employee or consultant ceases to work for the Company. During the six month period ended May 31, 2019, a total of 2,393,750 stock options were cancelled or forfeited. Subsequent to May 31, 2019, a further 210,000 stock options were cancelled.

During the six months ended May 31, 2019, there were 3,946,500 options modified for employees, officers and directors. They were all re-issued after 30 days in accordance with CSE policy at the market price of \$0.155. All re-issued options had the same vesting periods as before.

A continuity schedule of the incentive stock options is as follows:

	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

Additional information regarding stock options outstanding as at May 31, 2019 is as follows:

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	4.94	0.14
0.15	1,725,000	875,000	3.59	0.15
0.155	6,081,500	2,552,750	4.90	0.155
0.18	100,000	-	4.55	0.18
0.295	30,000	30,000	3.30	0.295
0.34	20,000	20,000	4.17	0.34
0.39	75,000	75,000	4.26	0.39
0.50	75,000	-	4.08	0.50
1.36	100,000	100,000	3.69	1.36
1.37	25,000	25,000	3.46	1.37
1.46	650,000	650,000	3.65	1.46
2.68	1,000,000	1,000,000	3.52	2.68
	10,081,500	5,352,750	4.42	0.51

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14. Stock Options (continued)

The fair value of options granted during the period was estimated on the date of grant using the Black-Scholes option pricing model assuming no expected dividends and the following assumptions:

	2019	2018
Expected stock price volatility	133%	141%
Risk-free interest rate	0.76%	0.76%
Expected life of options (years)	2.00	2.00
Expected forfeiture rate	5%	5%

The weighted average fair value of options granted was \$0.15 (2018- \$1.15) per option. During the six months ended May 31, 2019, the Company recognized stock options-based compensation expense of \$348,103 (2018 - \$905,807) for options previously granted to directors, officers, employees and consultants, which are unvested.

15. Related Party Transactions

Related party transactions not disclosed elsewhere in these statements are as follows:

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

	May 31, 2019	May 31, 2018
	\$	\$
Remuneration and fees	<i>(unaudited)</i> 599,717	<i>(unaudited)</i> 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. Amounts owing to related parties as at May 31, 2019 and November 30, 2018 are recorded in accounts payable and accrued liabilities.

- (a) During the six months ended May 31, 2019, the Company incurred software, research, and development costs of \$24,000 (2018 - \$31,500), sales and marketing expenses of \$12,000 (2018 - \$8,308) and management fees of \$24,000 (2018 - \$20,192) to the Chief Executive Officer (“CEO”) of the Company. As at May 31, 2019, the Company owed \$4,765 (November 30, 2018 - \$4,791) to the CEO. The amounts due were unsecured, non-interest bearing and due on demand.
- (b) During the six months ended May 31, 2019, the Company incurred software development and information technology expense of \$60,000 (2018 - \$60,000) to the Chief Technical Officer (“CTO”) of the Company. As at May 31, 2019, the Company owed \$10,641 (November 30, 2018 - \$24,790) to the CTO. The amounts due were unsecured, non-interest bearing and due on demand.
- (c) During the six months ended May 31, 2019, the Company incurred general and administrative expenses of \$60,000 (2018 - \$57,041) to the Chief Financial Officer (“CFO”) of the Company. As at May 31, 2019, the Company owed \$8,269 (November 30, 2018 - \$6,846) to the CFO. The amounts due were unsecured, non-interest bearing and due on demand.
- (d) During the six months ended May 31, 2019, the Company incurred general and administrative expenses of \$50,000 (2018 - \$nil) to the former Chief Operating Officer (“COO”) of the Company.
- (e) During the six months ended May 31, 2019, the Company incurred general and administrative expenses of \$90,000 (2018 - \$nil) to the Chief Commercial Officer (“CCO”) of the Company. As at May 31, 2019, the Company owed \$16,252 (November 30, 2018 - \$10,445) to the CCO. The amounts due were unsecured, non-interest bearing and due on demand.

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15. Related Party Transactions (continued)

- (f) During the six months ended May 31, 2019, the Company incurred general and administrative expenses of \$68,750 (2018 - \$nil) to the Chief People and Culture Officer (“CPCO”) of the Company. As at May 31, 2019, the Company owed \$10,785 (November 30, 2018 - \$169) to the CPCO.
- (g) During the six months ended May 31, 2019, the Company incurred sales and marketing expenses of \$70,967 (2018 - \$92,917) to the Vice President of Business and Client Development of the Company. As at May 31, 2019, the Company owed \$9,902 (November 30, 2018 - \$14,286) to the Vice President of Business and Client Development. The amounts due are unsecured, non-interest bearing and due on demand.
- (h) During the six months ended May 31, 2019, the Company incurred management expenses of \$140,000 (2018 - \$nil) to the board of directors. As at May 31, 2019, the Company owed \$nil (November 30, 2018 - \$15,000) in director fees.

16. Operating Expenses

Corporate communications and investor media expenses consist of the following:

	Three months ended May 31, 2019 \$	Three months ended May 31, 2018 \$	Six months ended May 31, 2019 \$	Six months ended May 31, 2018 \$
Awareness programs	-	107,466	2,667	2,112,066
Media tools	20,044	171,882	61,661	460,349
Publicists	12,500	68,011	56,085	83,081
	32,544	347,359	120,413	2,655,496

Finance expenses consist of the following:

	Three months ended May 31, 2019 \$	Three months ended May 31, 2018 \$	Six months ended May 31, 2019 \$	Six months ended May 31, 2018 \$
Financing costs	187	-	4,496	2,005
Interest and bank charges	11,966	15,379	23,417	31,028
Transfer agent fees	12,004	12,271	20,783	42,255
	24,157	27,650	48,696	75,288

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16. Operating Expenses (continued)

General and administrative costs consist of the following:

	Three months ended May 31, 2019 \$	Three months ended May 31, 2018 \$	Six months ended May 31, 2019 \$	Six months ended May 31, 2018 \$
Consulting	51,250	108,300	148,750	225,000
Office	83,167	159,040	154,695	274,767
Rent	128,757	166,285	266,031	205,499
Salaries	154,489	215,520	329,621	386,319
Travel	1,977	24,583	8,614	33,431
	419,640	673,728	907,711	1,125,016

Professional fees consist of the following:

	Three months ended May 31, 2019 \$	Three months ended May 31, 2018 \$	Six months ended May 31, 2019 \$	Six months ended May 31, 2018 \$
Accounting and auditing	22,305	29,599	71,931	60,399
Insurance	2,736	2,750	5,586	5,500
Legal fees	22,790	132,171	75,109	398,038
Listing expenses	28,732	6,838	32,701	13,750
	76,563	171,358	185,327	477,687

Sales and marketing expenses consist of the following:

	Three months ended May 31, 2019 \$	Three months ended May 31, 2018 \$	Six months ended May 31, 2019 \$	Six months ended May 31, 2018 \$
Conference and events	-	47,932	-	435,910
Consulting	-	402,810	-	848,271
Salaries and management fee	251,094	261,350	533,600	462,400
Sales and marketing	129,331	317,448	257,172	699,701
Travel	14,312	52,772	29,964	82,167
	394,737	1,082,312	820,736	2,528,449

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16. Operating Expenses (continued)

Software development and information technology expenses consist of the following:

	Three months ended May 31, 2019 \$	Three months ended May 31, 2018 \$	Six months ended May 31, 2019 \$	Six months ended May 31, 2018 \$
Computer expenses	63,464	59,071	124,426	126,500
Fobisuite license	1,500,000	-	1,500,000	-
Salaries and management fee	294,479	503,453	675,948	795,504
Software development consultancy	2,469	182,195	6,790	182,195
	1,860,412	744,719	2,307,164	1,104,199

Proxy contest expenses consist of the following:

	Three months ended May 31, 2019 \$	Three months ended May 31, 2018 \$	Six months ended May 31, 2019 \$	Six months ended May 31, 2018 \$
Legal fees	-	227,708	-	276,328
Printing and mailing	-	23,594	-	23,594
Shareholder communications	-	746,426	-	920,450
	-	997,728	-	1,220,372

17. Supplemental Cash Flow Information

	May 31, 2019 \$	May 31, 2018 \$
Non-cash investing and financing activities:		
Investments received as payment for deferred revenue	-	800,000
Common shares issued as commission	-	773,640
Supplemental disclosures:		
Interest paid	-	-
Income taxes paid	-	-

18. Segmented Information

The Company's business consists of one operating segment and the Company's assets are located geographically in Canada and the USA. The USA operating segment does not exceed 10% of reported revenue or 10% of the combined assets of the Company. Thus, the geographic segments are aggregated into a single operating segment based on this, as well as having similar economic characteristics.

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19. Commitment

On November 28, 2017, the Company entered into an agreement with Vision Critical Communications Inc. to sublease their premises located on the 4th Floor at 200 Granville Street, Vancouver, BC, V6C 1S4. The term of the lease commenced on March 1, 2018 and expires on September 29, 2019. The sub-landlord is to be compensated with a monthly fee of \$52,079 (plus applicable taxes).

Year	\$
2019	208,316

20. Financial Instruments

a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at May 31, 2019, as follows:

	Fair Value Measurements Using			Balance, May 31, 2019 \$		
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$			
	Cash	3,149,551	–		–	3,149,551
	Marketable securities	3,928,272	2,406,000		–	6,334,272
Investments	–	845,000	–	845,000		
Total	7,077,823	3,251,000	–	10,328,823		

The fair values of other financial instruments, which include accounts and other receivable, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

The fair values of the unquoted investments are measured at fair market value based on the share issuance prices paid by third party investors to these companies. The Company will continue to monitor the share issuance activity of these entities to ensure that there is no impairment to the investments.

b) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada. Accounts and other receivables are comprised of trade receivables from restaurants and merchants and GST receivable due from the Government of Canada. The Company performs ongoing credit evaluations, does not require collateral and establishes an allowance for doubtful accounts based on the age of the receivable and the specific identification of receivables the Company considers at risk. The carrying amount of financial assets represents the maximum credit exposure.

c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

d) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditures. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations. As at May 31, 2019, the Company's cash balance was \$3,149,551 (November 30, 2018 - \$5,626,789) to settle current liabilities of \$339,954 (November 30, 2018 - \$600,965).

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21. Subsequent Event

The following material events occurred subsequent to May 31, 2019:

- 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 shares of Loop.