

# **Glance Technologies Inc.**

## **Management's Discussion and Analysis**

For the year ended November 30, 2016

Prepared as of March 30, 2017



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### **General**

The following discussion and analysis, prepared as of March 30, 2017 should be read together with the audited consolidated financial statements for the year ended November 30, 2016 and related notes attached thereto, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://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.

### **Description of Business**

The consolidated entity (referred to as the “Company”) presents the audited consolidated statements including Glance Technologies Inc., and its wholly owned subsidiaries Glance Pay Inc., and Glance Pay USA Inc. The Company’s shares commenced trading on the Canadian Securities Exchange under the ticker symbol “GET” on September 7, 2016. This discussion and analysis provides an overview of the financial activities for the year ended November 30, 2016. 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 IFRS.

The Company owns and operates Glance Pay, a streamlined payment system that revolutionizes

how smartphone users choose where to dine, settle restaurant bills, access payment records and interact with restaurants. Glance Pay intends to become the industry standard as one of the four pillars in restaurant payments, beside credit cards, debit cards and cash. The Company is building a valuable network of restaurants and consumers, and offers targeted in-app marketing, customer feedback, in-restaurant messaging and custom rewards programs for restaurants. The Glance Pay mobile payment system consists of proprietary technology, which includes user apps available in IOS (Apple) and Android formats, a restaurant manager app, an internal customer service app, a large scale technology hosting environment with sophisticated anti-fraud technology and a banking network for payment delivery to restaurants.

From development introduction to launch in September 2016, Glance Pay has had an incredible progression in growth of restaurant partners, user acquisition, and industry alliances that has allowed Glance Pay to become the most downloaded payments app for full-serve restaurants in North America (Dec 2016, apptopia).

In business development, the Company has the commitment of over 130 restaurants throughout Canada with 70 of those restaurants launched and utilizing Glance Pay as their mobile payments app of choice. Encompassed within the Company's restaurant alliances are two well-known chains, MR MIKES Steakhouse Casual and Famoso Neopolitan Pizzeria, which include 61 locations combined. With prospective meetings and current negotiations, the Company has engaged with more than 20 Canadian restaurant chains and a full pipeline of highly interested restaurants. Prospective chains account for 50% of the Company's growth factor. The remaining 50% is composed of popular, award-winning and new-concept restaurants. Many of these restaurant chains have subsidiaries in the U.S. and therefore align perfectly with the Company's plan for expansion in the U.S. The Company's business development plans include both employee and consultant sales professionals located in strategic areas of Canada and the U.S.

With the CEO's, CTO's and COO/President's direction, the Company has developed a series of effective presentations and proposals that showcase Glance Pay's industry leading technology and provides a compelling insight to signing authorities within the restaurant space. Accompanied with live demonstration of the app, from both the user and restaurant perspective, ownership and management can see the rapid delivery, real time effectiveness of the app and ease of use. This has given the Company strong advantages over competitors in the mobile payment space for restaurants.

To successfully execute the Company's aggressive growth strategy and keep up with the incredible demand by restaurant groups and owners across Canada, the Company has developed a remote launch kit that allows a restaurant outside of Glance Pay's launch regions to set up and have Glance Pay live in less than one hour. With easy to understand and step by step instructions, complimented by customized training videos, as well as, a conference call led by the Company's VP of Implementation, restaurants anywhere can offer Glance Pay easily and effectively. This is followed up with a partnership strategy that supports a maintained and communication focused relationship with the ownership, management and serving staff to grow, maintain, and enhance the Glance Pay adoption rate.

## **Mobile Payment Market - Summary Overview**

The mobile payment sector is growing rapidly. In 2014, global mobile payments totaled US\$392 billion, and are expected to reach US\$2,849 billion by 2020, growing with a compound annual growth rate of 39.2%<sup>1</sup>. According to statistics from Canada's Payments Association, electronic payments (including debt, credit, electronic fund transfers and online transfers) accounted for approximately 58% of total payment volume in Canada in 2014<sup>2</sup>. According to Statista, in 2015 global mobile app revenues amounted to US\$41.1 billion. In 2020, global consumers are projected to spend over US\$101 billion on mobile apps via app stores. Apple reported in 2015 that its App Store surpassed 100 billion app downloads and that Apple has paid out more than US\$30 billion to app developers.<sup>3</sup>

In December 2016, it was announced that Glance Pay was the #1 downloaded full service restaurant mobile payment app in North America.

## **Corporate Development Strategy**

Through innovation and user-focused product development, the Company's proprietary mobile payment system, Glance Pay, is intended to become a pillar of payment methods; turning early adopters into daily users of mobile payments around the globe.

The Company is conscious that competition in the Canadian market could increase as fintech and mobile payments become more of a focus. The following are competitive factors believed to be important in this market:

- Focus on user experience
- Rapid deployment
- Ease of use
- Reliability and trust
- Security
- Transferability to other settings
- Organizational agility
- Innovation
- Superior technological development and integration

Given the challenges involved in generating significant revenues for a new venture, the Company will be allocating its resources to achieve four fundamental tasks around corporate development over the next 12 months. Each of these tasks involves the development and promoting of the value of the Company's technology, which continues to provide the greatest potential for increasing corporate revenues.

## **Corporate Objectives for 2017**

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<sup>1</sup> Future Market Insights, "Mobile Payment Transaction Market: Global Industry Analysis and Opportunity Assessment 2014 – 2020", online: <http://www.futuremarketinsights.com/reports/global-mobile-payment-transaction-market>.

<sup>2</sup> Canadian Payments Association, "Canadian Payment Methods and Trends: 2015", online at [www.cdnpay.ca](http://www.cdnpay.ca).

<sup>3</sup> The Verge, "Apple's app store has surpassed 100 billion downloads", June 8, 2015, online at <http://www.theverge.com/2015/6/8/8739611/apple-wwdc-2015-stats-update>.

### **1. Expand the existing network of restaurants and increase user-base**

Glance Pay is defined as a proprietary full scope mobile payment solution for restaurants with rapid launch capabilities, easy and secure sign-up, first-class verification, in-app marketing solutions and real-time customer feedback. As of March 29, 2017, the Company has launched in 68 restaurants and have signed over 130 restaurants in total. The app is now live in Vancouver and all over the Lower Mainland, as well as in Toronto, Ontario, Edmonton, Alberta, and Victoria, British Columbia. The development of training videos, training documentation and real-time launch support has quickly enabled the Company to launch restaurants remotely, in addition to executing through the Company's remote launch kit which enables restaurants to become live and accepting the Glance Pay mobile payment solution in under one hour. Launching new parts of Canada also enables the Company to reach new user-base. In addition, as of March 2017, the Company has entered the quick-serve restaurant market. Quick-serve restaurants are primarily "fast food" establishments, or those with limited table and sit down service.

### **2. Continue innovation through development of intellectual property**

Glance is committed to improving the user experience through continuous creative innovation and new product development. There has been a significant overhaul to the Glance Pay mobile app in recent weeks, enhancing the user experience and continuing to create barriers to entry for competitors seeking to enter the mobile payment market based on the success and rapid growth of the Company. As even more intellectual property has been developed, a new provisional patent application was also submitted in the United States in mid-March. This allows for continued market growth and enhanced offerings to the Company's current partner restaurants, as well as, the quick-serve restaurant segment. With Glance Pay's new quick-serve application, a user opens the app at a till and the amount due appears in the app. The user then selects the tip and clicks to pay. Management believes the Glance Pay quick-serve payment app is more convenient than existing large chain quick-serve apps because Glance Pay does not require the user to pre-load a card and because its payment mechanism does not require scanning of the user's mobile device. Glance Pay offers advantages over the tap method of payment by creating a network between users and retailers, offering rewards, and providing the support of Glance's targeted marketing designed to attract more regular customers, increase visits and purchases from regular customers and bring in new customers.

### **3. Increase revenues by providing additional services to restaurants**

There is huge potential for providing restaurants with additional services. In addition to processing fees for mobile payment transactions, Glance Pay's 2017 revenue strategy and portfolio now includes a monthly fee package, in-app marketing and digital marketing solutions, customer intelligence and feedback, competitive merchant services for non-mobile payments, influencer events and video production. As a result of the Company's multi-faceted revenue strategy, it has also secured a new contract for non-mobile payments, as a reseller of Global Payments Inc. (NYSE:GPN), based on the key relationships built via Glance Pay.

### **4. Enter the U.S. market**

Glance Pay USA, Inc. was incorporated on October 11, 2016 as a platform for the Company to enter the U.S. market. As of March 2017, the Company has identified a payment processing partner and sourced office space for a U.S. head office in New York, New York. In recent years, increased penetration of smartphones across the globe, comfort in using the applications, and

busy lifestyles are increasing the usage of mobile payment systems. Owing to its essential nature in today's fast and busy lifestyle, mobile payments are gaining speed across the globe. The changing attitude of consumers and urge for faster transaction is creating a positive impact on the mobile payments market.

### **Corporate Development Summary**

With the formation of a clear strategy, management is of the view that the Company is well positioned to overcome any challenges that may arise in pursuing the following objectives identified for 2017:

- hire and grow a Canadian and U.S. sales team;
- generate qualified restaurant leads to help achieve and surpass 2017 sales targets;
- increase brand exposure with organizations associated with the restaurant industry in North America (namely Toronto & New York);
- grow user acquisition in Canada;
- drive awareness of core competencies in:
  - rapid launch mobile payment solutions;
  - anti-fraud technology;
- enhance features and capabilities of the app (continue innovation of existing and new products and services);
- release in the U.S. app store;
- align with fine dining, popular and casual, as well as quick-serve restaurants/food services
- drive awareness of the Company's secondary competencies in:
  - in-app marketing solutions
  - digital marketing solutions; and
  - customer feedback & positive customer review generation.

### **The Consolidated Statements of Financial Position and Consolidated Statements of Operations & Comprehensive Loss**

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 \$8,005 in revenue, it did not result in a positive cash flow.

Management expects to continue launching its mobile application in many more Canadian restaurants (currently approximately 60 have signed who have yet to be launched).

The following two consolidated statements report information about the Company as a whole and about its activities in a way that helps describe how it performed in the current period. These consolidated statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

### **Overall Performance**

The Company was at the development stage for most of the financial year. The overall performance for the year ended November 30, 2016:

- Successfully launched Glance Pay application at the end of the third quarter.
- The Company went public on the CSE (“GET”) on September 7, 2016, raising equity of over \$1 million through an initial public offering and private placement.
- Launched at 41 restaurants and acquired over 4,200 unique users.

	November 30, 2016	November 30, 2015
<b>Revenue</b>	8,005	0
<b><u>Expenses</u></b>		
Depreciation	71,221	0
Finance expenses	23,789	1,868
Management fees	34,250	39,857
Office and miscellaneous	290,112	18,229
Professional fees	180,556	26,649
Sales and marketing expenses	699,980	131,000
Software development and IT	378,577	103,933
Stock option-based payments	479,931	5,197
Total expenses	(2,158,416)	(326,733)
Loss from operations	(2,150,411)	(326,733)
Other income (expense)		
Gain on disposal of equipment	266	0
Gain on forgiveness of related party debt	0	2,027
Restructuring costs	0	(213,719)
Net Loss	(2,150,145)	(538,425)
EBITDA	(2,077,762)	(538,425)
Loss per share	(0.04)	(0.02)
Weighted average number of common shares	49,259,503	32,317,813
Total assets	1,101,938	1,031,335
Total current liabilities	142,873	59,621
Total non-current liabilities	0	0

## Revenues

The Company generates revenue through its subsidiary, Glance Pay Inc. The payment processing application launched in August and total revenues for the year were \$8,005 from 41 restaurants, launched on various dates through the final four months of the fiscal year. The Company's revenue is derived from credit card margins on customers using the mobile application in restaurants to pay for their meal. Restaurants are billed monthly for this service and revenue is recognized when it is earned. The revenue represents three and a half months of activity.

The Company's revenues during its first four months of operations are as follows:

Month 2016	Number of restaurants launched at the end of the month	Revenue (\$)	Percentage change from previous month
August	5	449	-
September	12	1,084	+ 144%
October	22	2,040	+88%
November	41	4,432	+ 117%

The Company intends to increase monthly recurring revenue by continuously adding new restaurants and 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 fluctuations in the restaurant industry. The Company did not charge monthly base fees to the original restaurants who signed up for the Glance Pay service. The Company changed its revenue model in early 2017 to charge monthly base service fees and to offer monthly fees for various digital marketing services and customer feedback. The restaurants are billed monthly and there is a notice provision in place, so revenue is recognized monthly as it is earned.

## Expenses

Operating expenses for the year increased significantly, from \$327k to \$2,158k - 560%.

During Q1 – Q3 of fiscal 2016, the Company achieved the following:

- completed first version of Glance Pay app and submitted to Apple app store;
- completed first version of hosted server platform that works in conjunction with the app as well as supporting back office functionality;
- launched key app features: fast payments, account setup, account verification, account management, user promotions, automatic reward accumulation, automatic reward redemption, transaction history;
- setup Glance Pay's large scale production technology hosting environment;
- connected and became certified for live payments with 2 processors;
- app approved by Apple app store;
- completed first version of restaurant management app; completed first version of internal

customer service app; built the Company's consumer and corporate websites with new branding and messaging;

- rebranded the app and websites;
- developed version 1 of Glance Pay's anti-fraud technology;
- signed over 40 restaurants for launch;
- completed an initial public offering; and
- hired & trained senior developers.

During Q4 of Fiscal 2016 the Company achieved the following:

- completed first Android version of the app;
- obtained approval for the Android app from the Google play app store;
- added email receipts functionality to app;
- completed a significantly enhanced second version of the app's anti-fraud technology;
- completed second version of restaurant management app;
- completed second version of internal customer service app;
- built & implemented remote monitoring and administration software of tablet terminals for restaurant management app, allowing for rapid setup & deployment of new tablets for launches and complete remote management of tablets once live;
- created a web based restaurant discovery site;
- began work on a restaurant discovery feature in the app;
- built beta integration to partner enabling integration into a large number of POS systems;
- began building internal APIs to support custom integrations into POSs which are not covered by standardized integration platforms; and
- signed over 130 restaurants and launched 41 restaurants to the Glance Pay mobile payment system.

The increase in expenditure in fiscal 2016 was primarily due to the following:

Sales and marketing expenses: There were no sales representative commission and general marketing materials costs incurred during the year ended November 30, 2015, as there was no product to sell. Instead, the Company incurred consultancy fees of \$131,000. In the year ended November 30, 2016, expenditure was \$699,980. 31% of this expenditure was on salaries and consultancy fees for customer service, sales and marketing, 19% of this expenditure was on investor awareness programs and 13% of this expenditure was on customer acquisition from the application launch in August to the end of November. Additional expenditure (16%) was incurred from entering into an agreement with the Chief Marketing Officer and his company (\$100,000). Sales and marketing expenditure also includes sales representative commission and general marketing materials.

Depreciation: Upon the launch of the application in August 2016, the depreciation of equipment and intangible assets were triggered. It is depreciating over its useful life of 36 months. There was no depreciation in 2015.

Office and miscellaneous costs: Expenditure increased almost 15-fold - from \$18,229 in 2015 to \$290,112 in 2016. This was mainly due to overall growth in the Company, including headcount, and the requirement for additional resources. Wages and salaries account for 32% of this expenditure, with employees hired in accounting, legal and administration work. The Company leases a space from Delmont Holdings Ltd. (an entity owned by the COO) as a space to conduct



business. Rent for the final three months increased to \$10,000 per month. In March 2017, the Company moved offices to the Yaletown district in Vancouver and decreased office expenses by approximately 50%.

Professional fees: There was a substantial increase in professional fees from \$26,649 in 2015 to \$180,556 in 2016. This was for services for accounting, audit, legal and expenses of going public.

Software development & IT: There was an increase in expenditure of 264% in 2016 (\$103,933 to \$378,577) as more development took place and the application was further enhanced in preparation for the August launch (to ensure that the technology was adequate for customer use). In addition, there were more developers on the payroll, which accounts for 54% of this expense along with management fees. During 2016, there were additional subscriptions to multiple integration services (hosting, websites, servers, etc) which would not have been previously required.

Stock option-based payments: The stock option-based payments increased from \$5,197 in 2015 to \$479,931 in 2016. Only three incentive payments were made in 2015, in contrast to multiple stock options granted in 2016. Calculations on the expense were made using the Black-Scholes Model. Some options vested immediately, while others vest after a certain time period or after a particular milestone has been reached.

### **Assets**

Total assets increased by 6.8% (\$1,101,938 in 2016 compared to \$1,031,335 in 2015). The ability to maintain this level of total assets while not generating any revenue is largely due to equity financing during the year; the IPO offering and over-allotment which were fully subscribed, as well as subsequent private placements (due to the demand after the IPO, the Company did a follow up private placement for an additional \$250k which was on similar terms to the IPO). There were also private placements in September and November, with net proceeds of \$274k.

At the end of November 2016, the Company had \$636,204 invested in a range of non-current assets, including computer equipment, software and the payment processing application. This is in contrast to \$587,746 at November 2015. There has been a large increase in computer equipment since 2015, and especially in the final quarter of 2016 (\$95k increase since August 31, 2016). The computer equipment increased due to the number of iPads and iPad stands required for launching in the restaurants. 98 iPads were in place in restaurants at the year end, with a further 19 ready to use for launch. There was also a large investment in iPad stands, to safeguard the devices in the restaurants. The remaining increase is due to computer hardware for new employees. Since the restaurant application launch in August, the computer software is being amortized over its useful life (3 years).

The accounts receivable increased due to amounts receivable for GST credits of \$49,050, as well as a \$13,042 due from the credit card processor as part of the hold-back retainer required. There is also \$4,460 owed by the restaurants for service fees charged on the use of the Glance Pay mobile application.

## Liabilities

The accounts payable and accrued liabilities increased now that the Company is far more active than the prior year. There were accrued payroll liabilities of \$29,218 (no employees in the prior year), payments due and accrued liabilities to vendors (\$58,692) for work performed and payments due to officers, directors and other related parties (\$54,963) for various consulting/marketing/commission/management costs, along with expense reimbursements.

## Summary of Quarterly 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 unaudited selected financial information for each of the last eight quarters:

	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Revenue	7,576	429	-	-
Depreciation	(53,130)	(17,063)	(621)	(407)
Finance expenses	(23,789)	-	-	-
Management fees	(11,250)	(11,250)	(10,000)	(1,750)
Office and miscellaneous	(192,334)	(52,411)	(39,528)	(5,839)
Professional fees	(44,880)	(65,405)	(44,127)	(26,144)
Sales and marketing expenses	(430,880)	(186,104)	(73,450)	(9,546)
Software development and information technology	(137,855)	(103,898)	(78,093)	(58,731)
Stock option-based payments	(145,844)	(117,642)	(193,024)	(23,421)
Total Expenses	(1,039,962)	(553,773)	(438,843)	(125,838)
Gain on disposal of equipment	-	266	-	-
Gain on forgiveness of related party debt	-	-	-	-
Restructuring costs	-	-	-	-
Net Loss	(1,032,386)	(553,078)	(438,843)	(125,838)
Loss per share	(0.02)	(0.01)	(0.01)	(0.00)
Weighted average number of ordinary shares	56,219,492	47,343,607	46,691,666	46,691,666

	2015 Q4	2015 Q3	2015 Q2	2015 Q1
Revenue	-	-	-	-
Depreciation	-	-	-	-
Finance expenses	(1,868)	-	-	-
Management fees	(3,000)	(31,857)	(3,000)	(2,000)
Office and miscellaneous	(6,131)	(10,288)	(1,810)	-
Professional fees	(22,614)	(4,035)	-	-
Sales and marketing expenses	(20,000)	(111,000)	-	-
Software development and information technology	(38,461)	(30,110)	(21,362)	(14,000)
Stock option-based payments	(5,197)	-	-	-
Total Expenses	(97,271)	(187,290)	(26,172)	(16,000)
Gain on disposal of equipment	-	-	-	-
Gain on forgiveness of related party debt	2,027	-	-	-
Restructuring costs	-	(213,719)	-	-
Net Loss	(95,244)	(401,009)	(26,172)	(16,000)
Loss per share	(0.00)	(0.01)	(0.00)	(0.00)
Weighted average number of ordinary shares	46,691,666	31,995,380	30,364,615	19,199,833

The loss for the three-month period ended November 30, 2016 was \$1,032,386 in contrast to \$95,244 for the three-month period ended November 30, 2015 (984% increase). There were a few causes for the increase in expenses during Q4 2016 compared to Q4 2015:

- Depreciation of equipment now in use accounted for \$53,130 in Q4 2016, while there was no expenditure in the same period in the prior year. This is because equipment was put into use when restaurants launched towards the end of 2016.
- There was no marketing expenditure incurred during the period ended November 30, 2015, as there was no product to sell. In the same three-month period in 2016, expenditure was \$430,880. 20% (almost \$90,000) of this expenditure was on customer acquisition from the application. Marketing expenditure also includes sales representative commission and restaurant marketing material, in addition to investor awareness campaigns.
- Increased software development costs were incurred as the application was enhanced upon launch towards the end of 2016 as well as subscribing to multiple integration services. In the comparative period, there was steady, continuous development;
- Stock option-based payments increased by 2706% in Q4 2016, as a greater number of options were granted and vested in the three-month period ended November 2016 than the same period in the prior year;
- Office expenditure increased due to additional resources required as the Company grew. This included wages and salary (\$88k in Q4 2016 compared to \$nil in Q4 2015);
- Management fees increased in 2016 as the Company became more active and required these services on an ongoing basis

The Company's results for 2016 are discussed throughout this document, with further information disclosed for previous quarters within the respective quarterly financial statements and related management's discussion and analysis filed under the Company's profile on SEDAR.

### **Liquidity and Capital Resources**

As at November 30, 2016, the Company had cash of \$360,917, current assets of \$465,734, and current and total liabilities of \$142,873.

The changes in cash and working capital are attributed to the fact that the Company closed a financing by way of a private placement. In the period from December 2016 to February 2017, subsequent to year end, the Company raised over \$900,000 by way of private placements. On March 16, 2017, the Company announced a rights offering with a \$1,000,000 guarantee of financing from a syndicate of Mackie Research Capital Corporation (\$700k) and Leede Jones Gable Inc. (\$300k).

### **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.

### **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 year ended November 30, 2016, the Company granted 5,117,000 stock options. The

exercise price ranges from \$0.15 to \$0.28 per common share of the Company, with terms ranging between one and five years to certain of its directors, officers, employees, and consultants. Also during the year ended November 30, 2016, the Company granted 616,821 stock options with an exercise price of \$0.15 per common share of the Company, with a term of two years, to its agent in connection with the initial public offering. A total of 3,112,154 of these stock options vested during the year ended November 30, 2016, while a further 2,016,667 stock options vest in their entirety between one and five years.

The remaining 605,000 stock options were granted pursuant to certain marketing 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 the Company's payment processing application). The Company 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:

	No. of Options	Weighted average exercise price \$
Outstanding, November 30, 2015	550,000	0.14
Granted	5,733,821	0.16
Cancelled	(565,000)	0.15
<b>Outstanding, November 30, 2016</b>	<b>5,718,821</b>	<b>0.16</b>

The outstanding options as at November 30, 2016 is detailed as follows:

Range of exercise price \$	No. of outstanding options	No. of options vested	Remaining contractual life (years)	Weighted average exercise price \$
0.10	150,000	90,000	3.92	0.10
0.15	4,920,200	2,838,533	4.23	0.15
0.18	193,621	193,621	2.00	0.18
0.28	455,000	80,000	4.84	0.28
	<b>5,718,821</b>	<b>3,202,154</b>	<b>4.19</b>	<b>0.16</b>

The weighted average fair value of options granted was \$0.14 (2015 - \$0.12) per option. During the year ended November 30, 2016, the Company recognized stock options-based payment expense of \$479,931 (2015 - \$5,197) for options granted to directors, officers, and consultants, and \$72,937 (2015 - \$nil) for stock options granted to the Company's agent in connection with the initial public offering and private placement completed.

### Economic Factors and Next Year's Budget & Rate

The Company's elected and appointed officials have considered many factors when setting the fiscal-year 2017 budget and fees that will be charged for the business-type activities.

Economic factors which will be taken into account include the development of the technology industry, as well as foreign exchange risk as Glance enters the U.S. market. The Company's fee structure is beginning to change; restaurants will incur monthly fees as well as transactional fees.

Liquidity risk is the risk that it will be difficult to meet financial obligations due to a shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and

adjusting the operating budget and expenditures. The Company has also entered into agreements requiring settlement for services via issuance of shares to conserve cash. 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 November 30 2016, The Company's cash balance was \$361k (2015 - \$107k) to settle current liabilities of \$143k (2015 - \$60k).

### Related Party Transactions

The following related party transactions took place during the year ended November 30, 2016:

Transaction	Relationship	Amount incurred payable / paid in cash \$	Amount incurred payable / paid in stock	# Shares issued for conversion of debt	Options
Software R&D fees paid to Zoink Technologies Inc. (1)	Company controlled by the Chief Technology Officer	100,000	-	-	-
Office expenses (rent, marketing & accounting) paid to Delmont Holdings Ltd (2)	Company controlled by the Chief Operating Officer	30,000	76,250	-	-
Marketing fees paid to ROMD Marketing	Company whereby the Chief Marketing Officer is a principal	16,750	63,250	-	150,000
Marketing fees paid to PNL Enterprise Ltd.	Company controlled by the Chief Marketing Officer	-	-	-	250,000
Product development & management fees	Chief Executive Officer	92,500	42,500	-	300,000
Sales and marketing expenses	Chief Operating Officer	-	85,000	-	300,000
Salary	Chief Technology Officer	28,584	-	-	500,000
Salary	Chief Financial Officer	17,964	-	-	80,000
Accounting fees	Former Chief Financial Officer	-	-	-	60,000
Accounting fees paid to Avisar Chartered Professional Accountants	Company of which the former Chief Financial Officer is a principal	48,825	3,000	10,000	-
Marketing fees and sales commission	Chief Marketing Officer	7,962	15,751	-	800,000
Stock Options	Independent Board Member	-	-	-	325,000
Stock Options	Independent Board Member	-	-	-	125,000

(1) This agreement was terminated in September 2016 and the CTO has since been

compensated with salary.

(2) This agreement has been terminated in March 2017 when the Company moved offices.

### **Significant Accounting Policies, Estimates & Judgements**

The Company has adopted accounting policies consistent with the requirements of its business model. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant assumptions relate to, but are not limited to, the following:

#### *Going concern*

The assessment of whether the going concern assumption is appropriate requires management to make judgments regarding all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties may cast significant doubt upon its ability to continue as a going concern. As previously noted, the Company is in its growth phase and it is expected that it will continue to incur losses until significant revenues are generated as management executes its business plan. Although the Company began generating revenue in the third quarter, it did not result in a positive cash flow and it does not have sufficient financial resources to meet its planned operations for the next twelve months. The Company's long-term financial success is dependent on management's ability to obtain additional financing and/or achieve profitability. Management believes it will be able to raise equity capital as required in the long term, but recognizes there are risks involved that may be beyond its control. If those risks fully materialize, the Company may not be able to raise adequate funds to continue its operations. Please refer to the Company's consolidated financial statements for further details.

#### *Impairment of intangible assets*

The carrying value of intangible assets is reviewed regularly for conditions that are indicators of impairment. This review requires significant judgment as the Company is a development stage company and does not have revenues that enable future cash flows to be compared to the carrying values.

#### *Other Estimates*

Other significant areas requiring the use of estimates include the collectability of accounts receivable, estimated useful lives and recoverability of computer equipment and intangible assets, fair value of share-based payments, and unrecognized deferred income tax assets.

### **Risks and Uncertainties**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### **a) Credit Risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and sundry receivable. Cash balances are held with a reputable financial institution, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivable is remote.

#### **b) Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2016, the Company had a cash balance of \$360,917 to settle current liabilities of \$142,873. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

#### **c) Future Financing Risk**

The Company is in the early stages of business and has not generated a significant amount of revenue. The Company will likely operate at a loss until its business becomes established and the Company will require additional financing in order to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain operations will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. If additional financing is raised by issuance of additional Shares, control may change and shareholders may suffer dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its current business plan or cease operating.

#### **d) Going-Concern Risk**

The Company's Financial Statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The Financial Statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

#### **e) Increased Costs of Being a Publicly Traded Company**

As the Company will have publicly-traded securities, significant legal, accounting and filing fees will be incurred that at present, are not. Securities legislation and the rules and policies of the Exchange require publicly listed companies to, among other things, adopt corporate governance policies and related practices and to continuously prepare and disclose material information, all of which will significantly increase legal, financial and securities regulatory compliance costs.

#### **f) Technology Risk**

The Company's products and services are partially dependent upon advanced technologies which are susceptible to rapid technological changes. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete as a result of, such technological changes. Further, some of the Company's services and products are currently under development and there can be no assurance that the Company's development efforts will result in viable results as conceived by the Company or at all. There is a risk that technologies similar to the Company's mobile payment solution could reach the market before its own; that similar products may be developed after Glance Pay which may include features more appealing to customers; and that other products competing with the Company's may use advanced technology not yet incorporated in Glance Pay. There is also a risk that certain consumers may not accept or adopt Glance Pay. The occurrence of any of these events could negatively impact the level of interest generated in the app and thus limit the potential revenues to be generated.

"Greatest" risks are identified as either most severe implications and/or increased likelihood. As part of an Enterprise Risk Management strategy, the Company highlights the greatest risks as being technology risk and future financing risk, which are directly correlated to the success of its business plan. Therefore, the Company is focusing its resources and efforts into reduction or mitigation of these risks. The Company's strategy for this includes, but is not limited to:

- vigilant monitoring of consumer trends and changes
- financial technology sector activity, and
- competitor market research.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, restricted cash, accounts and other receivable, accounts payable and accrued liabilities, and advances payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. The Company is not involved in any hedging program, nor is it a party to any financial instruments that may have an impact on its financial position.

### **Critical Accounting Policies**

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the audited financial statements for the year ended November 30, 2016.

### **Recent Accounting Pronouncements Issued but not yet Effective**

The following new standard and amendments to standards which are applicable to the Company have been issued with effective dates into later fiscal years.

- a) IFRS 9 - Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through Other Comprehensive Income and fair value



through profit or loss (“FVTPL”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in Other Comprehensive Income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in Other Comprehensive Income, for liabilities designated at FVTPL.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently evaluating the impact of this standard.

- b) IFRS 15 - Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 - Revenue, and IAS 11 - Construction Contracts and related interpretations. It is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company is currently evaluating the impact of this standard.

## **Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business. The Company defines capital to include its working capital position, capital stock and accumulated deficit.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company’s approach to capital management during the year ended November 30, 2016. The Company is not subject to externally imposed capital requirements.

## **Subsequent Events**

- From November 30 to Mar 29, 2017, Glance Pay has launched in 29 more restaurants (total 70).
- On December 15, 2016, the Company was approved for quotation under the symbol

“GLNNF” on the OTC Pink area of the OTC Markets of the United States. Trading of the Company’s common shares on the OTCQB® Venture Market began on January 30, 2017.

- On December 30 2016, the Company completed a brokered private placement of 2,579,438 units at \$0.18 per unit for gross proceeds of \$464,299. Each unit consisted of one common share of the Company and one-half of one share purchase warrant, with each full share warrant entitling the holder to purchase one common share of the Company at an exercise price of \$0.33 per share for a period of two years. The agent was paid a commission of \$46,430, incurred legal expenses of \$7,740, and was also issued 257,944 options, which vest immediately at \$0.18, valid for a period of two years.
- On January 25, 2017, the Company completed a brokered private placement of 565,111 units at \$0.18 per unit for gross proceeds of \$101,720. Each unit consisted of one common share of the Company and one-half of one share purchase warrant, with each full share warrant entitling the holder to purchase one common share of the Company at an exercise price of \$0.33 per share for a period of two years. The agent was paid a commission of \$10,172 and was also issued 56,511 options, which vest immediately at \$0.18 per share, valid for a period of two years.
- On February 21, 2017, the Board approved an amendment to the Chief Operating Officer’s contract. Commencing March 1, 2017, the Company has an agreement with the Chief Operating Officer for fees of \$10,000 per month, which are settled in cash. The COO previously received common shares of the Company.
- On February 24, 2017, the Company completed a non-brokered private placement of 2,669,665 units at \$0.18 per unit for gross proceeds of \$480,540. Each unit consisted of one common share of the Company and one-half of one share purchase warrant, with each full share warrant entitling the holder to purchase one common share of the Company at an exercise price of \$0.33 per share for a period of two years. Finder’s fees of \$15,263 was paid, in addition to 84,800 warrants issued, entitling the holder to purchase one common share of the Company at an exercise price of \$0.33 per share for a period of one year.
- On February 28, 2017, the Board approved converting \$64,733 in debt owed to officers and consultants into 269,722 common shares at a price of \$0.24 per share.
- On March 3, 2017, the Board approved converting \$101,750 in management compensation owed to the Chief Executive Officer and Chief Operating Officer into 423,958 common shares at a price of \$0.24 per share.
- On March 9, 2017, the Company entered into a one-year consulting agreement with an unrelated party for investor relations services. Per the agreement, the Company is to compensate the consultant through a monthly fee of \$3,000 plus taxes, and grant 300,000 stock options which are exercisable at a price of \$0.25 per share for a period of five years of which 75,000 stock options will vest every 3 months, commencing on June 9, 2017.
- On March 16, 2017, the Company announced a rights offering to the holders of its common shares from March 29 until April 21, 2017, on the basis of one right for each common share of the Company held. Six rights will entitle the holder to subscribe for one unit of the Company at a price of \$0.20 per unit. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable into one common share for a period of 24 months from the issuance date of the units at a price of \$0.23 per share for the first six months and \$0.25 per share thereafter until the expiry date. The rights offering is backed with a \$1,000,000 guarantee of financing from a syndicate of Mackie Research Capital Corporation (\$700k) and Leede Jones Gable Inc. (\$300k).

## **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 March 30, 2017:

Issued and outstanding common shares at March 30, 2017: **64,770,329**

Total Warrants outstanding at March 30, 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
1,419,631	0.33	February 24, 2019
<b>10,032,314</b>		

\*These warrants relate to agent warrants issued as finder's fees pursuant to a private placement in August 2016. All warrants are half warrants, meaning each is exercisable to purchase one half of one common share of the Company.

Total Options outstanding at March 30, 2017:

	No. of	Weighted
Outstanding November 30, 2016	5,718,821	0.16
Granted	614,455	0.21
Cancelled	(72,000)	0.15
<b>Outstanding March 30, 2017</b>	<b>6,261,276</b>	<b>0.17</b>

Range of exercise price \$	No. of outstanding options	No. of options vested	Remaining contractual life (years)	Weighted average exercise price \$
0.10	150,000	90,000	3.61	0.1
0.15	4,848,200	3,203,200	3.92	0.15
0.18	508,076	508,076	1.76	0.18
0.25	300,000	0	4.97	0.25
0.28	455,000	107,500	4.54	0.28
	<b>6,261,276</b>	<b>3,908,776</b>	<b>3.83</b>	<b>0.17</b>

Fully diluted at March 30, 2017: **81,063,919**

### 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 March 30, 2017, the Board of Directors of Glance Technologies Inc approved the disclosures contained in this MD&A.