LYNX GLOBAL DIGITAL FINANCE CORPORATION

(formerly CannaOne Technologies Inc.)
Management Discussion and Analysis
For the quarter ended July 31, 2021
Prepared as of September 28, 2021

BACKGROUND

This discussion and analysis of financial position and results of operations is prepared as at September 28, 2021 and should be read in conjunction with the audited financial statements for the year ended October 31, 2020 and the interim condensed consolidated unaudited financial statements of Lynx Global Digital Finance Corporation (formerly Lynx Technologies Inc.) ("Lynx" or the "Company"). The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

The Company's trading symbol on the Canadian Securities Exchange is "LYNX". The content of this MD&A has been approved by the board of directors of the Company (the "Board" or "Board of Directors"), on the recommendation of its Audit Committee.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management's Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities and events anticipated or being pursued by the Company and the Company's future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions in North America and internationally, (2) the uncertainty as to on-going product development or future new technologies, (3) the uncertainty as to regulatory conditions and developments in the target industry sectors, (4) the risk that the Company does not execute its business plan, (5) inability to retain key employees, (6) inability to finance operations and growth, and (7) other factors beyond the Company's control.

Forward-looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements set out in this MD&A and, subject to applicable securities laws, does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. The forward-looking statements contained herein are expressly qualified by this cautionary statement

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Corporate Overview

The Company was incorporated on October 19, 2016 under the Business Corporations Act (British Columbia) to engage in the business of developing and marketing a software technology platform initially for use by the cannabis industry. The head office of the Company is located at Suite 303 – 595 Howe Street, Vancouver, British Columbia V6C 2T5. The registered and records office of the Company is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

Lynx seeks to become a leader in financial technology, solutions, and services for large-scale merchants, financial institutions and other B2B industry partners by way of integration to the Lynx digital payment platform. The Company's payment solutions are powered by a broad suite of payment technologies and services. The Company has expanded its industry sectors to include banking and fintech relationships in ASEAN and Oceania, a region with a population approaching 700 million, that can provide Lynx a financial network hub location to service and operate a global traditional and digital financial infrastructure. By working with selected banking and/or licensed EMI partners, the Company will be able to offer a digital payment platform with a full suite of payment solutions, which may include merchant acquiring solutions; card issuing; remittance and forex; and custodial digital asset services, including digital wallet services. The Company seeks organic growth while investigating potential strategic acquisitions that may contribute critical technology applications, additional services, and revenue streams that can complement or enhance existing offerings and potentially increase or expedite the path to future profitability. While Lynx believes that significant near-term opportunities exist for the Company's strategic initiatives, there can be no assurance that goals and objectives will be reached or that any such underlying efforts or agreements will provide successful or positive outcomes should they be implemented.

Business Overview

The Company is a payments technology and services company that supports multiple payment types across several countries in Southeast Asia and Oceania and around the world. As a fintech innovator, we are developing a digital finance platform across all our markets that will provide our customers a single, linked payments ecosystem which can accept any type of payment, and payout any type of payment, no matter what the size of the transaction, what type of currency (including crypto), and what method of payment, is used. We will furthermore develop the platform to provide our customers with the ability to offer a wide range of embedded financial services and products such as consumer and business lending, insurance, buy now pay later (BNPL), and trade and receivables finance.

A summary of our business and key investment considerations is as follows:

DA5

- We have extensive operations in the Philippines. In the Philippines we own 51% of Direct Agent 5 (DA5), 51% of Vasu International, and on May 13, we announced the acquisition of 52% of BRB, a bank:

- DA5 is recognized as one of the truly premier global remittance and forex providers in the country with a 15-year history, including operating over 2,350 physical locations to serve a population of 110 million people. DA5 offers a comprehensive mobile app for digital and e-wallet payment channels and crypto trading. In 2020, DA5 processed over 1.4 million in transactions.

- Vasu International is a turnkey global Payment Services Provider offering merchants a diversity of financial technology solutions for online ecommerce. The company supports not only traditional or conventional merchant processing, but additionally all qualifying legal and regulated high-risk merchant portfolios. Vasu utilizes an integrated omnichannel technology platform with a comprehensive suite of products and services capable of supporting B2B, large merchant and institutional client partners. With unique niche banking and financial technology relationships, Vasu continues to increase its scale, global payment capabilities, robust risk and fraud solutions, and advanced data analytics.

- BRB is a rural bank and has an Electronic Money Issuer (EMI) license which allows it to offer e-money services through cash cards, mobile e-wallets, stored value cards, and other similar products. In addition, as a regulated financial institution, BRB will act as a card issuer and therefore can transact directly with VISA, MasterCard, China UnionPay or any other credit card issuer or major card network. By acquiring a banking license, we will now be able to develop all the products and services envisioned for our fintech platform in the country.

- In Australia, we own 51% of Australia-based Arkin Technologies Pty Ltd. ("Arkin").

- Arkin is an Australian Transaction Reports and Analysis Centre (AUSTRAC) registered owner of a Digital Currency Exchange and Remittance License. We believe that we will be able to utilize Arkin to serve as basis for us to launch a cryptocurrency payment solutions for our customers across our entire region. Arkin will exchange platform and a remittance rail distribution point facilitating remittance, forex and cryptocurrency payment solutions.

- In Singapore, we own 51% of Payright Pte Ltd.

- Payright is a payment processing solutions provider for the global e-commerce market and, through its exclusive partnership with Right Choice Payments Pte Ltd., leverages a Major Payments Institution (MPI) license. Payright possesses established channel partner relationships throughout Asia, and is undertaking to engage merchant acquiring, white label card issuing, and remittance services. We believe that this acquisition will provide us with a formidable footprint in Singapore, the fintech capital of Asia.

- **We are seeking to expand our licensed operations into Vietnam, Indonesia, Cambodia and Thailand** either through acquisitions or partnering with well- established companies and individuals. We will also seek over time to expand into new emerging markets where we believe we are well positioned to succeed, and, in addition, into developed markets where we believe we can improve our payments business and enhance profitability.

- **Our markets are high-growth markets for the adoption of digital finance payments and services,** and we are well positioned to take advantage of this potential. In a report published by Bain & Company, Google and Temasek, it is estimated that more than 70% of consumers in Southeast Asia are underbanked or unbanked, and that more than 70% of SME merchants accept only cash today. With the advent of innovative digital finance and payment services such as ours, we believe that there will widespread adoption of both merchant acceptance and consumer use of digital finance services and that new entrants have the opportunity to quickly leapfrog traditional players and capture meaningful market share.

    - The digital payments market (all digital C2B) will grow at 10% per year in terms of Gross Transaction Volume (GTV) from $600 billion in 2020 to $1.1 trillion in 2025. There is expected to be even higher growth in other verticals: digital remittances flows at 17% growth per year, digital loan book growth at 29% per year, digital insurance premiums growth at 30% per year, and digital wealth management AUM at 41% growth per year.

    - The Southeast Asia digital finance market is expected to grow significantly by 2025. In 2020, the industry generated approximately $11.0 billion dollars in revenue across the following verticals: digital payments, lending, wealth management, remittance and insurance. By 2025, Bain predicts such revenue to grow to $38.0 billion, and could be as high as $60.0 billion if certain improvements are made in regulations, infrastructure and capital investment.

    - The historical wealth gap among the population has also limited access to commerce in the rest of the world, but digitization is helping to close that gap. A growing middle class is emerging that's expected to reach 350 million representing $300 billion in disposable income by 2022. An emerging middle class means rising affluence, internet access, and increased aspirations for convenience—and the disposable income to help achieve those aspirations.

    - These markets are also highly fragmented, are challenging to operate in, and the regulatory environments are complex. We have substantial management, partners and operating history throughout the region that our competitors from outside the region do not have. We are local and know how to operate in these markets. There also has not been the widespread explosion of fintech ventures in our markets as has occurred in developed markets. Many fintechs are eager to take advantage of this fact and we view this as an opportunity to convert these entrants into customers of our platform.

•**The Lynx Technology Platform will be the digital technology layer that connects the financial services** of all our operating and/or licensed companies into a single digital service layer that any global or local enterprise can connect into to access the Lynx regional ecosystem. This fintech platform will seamlessly manage all fiat and cryptocurrency types in a single self-managing payments system such that anyone can pay with any type of currency and anyone can receive payment in any type of currency - all as part of the same transaction.

• When complete our platform will enable payments solutions to include the following complete suite of payment services in all our markets: card acquiring, card issuing, digital wallets, remittance services, cryptocurrency exchange and custody, digital deposit accounts, bill payments, and e-commerce**.** We will enable merchants of all sizes to accept electronic payments, including credit, debit, prepaid and crypto payments originated at the physical point-of sale-as well as in card-not-present (CNP), e-commerce and mobile environments.

• **Our platform will be able to do these things through the creation of a technology stack, integrating interoperable technology layers that will connect legacy financial systems with new digital technologies,** including smartphones, cloud services, data analytics, AI, IoT, Blockchain and digital currencies in a seamless, unified, and integrated manner. We believe that such an approach could obliterate many of the challenges and inefficiencies in the financial systems in our markets today leading to many benefits: financial inclusion, driving the cost of acquisition down to almost zero bringing everyone into the economic system; financial efficiency, breaking down the barriers and silos separating between different financial systems; and, financial integration, extending beyond e-commerce to connect payments and financial products directly to advanced systems such as IoT, smart electric grids, international shipping and trade, and insurance.

• **We will continue to offer our customers new financial services** as the capabilities of our fintech platform and management team evolves. We will build off our payment services, licenses, and operations an ability by customers to offer a wide range of embedded financial services and products such as consumer and business lending, insurance, buy now pay later (BNPL), and trade and receivables finance. One way to create even more new services is through data. One the most valuable assets that we will have is data. Our technology platform will include a data layer that can be used to augment customer product offerings and reinforce our competitive advantages.

• Our customers will include: legacy financial business or on-line merchants that wish to:

1) expand into markets in which we offer service,

2) are seeking a better cost service, or

3) are subscale and need to expand their suite of products in order to compete; legacy financial institutions that desire to provide digital services to their own customers but do not have the expertise, time, or financial capability to develop all of the services necessary to offer a suite of digital products and services; fintechs, such as payments or lending fintechs, that wish to come into the region to offer their services and need to have the ability to send and collect payments via a trusted partner; and finally, non-financial digital businesses, such as e-commerce sites, "superapps" and online gaming that do not offer a financial service as part of their core product offerings but desire to increase customer engagement and stickiness by adding payments or other financial services as part of their users' journeys.

• We believe that our customers value our products and services because we significantly reduce their opportunity and tech integration costs, remove numerous inefficiencies in launching financial services in our emerging markets, and facilitate access to new revenue streams very quickly. We believe that we can maintain our high level of competitiveness through our breadth of service, functionality, data security, infrastructure and service flexibility, price, scalability and performance. There is an inherent stickiness in payments. If it works and meets the need, there is no real desire to change service providers.

- **There are three basic pillars of our strategy that will provide us with a sustainable, competitive advantage in our markets**: Licensed Operations, Networked Operations, Technology Platform.

• We intend to establish licensed operations in every one of our targeted markets. Each country has its own license regime and there are differences between each, but generally these licenses will span the following services with which we can operate all payment services: Remittance, Electronic Money Institution, Banking, Cryptocurrency Exchange and Custody. We intend to do this by applying for licenses through regulatory processes, partnering with existing licensed entities, or acquiring majority ownership interests in companies that have such licenses.

• We are creating a network of revenue generating businesses in the region. We achieve this by partnering with, investing in, or acquiring operating businesses and then providing our technology platform and opening access to new markets, both of which lead to growing revenue streams. We fundamentally believe that we can create value by acquiring underutilized assets that can grow exponentially through the network effects of our fintech ecosystem and how the entire ecosystem can likewise expand with new products and services such acquisitions can bring.

• Over the next several years, our technology platform, will come to serve as the foundation for us to offer embedded finance solutions, where all e-commerce sites offer some kind of financial services, and more and more niche derivative services are enabled though our payment, data and regulatory layers which will support such services. Even new, yet unforeseen financial services businesses will be able to just “plug-in” to this foundation.

• We believe that what we are doing will create substantial strategic value. Successful execution of our plan will, in the near-term, create a strong regional ecosystem across Southeast Asia and Oceania that offers card payment processing, card issuing, bank payment processing, digital currency exchange and payment. We believe that it would be extremely difficult for even a well-resourced competitor to replicate our strategic position for the following reasons:

- Setting up operations in all of these countries is time- consuming and difficult. Our partnering strategy accelerates our entry into new markets and gives us the critical talent we need to grow the ecosystem.
- Establishing converged revenue streams in each country for all of the services above is exceedingly difficult but all of these revenue streams will be generating revenue in our ecosystem.
- We already serve a market size of approximately 150 million people and intend to expand our market to include over 500 million people. It will be difficult for any competitor to match this scale simply through internal growth alone.
- Having banking infrastructure is extremely important because a banking license enables every financial service. By successfully expanding our banking license portfolio, we will be extremely well positioned to compete against any competitor seeking to replicate our platform and related products and services offerings.

SUMMARY OF QUARTERLY RESULTS

The following is selected financial information from the Company’s fiscal quarters ended:

	3rd Qtr. Ended July 31, 2021	**3rd Qtr. Ended July 31, 2020**
Total Revenues	$399,923	$Nil
Loss from Operations and Comprehensive Loss	$2,296,425	$216,621
Total Net Income (Loss) Per Share	($0.03)	($0.01)

	4th Qtr. Ended October 31, 2020	**4th Qtr. Ended October 31, 2019**
Total Revenues	$Nil	$($46,823)

Loss from Operations and Comprehensive Loss	$156,544	$905,625
Total Net Income (Loss) Per Share	($0.007)	($0.045)

	1st Qtr. Ended January 31, 2021	**1st Qtr. Ended January 31, 2020**
Total Revenues	$Nil	$Nil
Loss from Operations and Comprehensive Loss	$24,702	$251,894
Total Net Income (Loss) Per Share	($0.000)	($0.012)

	2nd Qtr. Ended April 30, 2021	**2ndQtr. Ended April 30, 2020**
Total Revenues	$nil	$nil
Loss from Operations and Comprehensive Loss	$312,547	$312,547
Total Net Income (Loss) Per Share	($0.014)	($0.014)

Quarter Results

During the three months ended July 31, 2021, the Company recorded a loss from operations and comprehensive loss of $2,296,425 (July 31, 2020- $216,621). The increase from the loss was a result of the acquisitions and expansion of the business as discussed above. The Company had an increase in consulting fees of $1,294,915 as a result of increased business requirements with the above acquisitions. The Company also increased marketing and advertising rom $5,770 to $376m703 during the period.

LIQUIDITY AND CAPITAL RESOURCES

Lynx has financed its operations to date through the issuance of common shares and special warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt. The Company maintained cash at July 31, 2021 in the amount of $1,484,508, in order to meet short-term business requirements. As at July 31, 2021, the Company had current liabilities in the amount of $1,147,881. Lynx's continuation as a going concern is dependent upon, its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that would require disclosure.

MANAGEMENT AND RELATED PARTY TRANSACTIONS

The Company's Board of Directors consists of Solomon Riby-Williams, Christopher Cherry, Michael Penner and Christopher Aldaba. Mr. Penner acts as President and Chief Executive Officer, and Christopher Cherry acts as Chief Financial Officer.

Included in the Loss from Operations and Comprehensive Loss for the three months ended July 31, 2021 and 2020, are the following amounts, which arose due to transactions with related parties:

	July 31, 2021	**July 31, 2020**
	$	**$**
Management fees from directors and key management	144,000	396,000

The Company had the following outstanding amounts as at July 31, 2021 and October 31, 2020 due to related parties:

	July 31, 2021	**October 31, 2020**
	$	**$**
Due to directors for management fees	-	236,652
Due to key management personnel for management fees	-	725,000
Principal	**-**	**961,652**
Debt discount reserve	-	(86,114)
Accretion interest expense	-	93,084
Total	**-**	**968,623**

Amounts due to directors and key management personnel are unsecured without interest and due on demand. On June 1, 2018, the Company entered into an agreement with 0714556 BC Limited, a shareholder of the Company, for a loan of $100,000. The loan is unsecured, non-interest bearing until July 31, 2021 after which interest of 0.5% per month is to be accrued and paid, together with the outstanding principal, at the loan maturity date of July 31, 2023. Paul Guterres has voting and dispositive control over securities held by 0714556 BC Ltd.

During the three months ended January 31, 2021, the Company was charged $Nil (year ended October 31, 2020: $17,100) for development services by Inspired Networks Inc. a company owned by a key management member. Included in accounts payable as at January 31, 2021 is $7,312 (October 31, 2020: $7,312) owing to Inspired Networks Inc. and $11,047 owing to directors of the Company.

SHARE DATA

Authorized share capital consists of unlimited number of common shares without par value.

As at the date of this MD&A, the Company had 100,347,756 common shares issued and outstanding.

Number of options: 8,050,000 with an exercise price ranging from $0.35 to $0.365 expiring to August 18, 2026

Number of warrants: 17,839,953 with an exercise price ranging from $0.25 to $0.50 expiring to March 18, 2023.

Number of special warrants: 4,400,000 with an exercise price of $0.22 expiring to April 9, 2023.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with International Financial Reporting Standards and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility. Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

INDUSTRY CONDITIONS AND RISKS

The Company has identified certain risks and uncertainties that may have a material adverse effect on its business, results of operations, or financial condition. In any such case, the market price of its common shares could decline, and investors may lose all or part of their investment. Only potential investors who are experienced in high-risk investments and who can afford to lose their entire investment should consider an investment in the Company.

The following list of risk factors is not exhaustive. Investors should carefully consider these and other risks, one or all of which may be material, before purchasing securities of the Company. The Company will, on occasion, make forward looking statements about its expectations, its business and industry, and operations. These forward-looking statements are made at a point in time, based on certain assumptions. They are subject to change without notice as a result of the risks described herein and other risks. Investors or potential investors in the Company should not rely on forward-looking statements or the Company's historical operating performance as a prediction of actual results, and the Company undertakes no obligation to update forward looking information. In addition, the Company operates in a rapidly changing business, economic and regulated environment, and new potentially material risk factors emerge from time to time.

Operations Dependent on Revenues and Financing

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the shares purchased would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

Dividend Record and Policy

The Company has not paid any dividends since incorporation and does not anticipate declaring any dividends on the Common Shares in the foreseeable future. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time.

Risk Factors Associated with Lynx's Business

Limited Operating History

Lynx has limited operating history. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the market for software related to financial technology and payments industry. There is no certainty that the Company will operate profitably.

No Profits to Date

Lynx has not made profits since its incorporation, and it is expected that it will not be profitable for next foreseeable future. Its future profitability will, in particular, depend upon its success in developing and growing the revenues of the businesses that it has acquired. Because of the limited operating history, and the uncertainties regarding the development of the Southeast Asia market, management does not believe that the operating results to date should be regarded as indicators for Lynx's future performance.

Additional Requirements for Capital

Substantial additional financing may be required for the Company successfully develop its software business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Negative Operating Cash Flow

The Company has not generated operating revenue and has incurred negative cash flow from operating activities. It is anticipated that the Company will continue to have negative cash flow in the foreseeable future. Continued losses may have the following consequences:

(a) increasing the Company's vulnerability to general adverse economic and industry conditions;
(b) limiting the Company's ability to obtain additional financing to fund future working capital, capital expenditures, operating costs and other general corporate requirements; and
(c) limiting the Company's flexibility in planning for, or reacting to, changes in its business and industry.

Expenses May Not Align With Revenues

Unexpected events may materially harm the Company's ability to align incurred expenses with recognized revenues. The Company incurs operating expenses based upon anticipated revenue trends. Since a high percentage of these expenses may be relatively fixed, a delay in recognizing revenues from transactions related to these expenses (such a delay may be due to the factors described elsewhere in this risk factor section or it may be due to other factors) could cause significant variations in operating results from quarter to quarter, and such a delay could materially reduce operating income. If these expenses are not subsequently matched by revenues, the Company's business, financial condition, or results of operations could be materially and adversely affected.

Market Acceptance

If Lynx's payment platform service does not gain widespread market acceptance, its operating results may be negatively affected. The Company intends to continue with on-going development and marketing and sales of, the Company's services. If the markets for the Lynx payment platform develop more slowly than expected, or become subject to increased competition, the Company's business may suffer.

Management Experience and Dependence on Key Personnel and Employees

The Company's success is currently largely dependent on the performance of its directors and officers. Certain members of the Company's management team have experience in the software development and information technology industries, while others have experience in areas including financial management, corporate finance and sales and marketing. The experience of these individuals is a factor which will contribute to the Company's continued success and growth. The Company will initially be relying on its board members, as well as on independent consultants, for certain aspects of its business. The amount of time and expertise expended on the Company's affairs by each of the Company's management team and the Company's directors will vary according to the Company's needs. The Company does not intend to acquire any key man insurance policies and there is therefore a risk that the death or departure of any member of management, the Company's board, or any key employee or consultant, could have a material adverse effect on the Company's performance, including the continuity or quality of its business. Investors who are not prepared to rely on the Company's management team should not invest in the Company's securities.

Limited Intellectual Property Protection.

Lynx intends to rely in part on technological barriers, and on the protections afforded by copyright and common law trademark rights to reduce potential duplication or imitation of its products and services by future competitors. As its business and products develop, Lynx may seek additional protection of its intellectual property assets through the registration of trademarks or, if warranted by unanticipated product innovations, the prosecution of patents. However, even if Lynx is successful in obtaining such protections, which is not guaranteed, those protections alone will be insufficient to prevent copying or passing off by third parties of similar products and services. Lynx may be unable to devote sufficient legal resources to the enforcement of any intellectual property rights it may hold from time to time and may therefore lose market share to competitors who may produce similar or identical products at a lower cost. If Lynx is in unable to protect its intellectual property, its vulnerability to third party imitators will increase significantly, which would make its business uncompetitive.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations related to the businesses of prospective customers of the Company could adversely impact its business. Regulatory uncertainty in the recreational and medical marijuana industries could have a material adverse effect on the operations or operational requirements of prospective customers of the Company, which may in turn constrain the market for the Company's products, or require un-anticipated investment by the Company to ensure compliance of its products with regulatory regimes. Accordingly, changes in government, regulations and regulatory policies or practices could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

The legal status and regulation of marijuana varies substantially from country to country, state to state, and province to province, and is still undefined and changing in many of them. While some jurisdictions have explicitly allowed its use and trade, others have banned or restricted it. Likewise, various government agencies, departments, and courts have imposed varying operational requirements and restrictions on marijuana commerce, all of which are subject to change.

General Cyber Security Risk,

Lynx's dependence on information technology systems to deliver the Lynx payment platform service, and to otherwise administer its business, places it at significant risk for cyber security breaches, either directly or through its third-party service providers (such as internet service providers, or data storage providers). Hackers or other groups or organizations may attempt to interfere with the Company's network software or its availability any number of ways, including but not limited to denial of service attacks (flooding the bandwidth or resources of a web server, triggering a system crash), spoofing (masquerading as another by falsifying data for the purposes of theft or disruption), malware attacks (the introduction of software intended to damage or disable computers and computer systems), or consensus- based attacks (the injection of random false data into the communication links so as to degrade the network performance). While Lynx intends to employ customary measures to maintain the security of its networks (including, without limitation, the use access controls, firewalls, intrusion detection products, regular security audits, and security updates), there is no guarantee that it will not suffer incidence of cyber security interference. Incidence of such interference may result in a number of adverse impacts to Lynx's business including but not limited to:

- the misuse, theft, corruption or loss of confidential customer or employee information, or other data;
- lost revenues due to a disruption of activities;
- incurring unanticipated remediation costs;
- litigation, fines and liability for failure to comply with privacy and information securitylaws;
- reputational harm affecting customer and investor confidence; and
- diminished competitive advantage and negative impacts on future opportunities.

Competition

The market for software solutions for the marijuana retail industry may become highly competitive on both a national and international level. The Company believes that the primary competitive factors in this market are: (i) product features, (ii) functionality and ease of use; (iii) ongoing product enhancements; (iv) price; (v) quality service and support; and (vi) reputation and stability of the vendor. Additionally, the marijuana retail industry is at a very early stage, and the ultimate demand for industry related software solutions is uncertain. Accordingly, there are no assurances that that the Company will successfully compete with new and existing competitors, which may have greater financial, technical, and marketing resources than does the Company. The Company's competitors may also have a larger installed base of users, longer operating histories or greater name recognition than will the Company. There can be no assurance that the Company will successfully differentiate its platform from the products of its competitors, or that the marketplace will consider the Company's platform to be superior to competing products.

Dependence on Third Party Relationships.

The Company is highly dependent on a number of third-party relationships to develop its products and implement its business plan, and it cannot be assured that all such relationships will be successful, advantageous or optimal. In addition, there is no guarantee that relevant third parties will fulfill their contractual obligations or, in the event of contractual breach, that the Company may legally compel performance of such agreements or identify or secure alternative assistance.

Absence of Non-Compete and Confidentiality Agreements with Directors, Officers, Employees, and Consultants

The directors, executive officers, and consultants of the Company have not entered into non-competition or non-disclosure agreements with the Company, and they are not expected to be a party to any such agreement upon completion of the Offering. Accordingly, the Company may have limited recourse (such as the inability to seek injunctive relief) to prevent its directors, officers, employees or consultants from entering into competition with the Company, or from misappropriating or otherwise utilizing information related to the Company's business or technology in a manner detrimental to the Company.

COVID-19

Since October 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

RECENT ACCOUNTING PRONOUNCEMENTS

At the date of authorization of this MD&A, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been early-adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's financial statements.

IFRS 16 Leases

This is the first period for which the Company has applied IFRS 16, Leases. The Company adopted IFRS 16 on a modified retrospective approach. This new standard replaces IAS 17, Leases and the related interpretive 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. There has been no adjustment to the comparative financial statements as a result of the transition to IFRS 16 as of November 1, 2019, as the change was applied on the modified retrospective approach.

The Company's updated lease accounting policies is as follows:

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administration and sales and marketing expense in the consolidated statement of comprehensive loss. Short term leases are defined as leases with a lease term of 12 months or less.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset.

CRITICAL ACCOUNTING ESTIMATES

The financial statements of the Company for the quarter ended January 31, 2021 and year ended October 31, 2020, were prepared in accordance with IFRS applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities and meet its future obligations in the normal course of business. Accordingly, the financial statements do not include any adjustments for the recoverability and reclassification of recorded assets, or the amounts or classification of liabilities, that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. However, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that the Company's funding initiatives will continue to be successful.

The critical sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Fair Value of Financial Instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Share-Based Payment Transactions

The Company measures the cost of share-based payment transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate of the share option. The assumptions and models used for estimating fair value for share-based payment transactions are determined at the time of the granting of such share-based compensation.

Income Taxes

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determinations are made.

INVESTOR RELATIONS

On January 21, 2019, the Company entered into a consulting agreement with Oak Hill Financial for the provision of investor relation services. The consultant will initiate and maintain contact with the financial community, shareholders, investors and other stakeholders for the purpose of increasing awareness of Lynx and its activities. The agreement is for a 12-month term.

Effective October 29, 2019, the Company engaged each of Thesis Capital Inc. ("Thesis"), and Hybrid Financial Ltd. ("Hybrid") to provide investor relations, financial and shareholder communications services to the Company and to assist the Company in seeking to facilitate its overall financing targets and requirements. Services to be provided by Thesis will include initiation and on-going maintenance of a detailed strategy comprising investor relations, corporate communications, strategic business development counsel and retail and institutional investor outreach. Hybrid will work to heighten market and brand awareness for the Company and to broaden the Company’s reach within the investment community.

ADDITIONAL INFORMATION

Additional information relating to Lynx Technologies Inc. is located at www.sedar.com.