POSERA

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three-months ended March 31, 2017
Dated: May 15th, 2017

This Management's Discussion and Analysis ("MD&A") for three-months ended March 31st, 2017 (first quarter of fiscal 2017) provides detailed information on the operating activities, performance and financial position of Posera Ltd. ("Posera" or the "Company") (formerly Posera-HDX Ltd.). This discussion should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three-months ended March 31st, 2017. The financial statements have been prepared in compliance with International Financial Reporting Standards applicable to the preparation of interim financial statements ("IFRS") and are reported in Canadian dollars. The information contained herein is dated as of May 15th, 2017, and is current to that date, unless otherwise stated.

This MD&A discusses the three-months ended March 31, 2017, compared to December 31, 2016 and March 31, 2016. For an analysis of the three-months ended March 31, 2017 compared to March 31, 2016 and December 31, 2016, please read this MD&A in conjunction with the MD&A for the three-months ended March 31, 2016 and the year-ended December 31, 2016.

The management discussion and analysis is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its Audit Committee comprised exclusively of independent directors. The audit committee reviews and prior to publication, approves, pursuant to the authority delegated to it by the Board of Directors, this disclosure.

References herein to "Posera", "the Company", "we" and "our" mean Posera Ltd.

Additional information relating to the Company is available on SEDAR at www.sedar.com, and on the Company's web-site at www.posera.com.

FORWARD LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. These forward-looking statements are based on a number of estimates and assumptions, including those which are identified in the "Critical Accounting Estimates and Judgments" section herein, and are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risks and Uncertainties" herein, as well as the risks and uncertainties detailed in our Annual Information Form which was filed on March 31, 2017 with the regulatory authorities.

NON-IFRS REPORTING MEASURES

Management reports on certain Non-IFRS measures to evaluate performance of the Company. Non-IFRS measures are also used to determine compliance with debt covenants and manage the capital structure. Because non-IFRS measures do not generally have a standardized meaning, securities regulations require that non-IFRS measures be clearly defined and qualified, and reconciled with their nearest IFRS measure. The Canadian Institute of Chartered Accountants (CICA) Canadian Performance Reporting Board has issued guidelines that define standardized earnings before interest, taxes, depreciation and amortization (EBITDA).

EBITDA, Normalized EBITDA, Working Capital or Debt to Equity Ratio are not calculations based on IFRS. EBITDA should not be considered an alternative to net income or comprehensive income in measuring the Company's performance, nor should it be used as an exclusive measure of cash flow. Posera reports EBITDA, Normalized EBITDA, Working Capital and Debt to Equity Ratio because they are key measures that management uses to evaluate performance of the Company, and because the Company feels that these Non-IFRS measures provide important information about the Company. EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. While EBITDA has been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, investors are cautioned that EBITDA as reported by Posera may not be comparable in all instances to EBITDA as reported by other companies.

<u>Non-IFRS reporting definitions:</u>

EBITDA: Posera's management defines EBITDA as Net Income before interest expense, interest income, income taxes (excluding certain investment tax credits and other government assistance), amortization of capital and intangible assets, realized and unrealized exchange gain or loss, impairments and gains or losses on held for trading financial instruments, and other gains or losses on disposition of assets or extinguishment of liabilities;

Normalized EBITDA: Posera's management defines Normalized EBITDA as EBITDA above less certain one-time non-recurring expenditures, and non-cash stock-based compensation expense;

Working Capital: Posera's management defines Working Capital as its current assets less current liabilities excluding the conversion option value.

Debt to Equity Ratio: Posera management defines Debt to Equity Ratio as Debt (i.e. notes payable, vehicle loans and bank indebtedness) as a percentage of shareholder's equity.

Restructuring Expense: Posera management defines Restructuring Expense as a one-time expense that has been incurred by the Company as a result of a reorganization.

NON-IFRS REPORTING MEASURES (continued)

Reconciliation to Net Loss: There is a reconciliation for each of the Non-GAAP reporting measures to their nearest IFRS equivalent under the heading "Reconciliation of Non-IFRS measures to their Closest IFRS equivalent".

Recurring Revenue: Includes payment processing revenue and certain components of POS revenues as disclosed on the statement of operations. These include POS support and maintenance contracts, POS referral revenue sharing arrangements and other recurring revenue agreements. To a minor extent recurring revenues include payment processing revenues and referral fees earned in relation to payments processed by customers.

Comparative Figures:

Certain prior period comparative figures have been re-presented to conform to the consolidated financial statements presentation as a result of the discontinued operations accounting treatment under IFRS.

Disposition of Zomaron and Discontinued Operations

During the year ended December 31, 2016, the Company decided to divest of its wholly owned subsidiary Zomaron Inc., which was within the Payments Segment following a decision made to focus Company resources and capital investment in targeted growth opportunities in the Company's identified core markets; 1) Point-of-Sale and 2) SecureTablePay platforms.

As at March 31, 2016 the Zomaron Inc. entity was recorded as a disposal group held for sale. On April 29, 2016, the Company completed the sale of Zomaron Inc., to a company established by Zomaron's current operating management team, for an amount totalling $4.5 million. Consideration for the sale of Zomaron shares comprised of a cash payment of $2.0 million on closing. Additionally, on closing Posera received a repayment of an existing intercompany debt in the amount of $1.3 million. Further, the buyers have assumed a secured note payable with an estimated value on the date of disposition of $1.2 million, $0.4 million of which was unconditionally due on or before December 31, 2016, and $0.8 million of which is repayable at an amount that is dependent on certain variables, including Posera's share price.

See below for a reconciliation of the Note Receivable Balance issued as part of the Zomaron Disposition:

		Note Receivable
Balance – December 31, 2015	$	Nil
Zomaron Disposition		1,200,000
Payments received		(400,000)
Revaluation		(320,000)
Balance – December 31, 2016	**$**	**480,000**
Payments received		(480,000)
Balance – March 31, 2017	**$**	**-**

Disposition of Zomaron and Discontinued Operations (continued)

As at April 29th, 2016, the date of disposition, the disposal group comprised $2,365,207 of Net Assets, as detailed below:

	Assets		Liabilities
Cash and cash equivalents	$ 287,311		
Accounts receivable	472,691		
Prepaid expenses and deposits	10,815	Accounts payable	
Property, plant and equipment	95,149	and other accrued charges	$ 796,816
Intangible assets	221,864	Vehicle loans	
Goodwill	2,161,813	and capital leases	87,620
Total assets disposed	**$ 3,249,643**	**Total liabilities disposed**	**$ 884,436**

During the year-ended December 31, 2016, the Company recorded a gain on the disposal of Zomaron of $1,959,794, being a gain of $2,134,794 less tax of $175,000. The Company incurred transaction costs related to the disposition of Zomaron of $nil (year-ended 2016 - $79,229) during the three-months ended March 31, 2017, which has been recorded in General and Administrative in the Statement of Operations.

Zomaron has been presented as a discontinued operation, separate from continuing operations, in the Consolidated Statements of Operations and Comprehensive Loss during the three-months ended March 31, 2016.

Financial Highlights and Summary - Three-months ended March 31, 2017 (Unaudited)

(This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended March 31, 2017, March 31, 2016 and December 31, 2016".)

- Recurring revenues(1) for the three-months ended March 31, 2017 were $1,661,110, a decrease of $85,499 (4.9%) from recurring revenues of $1,746,609 for the three-months ended March 31, 2016, and an increase of $48,315 (3.0%) from recurring revenues of $1,612,795 for the three-months ended December 31, 2016;
- Net loss(2) for the three-months ended March 31, 2017 was a loss of $1,797,233, an increase in the loss of $248,109 (16.0%) from a loss of $1,549,124 for the three-months ended March 31, 2016, and a decrease in the loss of $489,591 (21.3%) from a loss of $2,283,824 for the three-months ended December 31, 2016;
- EBITDA(2) loss for the three-months ended March 31, 2017, was $1,487,270, an increase in the loss of $253,300 (20.5%) from a loss of $1,233,970 for the three-months ended March 31, 2016, and a decrease in the loss of $195,072 (11.6%) from a loss of $1,682,342 for the three-months ended December 31, 2016;
- Normalized EBITDA(2) profit(loss) for the three-months ended March 31, 2017 was a loss of $1,166,382, an increase in the loss of $620,185 (113.5%) from a loss of $546,197 for the three-months ended March 31, 2016, and a decrease in the loss of $241,195 (17.1%), from a loss of $1,407,577 for the three-months ended December 31, 2016;
- Total revenue(1) was $3,947,807 for the three-months ended March 31, 2017, a decrease of $471,327 (10.7%) from $4,419,134 for the three-months ended March 31, 2016 and an increase of $68,668 (1.8%) from $3,879,139 for the three-months ended December 31, 2016;
- Gross profit(1) was $769,713 for the three-months ended March 31, 2017, a decrease of $686,009 (47.1%) from $1,455,722 for the three-months ended March 31, 2016, and an increase of $329,697 74.9% from $440,016 for the three-months ended December 31, 2016;
- Posera's cash and cash equivalents(2) totaled $1,277,271 as at March 31, 2017, a decrease of $420,644 (24.8%) from $1,697,915 as at March 31, 2016, and an increase of $870,227 (213.8%) from $407,044 as at December 31, 2016. Bank indebtedness(2) was $19,999 as at March 31, 2017, an increase of $19,999 (100.0%) compared to $nil and $nil as at March 31, 2016 and December 31, 2016 respectively; and
- Posera's working capital(2) totaled $761,288 as at March 31, 2017, an increase of $3,038,943 (133.4%) from ($2,277,655) as at March 31, 2016, and an increase of $663,700 (680.1%) from $97,588 as at December 31, 2016.

(1) Amount presented applies the retrospective presentation for discontinued operations for the Zomaron transaction as discussed in this MD&A on Pages #3-4.

(2) Presentation of these amounts include the results from discontinued operations as discussed on Page #3-4.

POSERA's BUSINESS

Posera has been a leading provider of hospitality technology for more than 30 years. It manages merchant transactions with consumers and facilitates all aspects of the payment transaction.

Posera's full service solutions include SecureTablePay, which is an EMV compliant Pay-At-The-Table ("PATT") application. Posera's MaitreD'™ and FingerPrints™ restaurant management systems / point-of-sale systems offer a robust and comprehensive solution including hardware integration services, merchant staff training, system installation services, post-sale software and hardware customer support. Posera's solutions are deployed globally including across the full spectrum of restaurants, from large chains and independent table service restaurants to international quick service chains and its products have been translated into eight languages.

Posera Ltd.'s shares are traded on the Toronto Stock Exchange under the symbol "PAY".

Composition of Revenues and Expenses

Posera's revenue model includes revenues primarily from the following sources:

- **Revenue from the sale of software license agreements.** POS Software licensees and resellers contract with Posera for the use of proprietary POS software.
- **Revenue from the sale of Posera POS hardware.** Merchant licensees may purchase POS equipment from POSERA for installation at merchant.
- **Revenues from the provision of customer service contracts.** Merchants contract with Posera for ongoing support and maintenance of their installed POS systems and other equipment.
- **Revenue fees from the sale of software development services.** Merchants may hire Posera to develop software applications to meet their POS and payment requirements.
- **Revenue from data and application hosting and mobile fees.** Merchants or other application service providers may contract with Posera for data and application hosting services.
- **Services revenue from the delivery of consulting and system integration services.** Merchant licensees and merchants may hire Posera to install and manage POS equipment, terminals and readers at merchant locations and provide other services as required.

Posera's cost of sales consists primarily of the cost of POS system hardware, third party software and miscellaneous hardware and software which are purchased by Posera for resale, and technology costs and operations and support costs directly incurred to earn revenue, including amortization. Technology costs consist primarily of personnel and related costs associated with Posera technology development and maintenance, as external suppliers, as well as amortization on acquired technology. Operations and support costs consist primarily of personnel and related costs associated with the ongoing operations and support of the Posera business, fixed hosting costs, merchant implementation costs and certain consumer and merchant support costs.

Posera's operating costs are broken down into the following three categories: (1) sales and marketing, (2) general and administrative (3) restructuring. Sales and marketing costs consist primarily of personnel and related costs associated with the ongoing sales and marketing functions, as well as brand development fees, media placement fees, trade show fees, advertising, other promotional expenses, and amortization on acquired customer relationships. General and administrative fees consist primarily of personnel and related costs associated with the Company's senior management, administrative, legal and finance functions, as well as professional fees, other general corporate expenses and amortization. Restructuring expenses relate to one-time expenses that have been incurred by the Company as a result of a reorganization primarily related to severance and external consultant fees. Approximately September 30, 2016 the Company had completed a year of restructuring efforts and at that time assessed that the balance of the restructuring had been completed and any costs associated with consultants were reflective of operating the business day to day rather than purely restructuring in nature.

Stock-based compensation expense relates to charges for stock options granted to directors and employees.

Interest income on Posera corporate funds consists primarily of interest income related to its invested cash and short-term investments. Posera's policy is to invest its excess cash in short-term investment-grade interest bearing securities. Interest income fluctuates based upon the amount of funds available for investment and prevailing interest rates.

Interest expense relates to interest costs of vehicle loans and notes payable. The notes payable were either issued as a result of or acquired in the business combinations that Posera has completed or as a result of a term promissory note. On the date of acquisition or issuance of the notes payable, Posera fair valued the notes payable acquired or issued, and as a result part of the interest expense included accretion of the fair value increment of the notes payable acquired or issued.

Growth Strategy and Future Outlook

Posera strives to be the information technology backbone for leading hospitality companies, enabling them to operate faster, better and more efficiently, by providing mission-critical products and services for point of sale, kitchen management and payments. Our clients depend on us to operate reliably and efficiently at the store level, while providing real time or end of day revenue and operations data for corporate reporting, Additionally, large chains rely on our broadcast services to update menus, special offers and pricing on a weekly basis.

As a result, Posera will continue to innovate to meet the needs of a rapidly evolving hospitality and technology industry. Above all else, Posera will continue to focus on meeting the requirements of both its existing merchant clients and those of new clients. The Company will continue to improve its core point-of-sale ("POS") offerings in the form of new product releases that are focused on improving the competitive advantage and business success of its clients. Posera will also continue to seek out new peripheral products that broaden its suite of products to further deepen and strengthen the Company's' client relationships.

Today Posera has achieved a significant penetration of the International restaurant management systems ("RMS") landscape through its two leading solution, Maitre'D, which specializes in the table service industry and Fingerprints with its specialty in the quick service restaurant ("QSR") industry. In order to continue to expand its RMS footprint Posera will need to focus expansion internationally to the newly developing regions of the globe. Additionally, Posera needs to leverage its key, preferred vendor relationship as its largest customer is considered the most efficient QSR manufacturer in the world.

Posera will continue to identify vertical market segments and specific client groupings that provide suitable opportunities to expand the adoption of Posera's technology, assigning the appropriate sales force personnel to approach and support prospective clients. Posera will continue to expand its direct sales and reseller network to market its POS and related products and technology.

The Company will continue to build on its revenue model of stable, predictable recurring revenue streams. These include POS support and software maintenance contracts and POS referral revenue sharing arrangements.

Finally, Posera will continue to selectively assess acquisition and divestiture opportunities to fortify its market position and augment its growth. The evaluation of potential acquisitions will include whether the opportunities have technology or services that extend the Company's core capabilities, has a complementary customer base and has a compatible corporate culture.

SecureTablePay Opportunity

On April 26, 2016 the Company announced the release of its SecureTablePay application enabling safe, secure and stable “Pay-at-the-Table” capabilities. Posera has many years of Canadian and International success in the EMV Chip and PIN[1] business. SecureTablePay has a unique and leading architecture, provides both convenience and security and is already integrated to most of the leading Point-of-Sale applications. SecureTablePay is:

(a) **Unique Architecture & Rapid Implementation:** It is the only semi-integrated EMV[1] and Contactless application allowing restaurant wait-staff to manage payments, split checks, tips and tables, remotely from a wireless payment terminal. SecureTablePay also incorporates Chip and Signature, PIN based Debit, Gift Cards, Tap and Pay by Phone with end-to-end encryption for the US market. The semi-integrated approach requires less development effort, and a reduced Payment Card Industry (“PCI”) scope, enabling a vastly compressed time to market.

(b) **Secure:** SecureTablePay provides the extraordinary convenience of paying at the table for both restaurant wait-staff and their customers. The card never leaves the Cardholder’s hands reducing the risk of fraud for both the merchant and cardholder. It also provides a secure solution to the enormous security challenges and financial risks that merchants now face due to the October 2015 liability shift imposed by the payment processors. This shift transfers the liability to the retail / restaurant merchants for chargebacks relating to fraudulent transactions, where previously chargebacks were a cost incurred by the processor.

(c) **Market-Ready:** SecureTablePay is integrated to more than 20 of the largest Restaurant Point-of-Sale applications worldwide and our solution is already installed in several thousand hospitality merchants across Canada.

(d) **Independent Evolution:** Secure Table Pay allows the POS and Payments Processing to evolve independently in this dynamic industry without the need for re-certification as the US industry evolves through its payment security process.

(e) **Improved Efficiency and Profitability:** Secure Table Pay improves speed and accuracy in the Restaurant reducing Tip Adjust errors, improving wait-staff efficiency while increasing Table Turn Rates and profits for merchants, leading to a better overall customer experience.

In addition to SecureTablePay, Posera also on April 26, 2016 announced that it had entered into its first non-exclusive distribution agreement with a leading US payment processing company for the SecureTablePay application. Subsequently, on September 8, 2016 Posera announced is second SecureTablePay distribution agreement with another leading US payment processor. While these distribution agreements will generate initial license fee revenues, the platform is based from a recurring revenue license model. The market opportunity for this solution is immense, with over 635,000 table service dining restaurants in the United States that would benefit from the use of the SecureTablePay technology. The Company’s objective with SecureTablePay is to become the “standard” for “Pay-at-the-Table” in the United States and we believe that we can achieve significant market penetration with our leading SecureTablePay product and our experienced team for sales and development of “Pay-at-the-Table”. The Company anticipates live deployments of its SecureTablePay solution in the United States to commence in fiscal 2017.

[(1)] **Industry Terminology Explained:** EMV ("Europay, MasterCard and Visa") is a technical standard for smart payment cards, payment terminals and ATM's ("Automated Teller Machines"). Payment cards that comply with the EMV standard are often called Chip and PIN or Chip and Signature cards, depending on the exact authentication methods required to use them. Chip and PIN is the most secure type of technology for credit and debit cards transactions. Rather than physically signing a receipt for identification purposes, the user enters a four-digit Personal Identification Number ("PIN"). This number must correspond to the information that is stored on the Chip. Chip and PIN technology makes it much harder for fraudsters to replicate, therefore if a customer's card is stolen, there will be no fraudulent purchases unless the criminal knows their four-digit PIN.

The proven impact of EMV adoption on payment card fraud

Most credit and debit card fraud occurs in the United States. In fact, a 2015 research note from Barclays stated that the United States is responsible for 47 percent of the world’s credit and debit card fraud despite only accounting for 24 percent of total worldwide credit and debit card volume.[2]

Most experts believe that the reason the United States has a disproportionately high amount of fraud is because it has been slow to adopt EMV, a global standard in which credit cards carry computer chips that cut down on counterfeiting by dynamically authenticating card transactions. Countries that have deployed EMV have enjoyed a decrease in counterfeit fraud, resulting in a 70 decease in the United Kingdom between 2005 and 2013 as an example. [1]

Countries implementing EMV Chip payments have reported a decrease in card fraud with EMV adoption the consumer gains control and trust by never losing sight or giving up possession of their cards.

Similarly, the national roll-out of EMV in Canada in 2008 had a dramatic impact on fraud. Losses from debit card skimming in Canada fell from $142 million in 2009 to $29.5 million in 2013, according to the Interac Association.

References

1) Barclays' Security in Payments: A Look into Fraud, Fraud Prevention, & the Future, May 22, 2015

Critical Accounting Estimates and Judgments

This MD&A should be read in conjunction with the Company's audited Consolidated Financial Statements for the years-ended December 31, 2016 and 2015, including the notes thereto, in particular Note 2. Posera's consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, collectively referred to as ("IFRS"), while the condensed consolidated interim financial statements are prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The Consolidated Financial Statements for the year-ended December 31, 2016 outline the accounting principles and policies used to prepare our financial statements. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position.

The Company has considered in determining its critical accounting estimates, trends, commitments, events or uncertainties that it reasonably expects to materially affect the methodology or assumptions, subject to the items identified in the Caution regarding forward-looking statements section of this MD&A.

Critical accounting judgments

The preparation of annual consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The following are the significant accounting judgments that were made in the preparation of the financial statements:

<u>Cash-generating units ("CGU"s)</u>

In testing for impairment of certain assets that do not have independent cash inflows, the Company is required to group non-goodwill long-lived assets into CGUs which is the lowest level of assets that produce cash inflows which are independent of other assets. Goodwill is allocated to each CGU, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill is allocated represents the lowest level within the entity at which goodwill is monitored for internal management purposes and is not larger than an operating segment.

<u>Functional currency of consolidated entities.</u>

Under IFRS, each consolidated entity must determine its own functional currency, which becomes the currency that entity measures its results and financial position in. In determining the functional currencies of consolidated entities, the Company considered many factors, including the currency that mainly influences sales prices for goods and services, the currency of the country whose competitive forces and regulations mainly determine the sales prices, and the currency that mainly influences labour material and other costs for each consolidated entity.

<u>Critical accounting estimates</u>
The following are some of the estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Refer to Note 2 of the Annual Consolidated Financial Statement and MD&A for the years-ended December 31, 2016 and 2015 for a complete listing of the Company's critical accounting estimates.

a. *Intangible assets – March 31, 2017 - $1,293,714 (March 31, 2016 - $2,228,618, December 31, 2016 - $1,456,606) and Goodwill – March 31, 2017 - $4,161,010 (March 31, 2016 - $6,228,478, December 31, 2016 - $4,189,233).*
    - *Critical estimates relate to the valuation of intangible assets and goodwill acquired in business combinations and the potential or actual impairment of intangible assets and goodwill as part of the CGU impairment testing.*
    - *See the detailed disclosure surrounding the estimates, useful lives and amortization policy used by the Company in Note 2 of the December 31, 2016 annual consolidated financial statements.*

b. *Investment Tax Credits Receivable – non-refundable – March 31, 2017 - $807,022 (March 31, 2016 - $834,039; December 31, 2016 - $803,016).*
    - *Management estimates that the non-refundable Investment Tax Credits receivable will be recoverable before expiry. See detailed disclosure surrounding the expiry dates for non-refundable Investment Tax Credits Receivable in Note 3. An annualized 2.50% decrease in the forecasted taxable income of the entity with the Non-Refundable Investment Tax Credits Receivable would not cause any of the tax credits to expire before use.*
    - *See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2016 annual consolidated financial statements.*

c. *Provisions – March 31, 2017 - $667,535 (March 31, 2016 - $725,428; December 31, 2016 - $669,841) and related expenditures for the three-months ended March 31, 2017 - $nil (March 31, 2016 - $226,248)*
    - *See detailed disclosure surrounding the provision at Note 8.*
    - *See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2016 annual consolidated financial statements.*

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended March 31, 2017, March 31, 2016 and December 31, 2016. The information has been re-presented for discontinued operations.

Analysis of the Unaudited Quarterly Results	Q1-2017 (unaudited) $	Q1-2016 (unaudited) $	Q4-2016 (unaudited) $	Q1-2017 vs. Q1-2016 $	%	Q1-2017 vs. Q4-2016 $	%
Revenue							
POS	3,947,807	4,414,873	3,879,139	(467,066)	(10.6)%	68,668	1.8%
Payment processing	-	4,261	-	(4,261)	(100.0)%	-	-%
Total Revenue	**3,947,807**	**4,419,134**	**3,879,139**	**(471,327)**	**(10.7)%**	**68,668**	**1.8%**
Cost of Sales							
Cost of inventory	969,573	1,127,792	1,387,112	(158,219)	(14.0)%	(417,539)	(30.1)%
Technology	557,379	465,861	549,977	91,518	19.6%	7,402	1.3%
Operations and Support	1,651,142	1,369,759	1,502,034	281,383	20.5%	149,108	9.9%
Total Cost of Sales	**3,178,094**	**2,963,412**	**3,439,123**	**214,682**	**7.2%**	**(261,029)**	**(7.6)%**
Gross Profit	769,713	1,455,722	440,016	(686,009)	(47.1)%	329,697	74.9%
Gross Profit Percentage	19.5%	32.9%	11.3%		(40.7)%		72.6%
Operating Expenditures							
Sales and marketing	792,033	921,285	707,482	(129,252)	(14.0)%	84,551	12.0%
General and administrative	1,652,311	1,221,460	1,627,777	430,851	35.3%	24,534	1.5%
Restructuring costs	-	687,773	12,919	(687,773)	(100.0)%	(12,919)	(100.0)%
Total Operating Expenditures	**2,444,344**	**2,830,518**	**2,348,178**	**(386,174)**	**(13.6)%**	**96,166**	**4.1%**
	(1,674,631)	**(1,374,796)**	**(1,908,162)**	**(299,835)**	**21.8%**	**233,531**	**(12.2)%**
Other expenses (income)							
Interest expense	63,354	91,851	110,017	(28,497)	(31.0)%	(46,663)	(42.4)%
Realized and unrealized loss on foreign exchange	23,101	15,299	26,965	7,802	51.0%	(3,864)	(14.3)%
Interest and other income	(1,800)	(3,945)	(626)	2,145	(54.5)%	(1,174)	187.5%
Loss on revaluation of financial instrument	-	-	200,000	-	-%	(200,000)	(100.0)%
	84,655	**103,205**	**336,356**	**(18,550)**	**(18.0)%**	**(251,701)**	**(74.8)%**
Net loss before income taxes	**(1,759,286)**	**(1,478,001)**	**(2,244,518)**	**(281,285)**	**19.0%**	**485,232**	**(21.6)%**
Current	34,620	2,279	47,691	32,341	1,419.1%	(13,071)	(27.4)%
Future	3,327	(9,933)	(8,384)	13,260	(133.5)%	11,711	(139.7)%
Net loss from Continuing Operations	**(1,797,233)**	**(1,470,347)**	**(2,283,824)**	**(326,886)**	**22.2%**	**486,591**	**(21.3)%**
Loss from discontinued operations (net of tax)	-	(78,777)	-	78,777	(100.0)%	-	-%
Net loss	**(1,797,233)**	**(1,549,124)**	**(2,283,824)**	**(248,109)**	**16.0%**	**486,591**	**(21.3)%**
Other comprehensive income	(14,240)	(289,554)	89,954	275,314	(95.1)%	(104,194)	(115.8)%
Comprehensive loss	**(1,811,473)**	**(1,838,678)**	**(2,193,870)**	**27,205**	**(1.5)%**	**382,397**	**(35.1)%**

Comparison of the Unaudited Three-Months Ended (continued)

Non-IFRS reporting measures(as outlined on Pages 22 – 23 of this MD&A):	Q1-2017 (unaudited) $	Q1-2016 (unaudited) $	Q4-2016 (unaudited) $		Q1-2017vs. Q1-2016 $	%	Q1-2017 vs. Q4-2016 $	%
Recurring Revenue	1,661,110	1,746,609	1,612,795		(85,499)	(4.9)%	48,315	3.0%
EBITDA	(1,487,270)	(1,233,970)	(1,682,342)		(253,300)	20.5%	195,072	(11.6)%
Normalized EBITDA	(1,166,382)	(546,197)	(1,407,577)		(620,185)	113.5%	241,195	(17.1)%

The presentation of the below of Selected Unaudited Quarterly Financial Data is for the purposes of this management discussion and analysis. The 2017 and 2016 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the three months ended	March 31, 2017	March 31, 2016	December 31, 2016
Total revenue	$ 3,947,807	$ 4,419,134	$ 3,879,139
Recurring revenue	1,661,110	1,746,609	1,612,795
POS revenue	3,947,807	4,414,873	3,879,139
Payment processing revenue	-	4,261	-
Net loss	(1,797,233)	(1,549,124)	(2,283,824)
Income (loss) per share – basic and diluted	(0.02)	(0.02)	(0.03)
Weighted average number of shares outstanding (000's) - basic	90,702	75,838	75,838
Weighted average number of shares outstanding (000's) – diluted	90,702	75,838	75,838
Cash and cash equivalents	1,277,271	1,697,915	407,044
Bank indebtedness	19,999	-	-
Working capital (as outlined on Page 24 of this MD&A)	761,288	(2,277,655)	97,588
Total assets	12,888,260	16,580,404	12,452,559
Long-term liabilities	1,611,714	147,330	1,548,152
Total shareholders' equity	5,796,980	7,071,689	5,338,844

Comparison of the unaudited quarters ended March 31, 2017 and 2016 and December 31, 2016

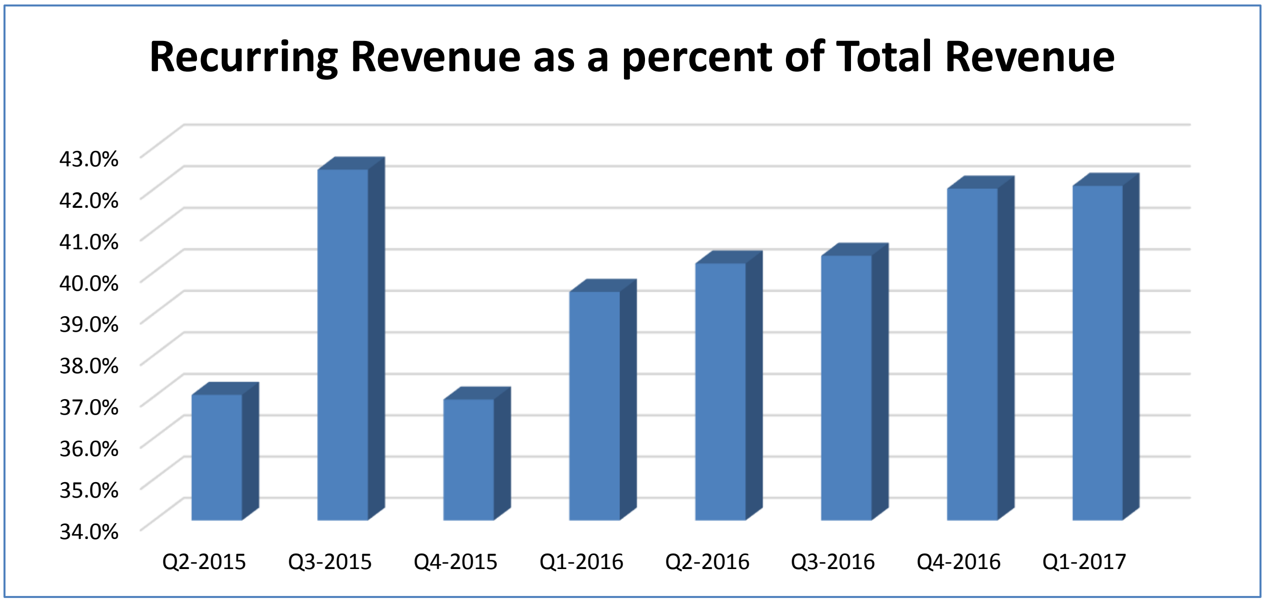
The Zomaron entity was a discontinued operation as at March 31, 2016 and the Company completed the sale of Zomaron on April 29, 2016. As a result, the following discussion and analysis has removed the Zomaron results for the period ended March 31, 2016. Further discussion on the treatment of Zomaron as a discontinued operation is documented on Pages 3 - 4 of this MD&A.

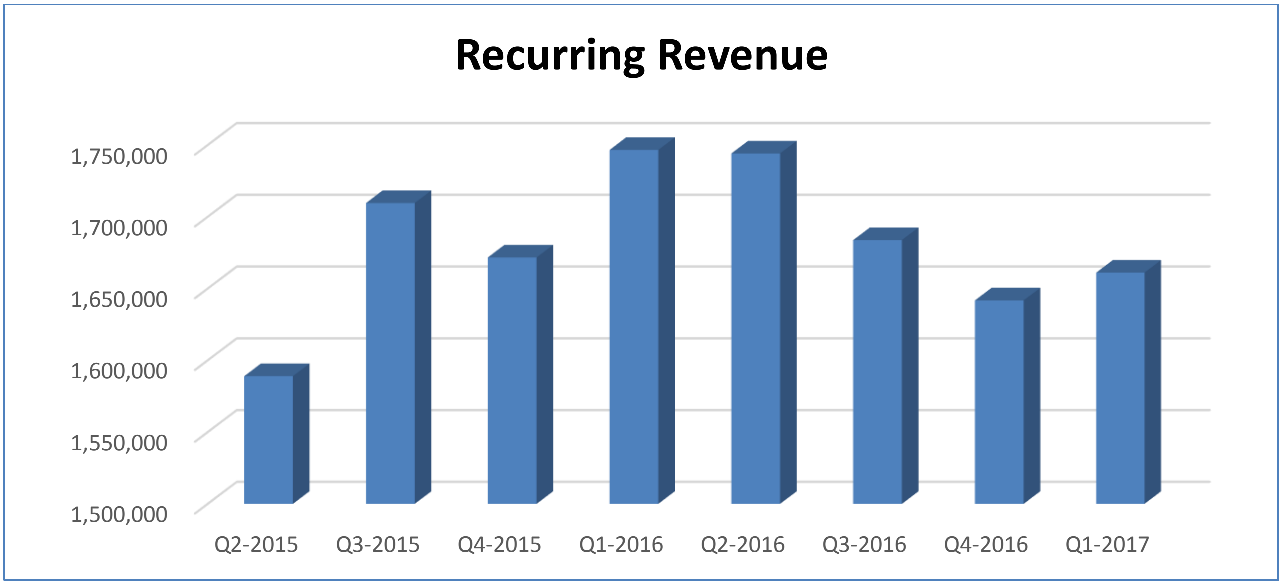
Recurring Revenue:

Recurring Revenue Comparisons March 31, 2017, March 31, 2016 and December 31, 2016

Total Recurring Revenue Reconciliation	For the quarters ended		
	March 31, 2017	March 31, 2016	December 31, 2016
Total Recurring Revenue Otherwise Reportable[1)]	**$ 1,661,110**	**$ 2,308,728**	**$ 1,612,795**
Less: Recurring Revenue reclassified to discontinued operations	**-**	**562,119**	**-**
Total Recurring Revenue	**$ 1,661,110**	**$ 1,746,609**	**$ 1,612,795**

(1) Total recurring revenue assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.





The Company continues to build on its recurring revenue model of stable, predictable recurring revenue streams. Recurring revenue will continue to benefit the Company as we focus on enhancing and growing these revenue streams. Recurring revenue is a Non-GAAP financial metric which includes certain components of POS revenues as disclosed on the statement of operations. These include POS support and maintenance contracts, POS referral revenue sharing arrangements and other recurring revenue agreements. To a minor extent recurring revenues include payment processing revenues and referral fees earned in relation to payments processed by customers.

To date the balance of Posera's recurring revenue is generated from the Company's pre-existing POS brands, Fingerprints and MaitreD'. The Company as of March 31, 2017, was in the process of finalizing the technical certification required by the large payment processors in the United States for the SecureTablePay solution. Upon the completion of certification SecureTablePay will move to pilot testing and then Posera and our US Payment Processing partners will work toward sell through of the solution to hospitality merchants. Posera will not recognize significant revenues from this platform until technical certification, pilot testing and sell through is achieved. The SecureTablePay platform is primarily a recurring revenue model.

Revenue:

Revenue Comparisons March 31, 2017, March 31, 2016 and December 31, 2016

Total Revenue Reconciliation	**For the quarters ended**		
	March 31, 2017	**March 31, 2016**	**December 31, 2016**
Total Revenue Otherwise Reportable(1)	**$ 3,947,807**	**$ 5,339,478**	**$ 3,879,139**
Less: Revenue reclassified to discontinued operations	**-**	**920,344**	**-**
Total Revenue	**$ 3,947,807**	**$ 4,419,134**	**$ 3,879,139**

(1) Total Revenue assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.

Total revenue is comprised of two separate components, POS revenue and payment processing revenue.

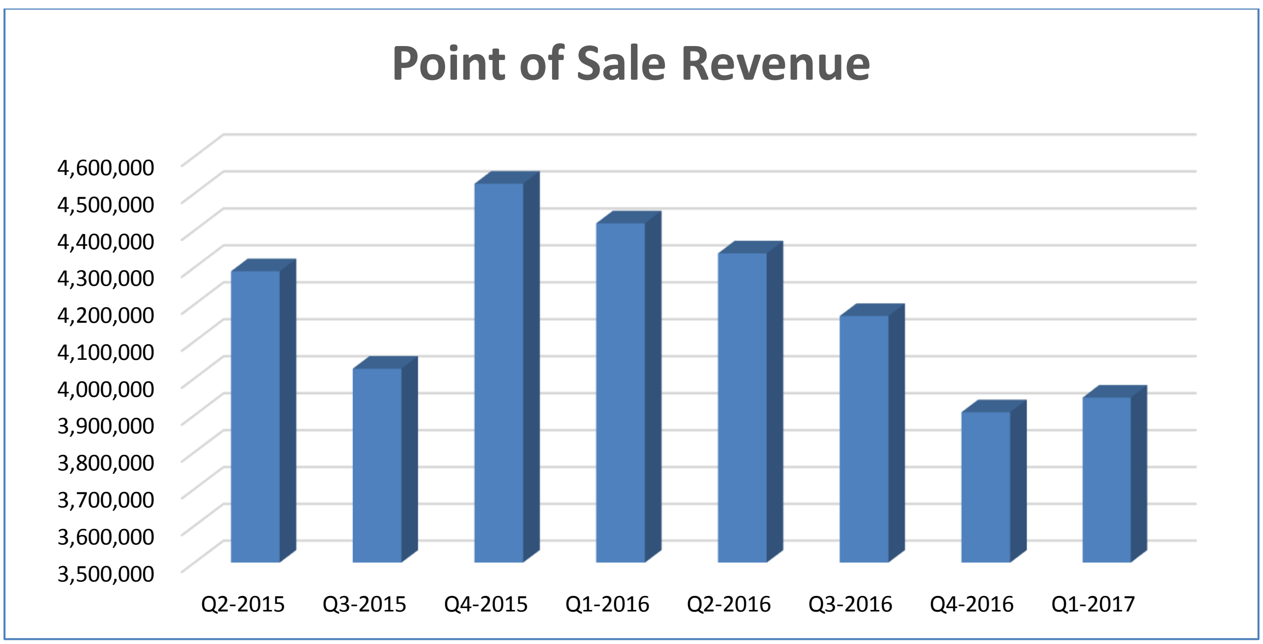
Point-of-Sale (“POS”) Revenue

Total POS Revenue Reconciliation	For the quarters ended		
	March 31, 2017	March 31, 2016	December 31, 2016
Total POS Revenue Otherwise Reportable(1)	**$ 3,947,807**	**$ 4,777,359**	**$ 3,879,139**
Less: POS Revenue reclassified to discontinued operations	**-**	**358,225**	**-**
Total POS Revenue	**$ 3,947,807**	**$ 4,419,134**	**$ 3,879,139**

(1) Total POS Revenue assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.

The decrease in POS revenues during the three-months ended March 31, 2017 compared to the three-months ended March 31, 2016 resulted primarily from decreased sales the Fingerprints POS brand through its direct sales channels. During the three-months ended March 31, 2016 the Company implemented a refresh of hardware program to a portion of the Fingerprints customer base, the Company didn’t achieve similar one-time sales from a refresh program during the three-months ended March 31, 2017. The impact of refreshing customer hardware is twofold, first refreshing the hardware will increase the probability that Posera will secure future service and support contracts from the customer, which will maintain stability in Posera’s recurring revenue and second, the refresh is expected to reduce the cost to service and support our existing customers, as the new hardware tends to result in fewer support related calls and visits to customer sites.

The MaitreD’ brand experienced a minor increase in sales during the three-months ended March 31, 2017 when compared to three-months ended March 31, 2016. The Company typically experiences seasonal fluctuations in revenue, whereby the seasonal results of the fourth quarter tent to be stronger than the first quarter for the Company. The Company experienced the opposite during the three-months ended March 31, 2017, as revenues generated during that period were higher by 1.8% compared to the three-months ended December 31, 2016.



Payment Processing Revenue

Payment Processing Revenue Reconciliation	For the quarters ended		
	March 31, 2017	**March 31, 2016**	**December 31, 2016**
Total Payments Revenue Otherwise Reportable(1)	**$ -**	**$ 566,380**	**$ -**
Less: Payments revenue reclassified to discontinued operations	-	562,119	-
Total Payments Revenue	**$ -**	**$ 4,261**	**$ -**

(1) Total Payments Revenue assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.

Posera during the three-months ended March 31, 2017 and December 31, 2016, Posera had fully exited the Payment Processing business through the divestiture of Zomaron during the three-months ended June 30, 2016 and the sale of the Company's ATM customer base to an independent third party during the three-months ended September 30, 2016.

Cost of Sales:

Cost of Sales Comparisons March 31, 2017, March 31, 2016 and December 31, 2016

Cost of Inventory

Cost of Inventory Reconciliation	For the quarters ended		
	March 31, 2017	**March 31, 2016**	**December 31, 2016**
Cost of Inventory Otherwise Reportable(1)	**$ 969,573**	**$ 1,312,593**	**$ 1,387,112**
Less: Cost of Inventory reclassified to discontinued operations	-	(184,801)	-
Cost of Inventory	**$ 969,573**	**$ 1,127,792**	**$ 1,387,112**

(1) Total Cost of Inventory assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.

Posera recognized cost of inventory of $969,573 (24.6% of total revenues) for the three-months ended March 31, 2017, compared to $1,127,792 (25.5% of total revenues) for the three-months ended March 31, 2016 and $1,387,112 (35.5% of total revenues) for the three-months ended December 31, 2016. The changes in the cost of inventory as a percentage of revenue is a result the refresh program, previously discussed whereby the Company undertook a strategy to increase market share and therefore securing the customer long-term contract, but these were completed at a lower margin than in the comparable periods.

Technology Expense

Technology Expense Reconciliation(1)	For the quarters ended		
	March 31, 2017	**March 31, 2016**	**December 31, 2016**
Technology expense	**$ 557,379**	**$ 465,861**	**$ 549,977**
Less: Amortization of intangible assets	8,782	25,072	31,666
Less: One-time expenditures	1,192	-	-
Adjusted technology expense	**$ 547,405**	**$ 440,789**	**$ 518,311**

(1) The Zomaron entity for which discontinued operations accounting has been applied does not incur Technology Expense, resulting in no re-presentation of the comparative periods.

The adjusted technology expense increased during the three-months ended March 31, 2017 compared to the three-months ended March 31, 2016 and December 31, 2016, as a result of some additions to headcount and employee salaries, as well as external consultants being utilized to assist Posera with development projects for both of the Company's POS brands has been relatively consistent between the three-months ended March 31, 2017 and 2016 reporting periods.

Operations and Support Expense

Operations and Support Expense Reconciliation	**For the quarters ended**		
	March 31, 2017	**March 31, 2016**	**December 31, 2016**
Operations and Support Expense Otherwise Reportable(1)	**$ 1,651,142**	**$ 1,463,011**	**$ 1,502,034**
Less: Operations and Support expense reclassified to discontinued operations	-	93,252	-
Less: One-time expenditures	52,063	-	-
Adjusted Operations and Support Expense	**$ 1,599,079**	**$ 1,369,759**	**$ 1,502,034**

(1) Total Operations and Support Expense assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.

The adjusted operations and support expenses were $1,599,079 in the three-months ended March 31, 2017; an increase of $229,320 (16.7%) from $1,369,759 in the three-months ended March 31, 2016 and also increased by $97,045 (6.5%) from $1,502,034 in the three-months ended December 31, 2016. During fiscal 2016, the Company adjusted some employee's compensation, which has resulted in higher prospective salary costs for operations and support. Additionally, during the three-months ended March 31, 2017 there was higher headcount when compared to the three-month ended March 31, 2016 and December 31, 2016.

Operating Expenditures:

Operating Expenditures	**For the quarters ended**		
	March 31, 2017	**March 31, 2016**	**December 31, 2016**
Operating Expenditures Otherwise Reportable(1)	**$ 2,444,344**	**$ 3,549,809**	**$ 2,348,178**
Less: Operating Expenditures reclassified to discontinued operations	-	719,291	-
Operating Expenditures	**$ 2,444,344**	**$ 2,830,518**	**$ 2,348,178**
Less: Amortization of intangible assets and PP&E	178,579	172,414	194,153
Less: Restructuring charges	-	687,773	12,919
Less: Other One-time expenditures	129,308	-	130,429
Less: Stock-based compensation	138,325	-	144,335
Adjusted Operating Expenditures	**$ 1,998,132**	**$ 1,970,331**	**$ 1,866,342**

(1) Total Operations and Support Expense assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.

Included in operating expenditures for the three-months ended March 31, 2017 are restructuring costs of $nil which were $687,773 and $12,919 for the three-months ended March 31, 2016 and December 31, 2016 respectively.

The restructuring expenses incurred by the Company during the three-months ended March 31, 2016 and December 31, 2016, are one-time expenditures that are not expected to endure into perpetuity and were incurred by the Company because of a reorganization. The restructuring expenses have been an expense to the Company in the short-term, but are expected to reduce overall expenditures, increase overall efficiency and financial performance of the Company in the long-term. Restructuring expenses are related primarily to operational consultants and reducing overall employee headcount through terminations. Approximately September 30, 2016 the Company had completed a year of restructuring efforts and at that time assessed that the balance of the restructuring had been completed and any costs associated with consultants were reflective of operating the business day to day rather than purely restructuring in nature.

Included in operating expenses for the three-months ended March 31, 2017, March 31, 2016 and December 31, 2016 are one-time expenditures excluding restructuring relating to corporate and acquisition related legal expenses and operational consultants assisting with the improving the operating efficiencies of the Company.

<u>Sales and Marketing Expense</u>

Sales and Marketing Expense Reconciliation	**For the quarters ended**		
	March 31, 2017	**March 31, 2016**	**December 31, 2016**
Sales and Marketing Expense Otherwise Reportable(1)	**$ 792,033**	**$ 1,495,848**	**$ 707,482**
Less: Sales and Marketing expense reclassified to discontinued operations	-	574,563	-
Sales and marketing expense	**$ 792,033**	**$ 921,285**	**$ 707,482**
Less: Amortization of intangible assets	138,483	147,181	151,065
Less: One-time expenditures	28,846	-	-
Adjusted Sales and Marketing expense	**$ 624,749**	**$ 774,104**	**$ 556,417**

(1) Total Sales and Marketing Expense assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.

The adjusted sales and marketing expenses decreased for the three-months ended March 31, 2017 compared to the three-months ended March 31, 2016 due to a reduction in sales and marketing headcount between the comparative periods. Additionally, the adjusted sales and marketing expenses increased for the three-months ended March 31, 2016 compared to the three-months ended December 31, 2016 due to an increase in salaries and an increase in costs related to advertising and attendance at tradeshow. The Company's will continue to attend tradeshows and undertake advertising as Posera believes they are investments made to stimulate visibility of our products and eventually lead to future sales being generated for Posera and specifically the Fingerprints and MaitreD' POS brands as well as the SecureTablePay platform.

General and Administrative ("G&A") Expense

General and Administrative ("G&A") Expense Reconciliation	For the quarters ended		
	March 31, 2017	March 31, 2016	December 31, 2016
G&A Expense Otherwise Reportable(1)	**$ 1,652,311**	**$ 1,366,188**	**$ 1,627,777**
Less: G&A expense reclassified to discontinued operations	-	144,728	-
G&A expense	**$ 1,652,311**	**$ 1,221,460**	**$ 1,627,777**
Less: Stock-based compensation expense	138,325	-	144,335
Less: Amortization of intangible assets and PP&E	40,096	25,233	43,088
Less: One-time expenditures	100,462	-	130,429
Adjusted G&A expense	**$ 1,373,428**	**$ 1,196,227**	**$ 1,309,925**

(1) Total G&A Expense assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Pages #3-4.

The adjusted general and administrative expenditures for the three-months ended March 31, 2017 increased $177,201 (14.8%) and increased $63,503 (4.8%), when compared to the three-months ended March 31, 2016 and December 31, 2016 respectively. The three-months ended March 31, 2017 adjusted general and administrative expenditures changed due to an increase in headcount, otherwise the change was marginal between the comparable periods.

Other Expense and Income:

Interest expense is comprised primarily of interest expense incurred on long-term obligations, including the convertible debentures issued as part of the Posera Inc. acquisition in 2010 and a financing completed in January, 2014 and was renewed in January, 2017. The convertible debenture issued as part of the Posera Inc., 2010 acquisition was paid in full by the Company in August 2016. As a result, interest expense for the three-months ended March 31, 2017 was $63,354 a decrease of $28,497 (31.0%) and a decrease of $46,663 (42.4%) from $91,851and $110,017 for the three-months ended March 31, 2016 and December 31, 2016 respectively. The decrease in interest expense between the three-months ended March 31, 2017 and December 31, 2016 resulted from the set-up fees for the stand-by facility that was finalized during the three-months ended December 31, 2016.

Realized and unrealized (gain) loss on foreign exchange is comprised primarily of the (gain) loss on the foreign denominated convertible debenture and net assets denominated in foreign currencies. As a result of the increase in the CAD, relative to the USD, the carrying amount of the convertible debenture liability (in CAD) has decreased, resulting in a gain during the three-months ended March 31, 2016 where there was no impact during the three-months ended March 31, 2017 as the convertible debenture was repaid in full by August, 2016. Additionally, the net assets denominated in foreign currencies incurred a gain during the three-months ended March 31, 2017 as a result of an increase of the value of the source currency when translated into the functional currency. The fluctuations in the realized and unrealized (gain) loss on foreign exchange has impacted the three comparable reporting periods, March 31, 2017, March 31, 2016 and December 31, 2016. The impact to income is predicated on the foreign exchange movements in net assets denominated in a currency other than the functional currency and the revelation of the convertible debenture from USD to CAD.

Interest and other income is comprised primarily of interest earned from the investing of Posera's corporate funds. The interest earned remained relatively consistent between the three-months ended March 31, 2017, March 31, 2016 and December 31, 2016, as the interest rates earned, and balances deposited remained relatively consistent.

The Company incurred a loss on the revaluation of a financial instrument during the three-months ended March 31, 2017 of $nil compared to $nil and a loss of $200,000 for the three-months ended March 31, 2016 and December 31, 2016 respectively. The loss resulted from the revaluation of the note receivable held by Posera, stemming from the Zomaron transaction. The value of the note receivable was established on the disposition date, April 29, 2016 and was revalued by the Company at each subsequent period end until the note receivable was settled in full during, the three-months ended March 31, 2017.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended March 31, 2017 as prepared in accordance with IFRS and certain Non-IFRS measurements. The information has been derived from our unaudited quarterly financial statements that, in management's opinion, have been prepared on a basis consistent with the audited financial statements for the years ended December 31, 2016 and 2015 and include all adjustments necessary for a fair presentation of information presented. The Earnings (Loss) Per Share – Basic and Diluted per quarter may not aggregate to the Earnings (Loss) Per Share – Basic and Diluted in the annual financial statements due to rounding.

	2017	2016		
	Q1	Q4	Q3	Q2
Total revenue	$ 3,947,807	$ 3,879,139	$ 4,168,526	$ 4,337,915
Recurring revenue	$ 1,661,110	$ 1,612,795	$ 1,683,774	$ 1,744,150
POS revenue	$ 3,947,807	$ 3,879,139	$ 4,168,526	$ 4,333,939
Payments revenue	$ -	$ -	$ -	$ 3,976
EBITDA(1,2)	$ (1,487,270)	$ (1,682,342)	$ (793,049)	$ (452,560)
Normalized EBITDA(1,2)	$ (1,166,382)	$ (1,407,577)	$ (416,134)	$ (37,601)
Net Income (Loss)(2)	$ (1,797,233)	$ (2,283,824)	$ (989,959)	$ 1,141,959
Comprehensive Income (Loss)(2)	$ (1,811,473)	$ (2,193,870)	$ (954,509)	$ 1,117,432
Earnings (Loss) Per Share Basic	$ (0.02)	$ (0.03)	$ (0.01)	$ 0.02
Earnings (Loss) Per Share Diluted	$ (0.02)	$ (0.03)	$ (0.01)	$ 0.02

	2016	2015		
	Q1	Q4	Q3	Q2
Total revenue	$ 4,419,134	$ 4,526,389	$ 4,025,883	$ 4,289,541
Recurring revenue	$ 1,746,609	$ 1,671,663	$ 1,709,616	$ 1,558,984
POS revenue	$ 4,414,873	$ 4,523,088	$ 4,022,537	$ 4,286,466
Payments revenue	$ 4,261	$ 3,301	$ 3,346	$ 3,075
EBITDA(1,2)	$ (1,233,970)	$ (931,485)	$ (367,925)	$ (172,033)
Normalized EBITDA(1.2)	$ (546,197)	$ (212,250)	$ (274,532)	$ (125,043)
Net Income (Loss)(2)	$ (1,549,124)	$ (2,963,984)	$ (838,406)	$ (645,911)
Comprehensive Income (Loss)(2)	$ (1,838,678)	$ (2,833,127)	$ (553,865)	$ (689,041)
Earnings (Loss) Per Share Basic	$ (0.02)	$ (0.04)	$ (0.01)	$ (0.01)
Earnings (Loss) Per Share Diluted	$ (0.02)	$ (0.04)	$ (0.01)	$ (0.01)

(1) See EBITDA and Normalized EBITDA reporting measures (as outlined on Pages 22 – 23 of this MD&A)
(2) Presentation of EBITDA, Normalized EBITDA, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of Zomaron as previously discussed on Pages #3-4.

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Loss to EBITDA and Normalized EBITDA(1)	**2017**	**2016**		
	Q1	Q4	Q3	Q2
Net Income (Loss)(1)	**$ (1,797,233)**	**$ (2,283,824)**	**$ (989,959)**	**$ 1,141,959**
Interest expense	63,354	110,017	90,586	84,933
Exchange loss (gain)	23,101	26,965	7,673	12,565
Interest and other income	(1,800)	(626)	(2,552)	(3,465)
Loss on revaluation of financial instrument	-	200,000	(131,771)	240,000
Amortization of equipment	27,224	33,738	21,466	19,497
Amortization of intangible assets	160,137	192,082	176,007	181,360
Gain on disposition of subsidiary	-	-	-	(2,134,794)
Impairment of assets	-	-	-	-
Tax provision (recovery)	37,947	39,307	35,501	5,385
EBITDA(1)	**$ (1,487,270)**	**$ (1,682,341)**	**$ (793,049)**	**$ (452,560)**
One-time non-recurring expenditures and (recoveries)	182,563	130,429	314,851	323,256
Stock-based compensation expense	138,325	144,335	62,064	91,703
Normalized EBITDA(1)	**$ (1,166,382)**	**$ (1,407,577)**	**$ (416,134)**	**$ (37,601)**

(1) Presentation of the EBITDA and Normalized EBITDA include the results from discontinued operations of Zomaron as previously discussed on Pages #3-4.

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent (continued)

Net Loss to EBITDA and Normalized EBITDA(1)	**2016**	**2015**		
	Q1	Q4	Q3	Q2
Net Income (Loss)(1)	**$ (1,549,124)**	**$ (2,963,984)**	**$ (838,406)**	**$ (645,911)**
Interest expense	93,628	103,260	107,714	103,787
Exchange loss (gain)	15,299	(18,855)	22,967	(2,568)
Interest and other income	(3,945)	(16,800)	(5,498)	(6,840)
Amortization of equipment	25,195	23,062	23,513	21,692
Amortization of intangible assets	192,631	412,534	309,581	333,099
Impairment of assets	-	1,562,675	-	-
Tax provision (recovery)	(7,654)	(33,377)	12,204	23,708
EBITDA(1)	**$ (1,233,970)**	**$ (931,485)**	**$ (367,925)**	**$ (173,033)**
One-time non-recurring expenditures and (recoveries)	687,773	717,363	87,957	42,554
Stock-based compensation expense	-	1,872	5,436	5,436
Normalized EBITDA(1)	**$ (546,197)**	**$ (212,250)**	**$ (274,532)**	**$ (125,043)**

(1) Presentation of the EBITDA and Normalized EBITDA include the results from discontinued operations of Zomaron as previously discussed on Pages #3-4.

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent (continued)

	March 31, 2017	March 31, 2016	December 31, 2016
Equity	**$ 5,796,980**	**$ 7,071,689**	**$ 5,338,844**
Add: Long-term portion of notes payable	1,500,000	-	1,493,689
Add: Long-term portion of vehicle loans	88,902	106,712	35,103
Add: Future income tax liability	22,812	98,521	19,360
Less: Goodwill	(4,161,010)	(6,228,468)	(4,189,233)
Less: Intangible assets	(1,293,714)	(2,228,618)	(1,456,606)
Less: Long-term portion of investment tax credits receivable	(807,022)	(834,039)	(803,016)
Less: Long-term portion of lease receivable	(28,872)	(13,213)	(46,927)
Less: Deposit on leased premises	(39,579)	(39,584)	(39,583)
Less: Equipment	(317,209)	(210,655)	(254,043)
Working Capital(1)	**$ 761,288**	**$ (2,277,655)**	**$ 97,588**

(1) Presentation of these amounts include the amounts classified as held for sale as discussed on Pages #3-4.

Liquidity and Financial Resources

As at March 31, 2017, Posera had cash and cash equivalents totaling $1,277,271 (December 31, 2016 - $407,044).

For the three-months ended March 31, 2017 and 2016, cash provided by / (used by) operating activities was ($1,764,662) and $122,877 respectively. Cash used by operations for the three-months ended March 31, 2017 resulted from a net loss and changes in working capital items, which was partially offset primarily by amortization and stock-based compensation. Cash provided by operations for the three-months ended March 31, 2016 resulted from a net loss and deferred income taxes, which was more than offset by items not affecting cash such as amortization, interest accretion and the changes in working capital items.

For the three-months ended March 31, 2017 and 2016, cash provided by / (used by) financing activities were $2,206,247 and ($85,055) respectively. Cash provided by financing activities for the three-months March 31, 2017 resulted primarily from the Company's completed private placement for common shares, where cash used in financing activities for the three-months March 31, 2016 resulted primarily from the repayment of the notes payable and repayment of vehicle loans which was partially offset by the issuance of a vehicle loan.

For the three-months ended March 31, 2017 and 2016, cash provided by / (used in) investing activities was $385,505 and ($34,494) respectively. The cash used in investing activities during the three-months ended March 31, 2017 and March 31, 2016 relates to the acquisition of property plant and equipment.

Working capital at March 31, 2017 and 2016 was $761,288 and ($2,277,655) respectively.

Capital Structure

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or issue new debt.

The Company monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as the sum of bank indebtedness, and current and long-term notes payable and vehicle loans as shown in the Consolidated Statement of Financial Position. Total equity is the equity of the Company in the consolidated statements of financial position. As disclosed in Note 7 of the accompanying financial statements for the three-months ended March 31, 2017, the Company is subject to certain externally imposed capital covenants related to bank indebtedness.

The debt to equity ratios as at March 31, 2017, March 31, 2016 and December 31, 2016 were as follows:

	March 31, 2017	**March 31, 2016**	**December 31, 2016**
Total Debt			
Notes payable	$ 1,500,000	$ 1,684,500	$ 1,493,689
Vehicle loans	88,902	158,907	54,058
Bank indebtedness	19,999	-	-
Total Debt	**$ 1,608,901**	**$ 1,843,407**	**$ 1,547,747**
Total Equity	**$ 5,796,980**	**$ 7,071,689**	**$ 5,338,844**
Debt to Equity Ratio	**27.8%**	**26.1%**	**29.0%**

The Company has arrangements in place that allow us to access the additional debt financing for funding when required through various lines of credit. The Company’s credit capacity as at March 31, 2017 was $200,000 (as at December 31, 2016 - $200,000), of which the Company had utilized $19,999 (2016 - $nil). The Company feels that it is adequately capitalized in order to meeting its obligations going forward.

The Company negotiated a $1,500,000 stand-by operating facility, which may be drawn upon by the Company at any time with 5 business days’ notice to the accredited lender. The interest rate on any funds drawn is 10% per annum and the stand-by charge is 2.5%. The stand-by operating facility expires December 31, 2018 and can be cancelled by the Company at anytime with 30-days notice to the lender at no additional cost. During the three months-ended March 31, 2017 the Company accrued or paid $9,375 (2016 - $nil) in stand-by fees in relation to the stand-by operating facility. As at March 31, 2017, no amount has been drawn upon this facility.

Summary of Contractual Obligations

During the three-months ended March 31, 2017, the Company didn’t enter into any material contracts.

Capital Resources

Except as otherwise disclosed, the Company does not expect to make material capital expenditures in the near future. Posera has invested in and developed an information systems infrastructure that will scale to meet the majority its anticipated market requirements. Posera continues to pursue selective acquisitions which the Company expects will be primarily focused on POS services companies that can be acquired at attractive multiples.

Financial arrangements not presented in the consolidated statements of financial position

The Company does not have any financial arrangements not presented in the consolidated statements of financial position arrangements that would ordinarily be considered 'off balance sheet' financing.

Transactions with Related Parties

Posera conducts business with a Company controlled by former Chief Executive Officer ("CEO") Paul K. Howell, whom stepped down from that role on September 25, 2015 and then subsequently resigned from his directorship on May 24, 2016 and ceased to be a related party at that time. During the three-months ended March 31, 2016 the Company recognized revenue in the amount of $47,395. Additionally, Posera recognized operating expenses and purchased products of $20,146 for the three-months ended March 31, 2016. All transactions were agreed upon by the parties and were completed at the exchange amount.

During the three-months ended March 31, 2017, the Company received legal fees and disbursement invoices totaling $63,996 (2016 - $480), from law firms, which a director of Posera is and/or was a partner. As at March 31, 2017, the Company has a payable position of $52,791 (December 31, 2016 - $613) which will be settled between the related parties in the normal course of business.

Compensation of key management

Compensation awarded to key management includes the Company's directors, and members of the Executive team, which include the Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer and Senior Vice-President of Corporate Development, is as follows:

	Three-months ended March 31, 2017	Three-months ended March 31, 2016
Salaries and short-term employee benefits	$ 169,752	$ 395,862
Share-based payments	95,515	27,214
Total	**$ 265,267**	**$ 423,076**

The salaries, severance and short-term employee benefits are expensed as occurred, whereas the share-based payments are recorded at the date of grant and expensed over the vesting period to the Consolidated Statements of Operations and Comprehensive Loss.

Share Capital

As at March 31, 2017, Posera had issued and outstanding 94,737,702 common shares, and 8,850,156 options, of which 6,595,674 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32. As at May 15, 2017 Posera had issued and outstanding 94,737,702 Class A voting common shares and 10,746,156 options, of which 7,059,174 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32. As at March 31, 2017 and December 31, 2016 the convertible debenture could have been converted into nil and 2,500,000 Common Shares respectively.

Disclosure Controls and Procedures ("DC&P") and Internal Controls Over Financial Reporting

The Company's management, including the Chief Executive Office ("CEO") and the Chief Financial Officer ("CFO"), are responsible for establishing and maintaining disclosure controls and procedures for the Company. As such, the Company maintains a set of disclosure controls and procedures designed to ensure that the information required to be disclosed in filings is recorded, process, summarized and reported with the time periods specified in the Canadian Securities Administrators rules and forms. An evaluation of the design of and operating effectiveness of the Company's disclosure controls and procedures was conducted during the fiscal year-ended December 31, 2016 under the supervision of the CEO and CFO as required by Canadian Securities Administrators Multilateral National Instrument 52-109, *Certification of Disclosure in Issues' Annual and Interim Filings.* The evaluation included review, enquiries and other procedures considered appropriate in the circumstances. Based on that evaluation, the CEO and CFO have concluded that such disclosure controls and procedures are effective.

The CEO and CFO are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management, under the supervision of the CEO and CFO have evaluated whether there were changes to the Company's internal controls over financial reporting during the year-ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Throughout the remainder of fiscal 2017, the Company aims to continue to improve process documentation to highlight the controls in place which are addressing the key risks, in addition to developing more formal documentation surrounding management's analysis of monthly and quarterly financial reports.

Recent changes identified relate to the following;

i) The Company, from 2008 has acquired multiple entities which are all wholly owned subsidiaries. The Company historically has maintained the pre-existing account systems for each of these entities and consolidated each at the end of each quarter. As a result of the multiple accounting systems the consolidation is a very manual process. The Company throughout 2015 and 2016 commenced a project to migrate all entities of the Group to one accounting system, which will streamline reporting and eliminate the manual preparaion of the consolidation. This project has in large part been completed during fiscal 2016; and;

ii) The Company during fiscal 2016 transitioned the payroll function from the Finance department to a newly created Human Resource department. Through the review and evaluation of the process the previous controls were not effectively implemented upon the transition between departments. The Company has implemented a control environment to insure accurate and timely review and reporting is taking place between the finance and human resource departments.

Disclosure Controls and Procedures ("DC&P") and Internal Controls Over Financial Reporting (continued)

No other changes were identified through management's evaluation of the controls over financial reporting. Throughout the remainder of 2017 the Company aims to improve;

- process documentation to highlight the controls in place which are addressing the key risks;
- developing more formal documentation surrounding management's analysis of monthly and quarterly financial reports;
- deployment of a customer relationship management ("CRM") system throughout the entire Company;
- formalize a process for foreign tax and HST / QST reporting;
- improving and maintaining consistent controls surrounding the payroll function;
- insure proper communication between the payroll function and finance to allow for accurate recording of incurred payroll expenditures: and
- completing the accounting system migration project to one accounting system platform.

Management of the Company believes in and are committed to establishing rigorous DC&P and ICFR. Our management team will continue to evaluate the effectiveness of our overall control environment and will continue to refine existing controls as they, in conjunction with the Audit Committee, Board of Directors, CEO and CFO, deem necessary. It should be noted that the control deficiencies identified by the Company did not result in adjustment to our annual audited Consolidated Financial Statements for the year ended December 31, 2016.

Period-end Financial Reporting Process

The Company did not maintain consistently and effective controls over the period-end financial reporting process throughout the year, specifically:

- Although controls are performed, adequate evidence does not always exist demonstrating the performance of controls such as review of account reconciliations, spreadsheets and significant account balances requiring the use of accounting estimates.

Limitation of Control Procedures

Management, including the CEO and CFO, does not expect that the Company's disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can only provide reasonable, not absolute assurance that the control system objectives will be met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Risks and Uncertainties

The Company is exposed to a variety of risks in the normal course of operations. In the Annual Information Form of the Company which was filed on March 31, 2017, it provided a detailed review of the risks that could affect its financial condition, results of operation or business that could cause actual results to differ materially from those expressed in our forward-looking statements. In management's opinion, there has been no material change in the nature or magnitude of the risks faced by the Company.

Additional Information

Additional information related to the Company can be found on SEDAR at www.sedar.com and www.posera.com.

® Registered trade-mark of Posera Ltd.