MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year and Three-months ended December 31, 2016
Dated: March 31st, 2017

This Management's Discussion and Analysis ("MD&A") for the year and three-months ended December 31st, 2016 (fourth quarter of fiscal 2016) provides detailed information on the operating activities, performance and financial position of Posera Ltd. ("Posera" or the "Company"). This discussion should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the year ended December 31st, 2016. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The information contained herein is dated as of March 31st, 2017, and is current to that date, unless otherwise stated.

This MD&A discusses the three-months ending December 31, 2016, compared to September 30, 2016 and December 31, 2015. For an analysis of the three-months ending December 31, 2016 compared to December 31, 2015 and September 30, 2016, please read this MD&A in conjunction with the MD&A for the three and nine-months ending September 30, 2016 and the three and twelve-months ending December 31, 2015.

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.

The Company reports its financial results in Canadian dollars and under International Financial Reporting Standards ("IFRS"). 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.

Non-IFRS reporting definitions:

EBITDA: Posera's management defines EBITDA as Net Income (loss) 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.

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 totaling $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**

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**

Disposition of Zomaron and Discontinued Operations (continued)

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 $79,229 during the year-ended December 31, 2016 (2015 - $nil), 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 year-ended December 31, 2016, and has been re-presented in a format as such for the December 31, 2015 comparative period.

Unaudited Financial Highlights and Summary - Three-months ended December 31, 2016, December 31, 2015 and September 30, 2016

***(**This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended December 31, 2016, December 31, 2015 and September 30, 2016".)*

- Recurring revenues[(1)] for the three-months ended December 31, 2016 were $1,612,795, a decrease of $58,868 (3.5%) from recurring revenues of $1,671,663 for the three-months ended December 31, 2015, and a decrease of $70,979 (4.2%) from recurring revenues of $1,683,774 for the three-months ended September 30, 2016;
- Net Income (Loss)[(2)] for the three-months ended December 31, 2016 was a loss of 2,283,824, a decrease in the loss of $680,160 (22.9%) from a loss of $2,963,984 for the three-months ended December 31, 2015, and an increase in the loss of $1,293,865 (130.7%) from a loss of $989,959 for the three-months ended September 30, 2016;
- EBITDA[(2)] loss for the three-months ended December 31, 2016, was $1,682,342, an increase in the loss of $750,857 (80.6%) from a loss of $931,485 for the three-months ended December 31, 2015, and an increase in the loss of $889,293 (112.1%) from a loss of $793,049 for the three-months ended September 30, 2016;
- Normalized EBITDA[(2)] profit(loss) for the three-months ended December 31, 2016 was a loss of $1,407,577, an increase in the loss of $1,195,327 (563.2%), from a loss of $212,250 for the three-months ended December 31, 2015, and an increase in the loss of $991,443 (238.3%) from a loss of $416,134 for the three-months ended September 30, 2016;
- Total revenue[(1)] was $3,879,139 for the three-months ended December 31, 2016, a decrease of $643,949 (14.2%) from $4,526,389 for the three-months ended December 31, 2015 and a decrease of $298,387 (7.1%) from $4,168,526 for the three-months ended September 30, 2016;
- Gross profit[(1)] was $440,016 for the three-months ended December 31, 2016, a decrease of $1,166,120 (72.6%) from $1,606,136 for the three-months ended December 31, 2015, and a decrease of $893,993 (67.0%) from $1,334,009 for the three-months ended September 30, 2016;
- Posera's cash and cash equivalents[(2)] totaled $407,044 as at December 31, 2016, a decrease of $1,295,928 (76.1%) from $1,702,972 as at December 31, 2015, and a decrease of $1,170,790 (74.2%) from $1,577,834 as at September 30, 2016. Bank indebtedness[(2)] was $nil as at December 31, 2016, 2015 and September 30, 2016.; and
- Posera's working capital[(2)] totaled $97,588 as at December 31, 2016, a decrease of $358,117 (78.6%) from $455,705 as at December 31, 2015, and a decrease of $496,046 (83.6%) from $593,634 as at September 30, 2016.

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

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

Financial Highlights and Summary – Years ended December 31, 2016 and 2015

(This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the years ended December 31, 2016 and 2015".)

- Recurring revenues[(1)] for the year-ended December 31, 2016 was $6,787,328, an increase of $360,909 (5.6%) from recurring revenues of $6,426,419 for the year-ended December 31, 2015;
- Net Loss[(2)] for the year-ended December 31, 2016 was a loss of $3,680,948, an decrease in the loss of $1,886,231 (33.8%) from a loss of $5,567,179 for the year-ended December 31, 2015;
- EBITDA[(2)] loss for the year-ended December 31, 2016 was a loss of $4,161,921, an increase in the loss of $2,042,458 (96.4%) from a loss of $2,119,463 for the year-ended December 31, 2015;
- Normalized EBITDA[(2)] loss for the year-ended December 31, 2016 was a loss of $2,407,509, an increase in the loss of $1,232,463 (104.9%) from a loss of $1,175,046 for the year- ended December 31, 2015;
- Total revenue[(1)] was $16,804,714 for the year-ended December 31, 2016, an increase of $113,542 (0.7%) from $16,691,172 for the year-ended December 31, 2015;
- Gross profit[(1)] was $4,865,863 for the year-ended December 31, 2016, a decrease of $783,907 (13.9%) from $5,649,770 for the year-ended December 31, 2015;
- Operating expenses[(1)] were $9,801,239 for the year-ended December 31, 2016, a decrease of $906,128 (8.5%) from $10,707,367 for the year-ended December 31, 2015; and
- Operating expenses[(1)] excluding the impairment of assets and restructuring costs were $8,622,646 for the year-ended December 31, 2016, an increase of $140,466 (1.7%) from $8,482,180 for the year-ended December 31, 2015.

(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 Pages #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.

POSERA's BUSINESS (continued)

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 on 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".

(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, 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, collectively referred to as ("IFRS"). 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:

Cash-generating units ("CGU"s)

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.

Functional currency of consolidated entities.

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.

Critical accounting estimates

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 – December 31, 2016 - $1,456,606 (December 31, 2015 - $2,476,006) and Goodwill – December 31, 2016 - $4,189,233 (December 31, 2015 - $6,462,056) and related Goodwill and Intangible assets impairments for the years ended December 31, 2016 of $nil (December 31, 2015 $1,562,675) in the POS segments.*
   - *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 used in the December 31, 2016 annual consolidated financial statements.*

b. *Useful life and amortization of intangible assets*
   - See detailed disclosure of intangible assets useful lives in Note 2. A decrease of the average useful lives of intangible assets by 1 year, would increase amortization by $40,000 (2015 - $140,000).

c. *Investment Tax Credits Receivable – non-refundable – December 31, 2016 - $803,016 (December 31, 2015 - $819,986) and related investment tax (expense) recovery for the years ended December 31, 2016 – $55,806 [December 31, 2015 - $44,298]*
   - 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 6. 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.

d. *Provisions – December 31, 2016 - $669,841 (December 31, 2015 - $622,218) and related expenditures for the years ended December 31, 2016 - $Nil (December 31, 2015 - $375,000)*
   - See detailed disclosure surrounding the provision at Note 13.

Comparison of the Years-Ended

The table below is derived from the audited statements of operations for the years-ended December 31, 2016 and December 31, 2015, and certain unaudited Non-IFRS reporting measures.

Analysis of the Annual Results	2016 $	2015 $		Variance $	Variance %
Revenue					
Point-of-sale	16,796,477	16,678,674		117,803	0.7%
Payment processing	8,237	12,498		(4,261)	(34.1)%
Total Revenue	**16,804,714**	**16,691,172**		**113,542**	**0.7%**
Cost of Sales					
Cost of inventory	4,351,262	3,611,620		739,642	20.5%
Technology	1,958,359	2,046,625		(88,266)	(4.3)%
Operations and Support	5,629,230	5,383,157		246,073	4.6%
Total Cost of Sales	**11,938,851**	**11,041,402**		**897,449**	**8.1%**
Gross Profit	**4,865,863**	**5,649,770**		**(783,907)**	**(13.9)%**
Gross Profit Percentage	29.0%	33.8%			(14.2)%
Operating Expenditures					
Sales and marketing	3,047,226	3,197,100		(149,874)	(4.7)%
General and administrative	5,575,420	5,285,080		290,340	5.5%
Restructuring costs	1,178,593	662,512		516,081	77.9%
Impairment of assets	-	1,562,675		(1,562,675)	(100.0)%
Total Operating Expenditures	**9,801,239**	**10,707,367**		**(906,128)**	**(8.5)%**
	(4,935,376)	**(5,057,597)**		**122,221**	**(2.4)%**
Other expenses (income)					
Interest expense	377,387	398,376		(20,989)	(5.3)%
Realized and unrealized loss on foreign exchange	62,502	(10,402)		72,904	(700.9)%
Interest and other income	(10,588)	(19,963)		9,375	(47.0)%
(Gain) loss on revaluation of financial instruments	308,229	-		308,229	100.0%
	737,530	**368,011**		**369,519**	**100.4%**
Net loss before income taxes	**(5,672,906)**	**(5,425,608)**		**(247,298)**	**4.6%**
Current	155,639	555,952		(400,313)	(72.0)%
Future	(258,100)	(502,837)		244,737	(48.7)%
Net loss from Continuing Operations	**(5,570,445)**	**(5,478,723)**		**(91,722)**	**1.7%**
Gain on disposal of subsidiary	1,959,794	-		1,959,794	100.0%
Profit (Loss) from Discontinued Operations (net of tax)	(70,298)	(88,456)		18,158	(20.5)%
Net Loss	**(3,680,948)**	**(5,567,179)**		**1,886,231**	**(33.9)%**
Other comprehensive income	(188,677)	690,937		(879,614)	(127.3)%
Net comprehensive loss	**(3,869,625)**	**(4,876,242)**		**1,006,617**	**(20.6)%**

Non-IFRS reporting measures (as outlined on Pages 33 – 35 of this MD&A):					
	(unaudited)	(unaudited)		(unaudited)	(unaudited)
Recurring Revenue	**6,787,328**	**6,426,419**		**360,909**	**5.6%**
EBITDA	**(4,161,921)**	**(2,119,463)**		**(2,042,458)**	**96.4%4%**
Normalized EBITDA	**(2,407,509)**	**(1,175,046)**		**(1,232,463)**	**104.9%**

The presentation of the below of Selected Unaudited Annual Financial Data is for the purposes of this management discussion and analysis. The 2016 and 2015 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the years ended	**2016**	**2015**	**2014**
Total revenue	$ 16,804,714	$ 16,691,172	$ 16,759,710
Recurring revenue	6,787,328	6,426,419	5,988,881
POS revenue	16,796,477	1,678,674	17,164,417
Payment processing revenue	8,237	12,498	(404,707)
Net Income (Loss)	(3,680,948)	(5,567,179)	(1,810,418)
Income (Loss) per share – basic and diluted	(0.05)	(0.08)	(0.03)
Weighted average number of shares outstanding (000's) - basic	75,838	71,225	59,361
Weighted average number of shares outstanding (000's) – diluted	75,838	71,225	59,361
Cash and cash equivalents	407,044	1,702,972	1,442,686
Bank indebtedness	-	-	207,103
Working capital (as outlined on Page 35 of this MD&A)	97,588	455,705	266,728
Total assets	12,452,559	16,790,908	19,100,741
Long-term liabilities	1,548,152	1,561,517	2,373,062
Total shareholders' equity	5,338,844	8,910,367	10,462,356

Comparison of the years ended December 31, 2016 and 2015

Posera recognized the Zomaron entity as a discontinued operation as at March 31, 2016 which has resulted in the following discussion and analysis removing the Zomaron results for the years-ended December 31, 2016 and 2015. Further discussion relating to the accounting treatment for the Zomaron discontinued operation is documented on Pages 3 - 4 of this MD&A.

Recurring Revenue:

Recurring Revenue Comparisons for the years ended December 31, 2016 and 2015

Total Recurring Revenue Reconciliation	**For the years ended**	
	December 31, 2016	**December 31, 2015**
Total Recurring Revenue Otherwise Reportable(1)	**$ 7,576,078**	**$ 8,674,590**
Less: Recurring Revenue reclassified to discontinued operations	788,750	2,248,171
Total Recurring Revenue	**$ 6,787,328**	**$ 6,426,419**

(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 the end of fiscal 2016 was in the process of completing 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 for the years ended December 31, 2016 and 2015

Total Revenue Reconciliation	**For the years ended**	
	December 31, 2016	**December 31, 2015**
Total Revenue Otherwise Reportable(1)	**$ 18,083,896**	**$ 20,752,875**
Less: Revenue reclassified to discontinued operations	1,279,182	4,061,703
Total Revenue	**$ 16,804,714**	**$ 16,691,172**

(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 years ended	
	December 31, 2016	December 31, 2015
Total POS Revenue Otherwise Reportable[(1)]	**$ 17,286,910**	**$ 18,492,206**
Less: POS Revenue reclassified to discontinued operations	490,433	1,813,532
Total POS Revenue	**$ 16,796,477**	**$ 16,678,674**

(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.

For the year-ended December 31, 2016, POS revenue increased $117,803 (0.7%) when compared to the year-ended December 31, 2015. POS revenues for the year-ended December 31, 2016 increased marginally when compared to the year-ended December 31, 2015, but in effect the business was relatively consistent between the comparable periods.

The Company has initiated two refresh programs throughout fiscal 2016 to is quick service customer base. 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.

Payment Processing Revenue

Payment Processing Revenue Reconciliation	For the years ended	
	December 31, 2016	December 31, 2015
Total Payments Revenue Otherwise Reportable[(1)]	**$ 796,986**	**$ 2,260,669**
Less: Payments revenue reclassified to discontinued operations	788,749	2,248,171
Total Payments Revenue	**$ 8,237**	**$ 12,498**

(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 year-ended December 31, 2016, Posera 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 for the years ended December 31, 2016 and 2015

Cost of Inventory

Cost of Inventory Reconciliation	For the years ended	
	December 31, 2016	December 31, 2015
Cost of Inventory Otherwise Reportable(1)	**$ 4,605,337**	**$ 4,428,026**
Less: Cost of Inventory reclassified to discontinued operations	254,075	816,406
Cost of Inventory	**$ 4,351,262**	**$ 3,611,620**

(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 $4,351,262 (25.8% of total revenues) for the year-ended December 31, 2016, compared to $3,611,620 (21.6% of total revenues) for the year-ended December 31, 2015. The change in the cost of inventory as a percentage of revenue is a result of two refresh programs undertaken by Posera throughout 2016. The refresh programs generated higher volumes of hardware sales, but was achieved at lower than historical margins. The refresh program, Posera believes will increase the probability that a customer will continue to contract Posera for future service and support contracts, which will maintain stability in Posera's recurring revenue stream. Additionally, the refresh program reduces the cost to service our existing customer base, as the new hardware deployed has a lower probability of failure and support related calls.

Technology Expense

Technology Expense Reconciliation(1)	For the years ended	
	December 31, 2016	December 31, 2015
Technology expense	**$ 1,958,359**	**$ 2,046,625**
Less: Amortization of intangible assets	105,362	436,648
Adjusted technology expense	**$ 1,852,997**	**$ 1,609,977**

(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 $243,020 (15.1%) during the year-ended December 31, 2016 compared to the year-ended December 31, 2015, because of additional external consultants being utilized to assist Posera with development projects for both of the Company's POS brands. Additionally, during the year-ended December 31, 2016, the Company made upward adjustments to compensation for some technology related employees, which was offset by a reduction in the overall headcount of technology related employees. Upon adjusting for these factors, the adjusted technology expense was relatively consistent between the comparable periods.

Operations and Support Expense

Operations and Support Expense Reconciliation	For the years ended	
	December 31, 2016	December 31, 2015
Operations and Support Expense Otherwise Reportable[1]	**$ 5,753,605**	**$ 5,743,498**
Less: Operations and Support expense reclassified to discontinued operations	124,375	360,341
Adjusted operations and support expense	**$ 5,629,230**	**$ 5,383,157**

(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 Page #3-4.

Adjusted operations and support expense for the year-ended December 31, 2016 increased $246,073 (4.6%) when compared to the year-ended December 31, 2015. During the year-ended December 31, 2016, the Company adjusted compensation for some operations and support related employees and upon adjusting for this factor, the adjusted operations and support expense was relatively consistent between the comparable periods.

Operating Expenditures:

Operating Expenditures	For the years ended	
	December 31, 2016	December 31, 2015
Operating Expenditures Otherwise Reportable[1]	**$ 10,769,936**	**$ 13,684,001**
Less: Operating Expenditures reclassified to discontinued operations	968,697	2,976,634
Operating Expenditures	**$ 9,801,239**	**$ 10,707,367**
Less: Impairment of assets	-	1,562,675
Less: Amortization of intangible assets and PP&E	712,844	957,662
Less: Restructuring charges	1,178,593	662,512
Less: Other One-time expenditures	295,635	264,724
Less: Stock-based compensation[2]	298,102	18,180
Adjusted Operating Expenditures	**$ 7,316,065**	**$ 7,241,614**

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

(2) The stock-based compensation expense during the three-months ended June 30, 2016 was reduced by $82,564 as this amount of expense had already been accrued, but the options had not yet been granted. Upon the date of the grant, which was June 15, 2016 the Company recognized the stock-based compensation expense of $174,267 as per the Consolidated Statement of Cash Flows.

Included in operating expenditures for the year-ended December 31, 2016 are restructuring costs of $1,178,593, which were $662,512 during the year-ended December 31, 2015 an increase of $516,081 (77.9%). The restructuring expenses incurred by the Company during the years-ended December 31, 2016 and 2015, are one-time expenditures incurred by the Company, with the objective to reduce overall expenditures, increase the overall operating 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. During the fourth quarter of 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. The Company does not expect to incur further material restructuring expenditures in fiscal 2017.

Included in operating expenses for the years-ended December 31, 2016 and 2015 are one-time expenditures excluding restructuring expenditures relating to corporate and acquisition related legal expenses, acquisition search firms, valuation work performed and additional accounting expenditures, tax and audit related costs.

Sales and Marketing Expense

Sales and Marketing Expense Reconciliation	**For the years ended**	
	December 31, 2016	**December 31, 2015**
Sales and Marketing Expense Otherwise Reportable(1)	**$ 3,826,484**	**$ 5,660,251**
Less: Sales and Marketing expense reclassified to discontinued operations	779,258	2,463,151
Sales and marketing expense	**$ 3,047,226**	**$ 3,197,100**
Less: Amortization of intangible assets	583,076	697,684
Adjusted Sales and Marketing expense	**$ 2,464,150**	**$ 2,499,416**

(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 $35,266 (1.4%) during the year-ended December 31, 2016 when compared to the year-ended December 31, 2015, which is relatively consistent between the comparable periods. The change between the comparable periods resulted from an increase and sales and marketing related salaries which was offset by a slight reduction in headcount. The Company's will continue to attend tradeshows and undertake advertising campaigns both domestically and internationally, 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 years ended**	
	December 31, 2016	**December 31, 2015**
G&A Expense Otherwise Reportable(1)	**$ 5,764,858**	**$ 5,798,563**
Less: G&A expense reclassified to discontinued operations	189,438	513,483
G&A expense	**$ 5,575,420**	**$ 5,285,080**
Less: Stock-based compensation expense(3)	298,102	18,180
Less: Amortization of intangible assets and PP&E	129,768	208,198
Less: One-time expenditures	290,635	264,724
Adjusted G&A expense	**$ 4,856,915**	**$ 4,793,978**

(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 year-ended December 31, 2016 increased $62,937 (1.3%) when compared to the year-ended December 31, 2015. The adjusted general and administrative expenditures between the comparable periods was relatively consistent.

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. During the year-ended December 31, 2016 the Company completed its final payments on the convertible debenture issued as part of the Posera Inc. acquisition in 2010, which had a monthly obligation of $33,633 USD. Interest expense for the year-ended December 31, 2016 was $377,387 a decrease of $20,989 (5.3%) from $398,376 for the year-ended December 31, 2015. The interest expense between the comparable is relatively consistent, as the Company continues to pay off its debt obligations.

Realized and unrealized loss / (gain) on foreign exchange is comprised primarily of the loss / (gain) on the foreign denominated convertible debenture and other net assets denominated in foreign currencies. Because 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 year-ended December 31, 2016. This was more than offset by the other net assets denominated in foreign currencies incurring a loss during the year-ended December 31, 2016 as a result of a decrease of the value of the source currency when translated into the functional currency. The fluctuations in the realized and unrealized loss / (gain) on foreign exchange has impacted the comparable reporting periods December 31, 2016 and December 31, 2015. The impact to income is predicated on the foreign exchange movements in other 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 income earned decreased $9,375 (47.0%) between the years-ended December 31, 2016 and 2015, as the interest rates earned were consistent whereas the balance deposited fluctuated somewhat, leading to the variance between the comparable periods.

The Company incurred a loss on the revaluation of a financial instrument during the year-ended December 31, 2016 of $308,229 an increase in the loss of $308,229 (100.0%) compared to $nil for the year-ended December 31, 2015. The loss resulted from the revaluation of the note receivable held by Posera, because of the Zomaron transaction. The value of the note receivable was established on the disposition date, April 29, 2016 and will be revalued by the Company at each subsequent period end until the note receivable is settled.

Segment Analysis

Operating Segments(2)	Revenue for the year ended(2)		Operating profit (loss) for the year ended (1)	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
POS	$ 16,787,809	$ 16,655,623	$ (1,674,385)	$ (353,173)
Payments	16,905	35,549	12,375	(267,715)
Total	**$ 16,804,714**	**$ 16,691,172**	**$ (1,662,010)**	**$(620,888)**

(1) Operating profit (loss) is earnings before corporate headquarters operating expenditures, interest earnings and expense, taxes, amortization, foreign exchanges losses and gains and realized currency translation gains and losses.

(2) The Operating Segments analysis includes the application of the discontinued operations accounting treatment for the Zomaron transaction as previously discussed in this MD&A on Page #3-4. Therefore, the results for Zomaron are not included in this analysis.

For the year-ended December 31, 2016 POS revenue increased $132,186 (0.8%) and operating profit (loss) decreased $1,321,212 (374.1%) when compared to the year-ended December 31, 2015. POS revenue increased only marginally from the year-ended December 31, 2016 compared to the year-ended December 31, 2015. A factor impacting the revenue for the year-ended December 31, 2016 was the refresh program which was not undertaken to any large extent during the year-ended December 31, 2015, otherwise the year-over-year were relatively consistent. The decrease in the operating profit was due to the Company achieving a higher volume of POS deployments during the year-ended December 31, 2016, but these deployments resulted in margin compression for the POS business, as POS revenues increased 0.8% in fiscal 2016 when compared to 2015, but the of cost of inventory to generate those sales increased 20.5% during the same comparable period.

For the year-ended December 31, 2016 Payments revenue decreased $18,644 (52.4%) and operating profit (loss) increased $280,090 (104.6%) respectively when compared to the year-ended December 31, 2015. For the payments segment, during the year-end December 31, 2016, Posera fully exited the Payment Processing business through the previous divestiture of Zomaron, in April, 2016 and the sale of the Company's ATM customer base to an independent third party fiscal 2016.

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended December 31, 2016, December 31, 2015 and September 30, 2016.

Analysis of the Unaudited Quarterly Results	Q4-2016 (unaudited) $	Q4-2015 (unaudited) $	Q3-2016 (unaudited) $	Q4-2016 vs. Q4-2015 $	%	Q4-2016 vs. Q3-2016 $	%
Revenue							
POS	3,879,139	4,523,088	4,168,526	(643,949)	(14.2)%	(289,387)	(6.9)%
Payment processing	-	3,301	-	(3,301)	(100.0)%	-	-%
Total Revenue	**3,879,139**	**4,526,389**	**4,168,526**	**(647,250)**	**(14.3)%**	**(289,387)**	**(6.9)%**
Cost of Sales							
Cost of inventory	1,387,112	1,068,946	880,849	318,166	29.8%	506,263	57.5%
Technology	549,977	473,039	509,090	76,938	16.3%	40,887	8.0%
Operations and Support	1,502,034	1,378,268	1,444,578	123,766	9.0%	57,456	4.0%
Total Cost of Sales	**3,439,123**	**2,920,253**	**2,834,517**	**518,870**	**17.8%**	**604,606**	**21.3%**
Gross Profit	440,016	1,606,136	1,334,009	(1,166,120)	(72.6)%	(893,993)	(67.0)%
Gross Profit Percentage	11.3%	35.5%	32.0%		(68.2)%		(64.7)%
Operating Expenditures							
Sales and marketing	707,482	843,552	780,645	(136,070)	(16.1)%	(73,163)	(9.4)%
General and administrative	1,627,777	1,432,543	1,250,428	195,234	13.6%	377,349	30.2%
Restructuring costs	12,919	662,512	293,458	(649,593)	(98.0)%	(280,539)	(95.6)%
Impairment of assets	-	1,562,675	-	(1,562,675)	(100.0)%	-	-%
Total Operating Expenditures	**2,348,178**	**4,501,282**	**2,324,531**	**(2,153,104)**	**(47.8)%**	**23,647**	**1.0%**
	(1,908,162)	**(2,895,146)**	**(990,522)**	**986,984**	**(34.1)%**	**(917,640)**	**92.6%**
Other expenses (income)							
Interest expense	110,017	101,263	90,586	8,754	8.6%	19,431	21.5%
Realized and unrealized loss on foreign exchange	26,965	(18,855)	7,673	45,820	(243.0)%	19,292)	251.4%
Interest and other income	(626)	(4,830)	(2,552)	4,204	(87.0)%	1,926	(75.5)%
Loss on revaluation of financial instrument	200,000	-	(131,771)	200,000	100.0%	331,771	(251.8%)
	336,356	**77,578**	**(36,064)**	**258,778**	**333.6%**	**372,420**	**(1032.7)%**
Net loss before income taxes	**(2,244,518)**	**(2,972,724)**	**(954,458)**	**728,206**	**(24.5)%**	**(1,290,060)**	**135.4%**
Current	47,691	196,163	74,054	(148,472)	(75.7)%	(26,363)	(35.6)%
Future	(8,384)	(229,540)	(38,553)	221,156	(96.3)%	30,169	(78.3)%
Net loss from Continuing Operations	**(2,283,824)**	**(2,939,347)**	**(989,959)**	**655,523**	**(22.3)%**	**(1,293,865)**	**130.7%**
Loss from discontinued operations (net of tax)	-	(24,637)	-	**24,637**	**(100.0)%**	**-**	**-%**
Net Loss	**(2,283,824)**	**(2,963,984)**	**(989,959)**	**680,160**	**(22.9)%**	**(1,293,865)**	**130.7%**
Other comprehensive income	89,954	130,857	35,450	(40,903)	(31.3)%	54,504	153.7%
Comprehensive loss	**(2,193,870)**	**(2,833,127)**	**(954,509)**	**639,257**	**(22.6)%**	**(1,239,361)**	**129.8%**

Non-IFRS reporting measures(as outlined on Pages 33 – 35 of this MD&A):	(unaudited)	(unaudited)	(unaudited)					
Recurring Revenue	**1,612,795**	**1,671,663**	**1,683,774**		**(58,868)**	**(3.5)%**	**(70,979)**	**(4.2)%**
EBITDA	**(1,682,342)**	**(931,485)**	**(793,049)**		**(750,857)**	**80.6%**	**(889,293)**	**112.1%**
Normalized EBITDA	**(1,407,577)**	**(212,250)**	**(416,134)**		**(1,195327)**	**563.2%**	**(991,443)**	**238.3%**

The presentation of the below of Selected Unaudited Quarterly Financial Data is for the purposes of this management discussion and analysis. The 2016 and 2015 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the three months ended	December 31, 2016	December 31, 2015	September 30, 2016
Total revenue	$ 3,879,139	$ 4,526,389	$ 4,168,526
Recurring revenue	1,612,795	1,671,663	1,683,774
POS revenue	3,879,139	4,523,088	4,168,526
Payment processing revenue	-	3,301	-
Net loss	(2,283,824)	(2,963,984)	(989,959)
Income (loss) per share – basic and diluted	(0.03)	(0.04)	(0.01)
Weighted average number of shares outstanding (000's) - basic	75,838	75,838	75,838
Weighted average number of shares outstanding (000's) – diluted	75,838	75,838	75,838
Cash and cash equivalents	407,044	1,702,972	1,577,834
Working capital (as outlined on Page 35 of this MD&A)	97,588	455,705	593,634
Total assets	12,452,559	16,790,908	14,411,034
Long-term liabilities	1,548,152	1,561,517	37,356
Total shareholders' equity	5,338,844	8,910,367	7,470,942

Comparison of the unaudited quarters ended December 31, 2016 and 2015 and September 30, 2015

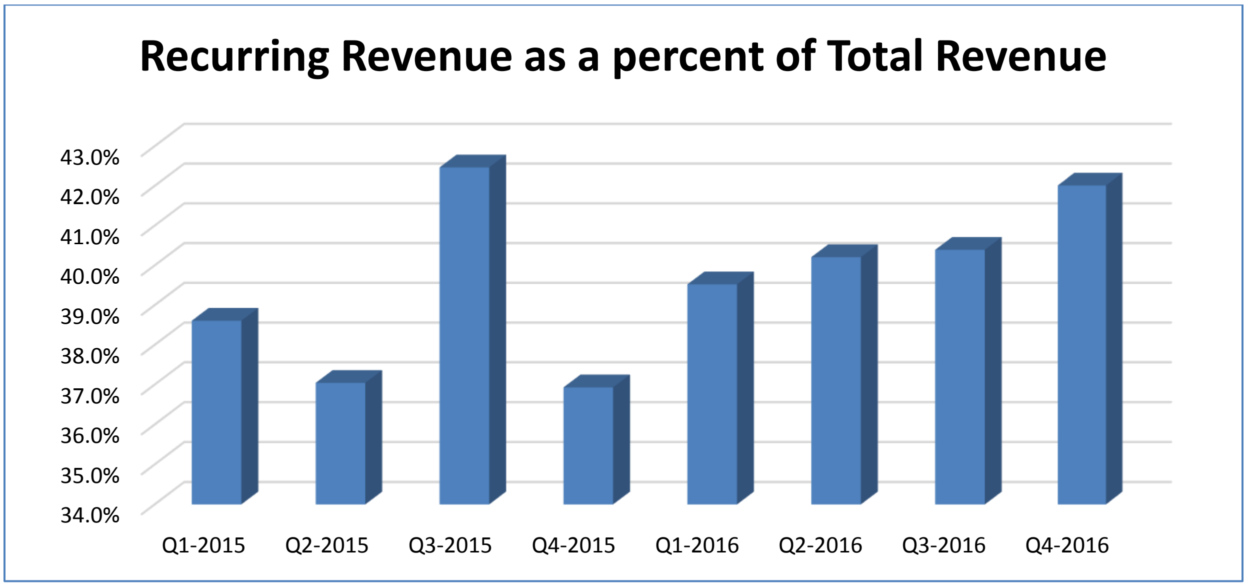
The Zomaron entity was recognized as a discontinued operation as at March 31, 2016 and as a result the following discussion and analysis has removed the Zomaron results for the period ended September 30, 2016 and the comparative periods, September 30, 2015 and June 30, 2016. Further discussion on the treatment of Zomaron as a discontinued operation is documented on Pages 3 - 4 of this MD&A.

Recurring Revenue:

Recurring Revenue Comparisons December 31, 2016, December 31, 2015 and September 30, 2016

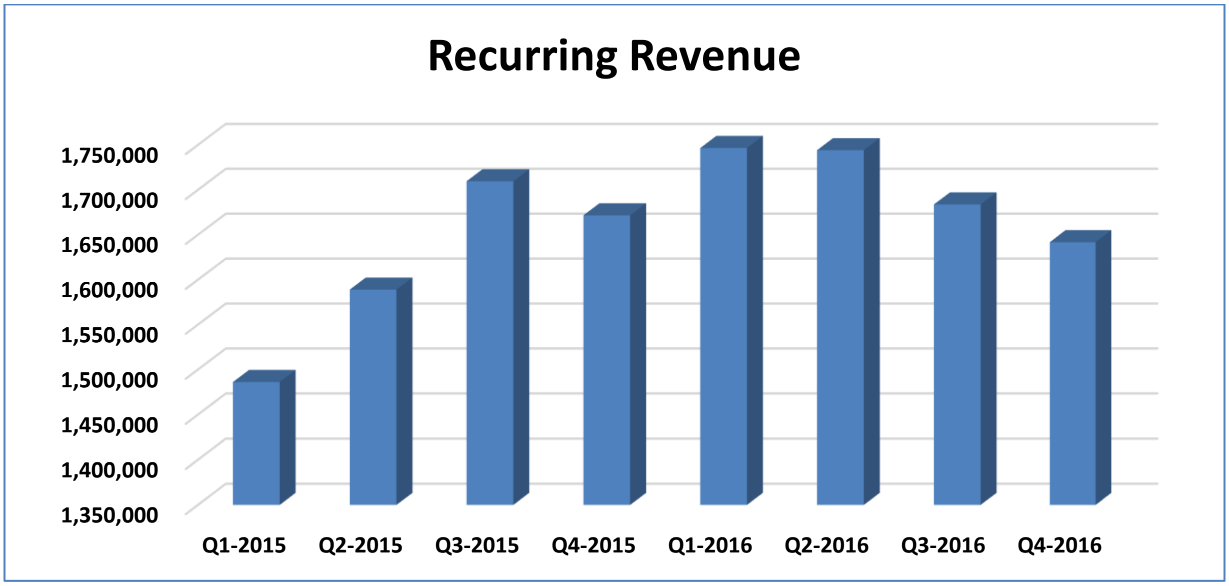
Total Recurring Revenue Reconciliation	**For the quarters ended**		
	December 31, 2016	**December 31, 2015**	**September 30, 2016**
Total Recurring Revenue Otherwise Reportable[(1)]	**$ 1,612,795**	**$ 2,281,878**	**$ 1,683,774**
Less: Recurring Revenue reclassified to discontinued operations	-	610,215	-
Total Recurring Revenue	**$ 1,612,795**	**$ 1,671,663**	**$ 1,683,774**

(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 December 31st, 2016, was in the process of completing 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.



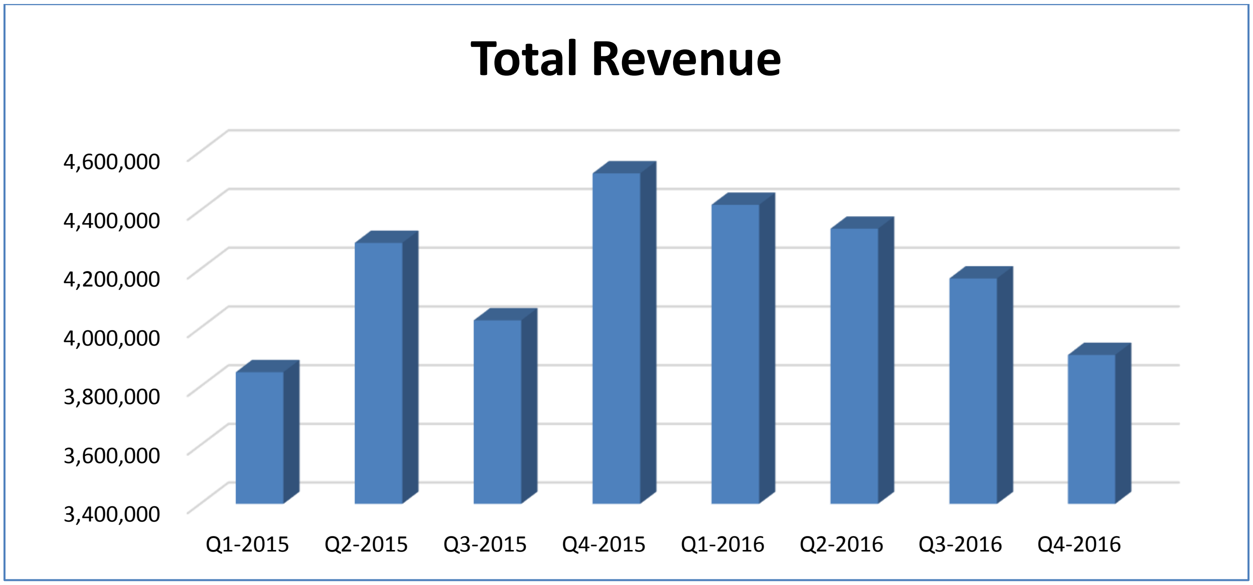
Revenue:

Revenue Comparisons December 31, 2016, December 31, 2015 and September 30, 2016

Total Revenue Reconciliation	For the quarters ended		
	December 31, 2016	**December 31, 2015**	**September 30, 2016**
Total Revenue Otherwise Reportable[(1)]	**$ 3,879,139**	**$ 5,649,436**	**$ 4,168,526**
Less: Revenue reclassified to discontinued operations	-	1,123,047	**-**
Total Revenue	**$ 3,879,139**	**$ 4,526,389**	**$ 4,168,526**

(1) Total Revenue assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Page #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		
	December 31, 2016	December 31, 2015	September 30, 2016
Total POS Revenue Otherwise Reportable(1)	**$ 3,879,139**	**$ 5,032,573**	**$ 4,168,526**
Less: POS Revenue reclassified to discontinued operations	-	509,485	-
Total POS Revenue	**$ 3,879,139**	**$ 4,523,088**	**$ 4,168,526**

(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.

For the three-months ended December 31, 2016, POS revenue decreased $643,949 (14.2%) and decreased $289,387 (6.9%) when compared to the three-months ended December 31, 2015 and September 30, 2016 respectively. POS revenues for the decreased during three-months ended December 31, 2016 when compared to the comparative periods as Posera initiated a second refresh program during the three-months ended December 31, 2016. The refresh program resulting in greater system volume sales, but these were completed at lower margins, resulting in lower overall revenues being generated. The objective of the refresh program is to gain market share with our customers while also increasing the probability of securing future service and support contracts from our customers, while additionally reducing the service and support obligation for Posera as the new hardware tends to incur fewer support related calls and visits to customer sites.

Payment Processing Revenue

Payment Processing Revenue Reconciliation	For the quarters ended		
	December 31, 2016	December 31, 2015	September 30, 2016
Total Payments Revenue Otherwise Reportable(1)	**$ -**	**$ 616,863**	**$ -**
Less: Payments revenue reclassified to discontinued operations	-	613,562	-
Total Payments Revenue	**$ -**	**$ 3,301**	**$ -**

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

Posera during the three-months ended December 31, 2016 and September 30, 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 December 31, 2016, December 31, 2015 and September 30, 2016

Cost of Inventory

Cost of Inventory Reconciliation	For the quarters ended		
	December 31, 2016	December 31, 2015	September 30, 2016
Cost of Inventory Otherwise Reportable(1)	**$ 1,387,112**	**$ 1,283,609**	**$ 880,849**
Less: Cost of Inventory reclassified to discontinued operations	-	214,663	-
Cost of Inventory	**$ 1,387,112**	**$ 1,068,946**	**$ 880,849**

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

Posera recognized cost of inventory of $1,387,112 (35.5% of total revenues) for the three-months ended December 31, 2016, compared to $1,068,946 (23.6% of total revenues) for the three-months ended December 31, 2015 and $880,849 (21.1% of total revenues) for the three-months ended September 30, 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		
	December 31, 2016	December 31, 2015	September 30, 2016
Technology expense	**$ 549,977**	**$ 473,039**	**$ 509,090**
Less: Amortization of intangible assets	31,666	80,390	24,312
Adjusted technology expense	**$ 518,311**	**$ 392,649**	**$ 484,778**

(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 $125,662 (32.0%) and $33,533 (6.9%) during the three-months ended December 31, 2016 compared to the three-months ended December 31, 2015 and September 30, 2016 respectively. The increase is a result of salary increases implemented as well as additional external consultants being utilized to assist Posera with development projects for both of the Company's POS brands. These expenditure increases have been offset by some reductions to headcount made by the Company.

Operations and Support Expense

Operations and Support Expense Reconciliation	For the quarters ended		
	December 31, 2016	**December 31, 2015**	**September 30, 2016**
Operations and Support Expense Otherwise Reportable(1)	**$ 1,502,034**	**$ 1,471,138**	**$ 1,444,578**
Less: Operations and Support expense reclassified to discontinued operations	-	92,870	-
Adjusted operations and support expense	**$ 1,502,034**	**$ 1,378,268**	**$ 1,444,578**

(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.

Operations and support expenses were $1,502,034 in the three-months ended December 31, 2016; an increase of $123,766 (9.0%) from $1,378,268 in the three-months ended December 31, 2015 and increase by $57,456 (4.0%) from $1,444,578 in the three-months ended September 30, 2016. During the three-months ended September 30, 2016, the Company made adjustments to compensation for some operations and support related employees which resulted in the expense being higher for the three-months ended December 31, 2016 and September 30, 2016 when compared to December 31, 2015. Additionally, as a result of the refresh program during the three-months ended December 31, 2016 the travel expense was higher than the comparable periods as the operations and support team had more installations to completed than would be typically expected.

Operating Expenditures:

Operating Expenditures	For the quarters ended		
	December 31, 2016	**December 31, 2015**	**September 30, 2016**
Operating Expenditures Otherwise Reportable(1)	**$ 2,348,178**	**$ 5,351,406**	**$ 2,324,531**
Less: Operating Expenditures reclassified to discontinued operations	-	850,124	-
Operating Expenditures	**$ 2,348,178**	**$ 4,501,282**	**$ 2,324,531**
Less: Impairment of assets	-	1,562,675	-
Less: Amortization of intangible assets and PP&E	194,153	326,366	173,161
Less: Restructuring charges	12,919	662,512	293,458
Less: Other One-time expenditures	130,429	54,851	21,393
Less: Stock-based compensation	144,335	1,872	62,064
Adjusted Operating Expenditures	**$ 1,866,342**	**$ 1,893,006**	**$ 1,774,455**

(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 December 31, 2016 are restructuring costs of $12,919, which were $662,512 for the three-months ended December 31, 2015 and were $293,458 for the three-months ended September 30, 2016.

The restructuring expenses incurred by the Company during the three-months ended December 31, 2016, December 31, 2015 and September 30, 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. The Company does not expect to incur further material restructuring expenditures into fiscal 2017.

Included in operating expenses for the three-months ended December 31, 2016, December 31, 2015 and September 30, 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.

Sales and Marketing Expense

Sales and Marketing Expense Reconciliation	**For the quarters ended**		
	December 31, 2016	**December 31, 2015**	**September 30, 2016**
Sales and Marketing Expense Otherwise Reportable(1)	**$ 707,482**	**$ 1,567,051**	**$ 780,645**
Less: Sales and Marketing expense reclassified to discontinued operations	-	723,499	-
Sales and marketing expense	**$ 707,482**	**$ 843,552**	**$ 780,645**
Less: Amortization of intangible assets	151,065	241,623	141,714
Adjusted Sales and Marketing expense	**$ 556,417**	**$ 601,929**	**$ 638,931**

(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 $45,512 (7.6%) during the three-months ended December 31, 2016 compared to the three-months ended December 31, 2015, which is due to a minor headcount reduction, which was partially offset by an increase in some sales and marketing salaries between the comparable periods. The adjusted sales and marketing expenses also decreased $82,514 (12.9%) during the three-months ended December 31, 2016 compared to the three-months ended September 30, 2016, due to a one-time retroactive payment made for salary increases that was implemented during the three-months ended September 30, 2016, which didn't transpire during the three-months ended December 31, 2016. 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		
	December 31, 2016	**December 31, 2015**	**September 30, 2016**
G&A Expense Otherwise Reportable(1)	**$ 1,627,777**	**$ 1,559,168**	**$ 1,250,428**
Less: G&A expense reclassified to discontinued operations	-	126,625	-
G&A expense	**$ 1,627,777**	**$ 1,432,543**	**$ 1,250,428**
Less: Stock-based compensation expense	144,335	1,872	62,064
Less: Amortization of intangible assets and PP&E	43,088	84,743	31,447
Less: One-time expenditures	130,429	54,851	21,393
Adjusted G&A expense	**$ 1,309,925**	**$ 1,291,077**	**$ 1,135,524**

(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 December 31, 2016 increased $18,848 (1.5%) and increased $174,401 (15.5%), when compared to the three-months ended December 31, 2015 and September 30, 2016 respectively. The three-months ended December 31, 2016 adjusted general and administrative expenditures changed marginally in comparison to the comparable periods, as expenses were relatively consistent.

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. During the three-months ended September 30, 2016 the Company completed its final payments on the convertible debenture issued as part of the Posera Inc. acquisition in 2010, which had a monthly obligation of $33,633 USD. Interest expense for the three-months ended December 31, 2016 was $110,017 an increase of $8,754 (8.6%) and an increase of $19,431 (21.5%) from $101,263 and $90,586 for the three-months ended December 31, 2015 and September 30, 2016 respectively. The interest expense increased during the three-months ended December 31, 2016 as the Company incurred the set-up fees for the stand-by loan, as well as the interest from the stand-by load, otherwise the interest expense between all of the comparable three-month ended periods are relatively consistent.

Realized and unrealized (gain) loss on foreign exchange is comprised primarily of the (gain) loss on the foreign denominated convertible debenture and other net assets denominated in foreign currencies. Because 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 December 31, 2016. Additionally, the net assets denominated in foreign currencies incurred a loss during the three-months ended December 31, 2016 as a result of an decrease 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, December 31, 2016, December 31, 2015 and September 30, 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 December 31, 2016, December 31, 2015 and September 30, 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 December 31, 2016 of $200,000 an increase in the loss of $200,000 (100.0%) and $331,771 (251.8%) compared to $nil and a gain of $131,771 for the three-months ended December 31, 2015 and September 30, 2016 respectively. The loss resulted from the revaluation of the note receivable held by Posera, as a result of the Zomaron transaction. The value of the note receivable was established on the disposition date, April 29, 2016 and will be revalued by the Company at each subsequent period end until the note receivable is settled.

Segment Analysis

Operating Segments			
	Revenue for the three-months ended(2)		
	December 31, 2016	December 31, 2015	September 30, 2016
POS	$ 3,870,471	$ 4,517,186	$ 4,168,526
Payments	8,668	9,203	-
Total revenue	**$ 3,879,139**	**$ 4,526,389**	**$ 4,168,526**
	Operating profit (loss) for the three-months ended (1)		
	December 31, 2016	December 31, 2015	September 30, 2016
POS	$ (1,251,511)	$ (19,345)	$ (261,585)
Payments	9,723	(69,187)	-
Total profit	**$ (1,241,788)**	**$ (88,532)**	**$ (261,585)**

(1) Operating profit is earnings before corporate headquarters operating expenditures, interest earnings and expense, taxes, amortization, foreign exchanges losses and gains and realized currency translation gains and losses.

(2) The Operating Segments analysis includes the application of the discontinued operations accounting treatment for the Zomaron transaction as previously discussed in this MD&A on Page #3-4. Therefore, the results for Zomaron are not included in this analysis.

Revenue

For the three-months ended December 31, 2016, POS revenue decreased $646,715 (14.3%) and decreased $298,055 (7.2%) when compared to the three-months ended December 31, 2015 and September 30, 2016 respectively. POS revenues decreased marginally in both comparative periods due to lower revenues being achieved for both the Maitre'D and Fingerprints product lines.

For the three-months ended December 31, 2016, payments revenue decreased $535 (5.8%) and increased $8,668 (100.0%) when compared to the three-months ended December 31, 2015 and September 30, 2016 respectively. Posera fully exited the Payment Processing business through the previous divestiture of Zomaron, in April, 2016 and the sale of the Company's ATM customer base to an independent third party fiscal 2016.

Operating Profit

For the three-months ended December 31, 2016, POS operating profit decreased $1,232,166 (6,369.4%) and decreased $989,926 (378.4%) when compared to the three-months ended December 31, 2015 and September 30, 2016 respectively. The decrease in operating profit was the result of fewer POS system installations completed and those installations that were completed were at lower than historical margins during the three-months ended December 31, 2016 when compared to the comparative periods December 31, 2015 and September 30, 2016. Posera fully exited the Payment Processing business through the previous divestiture of Zomaron, in April, 2016 and the sale of the Company's ATM customer base to an independent third party fiscal 2016.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended December 31, 2016 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.

	2016			
	Q4	Q3	Q2	Q1
Total revenue	$ 3,879,139	$ 4,168,526	$ 4,337,915	$ 4,419,134
Recurring revenue	$ 1,612,795	$ 1,683,774	$ 1,744,150	$ 1,746,609
POS revenue	$ 3,879,139	$ 4,168,526	$ 4,333,939	$ 4,414,873
Payments revenue	$ -	$ -	$ 3,976	$ 4,261
EBITDA(1,2)	$ (1,682,342)	$ (793,049)	$ (452,560)	$ (1,233,970)
Normalized EBITDA(1,2)	$ (1,407,577)	$ (416,134)	$ (37,601)	$ (546,197)
Net Income (Loss)(2)	$ (2,283,824)	$ (989,959)	$ 1,141,959	$ (1,549,124)
Comprehensive Income (Loss)(2)	$ (2,193,870)	$ (954,509)	$ 1,117,432	$ (1,838,678)
Earnings (Loss) Per Share Basic	$ (0.03)	$ (0.01)	$ 0.02	$ (0.02)
Earnings (Loss) Per Share Diluted	$ (0.03)	$ (0.01)	$ 0.02	$ (0.02)
	2015			
	Q4	Q3	Q2	Q1
Total revenue	$ 4,526,389	$ 4,025,883	$ 4,289,541	$ 3,849,359
Recurring revenue	$ 1,671,663	$ 1,709,616	$ 1,558,984	$ 1,486,156
POS revenue	$ 4,523,088	$ 4,022,537	$ 4,286,466	$ 3,846,583
Payments revenue	$ 3,301	$ 3,346	$ 3,075	$ 2,776
EBITDA (1,2)	$ (931,485)	$ (367,925)	$ (172,033)	$ (648,020)
Normalized EBITDA(1.2)	$ (212,250)	$ (274,532)	$ (125,043)	$ (563,221)
Net Income (Loss)(2)	$ (2,963,984)	$ (838,406)	$ (645,911)	$ (1,118,878)
Comprehensive Income (Loss)(2)	$ (2,833,127)	$ (553,865)	$ (689,041)	$ (800,209)
Earnings (Loss) Per Share Basic	$ (0.04)	$ (0.01)	$ (0.01)	$ (0.02)
Earnings (Loss) Per Share Diluted	$ (0.04)	$ (0.01)	$ (0.01)	$ (0.02)

(1) See EBITDA and Normalized EBITDA reporting measures (as outlined on Pages #33 – 34 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 Page #3-4.

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Loss to EBITDA and Normalized EBITDA(1)	**2016**			
	Q4	Q3	Q2	Q1
Net Income (Loss)(1)	**$ (2,283,824)**	**$ (989,959)**	**$ 1,141,959**	**$ (1,549,124)**
Interest expense	110,017	90,586	84,933	93,628
Exchange loss (gain)	26,965	7,673	12,565	15,299
Interest and other income	(626)	(2,552)	(3,465)	(3,945)
Loss on revaluation of financial instrument	200,000	(131,771)	240,000	-
Amortization of equipment	33,738	21,466	19,497	25,195
Amortization of intangible assets	192,082	176,007	181,360	192,631
Gain on disposition of subsidiary	-	-	(2,134,794)	-
Impairment of assets	-	-	-	-
Tax provision (recovery)	39,307	35,501	5,385	(7,654)
EBITDA(1)	**$ (1,682,341)**	**$ (793,049)**	**$ (452,560)**	**$ (1,233,970)**
One-time non-recurring expenditures and (recoveries)	130,429	314,851	323,256	687,773
Stock-based compensation expense(2)	144,335	62,064	91,703	-
Normalized EBITDA(1)	**$ (1,407,577)**	**$ (416,134)**	**$ (37,601)**	**$ (546,197)**

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

(2) The stock-based compensation expense during the three-months ended June 30, 2016 was reduced by $82,564 as this amount of expense had already been accrued, but the options had not yet been granted. Upon the date of the grant, which was June 15, 2016 the Company recognized the stock-based compensation expense of $174,267 as per the Consolidated Statement of Cash Flows.

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

Net Loss to EBITDA and Normalized EBITDA(1)	**2015**			
	Q4	Q3	Q2	Q1
Net Income (Loss)(1)	**$ (2,963,984)**	**$ (838,406)**	**$ (645,911)**	**$ (1,118,878)**
Interest expense	103,260	107,714	103,787	93,137
Exchange loss (gain)	(18,855)	22,967	(2,568)	(11,946)
Interest and other income	(16,800)	(5,498)	(6,840)	(2,795)
Amortization of equipment	23,062	23,513	21,692	24,658
Amortization of intangible assets	412,534	309,581	333,099	317,998
Tax provision (recovery)	(33,377)	12,204	23,708	49,806
EBITDA(1)	**$ (931,485)**	**$ (367,925)**	**$ (173,033)**	**$ (648,020)**
One-time non-recurring expenditures and (recoveries)	717,363	87,957	42,554	79,363
One-time revenue adjustment	-	-	-	-
Stock-based compensation expense	1,872	5,436	5,436	5,436
Investment tax credits receivable – reassessment	-	-	-	-
Normalized EBITDA(1)	**$ (212,250)**	**$ (274,532)**	**$ (125,043)**	**$ (563,221)**

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

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

	December 31, 2016	December 31, 2015	September 30, 2016
Equity	**$ 5,338,844**	**$ 8,910,367**	**$ 7,470,942**
Add: Long-term portion of notes payable	1,493,689	1,353,442	-
Add: Long-term portion of vehicle loans	35,103	92,186	39,113
Add: Deferred income tax liability	19,360	115,889	28,243
Less: Goodwill	(4,189,233)	(6,462,056)	(4,105,908)
Less: Intangible assets	(1,456,606)	(2,476,006)	(1,642,009)
Less: Long-term portion of investment tax credits receivable	(803,016)	(819,986)	(813,802)
Less: Long-term portion of lease receivable	(46,927)	(15,978)	(76,645)
Less: Deposit on leased premises	(39,583)	(39,581)	(39,583)
Less: Equipment	(254,043)	(202,572)	(266,717)
Working Capital(1)	**$ 97,588**	**$ 455,705**	**$ 593,634**

(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 December 31, 2016, Posera had cash and cash equivalents totaling $407,044 (December 31, 2015 - $1,702,972).

For the years ended December 31, 2016 and 2015, cash used by operating activities was $4,025,534 and $1,578,486 respectively. Cash used in operations for the year-ended December 31, 2016 resulted primarily from the net loss and changes in working capital, which was offset by items not affecting cash such as amortization, interest accretion and stock-based compensation. Cash used in operations for the year ended December 31, 2015 resulted from a net loss and a deferred tax recovery, which was partially offset by items not affecting cash such as amortization, stock-based compensation, an impairment of assets and changes in non-cash operating items.

For the years ended December 31, 2016 and 2015, cash provided by / (used in) financing activities were ($404,942) and $2,770,138 respectively. Cash used in financing activities for the year ended December 31, 2016 resulted primarily from the repayment of the notes payable and vehicle loans, where cash provided by financing activities for the year-ended December 31, 2015 resulted primarily from the issuance of Common Shares which was offset by issuance costs for the Common Shares, repayments notes payable and vehicle loans.

For the years ended December 31, 2016 and 2015, cash provided by / (used in) investing activities was $3,161,100 and ($764,060) respectively. The cash used in investing activities during the year-ended December 31, 2015 relates to the completion of the payments for the acquisition of Terminal Management Concepts Ltd. in addition to the acquisition of property plant and equipment and intangible assets. The cash provided by investing activities during the year-ended December 31, 2016 relates to the disposition of Zomaron which was partially offset by the acquisition of property plant and equipment and intangible assets.

Working capital at December 31, 2016 and 2015 was $97,588 and $455,705 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 September 30, 2016, the Company is subject to certain externally imposed capital covenants related to bank indebtedness.

The debt to equity ratios as at December 31, 2016, December 31, 2015 and September 30, 2016 were as follows:

	December 31, 2016	**December 31, 2015**	**September 30, 2016**
Total Debt			
Notes payable	$ 1,493,689	$ 1,773,056	$ 1,455,874
Vehicle loans	54,058	139,343	57,954
Bank indebtedness	-	-	-
Total Debt	**$ 1,547,747**	**$ 1,912,399**	**$ 1,513,828**
Total Equity	**$ 5,338,844**	**$ 8,910,367**	**$ 7,470,942**
Debt to Equity Ratio	**29.0%**	**21.46%**	**20.3%**

The Company has arrangements in place that allow it to access the additional debt financing for funding when required through various lines of credit. The Company’s credit capacity as at December 31, 2016 was $200,000 (2015 - $500,000), of which the Company had utilized $nil (2015 - $nil). The Company believes that it is adequately capitalized in order to meeting its obligations going forward.

On November 11, 2016, 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 any time with 30-days’ notice to the lender at no additional cost. During the year-ended December 31, 2016 the Company paid $10,000 (2015 - $nil) for a set-up fee and $5,104 (2015 - $nil) in stand-by fees in relation to the stand-by operating facility.

Summary of Contractual Obligations

During the three-months ended December 31, 2016, 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 year ended December 31, 2016, for the period that the director was still a related party until May 24, 2016, the Company recognized revenue in the amount of $31,761 (2015 - $48,153). Additionally, Posera recognized operating expenses and purchased products of $25,544 (2015 - $305,321) for the period that the director was still a related party until May 24, 2016. All transactions were agreed upon by the parties and were completed at the exchange amount.

During the year ended December 31, 2016, the Company received legal fees and disbursement invoices totaling $12,306 (2015 - $128,610), from law firms, which a director of Posera is and/or was a partner. As at December 31, 2016, the Company has a payable position of $613 (December 31, 2015 - $52,115) which will be settled between the related parties in the normal course of business.

This director is a partner at a law firm Posera utilizes and previously, this director was a partner of another law firm that Posera also utilizes. As the director no longer has an equity interest in the previous law firm, Posera has not included the payables to the former law firm as at December 31, 2016 or December 31, 2015, but Posera has included expenditures incurred for the period that the director was a partner at each respective firm.

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:

	Year ended December 31, 2016	Year ended December 31, 2015
Salaries and short-term employee benefits	$ 1,238,932	$ 1,164,845
Share-based payments	135,197	37,797
Total	**$ 1,374,129**	**$ 1,202,642**

The salaries 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 December 31, 2016, Posera had issued and outstanding 75,837,705 common shares, and 6,842,156 options, of which 5,602,281 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32. As at March 31, 2017 Posera had issued and outstanding 94,737,703 Class A voting common shares and 8,916,356 options, of which 6,401,801 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32. As at December 31, 2016 and March 31, 2017 the convertible debenture could have been converted into 2,500,000 and nil Common Shares respectively.

Subsequent Events

1) On January 1, 2017, Company amalgamated with its wholly-owned subsidiary A&A Point of Sales Solutions Inc. and retained his name as Posera Ltd., which is the Consolidated parent of the group.

2) On January 20, 2017 Posera Ltd. closed a non-brokered private placement of common shares ("Common Shares"). Under the private placement, Posera issued a total of 18,899,997 Common Shares at a price of $0.12 per Common Share for gross proceeds of $2,268,000. Posera paid finders fees in the aggregate amount of $71,098 in connection with certain subscriptions for Common Shares.

3) On January 3, 2017 the Company settled the note receivable of $480,000.

4) On January 30, 2017, Posera Ltd. appointed Mr. Dan Poirier as its Chief Executive Officer ("CEO"). Mr. Poirier previously had served as Posera's Chief Operating Officer ("COO") since July, 2016.

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 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 commenced a project to migrate all entities of the Group to one accounting system, which will streamline reporting and eliminate the manual preparation of the consolidation. This project has in large part been completed in throughout fiscal 2016; and

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

ii) The Company completed the acquisition of Terminal Management Concepts Ltd. ("TMC") on December 31st, 2014. During fiscal 2015 the Company has completed the integration of this business under the Company's current reporting processes, procedures and consolidated accounting system.

iii) 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.

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

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

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.