POSERA

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Six-months ended June 30, 2016
Dated: August 15th, 2016

This Management's Discussion and Analysis ("MD&A") for the year and three-months ended June 30th, 2016 (second quarter of fiscal 2016) provides detailed information on the operating activities, performance and financial position of Posera Ltd. ("Posera" or the "Company")(formerly Posera-HDX Ltd.). This discussion should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three-months ended June 30th, 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 August 15th, 2016, and is current to that date, unless otherwise stated.

This MD&A discusses the three-months ending June 30, 2016, compared to March 31, 2016 and June 30, 2015. For an analysis of the three-months ending June 30, 2016 compared to June 30, 2015 and March 31, 2016, please read this MD&A in conjunction with the MD&A for the three-months ending March 31, 2016 and the three and six-months ending June 30, 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 30, 2016 with the regulatory authorities.

NON-IFRS REPORTING MEASURES

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

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

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

EBITDA: Posera's management defines EBITDA as Net Income (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 three-months ended March 31, 2016, the Company decided to divest of its wholly owned subsidiary Zomaron Inc., which is within the Payments Segment following the decision to focus Company resources and capital investment in targeted growth opportunities in the core markets of the Company's Point-of-Sale and 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 is 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 – March 31, 2016	$	Nil
Zomaron Disposition		1,200,000
Payments received		(400,000)
Revaluation		(240,000)
Balance – June 30, 2016	**$**	**560,000**

As at April 29th, 2016, 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, net of tax of $175,000. The Company incurred transaction costs related to the disposition of Zomaron of $70,814 and $70,814 during the three and six-months ended June 30, 2016 respectively, 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 period, and has been re-presented in a format as such in the comparative period.

Financial Highlights and Summary - Three-months ended June 30, 2016 (Unaudited)

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

- Recurring revenues[1] for the three-months ended June 30, 2016 were $1,744,150, an increase of $185,166 (11.9%) from recurring revenues of $1,558,984 for the three-months ended June 30, 2015, and a decrease of $2,459 (0.1%) from recurring revenues of $1,746,609 for the three-months ended March 31, 2016;
- Net Income (Loss)[2] for the three-months ended June 30, 2016 was income of $1,141,959, an improvement of $1,787,870 (276.8%) from a loss of $645,911 for the three-months ended June 30, 2015, and an improvement of $2,691,083 (173.7%) from a loss of $1,549,124 for the three-months ended March 31, 2016;
- EBITDA[2] loss for the three-months ended June 30, 2016, was $452,560, an increase in the loss of $279,527 (161.5%) from a loss of $173,033 for the three-months ended June 30, 2015, and a decrease in the loss of $781,410 (63.3%) from a loss of $1,233,970 for the three-months ended March 31, 2016;
- Normalized EBITDA[2] profit(loss) for the three-months ended June 30, 2016 was a loss of $37,601, a decrease in the loss of $87,442 (69.9%) from a loss of $125,043 for the three-months ended June 30, 2015, and a decrease in the loss of $508,596 (93.1%), from a loss of $546,197 for the three-months ended March 31, 2016;
- Total revenue[1] was $4,337,915 for the three-months ended June 30, 2016, an increase of $48,374 (1.1%) from $4,289,541 for the three-months ended June 30, 2015 and a decrease of $81,219 (1.8%) from $4,419,134 for the three-months ended March 31, 2016;
- Gross profit[1] was $1,636,116 for the three-months ended June 30, 2016, an increase of $143,610 (9.6%) from $1,492,506 for the three-months ended June 30, 2015, and an increase of $180,394 (12.4%) from $1,455,722 for the three-months ended March 31, 2016;
- Posera's cash and cash equivalents[2] totaled $3,510,570 as at June 30, 2016, a decrease of $32,025 (0.9%) from $3,542,595 as at June 30, 2015, and an increase of $1,812,655 (106.8%) from $1,697,915 as at March 31, 2016. Bank indebtedness[2] was $nil as at June 30, 2016, a decrease of $240,010 (100.0%) compared to $240,010 as at June 30, 2015, and a decrease of $nil (0.0%) compared to $nil as at March 31, 2016; and
- Posera's working capital[2] totaled $1,502,371 as at June 30, 2016, a decrease of $764,608 (33.7%) from $2,266,979 as at June 30, 2015, and an increase of $3,780,026 (166.0%) from ($2,277,655) as at March 31, 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.

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 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 expense relates to one-time expenses that has been incurred by the Company as a result of a reorganization primarily related to severance and external consultants.

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 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 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.

As a recognized client service leader in the hospitality industry, Posera will continue to refine and enhance the service that its merchant clients have come to rely upon. Commencing in 2016, the Company has initiated a comprehensive project to streamline the way its clients obtain support services, materially augment its level of service to its clients, and to operate its services arm more efficiently. Enhancing the client experience, including reaching through to the end customer experience, is paramount to the Company’s growth strategy. In order to be rapidly responsive to industry changes, Posera has restructured the roles, responsibilities and workflow of its development team. This is expected to increase and accelerate the Company’s capability to address the on-going development needs of its existing Maitre’D product suites as well as its Fingerprints POS solution. In addition, this restructuring is intended to revitalize the development team’s ability to focus on developing the next generation of cutting edge POS technology.

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 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 totally manage payments, split checks, tips and tables, remotely from a wireless payment terminal. SecureTablePay also incorporates Chip and Signature, Pin based Debit, 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 transfer 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 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 allow 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 and accuracy in the Restaurant reducing Tip Adjust errors, wait-staff efficiency and increasing Table Turn Rates and profits for merchant, and better customer experience

In addition to SecureTablePay, Posera also announced it had entered into its first non-exclusive distribution agreement with a leading US payment processing company for the SecureTablePay application. While the distribution agreement 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 fine dining restaurants in the United States that would benefit from the use of the SecureTablePay technology.

(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

North America was the continent most affected by data breaches in 2014, accounting for 1,164 or 76 percent of breaches in the world. The United States accounted for 1,107 of those breaches or 72 percent of total breaches in the world. Next in line were the United Kingdom (8%), Canada (4%), Australia (2%), Israel (1%) and China (1%).[1]

Similar to data breaches, 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. [2]

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) Gemalto's 2014 Breach Level Index
2) 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, 2015 and 2014, 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, 2015 outline the accounting principles and policies used to prepare our financial statements. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position.

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

Critical accounting judgments

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

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

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

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

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

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, 2015 and 2014 for a complete listing of the Company's critical accounting estimates.

a. *Intangible assets – June 30, 2016 - $1,812,270 (June 30, 2015 - $3,101,829, March 31, 2016 - $2,228,618) and Goodwill – June 30, 2016 - $4,076,879 (June 30, 2015 - $7,657,565, March 31, 2016 - $6,228,478) and related Goodwill and Intangible assets impairments for the periods ended June 30, 2016 of $nil (three-months ended December 31, 2015 $1,562,675 and June 30, 2015 $nil respectively) 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, 2015 annual consolidated financial statements and MD&A.*

b. *Investment Tax Credits Receivable – non-refundable – June 30, 2016 - $832,017 (June 30, 2015 - $966,463; March 31, 2016 - $834,039).*
   - *Management estimates that the non-refundable Investment Tax Credits receivable will be recoverable before expiry. See detailed disclosure surrounding the expiry dates for non-refundable Investment Tax Credits Receivable in Note 3. An annualized 2.50% decrease in the forecasted taxable income of the entity with the Non-Refundable Investment Tax Credits Receivable would not cause any of the tax credits to expire before use.*
   - *See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2015 annual consolidated financial statements and MD&A.*

c. *Provisions – June 30, 2016 - $607,214 (June 30, 2015 - $223,104; March 31, 2016 - $725,428)*
   - *See detailed disclosure surrounding the provision at Note 8.*
   - *See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2015 annual consolidated financial statements and MD&A.*

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended June 30, 2016, June 30, 2015 and March 31, 2016. The information has been re-presented for discontinued operations.

Analysis of the Unaudited Quarterly Results	Q2-2016 (unaudited) $	Q2-2015 (unaudited) $	Q1-2016 (unaudited) $	Q2-2016 vs. Q2-2015 $	%	Q2-2016 vs. Q1-2016 $	%
Revenue							
POS	4,333,939	4,286,466	4,414,873	47,473	1.1%	(80,934)	(1.8)%
Payment processing	3,976	3,075	4,261	901	29.3%	(285)	(6.7)%
Total Revenue	**4,337,915**	**4,289,541**	**4,419,134**	**48,374**	**1.1%**	**(81,219)**	**(1.8)%**
Cost of Sales							
Cost of inventory	955,509	977,335	1,127,792	(21,826)	(2.2)%	(172,283)	(15.3)%
Technology	433,431	510,297	465,861	(76,866)	(15.1)%	(32,430)	(7.0)%
Operations and Support	1,312,859	1,309,403	1,369,759	3,456	0.3%	(56,900)	(4.2)%
Total Cost of Sales	**2,701,799**	**2,797,035**	**2,963,412**	**(95,236)**	**(3.4)%**	**(261,613)**	**(8.8)%**
Gross Profit	1,636,116	1,492,506	1,455,722	143,610	9.6%	180,394	12.4%
Gross Profit Percentage	37.7%	34.8%	32.9%		2.9%		4.8%
Operating Expenditures							
Sales and marketing	637,814	779,515	921,285	(141,701)	(18.2)%	(283,471)	(30.8)%
General and administrative	1,475,755	1,268,980	1,221,460	206,775	16.3%	254,295	20.8%
Restructuring costs	184,443	-	687,773	184,443	100.0%	(503,330)	(73.2)%
Total Operating Expenditures	**2,298,012**	**2,048,495**	**2,830,518**	**249,517**	**12.2%**	**(532,506)**	**(18.8)%**
	(661,896)	**(555,989)**	**(1,374,796)**	**(105,907)**	**19.0%**	**712,900**	**(51.9)%**
Other expenses (income)							
Interest expense	84,933	101,280	91,851	(16,347)	(16.1)%	(6,918)	(7.5)%
Realized and unrealized loss on foreign exchange	12,565	(2,568)	15,299	15,133	(589.3)%	(2,734)	(17.9)%
Interest and other income	(3,465)	(6,840)	(3,945)	3,375	(49.3)%	480	(12.2)%
Loss of revaluation of financial instrument	240,000	-	-	240,000	100.0%	240,000	100.0%
	334,033	**91,872**	**103,205**	**242,161**	**263.6%**	**230,828**	**223.7%**
Net loss before income taxes	**(995,929)**	**(647,861)**	**(1,478,001)**	**(348,068)**	**53.7%**	**482,072**	**(32.6)%**
Current	31,615	188,829	2,279	(157,214)	(83.3)%	29,336	1,287.2%
Future	(201,230)	(165,121)	(9,933)	(36,109)	21.9%	(191,297)	1,925.9%
Net loss from Continuing Operations	**(826,314)**	**(671,569)**	**(1,470,347)**	**(154,745)**	**23.0%**	**644,033**	**(43.8)%**
Gain on disposal of subsidiary	1,959,794	-	-	1,959,794	100.0%	1,959,794	100.0%
Profit (Loss) from Discontinued Operations (net of tax)	8,479	25,658	(78,777)	(17,179)	(67.0)%	87,256	(110.8)%
Net Income (Loss)	**1,141,959**	**(645,911)**	**(1,549,124)**	**1,787,870**	**(276.8)%**	**2,691,083**	**(173.7)%**
Other comprehensive income (loss)	(24,527)	(43,130)	(289,554)	18,603	(43.1)%	265,027	(91.5)%
Comprehensive Income (Loss)	**1,117,432**	**(689,041)**	**(1,838,678)**	**1,806,473**	**(262.2)%**	**2,956,110**	**(160.8)%**

Comparison of the Unaudited Three-Months Ended (continued)

Non-IFRS reporting measures(as outlined on Pages 23 – 24 of this MD&A):	Q2-2016 (unaudited) $	Q2-2015 (unaudited) $	Q1-2016 (unaudited) $	Q2-2016 vs. Q2-2015 $	%	Q2-2016 vs. Q2-2015 $	%
Recurring Revenue	**1,744,150**	**1,558,984**	**1,746,609**	**185,166**	**11.9%**	**(2,459)**	**(0.1)%**
EBITDA	**(452,560)**	**(173,033)**	**(1,233,970)**	**(279,527)**	**161.5%**	**781,410**	**(63.3)%**
Normalized EBITDA	**(37,601)**	**(125,043)**	**(546,197)**	**87,442**	**(69.9%)**	**508,596**	**(93.1)%**

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	**June 30, 2016**	**June 30, 2015**	**March 31, 2016**
Total revenue	$ 4,337,915	$ 4,289,541	$ 4,419,134
Recurring revenue	1,744,150	1,558,984	1,746,609
POS revenue	4,333,939	4,286,466	4,414,873
Payment processing revenue	3,976	3,075	4,261
Net Income (Loss)	1,141,959	(645,911)	(1,549,124)
Income (Loss) per share – basic and diluted	0.02	(0.01)	(0.02)
Weighted average number of shares outstanding (000's) - basic	75,838	72,508	75,838
Weighted average number of shares outstanding (000's) – diluted	75,838	72,508	(75,838
Cash and cash equivalents	3,510,570	3,542,595	1,697,915
Bank indebtedness	-	240,010	-
Working capital (as outlined on Page 25 of this MD&A)	1,502,371	2,266,980	(2,277,655)
Total assets	15,397,932	20,225,212	16,580,404
Long-term liabilities	110,842	2,003,669	147,330
Total shareholders' equity	8,363,388	12,291,665	7,071,689

Comparison of the unaudited quarters ended June 30, 2016 and 2015 and March 31, 2016

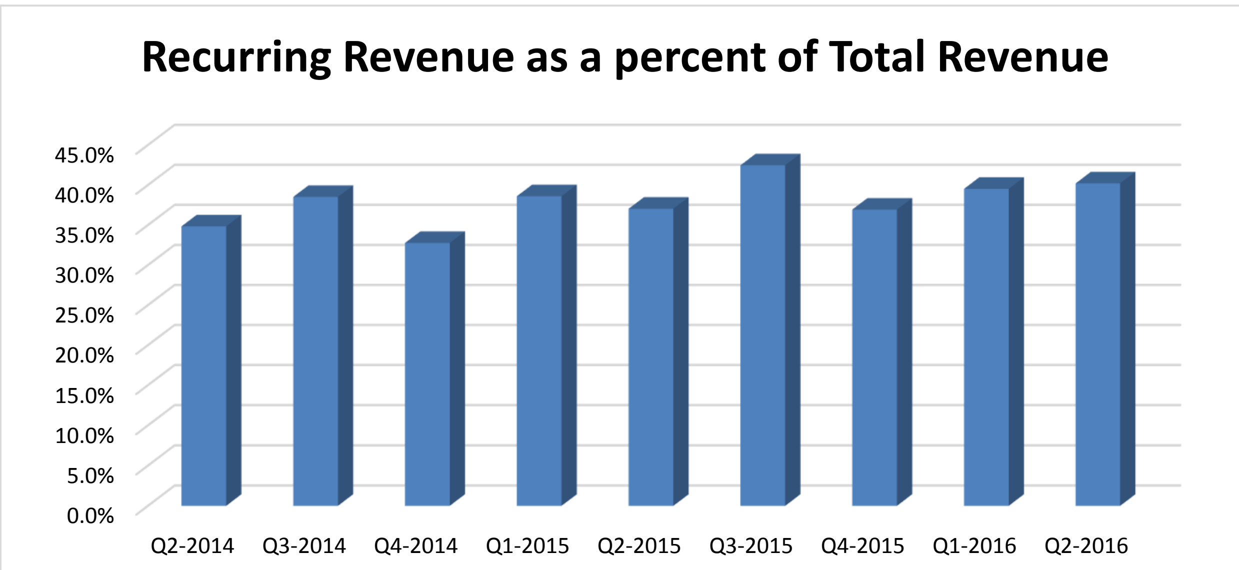
The Zomaron entity was recognized as a discontinued operation as at March 31, 2016 and as a result the following discussion and analysis has removed the Zomaron results for the period ended June 30, 2016 and the comparative periods, June 30, 2015 and March 31, 2016. Further discussion on the treatment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

Recurring Revenue:

Recurring Revenue Comparisons June 30, 2016, June 30, 2015 and March 31, 2016

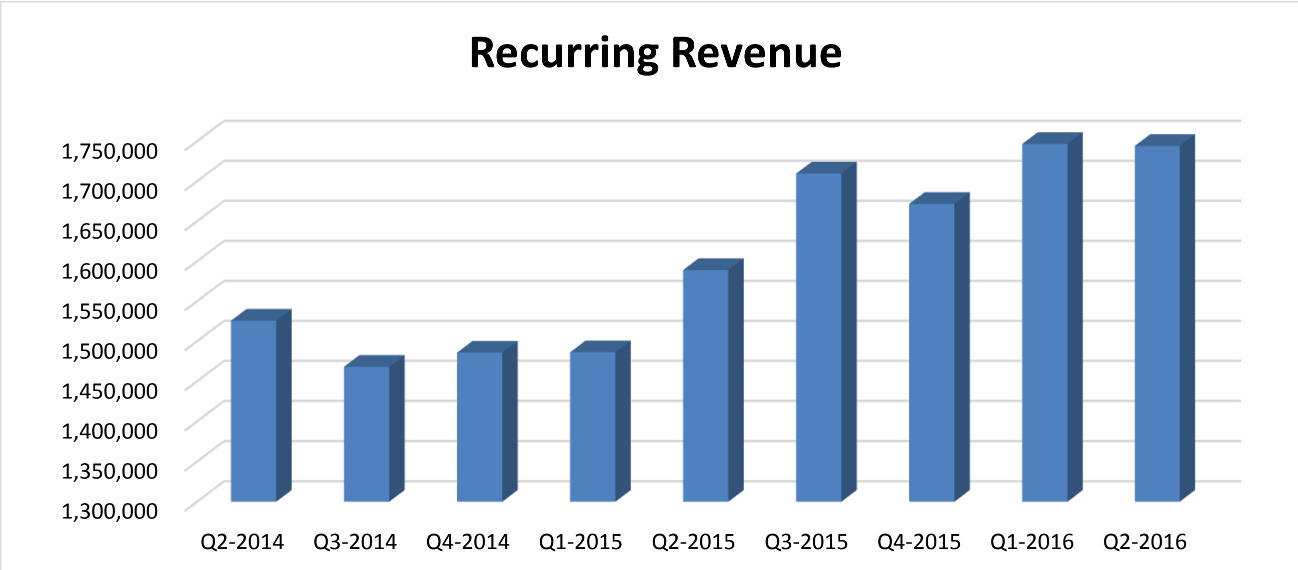
Total Recurring Revenue Reconciliation	**For the quarters ended**		
	June 30, 2016	**June 30, 2015**	**March 31, 2016**
Total Recurring Revenue Otherwise Reportable(1)	**$ 1,970,781**	**$ 2,143,318**	**$ 2,308,728**
Less: Recurring Revenue reclassified to discontinued operations	**(226,631)**	**(584,334)**	**(562,119)**
Total Recurring Revenue	**$ 1,744,150**	**$ 1,558,984**	**$ 1,746,609**

(1) Total recurring revenue assuming no application of the discontinued operations for the Zomaron transaction as previously discussed in this MD&A on Page #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 June 30th, 2016 was still developing the SecureTablePay solution for a large payment processor and until the application has been completed Posera will not recognize significant revenues from this platform. The SecureTablePay platform is primarily a recurring revenue model, therefore, when Posera's payment processing partners have the developed solution, they will commence the sell through the platform to their end users and at that time Posera will begin to recognize revenue which will primarily be recurring in nature.



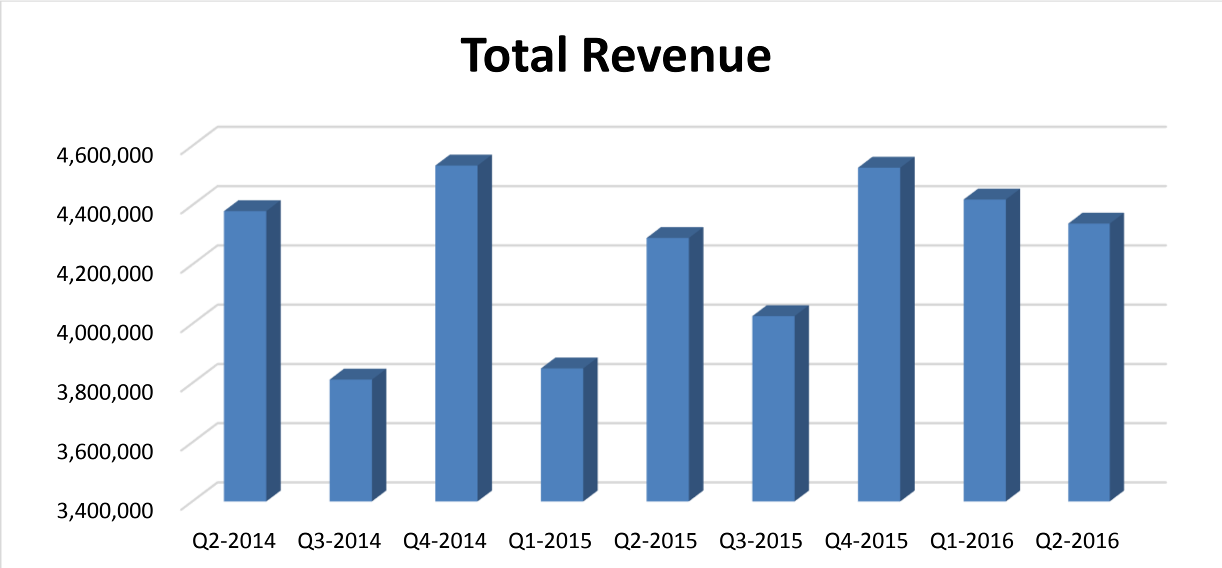
Revenue:

Revenue Comparisons June 30, 2016, June 30, 2015 and March 31, 2016

Total Revenue Reconciliation	For the quarters ended		
	June 30, 2016	June 30, 2015	March 31, 2016
Total Revenue Otherwise Reportable(1)	**$ 4,696,754**	**$ 5,284,556**	**$ 5,339,478**
Less: Revenue reclassified to discontinued operations	**(358,839)**	**(995,015)**	**(920,344)**
Total Revenue	**$ 4,337,915**	**$ 4,289,541**	**$ 4,419,134**

(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**		
	June 30, 2016	**June 30, 2015**	**March 31, 2016**
Total POS Revenue Otherwise Reportable(1)	**$ 4,466,147**	**$ 4,697,150**	**$ 4,773,098**
Less: POS Revenue reclassified to discontinued operations	**(132,208)**	**(410,684)**	**(358,225)**
Total POS Revenue	**$ 4,333,939**	**$ 4,286,466**	**$ 4,414,873**

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

The increase in POS revenues during the three-months ended June 30, 2016 compared to the three-months ended June 30, 2015 resulted primarily from increased sales the Fingerprints POS brand through its direct sales channels. The increase for Fingerprints was due to the completion of Posera's initial phase of an initial refresh program of hardware for a portion of the Fingerprints customer base. The MaitreD' brand experienced a minor decrease in sales during the three-months ended June 30, 2016 when compared to three-months ended June 30, 2015. The decrease in POS revenues during the three-months ended June 30, 2016 compared to the three-months ended March 31, 2016 is primarily from the implementation of the refresh program which provided a one-time boost to revenue. Normalizing the refresh program, the three-months ended June 30, 2016 would have significantly been ahead of the three-months ended March 31, 2016, as the seasonal results of the second quarter tend to be a stronger than the first quarter for the Company.

The refresh program denotes that hardware is being refreshed at a lower than historical margin and the benefit to Posera results in customers renewing their long-term investment in Posera's POS platforms, specifically Fingerprints. The refresh of the hardware will secure future service and support contracts, which will maintain and grow Posera's recurring revenue prospectively. Additionally, the cost to service our existing customers, whom are under existing support contracts will be reduced, 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 quarters ended		
	June 30, 2016	**June 30, 2015**	**March 31, 2016**
Total Payments Revenue Otherwise Reportable(1)	**$ 230,607**	**$ 587,406**	**$ 566,380**
Less: Payments revenue reclassified to discontinued operations	(226,631)	(584,331)	(562,119)
Total Payments Revenue	**$ 3,976**	**$ 3,075**	**$ 4,261**

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

Cost of Sales:

Cost of Sales Comparisons June 30, 2016, June 30, 2015 and March 31, 2016

Cost of Inventory

Cost of Inventory Reconciliation	For the quarters ended		
	June 30, 2016	**June 30, 2015**	**March 31, 2016**
Cost of Inventory Otherwise Reportable(1)	**$ 1,024,783**	**$ 1,165,291**	**$ 1,312,593**
Less: Cost of Inventory reclassified to discontinued operations	(69,274)	(187,956)	(184,801)
Cost of Inventory	**$ 955,509**	**$ 977,335**	**$ 1,127,792**

(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 $955,509 (22.0% of total revenues) for the three-months ended June 30, 2016, compared to $977,335 (22.8% of total revenues) for the three-months ended June 30, 2015 and $1,127,792 (25.5 % of total revenues) for the three-months ended March 31, 2016. The changes in the cost of inventory as a percentage of revenue is a result of a change in product mix between the respective periods and partially as a result of the lower margins that were earned from the hardware refresh program implemented during the three-months ended March 31, 2016 and June 30, 2016.

Technology Expense

Technology Expense Reconciliation(1)	For the quarters ended		
	June 30, 2016	**June 30, 2015**	**March 31, 2016**
Technology expense	**$ 433,431**	**$ 510,297**	**$ 465,861**
Less: Amortization of intangible assets	24,312	115,972	25,072
Adjusted technology expense	**$ 409,119**	**$ 394,325**	**$ 440,789**

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

The adjusted technology expense increased during the three-months ended March 31, 2016 compared to the three-months ended March 31, 2015 and December 31, 2015, as a result of additional external consultants being utilized to assist Posera with development projects for both of the Company's POS brands. Adjusting for this additional consulting services results in the technology expense being relatively consistent between the comparable periods.

Operations and Support Expense

Operations and Support Expense Reconciliation	**For the quarters ended**		
	June 30, 2016	**June 30, 2015**	**March 31, 2016**
Operations and Support Expense Otherwise Reportable(1)	**$ 1,343,982**	**$ 1,399,215**	**$ 1,463,011**
Less: Operations and Support expense reclassified to discontinued operations	(31,123)	(89,812)	(93,252)
Operations and Support Expense	**$ 1,312,859**	**$ 1,309,403**	**$ 1,369,759**

(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.

Operations and support expenses were $1,312,859 in the three-months ended June 30, 2016; an increase of $3,456 (0.3%) from $1,309,403 in the three-months ended June 30, 2015 and decreased by $56,900 (4.2%) from $1,369,759 in the three-months ended March 31, 2016, primarily as a result minor decrease in the headcount of the operations and support team at Posera during the comparable periods.

Operating Expenditures:

Operating Expenditures	**For the quarters ended**		
	June 30, 2016	**June 30, 2015**	**March 31, 2016**
Operating Expenditures Otherwise Reportable(1)	**$ 2,547,418**	**$ 2,737,577**	**$ 3,549,809**
Less: Operating Expenditures reclassified to discontinued operations	(249,406)	(689,082)	(719,291)
Operating Expenditures	**$ 2,298,012**	**$ 2,048,495**	**$ 2,830,518**
Less: Amortization of intangible assets and PP&E	173,116	207,229	172,414
Less: Restructuring charges	184,443	-	687,773
Less: Other One-time expenditures	138,813	37,500	-
Less: Stock-based compensation(2)	91,703	5,436	-
Adjusted Operating Expenditures	**$ 1,709,937**	**$ 1,798,330**	**$ 1,970,331**

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 three-months ended June 30, 2016 are restructuring costs of $184,443, which were $nil for the three-months ended June 30, 2015 and were $687,773 for the three-months ended March 31, 2016.

The restructuring expenses incurred by the Company during the three-months ended June 30, 2016 and March 31, 2016, are one-time expenditures that are not expected to endure into perpetuity and were incurred by the Company as a result of a reorganization. The restructuring expenses will cost the Company in the short-term, but are expected to reduce 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. The Company expects to incur further restructuring expenditures throughout the balance of fiscal 2016. The restructuring expenses are included in the Operating Expenses one-time expenditures discussed in the paragraph below.

Included in operating expenses for the three-months ended June 30, 2016, June 30, 2015 and March 31, 2016 are one-time expenditures excluding restructuring 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 quarters ended**		
	June 30, 2016	**June 30, 2015**	**March 31, 2016**
Sales and Marketing Expense Otherwise Reportable(1)	**$ 842,510**	**$ 1,341,469**	**$ 1,495,848**
Less: Sales and Marketing expense reclassified to discontinued operations	(204,696)	(561,954)	(574,563)
Sales and marketing expense	**$ 637,814**	**$ 779,515**	**$ 921,285**
Less: Amortization of intangible assets	143,116	159,559	147,181
Adjusted Sales and Marketing expense	**$ 494,698**	**$ 619,956**	**$ 774,104**

(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 Page #3-4.

The adjusted sales and marketing expenses decreased for the three-months ended June 30, 2016 compared to the three-months ended June 30, 2015 and March 31, 2016, due to a reassessment of the bonus accrual which had been accrued for the sales team, additionally, there was a decrease in headcount and there were less costs incurred to attend tradeshows during the three-months ended June 30, 2016 from the respective comparable periods.

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		
	June 30, 2016	June 30, 2015	March 31, 2016
G&A Expense Otherwise Reportable(1)	**$ 1,520,465**	**$ 1,396,108**	**$ 1,366,188**
Less: G&A expense reclassified to discontinued operations	(44,710)	(127,128)	(144,728)
G&A expense	**$ 1,475,755**	**$ 1,268,980**	**$ 1,221,460**
Less: Stock-based compensation expense(3)	91,703	5,436	-
Less: Amortization of intangible assets and PP&E	29,999	47,670	25,233
Less: One-time expenditures(2)	138,813	37,500	-
Adjusted G&A expense	**$ 1,215,240**	**$ 1,178,374**	**$ 1,196,227**

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

(2) One-time expenditures net of restructuring costs which are classified as a separate line item on the Consolidated Statements of Operations and Comprehensive Loss which totaled $687,773 for the three-months ended March 31, 2016, $nil for the three-months ended March 31, 2015 and $662,512 for the three-months ended December 31, 2015.

(3) 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.

The adjusted general and administrative expenditures for the three-months ended June 30, 2016 increased $36,866 (3.1%), when compared to the three-months ended June 30, 2015. Additionally, the adjusted general and administrative expenditures for the three-months ended June 30, 2016 increased $19,013 (1.6%), when compared to the three-months ended March 31, 2016. The three-months ended June 30, 2016 adjusted general and administrative expenditures were relatively consistent with the comparable periods.

Other Expense and Income:

Interest expense is comprised primarily of interest expense incurred on long-term obligations, including the convertible debentures issued as part of the Posera Inc. acquisition in 2010 and a financing completed in January, 2014. Interest expense for the three-months ended June 30, 2016 was $84,933 a decrease of $16,347 (16.1%) and a decrease of $6,918 (7.5%) from $101,280 and $91,851 for the three-months ended June 30, 2016 and March 31, 2016 respectively. The interest expense between all of the comparable three-month ended periods are relatively consistent, as the Company continues to pay off the principal balance on the debt obligations on the balance sheet will decrease as will the interest expense incurred.

Realized and unrealized (gain) loss on foreign exchange is comprised primarily of the (gain) loss on the foreign denominated convertible debenture and net assets denominated in foreign currencies. As a result of the decrease in the CAD, relative to the USD, the carrying amount of the convertible debenture liability (in CAD) has increased, resulting in a loss during the three-months ended June 30, 2016. Additionally, the net assets denominated in foreign currencies incurred a gain during the three-months ended June 30, 2016 as a result of an increase of the value of the source currency when translated into the functional currency. The fluctuations in the realized and unrealized (gain) loss on foreign exchange has impacted the three comparable reporting periods, June 30, 2016, June 30, 2015 and March 31, 2016. The impact to income is predicated on the foreign exchange movements in net assets denominated in a currency other than the functional currency and the revelation of the convertible debenture from USD to CAD.

Interest and other income is comprised primarily of interest earned from the investing of Posera's corporate funds. The interest earned remained relatively consistent between the three-months ended June 30, 2016, June 30, 2015 and March 31, 2016, as the interest rates earned, and balances deposited remained relatively consistent.

The Company incurred a loss on the revaluation of a financial instrument during the three-months ended June 30, 2016 of $240,000 (2015 - $nil). 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 disposed of. Subsequent to June 30th, 2016, the Company restructured the note receivable to allow the Company to extend the term as to when the note receivable was required to be disposed of and the disposal of the note receivable is now solely at the discretion of Posera.

Segment Analysis

Operating Segments[2]	Revenue for the three-months ended		
	June 30, 2016	June 30, 2015	March 31, 2016
POS	$ 4,333,939	$ 4,272,527	$ 4,414,873
Payments	3,976	16,924	4,261
Total revenue	**$ 4,337,915**	**$ 4,289,541**	**$ 4,419,134**
	Operating profit (loss) for the three-months ended [1]		
	June 30, 2016	June 30, 2015	March 31, 2016
POS	$ 132,406	$ 40,439	$ (293,695)
Payments	(150)	(78,350)	2,802
Total profit	**$ 132,256**	**$ (37,911)**	**$ (290,893)**

(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 June 30, 2016, POS revenue increased $61,412 (1.4%) and decreased $80,934 (1.8%) when compared to the three-months ended June 30, 2015 and March 31, 2016 respectively. POS revenues increased marginally during the three-months ended June 30, 2016 when compared to the three-months ended June 30, 2015, but in effect the business was relatively consistent between the comparable periods. POS revenues decreased marginally during the three-months ended June 30, 2016 when compared to the three-months ended March 31, 2016, primarily as a result of the implementation of an initial refresh program of hardware for a portion of the Company's Fingerprints customer base. The refresh program generated approximately $660,000 during the three-months ended March 31, 2016 when compared to approximately $30,000 during the three-months ended June 30, 2016. The refresh program denotes that hardware is being refreshed at a lower than historical margin and the benefit to Posera results in customers renewing their long-term investment in Posera's POS platforms, specifically Fingerprints. The refresh of the hardware will secure future service and support contracts, which will maintain and grow Posera's recurring revenue prospectively. Additionally, the cost to service our existing customers, whom are under existing support contracts will be reduced, as the new hardware tends to result in fewer support related calls and visits to customer sites.

Operating Profit

For the three-months ended June 30, 2016, POS operating profit increased $91,967 (227.4%) and increased $426,101 (145.1%) when compared to the three-months ended June 30, 2015 and March 31, 2016 respectively. The improvement in the POS operating profit during the three-months ended June 30, 2016 when compared to the three-months ended June 30, 2015, was primarily due to the operational efficiencies that have been attained from restructuring between the comparable periods. Additionally, the improvement in the POS operating profit during the three-months ended June 30, 2016 when compared to the three-months ended March 31, 2016, was primarily due to the operational efficiencies that continued to be generated from restructuring efforts between the comparable periods and because there were higher margin sales during the three-months ended June 30, 2016 due to the reduction in the refresh sales, which are at a lower margin, during the comparable periods.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended June 30, 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, 2015 and 2014 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		2015	
	Q2	Q1	Q4	Q3
Total revenue	$ 4,337,915	$ 4,419,134	$ 4,526,389	$ 4,025,883
Recurring revenue	$ 1,744,150	$ 1,746,609	$ 1,671,663	$ 1,709,616
POS revenue	$ 4,333,939	$ 4,414,873	$ 4,523,088	$ 4,022,537
Payments revenue	$ 3,976	$ 4,261	$ 3,301	$ 3,346
EBITDA(1,2)	$ (452,560)	$ (1,233,970)	$ (931,485)	$ (367,925)
Normalized EBITDA(1,2)	$ (37,601)	$ (546,197)	$ (212,250)	$ (274,532)
Net Income (Loss)(2)	$ 1,141,959	$ (1,549,124)	$ (2,963,984)	$ (838,406)
Comprehensive Income (Loss)(2)	$ 1,117,432	$ (1,838,678)	$ (2,833,127)	$ (553,865)
Earnings (Loss) Per Share Basic	$ 0.02	$ (0.02)	$ (0.04)	$ (0.01)
Earnings (Loss) Per Share Diluted	$ 0.02	$ (0.02)	$ (0.04)	$ (0.01)
	2015		2014	
	Q2	Q1	Q4	Q3
Total revenue	$ 4,289,541	$ 3,849,359	$ 4,533,488	$ 3,811,712
Recurring revenue	$ 1,558,984	$ 1,486,156	$ 1,485,757	$ 1,468,080
POS revenue	$ 4,286,466	$ 3,846,583	$ 4,946,551	$ 3,808,069
Payments revenue	$ 3,075	$ 2,776	$ (413,063)	$ 3,643
EBITDA(1,2)	$ (172,033)	$ (648,020)	$ (441,076)	$ (15,823)
Normalized EBITDA(1,2)	$ (125,043)	$ (563,221)	$ 65,014	$ (170,889)
Net Income (Loss)(2)	$ (645,911)	$ (1,118,878)	$ (593,788)	$ (200,176)
Comprehensive Income (Loss)(2)	$ (689,041)	$ (800,209)	$ (482,212)	$ (42,993)
Earnings (Loss) Per Share Basic	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.00)
Earnings (Loss) Per Share Diluted	$ (0.01)	$ (0.02)	$ (0.01)	$ (0.00)

(1) See EBITDA and Normalized EBITDA reporting measures (as outlined on Pages 23 – 24 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**		**2015**	
	Q2	Q1	Q4	Q3
Net Income (Loss)[1]	**$ 1,141,959**	**$ (1,549,124)**	**$ (2,963,984)**	**$ (838,406)**
Interest expense	84,933	93,628	103,260	107,714
Exchange loss (gain)	12,565	15,299	(18,855)	22,967
Interest and other income	(3,465)	(3,945)	(16,800)	(5,498)
Loss on revaluation of financial instrument	240,000	-	-	-
Amortization of equipment	19,497	25,195	23,062	23,513
Amortization of intangible assets	181,360	192,631	412,534	309,581
Gain on disposition of subsidiary	(1,959,794)	-	-	-
Impairment of assets	-	-	1,562,675	-
Tax provision (recovery)	(169,615)	(7,654)	(33,377)	12,204
EBITDA[1]	**$ (452,560)**	**$ (1,233,970)**	**$ (931,485)**	**$ (367,925)**
One-time non-recurring expenditures and (recoveries)	323,256	687,773	717,363	87,957
Stock-based compensation expense[2]	91,703	-	1,872	5,436
Normalized EBITDA[1]	**$ (37,601)**	**$ (546,197)**	**$ (212,250)**	**$ (274,532)**

(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, and included in one-time non-recurring expenditures, 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**		**2014**	
	Q2	Q1	Q4	Q3
Net Income (Loss)(1)	**$ (645,911)**	**$ (1,118,878)**	**$ (593,788)**	**$ (200,176)**
Interest expense	103,787	93,137	118,917	95,069
Exchange loss (gain)	(2,568)	(11,946)	27,578	2,779
Interest and other income	(6,840)	(2,795)	(4,341)	(4,144)
Amortization of equipment	21,692	24,658	23,495	23,071
Amortization of intangible assets	333,099	317,998	263,627	258,578
Tax provision (recovery)	23,708	49,806	(276,564)	(191,000)
EBITDA(1)	**$ (173,033)**	**$ (648,020)**	**$ (441,076)**	**$ (15,823)**
One-time non-recurring expenditures and (recoveries)	42,554	79,363	187,409	(100,683)
One-time revenue adjustment(4)	-	-	156,629	(52,210)
Stock-based compensation expense	5,436	5,436	15,871	35,608
Investment tax credits receivable – reassessment(2),(3)	-	-	146,181	(37,781)
Normalized EBITDA(1) (5)	**$ (125,043)**	**$ (563,221)**	**$ 65,014**	**$ (170,889)**

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

(2) During the three-months ended June 30, 2014, the Company incurred a one-time change in estimate of the Company's investment tax credits receivable, which transpired as a result of a review of the projects eligible for investment tax credits during the 2013 fiscal year. The change in estimate resulted in an increased one-time expenditure to the technology expense of $216,500 for the three-months ended June 30, 2014. The Company applied the $216,500 rateably to the 2013 quarters to calculate the Normalized EBITDA.

(3) During the three-months ended December 31, 2014, the Company incurred a one-time change in estimate of the Company's investment tax credits receivable, which transpired as a result of a review of the projects eligible for investment tax credits during the 2014 fiscal year. The change in estimate resulted in an increased one-time expenditure to the technology expense of $166,181 for the three-months ended December 31, 2014. The Company applied the $166,181 rateably to the 2013 quarters to calculate the Normalized EBITDA.

(5) During the three-months ended December 31, 2014, the Company incurred a one-time adjustment in revenue, as a result of tax assessment, which transpired in the fourth quarter of 2014. The adjustment in revenue resulted in a one-time decrease in revenue of $156,629 for the three-months ended December 31, 2014. The Company applied the $156,629 rateably to the 2014 quarters to calculate the adjusted total revenue.

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

	June 30, 2016	June 30, 2015	March 31, 2016
Equity	**$ 8,363,388**	**$ 12,291,665**	**$ 7,071,689**
Add: Long-term portion of notes payable	-	1,460,407	-
Add: Long-term portion of vehicle loans	44,074	109,428	106,712
Add: Future income tax liability	66,768	433,834	98,521
Less: Goodwill	(4,076,879)	(7,657,565)	(6,228,468)
Less: Intangible assets	(1,812,270)	(3,101,829)	(2,228,618)
Less: Long-term portion of investment tax credits receivable	(832,017)	(966,463)	(834,039)
Less: Long-term portion of lease receivable	(11,315)	(24,498)	(13,213)
Less: Deposit on leased premises	(39,581)	(39,583)	(39,584)
Less: Equipment	(199,797)	(238,417)	(210,655)
Working Capital(1)	**$ 1,502,371**	**$ 2,266,979**	**$ (2,277,655)**

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

Liquidity and Financial Resources

As at June 30, 2016, Posera had cash and cash equivalents totaling $3,510,570 (June 30, 2015 - $3,542,595).

For the three-months ended June 30, 2016 and 2015, cash provided by / (used by) operating activities was ($1,352,933) and ($177,663) respectively. Cash used in operations for the quarter-ended June 30, 2015 resulted from a net loss, deferred income tax recovery and unrealized gain / loss on foreign exchange, which was offset by changes in non-cash working capital items, and by items not affecting cash such as amortization, interest accretion and stock-based compensation. Cash provided by operations for the three-months ended June 30, 2016 resulted from a net income plus items not affecting cash such as amortization, loss on revaluation of a financial instrument and stock-based compensation which was more than offset by the gain on the disposition of a subsidiary and changes in working capital.

For the three-months ended June 30, 2016 and 2015, cash provided by / (used in) financing activities were ($136,128) and $2,893,120 respectively. Cash provided by financing activities for the three-months ended June 30, 2015 was a result the Company completing private placement of common shares, which was offset by issuance costs for the common shares and a partial repayment of a notes payable. Cash used in financing activities for the three-months June 30, 2016 resulted primarily from the repayment of the notes payable and repayment of vehicle loans. Posera expects to continue to make acquisitions in the future and therefore may complete additional financings in the equity markets.

For the three-months ended June 30, 2016 and 2015, cash provided by / (used in) investing activities was $3,310,286 and ($4,056) respectively. The cash provided by investing activities during the three-months ended June 30, 2016 relates to the disposition of the Zomaron subsidiary which was reduced by the acquisition of property plant and equipment. The cash used in investing activities during the three-months ended June 30, 2015 relates primarily to the acquisition of intangible assets, such as computer software.

Working capital at June 30, 2016 and 2015 was $1,502,371 and $2,266,979 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 June 30, 2016, the Company is subject to certain externally imposed capital covenants related to bank indebtedness.

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

	June 30, 2016	June 30, 2015	March 31, 2016
Total Debt			
Notes payable	$ 1,592,667	$ 2,028,465	$ 1,684,500
Vehicle loans	62,915	167,349	158,907
Bank indebtedness	-	240,010	-
Total Debt	**$ 1,655,582**	**$ 2,435,824**	**$ 1,843,407**
Total Equity	**$ 8,363,388**	**$ 12,291,665**	**$ 7,071,689**
Debt to Equity Ratio	**19.8%**	**19.8%**	**26.07%**

The Company has arrangements in place that allow us to access the additional debt financing for funding when required through various lines of credit. The Company's credit capacity as at June 30, 2016 was $200,000 (2015 - $500,000), of which the Company had utilized $nil (2015 - $nil). The Company feels that it is adequately capitalized in order to meeting its obligations going forward.

Summary of Contractual Obligations

During the three-months ended June 30, 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 a director whom resigned from his directorship on May 24, 2016 and ceased to be a related party at that time. During the period April 1, 2016 to May 24, 2016 and from January 1, 2016 to May 24, 2016 for which the director was a related party, the Company recognized revenue in the amount of $nil and $47,395 respectively, compared to $8,552 and $26,408 for the three and six months ended June 30, 2015 respectively. Additionally, Posera recognized operating expenses and purchased products of $5,951 and $26,097 during the periods April 1, 2016 to May 24, 2016 and from January 1, 2016 to May 24, 2016 respectively, compared to $26,202 and $75,804 for the three and six months ended June 30, 2015 respectively. All transactions were agreed upon by the parties and were completed at the exchange amount.

During the three and six-months ended June 30, 2016, the Company received legal fees and disbursement invoices totaling $6,348 and $6,828 (2015 - $51,165 and $70,307), from law firms, which a director of Posera is and/or was a partner. As at June 30, 2016, the Company has a payable position of $8,685 (December 31, 2015 - $52,115) which will be settled between the related parties in the normal course of business.

This director is 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 June 30, 2016, March 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, Chief Financial Officer, Senior Vice-President, Integration and Administration, Senior Vice-President, Special Projects and Infrastructure and Vice-President, Business Development, is as follows:

	Three-months ended June 30, 2016	Three-months ended June 30, 2015	Six-months ended June 30, 2016	Six-months ended June 30, 2015
Salaries and short-term employee benefits	$ 199,339	$ 293,271	$ 595,201	$ 572,213
Share-based payments	44,483	-	71,697	-
Total	**$ 243,822**	**$ 293,271**	**$ 666,898**	**$ 572,213**

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

Share Capital

As at June 30, 2016, Posera had issued and outstanding 75,837,705 common shares, and 5,662,720 options, of which 4,542,720 were exercisable at an exercise price to purchase common shares ranging from $0.17 to $0.34. As at August 15, 2016 Posera had issued and outstanding 75,837,705 Class A voting common shares and 6,600,720 options, of which 4,542,720 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.34. As at June 30, 2016 and March 31, 2016 the convertible debenture could have been converted into 2,500,000 and 2,500,000 Common Shares respectively.

Subsequent Events

1. On August 12, 2016, the Company entered into an agreement with certain debt-holders to make a one-time payment of $95,000 USD in satisfaction of the note payable as disclosed in Note 9, which had a remaining principal balance of $102,051 USD on this date. As a result, the security of the note payable was released, including the security to the Maitre'D source-code.

2. On July 29, 2016, the Company issued 938,000 Stock Options to employees with an exercise price of 0.125, a life of 5 years, and vest quarterly over four years, commencing July 1, 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, 2014 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, 2015 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Throughout 2016, 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 is expected to be completed in 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.

No other changes were identified through management's evaluation of the controls over financial reporting. Throughout the remainder of 2016 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; and
- integrating all of the previous and future acquired entities onto 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, 2015.

Period-end Financial Reporting Process

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

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

Limitation of Control Procedures

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

Risks and Uncertainties

The Company is exposed to a variety of risks in the normal course of operations. In the Annual Information Form of the Company which was filed on March 30, 2016, 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.

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