MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year and Three-months ended December 31, 2015
Dated: March 30st, 2016

This Management's Discussion and Analysis ("MD&A") for the year and three-months ended December 31st, 2015 (fourth quarter of fiscal 2015) provides detailed information on the operating activities, performance and financial position of Posera-HDX Limited (“POSERA” or the “Company”). This discussion should be read in conjunction with the Company’s audited consolidated financial statements and accompanying notes for the for the year-ended December 31, 2015. 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 30st, 2016, and is current to that date, unless otherwise stated.

This MD&A discusses the three-months ending December 31, 2015, compared to September 30, 2015 and December 31, 2014. For an analysis of the three-months ending December 31, 2015 compared to December 31, 2014 and September 30, 2015, please read this MD&A in conjunction with the MD&A for the three-months ending September 30, 2015 and the three and twelve-months ending December 31, 2014.

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-HDX Limited

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.

Non-IFRS reporting definitions:

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

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

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

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

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

NON-IFRS REPORTING MEASURES (continued)

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

Recurring Revenue: Includes payment processing revenue and certain components of POS revenues as disclosed on the statement of operations. These include POS support and maintenance contracts, POS referral revenue sharing arrangements and other recurring revenue agreements.

Comparative Figures:

Certain prior period comparative figures have been restated to conform to the consolidated financial statements presentation adopted under IFRS. All comparative figure adjustments have been discussed in the management discussion and analysis for the three and nine-months ending September 30, 2015.

Financial Highlights and Summary - Three-months ended December 31, 2015 (Unaudited)

(This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended December 31, 2015, December 31, 2014 and September 30, 2015".)

- Revenues and earnings for the combined entity for the three months-ended December 31, 2014 include no results of operations for the acquired entity Terminal Management Concepts Ltd. ("TMC") as this entity was acquired on December 31st, 2014, whereas revenues and earnings for the three-months ended December 31, 2015 and September 30, 2015 include the results for operations for the full quarterly reporting period for TMC;
- Recurring revenues for the three-months ended December 31, 2015 was $2,281,878, an increase of $457,621 (25.1%) from recurring revenues of $1,824,257 for the three-months ended December 31, 2014, and a decrease of $15,955 (0.7%) from recurring revenues of $2,297,833 for the three-months ended September 30, 2015;
- Net loss for the three-months ended December 31, 2015 was a loss of $2,963,984, an increase in the loss of $2,370,196 (399.2%) from a loss of $593,788 for the three-months ended December 31, 2014, and an increase in the loss of $2,125,578 (253.5%) from a loss of $838,406 for the three-months ended September 30, 2015;
- EBITDA loss for the three-months ended December 31, 2015, was $931,485, an increase in the loss of $490,409 (111.2%) from a loss of $441,076 for the three-months ended December 31, 2014, and an increase in the loss of $563,560 (153.2%) from a loss of $367,925 for the three-months ended September 30, 2015;
- Normalized EBITDA profit(loss) for the three-months ended December 31, 2015 was a loss of $212,250, an increase in the loss of $277,264 (426.5%) from profit of $65,014 for the three-months ended December 31, 2014, and a decrease in the loss of $62,282 (22.7%), from a loss of $274,532 for the three-months ended September 30, 2015;
- Total revenue was $5,649,436 for the three-months ended December 31, 2015, an increase of $284,905 (5.3%) from $5,364,531 for the three-months ended December 31, 2014 and an increase of $576,614 (11.4%) from $5,072,822 for the three-months ended September 30, 2015;
- Gross profit was $2,421,650 for the three-months ended December 31, 2015, an increase of $296,845 (14.0%) from $2,124,805 for the three-months ended December 31, 2014, and an increase of $281,853 (13.2%) from $2,139,797 for the three-months ended September 30, 2015;
- Included in cost of sales and operating expenses for the three-months ended December 31, 2015, December 31, 2014 and September 30, 2015 were certain one-time non-recurring expenditures, non-cash amortization of intangible assets and property plant and equipment, impairment of assets and non-cash stock-based compensation expense totaling $2,717,506, $793,212 and $426,487 respectively;
- POSERA's cash and cash equivalents totaled $1,702,972 as at December 31, 2015, an increase of $260,286 (18.0%) from $1,442,686 as at December 31, 2014, and a decrease of $893,206 (34.4%) from $2,596,178 as at September 30, 2015. Bank indebtedness was $nil as at December 31, 2015, a decrease of $207,103 (100.0%) compared to $207,103 as at December 31, 2014, and a decrease of $239,999 (100.0%) compared to $239,999 as at September 30, 2015; and
- POSERA's working capital totaled $455,705 as at December 31, 2015, an increase of $188,977 (70.9%) from $266,728 as at December 31, 2014, and a decrease of $1,302,130 (74.1%) from $1,757,835 as at September 30, 2015.

Financial Highlights and Summary – Year-ended December 31, 2015

(This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the years ended December 31, 2015 and 2014".)

- Revenues and earnings for the combined entity for the year-ended December 31, 2014 include no results of operations for the acquired entity Terminal Management Concepts Ltd. ("TMC") as this entity was acquired on December 31st, 2014, whereas revenues and earnings for the year-ended December 31, 2015 includes the results of operations for the fiscal reporting period for TMC;
- Recurring revenues for the year-ended December 31, 2015 was $8,674,590, an increase of $1,284,534 (17.4%) from recurring revenues of $7,390,056 for the year-ended December 31, 2014;
- Net Loss for the year-ended December 31, 2015 was a loss of $5,567,179, an increase in the loss of $3,706,661 (199.2%) from a loss of $1,860,518 for the year-ended December 31, 2014;
- EBITDA loss for the year-ended December 31, 2015 was a loss of $2,120,463, an increase in the loss of $1,332,138 (169.0%) from a loss of $788,325 for the year-ended December 31, 2014;
- Normalized EBITDA loss for the year-ended December 31, 2015 was a loss of $1,175,046, an increase in the loss of $1,162,586 (9,330.5%) from a loss of $12,460 for the year- ended December 31, 2014;
- Total revenue was $20,752,875 for the year-ended December 31, 2015, an increase of $638,425 (3.2%) from $20,114,450 for the year-ended December 31, 2014;
- Total point-of-sale revenue was $18,492,206 for the year-ended December 31, 2015, a decrease of $217,652 (1.2%) from $18,709,858 for the year-ended December 31, 2014;
- Total payment processing revenue was $2,260,669 for the year-ended December 31, 2015, an increase of $856,077 (60.9%) from $1,404,592 for the year-ended December 31, 2014;
- Gross profit was $8,534,726 for the year-ended December 31, 2015, a decrease of $140,138 (1.6%) from $8,674,864 for the year-ended December 31, 2014;
- Operating expenses were $13,684,001 for the year-ended December 31, 2015, an increase of $3,085,885 (29.1%) from $10,598,116 for the year-ended December 31, 2014; and
- Operating expenses excluding the impairment of assets and restructuring costs were $11,458,814 for the year-ended December 31, 2015, an increase of $860,698 (8.1%) from $10,598,116 for the year-ended December 31, 2014.

POSERA's BUSINESS

For more than 30 years, Posera has been supporting merchant business success in the hospitality industry. A TSX company trading under the symbol "PAY", POSERA is in the business of managing merchant transactions with consumers and facilitating all aspects of the payment transaction. POSERA's Maitre 'D™ and Fingerprints™ Point-of-Sale ("POS") solutions are trusted by the top fine dining and quick-service hospitality brands around the world.

POSERA's POS system software solutions, associated enterprise management tools and debit / credit payment terminals have been deployed in 25 countries in 8 different languages in over 30,000 merchant locations worldwide. POSERA's direct sales force is bolstered by a global dealership network of approximately 80 resellers which translates to approximately 500 representatives selling, supporting and installing its software and related products and services. POSERA prides itself on its long and established track record of exceptional customer service and continued technological innovation. POSERA's success will continue to be driven by the Company's unwavering objective to ensuring the business success of its growing base of merchant clients.

In addition to POSERA's two marquee Point-of-Sale software solutions, the Company's full service offerings include integrated and non-integrated debit and credit processing, EMV compliant Pay-At-The-Table ("PATT") applications, system hardware integration services, merchant staff training, system installation services, and post-sale software and hardware customer support.

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.
- **Revenues from payments fees from merchants.** Merchants pay fees for the processing of debit and credit card payments transactions. The transaction fees are paid to a third party processor which remits residual income to the Company.
- **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 two categories: (1) sales & marketing; and (2) general & administrative. 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.

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 client 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. 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 payment processing revenues, 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.

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:

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

a. *Intangible assets – December 31, 2015 - $2,476,006 (December 31, 2014 - $3,658,176) and Goodwill – December 31, 2015 - $6,462,056 (December 31, 2014 - $7,422,911*) and related Goodwill and Intangible assets impairments for the periods ended December 31, 2015 - $1,562,675 and $nil respectively (December 31, 2014 - $nil and $nil respectively) in the Direct POS and POS Software 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.

During the year ended December 31, 2015, the Company assessed an impairment of $1,562,675 of the Goodwill allocated to the Direct POS CGU in the POS Segment, because of the deterioration in the higher of the value-in-use and fair value less costs to sell. This was primarily the result of a downward revision in the CGU's revenue growth and earnings. The recoverable amount of the CGU was determined to be $346,000, being the fair-value less costs to sell. The key assumptions utilized to calculate the higher of value-in-use and fair value less costs to sell are detailed below. This impairment is included in the operating expenditures in the consolidated statements of operations.

The following key assumptions were used in calculating the higher of value-in-use and fair value less costs to sell by CGU as at December 31, 2015, the date of the Company's impairment testing:

	POS SEGMENT			PAYMENTS SEGMENT
	Direct POS CGU	Indirect POS CGU	Payments Middleware CGU	Payments CGU
Terminal earnings growth rate (i)	0%	3%	2%	N/A
After-tax discount rate (ii)	15%	15%	13%	N/A
Residual multiple (iii)	N/A	N/A	N/A	30 months

(i) Earnings were extrapolated using a constant growth rate, which does not exceed the long-term average growth rate for the industry.

(ii) The discount rate was estimated based upon industry average after-tax weighted cost of capital, adjusted for the specific risks of the CGU.

(iii) Residual multiple was estimated based upon an assessment of marketability and condition of the residuals.

For the Indirect POS CGU, the higher of value-in-use and fair value less costs to sell exceeded the carrying value by $294,000. The Direct POS CGU's carrying value was written down to the higher of value-in-use and fair value less costs to sell, and as such exceeds the carrying value by $nil. See below for the resultant impairment by CGU, if any, as a result of the specified change to the key assumptions above, in isolation.

Change	Direct POS CGU	Indirect POS CGU	Payments CGU	Payments Middleware CGU
Reduction of 2% (i)	$60,000	$250,000	N/A	$Nil

Increase of 1% (ii)	$30,000	$120,000	N/A	$Nil
Decrease of 25% (iii)	N/A	N/A	$Nil	N/A

b. *Valuation of shares issued in business combinations – December 31, 2015 - $nil (December 31, 2014 - $330,734)*
   - Certain Common Shares issued in business combinations as disclosed in Note 3 had 2-year hold-periods and were not freely tradable, which required the Company to estimate the fair value on the date of acquisition. The Company utilized the market price of a freely tradable share on the date of acquisition, and applied a discount of *N/A* (2014 – 30%) to estimate the fair value of the Common Shares with a 2-year hold-period. A 5 percentage point decrease in the discount applied would increase equity and goodwill values by $Nil (2014 - $25,000).

c. *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 $140,000 (2014 - $150,000).

d. *Investment Tax Credits Receivable – non-refundable – December 31, 2015 - $819,986 (December 31, 2014 - $1,056,042) and related investment tax (expense) recovery for the years ended December 31, 2015 – $44,298 [December 31, 2014 - $(214,362)]*
   - 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.

e. *Provisions – December 31, 2015 - $622,218 (December 31, 2014 - $207,224) and related expenditures for the years ended December 31, 2015 - $375,000 (December 31, 2014 - $Nil)*
   - See detailed disclosure surrounding the provision at Note 13.

Comparison of the Years Ended

The table below sets out the audited statements of operations for the years-ended December 31, 2015 and December 31, 2014, and certain unaudited Non-IFRS reporting measures.

Analysis of the Annual Results	2015 $	2014 $		Variance $	Variance %
Revenue					
Point-of-sale	18,492,206	18,709,858		(217,652)	(1.2)%
Payment processing	2,260,669	1,404,592		856,077	60.9%
Total Revenue	**20,752,875**	**20,114,450**		**638,425**	**3.2%**
Cost of Sales					
Cost of inventory	4,428,026	4,330,495		97,531	2.3%
Technology	2,046,625	1,721,069		325,556	18.9%
Operations and Support	5,743,498	5,388,022		355,476	6.6%
Total Cost of Sales	**12,218,149**	**11,439,586**		**778,563**	**6.8%**
Gross Profit	**8,534,726**	**8,674,864**		**(140,138)**	**(1.6)%**
Gross Profit Percentage	41.1%	43.1%			(2.0)%
Operating Expenditures					
Sales and marketing	5,660,251	5,069,083		591,168	11.7%
General and administrative	5,798,563	5,529,033		269,530	4.9%
Restructuring costs	662,512	-		662,512	100.0%
Impairment of assets	1,562,675	-		1,562,675	100.0%
Total Operating Expenditures	**13,684,001**	**10,598,116**		**3,085,885**	**29.1%**
	(5,149,275)	**(1,923,252)**		**3,226,023**	**167.7%**
Other expenses (income)					
Interest expense	407,898	416,567		(8,669)	(2.1)%
Realized and unrealized loss on foreign exchange	(10,402)	20,480		(30,882)	(150.8)%
Interest and other income	(31,933)	(18,096)		(13,837)	76.5%
	365,563	**418,951**		**(53,388)**	**(12.7)%**
Net loss before income taxes	**(5,514,838)**	**(2,342,203)**		**(3,172,635)**	**(135.5)%**
Current	555,952	(262,022)		817,974	(312.2)%
Future	(503,611)	(219,663)		(283,948)	129.3%
Net loss	**(5,567,179)**	**(1,860,518)**		**(3,706,661)**	**199.2%**
Other comprehensive income	690,937	277,142		413,795	149.3%
Net comprehensive loss	**(4,876,242)**	**(1,583,376)**		**(3,292,866)**	**208.0%**
Non-IFRS reporting measures (as outlined on Pages 31 – 32 of this MD&A):					
	(unaudited)	(unaudited)		(unaudited)	(unaudited)
Recurring Revenue	**8,674,590**	**7,390,056**		**1,284,534**	**17.4%**
EBITDA	**(2,120,463)**	**(788,325)**		**(1,332,138)**	**(169.0)%**
Normalized EBITDA[1]	**(1,175,046)**	**(12,460)**		**(1,162,586)**	**(9,330.5)%**

- (1) Comparative figures for the Normalized EBTIDA have been restated to conform to changes in estimates applied during fiscal 2014, which has resulted in adjustments to the results in fiscal 2013. These adjustments have been disclosed in the one-time expenditure adjustments throughout this MD&A.

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

Selected Financial Data for the three-years ended	2015	2014	2013
Total revenue	$ 20,752,875	$ 20,114,450	$ 19,511,412
Point-of-sale revenue	18,492,206	18,709,858	19,350,796
Payment processing revenue	2,260,669	1,404,592	160,616
Net income (loss)	(5,567,179)	(1,860,518)	(992,438)
Income (loss) per share – basic and diluted	(0.08)	(0.03)	(0.02)
Weighted average number of shares outstanding (000's) - basic	75,838	59,361	48,962
Weighted average number of shares outstanding (000's) – diluted	75,838	59,361	48,962
Cash and cash equivalents	1,702,972	1,442,686	2,954,115
Bank indebtedness	-	207,103	207,101
Working capital (as outlined on Page 33 of this MD&A)	455,705	266,728	595,493
Total assets	16,790,908	19,100,741	20,433,953
Long-term liabilities	1,561,517	2,373,062	1,302,795
Total shareholders' equity	8,910,367	10,462,356	11,348,788

Comparison of the years ended December 31, 2015 and 2014

On December 31, 2014 the Company completed the acquisition of Terminal Management Concepts Ltd. ("TMC"). Other than transaction costs incurred by the Company, the acquisition of TMC did not have an impact on the Consolidated Statement of Operations and Comprehensive Income (Loss) for Posera Ltd. for the fiscal year ended December 31st, 2014, as revenues and expenses were only recognized prospectively; commencing January, 1st, 2015.

Recurring Revenue:

Recurring Revenue Comparisons for the years-ended December 31, 2015 and 2014

POSERA recognized recurring revenue of $8,674,590 for the year-ended December 31, 2015 compared to $7,390,056 for the year-ended December 31, 2014, representing an increase of $1,284,534 (17.4%). The growth in the Company's recurring revenue year-over-year, is a result of the Company's continued growth of residual revenues earned from payment processing related services, as well as a growth in recurring contracts related to maintenance and support revenues being generated by the Company.

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 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.

The Company provides a quarterly analysis of the key Recurring Revenue metrics in the Comparison of the Quarterly results later in this Management Discussion and Analysis.

Revenue:

Posera recognized total revenue of $20,752,875 for the year-ended 2015 compared to $20,114,450 for the year-ended ended December 31, 2014, an increase of $638,425 (3.2%). The total revenue is comprised of two separate components, point-of-sale revenue and payment processing revenue.

Point-of-sale ("POS") revenue

Point-of-sale revenue for the year-ended December 31, 2015 was $18,492,206, a decrease of $217,652 (1.2%) compared to point-of-sale revenue for the year-ended December 31, 2014 of $18,709,858. The POS revenue between the comparable years-ended were relatively consistent.

Payment processing revenue

The Company recognized payment processing revenue of $2,260,669 for the year-ended December 31, 2015, an increase of $856,077 (60.9%), compared to $1,404,592 for the year-ended December 31, 2014.

The key driver for payment process revenue is the volume of transactions that its merchant portfolio processes. The Company's merchant portfolio processed $1,416,258,953 in transactions for the year-ended December 31, 2015 an increase of $442,636,841 (45.5%) compared to the year-ended December 31, 2014 whereby 973,622,122 of transactions were processed. The Company and its sales agent's have focused on targeting higher volume customers during the year-ended December 31, 2015 when compared to the year-ended December 31, 2014, which has resulted in the processing volumes increasing year-over-year.

Additionally, the Company's overall merchant customer count has increased from 3,584 merchants as at December 31, 2015, an increase of 546 or 18.0%, when compared to 3,038 active merchants as at December 31, 2014. During the latter half of fiscal 2014, the Company's major processing partner became a first market mover in the processing industry to require merchants to adhere to Payment Card Industry ("PCI") security standards. As a result, the payment processing division and its agents spent a significant amount of time and resources training existing merchants to allow them to become PCI compliant. As a result, the sales agents focus for a period of time was on customer support and retention due to PCI rather than new customer acquisitions. Additionally, the Company observed that many smaller merchants chose to change providers so as to avoid the PCI requirements in the short-term, until mandated by other processors in the industry, which will likely take place in fiscal 2016 and 2017. The Company expects that as PCI becomes the industry standard in Canada, that with our merchants and organizational structure already supporting adherence to PCI standards, that this knowledge and experience will be leveraged to transition many potential new merchants through the PCI compliance process.

Cost of Sales:

Cost of Sales Comparisons for the years-ended December 31, 2015 and 2014

Cost of Inventory

POSERA recognized cost of inventory of $4,428,026 (21.3% of total revenues) for the year-ended December 31, 2015, compared to $4,330,495 (21.5% of total revenues) for the year-ended December 31, 2014. 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. The cost of sales as a percentage of revenue was relatively consistent for the years-ended December 31, 2015 and December 31, 2014.

Technology Expense

Technology expenses for the year-ended December 31, 2015 were $2,046,625 compared to $1,721,069 for the year-ended December 31, 2014, an increase of $325,556 (18.9%). The increase in the adjusted technology expense between the year-ended December 31, 2015 and December 31, 2014, per the table below, is due to the additional developers that the Company acquired through the TMC acquisition, which

closed on December 31, 2014. Therefore, TMC's development costs were not included in the comparable year-ended December 31, 2014, where they were included for the year-ended December 31, 2015.

Technology Expense Reconciliation	For the years ended	
	December 31, 2015	December 31, 2014
Technology expense -	**$ 2,046,625**	**$ 1,721,069**
Less: Amortization of intangible assets and PP&E	436,648	381,111
Less: One-time expenditures	-	269,337
Adjusted Technology expense	**$ 1,609,977**	**$ 1,070,621**

Operations and Support Expense

For the year-ended December 31, 2015 operations and support expenses were $5,743,498 compared to $5,388,022 for the year-ended December 31, 2014, an increase of $355,476 (6.6%). The operations and support expenses remained increased marginally, as employee headcount increased marginally in order to continue and maintain support to the Company's customers. Additionally, the adjusted operating and support expenditures increased, due to a change the foreign exchange rates whereby expenditures in foreign currencies were more expensive when translating and consolidating into the Canadian Dollars. The Company employs a significant amount of operations and support resources in the United States and the United Kingdom.

Operating Expenditures:

POSERA recognized operating expenditures of $13,684,001 for the year-ended December 31, 2015 compared to $10,598,116 for the year-ended December 31, 2014.

Operating Expenditures	For the years ended	
	December 31, 2015	December 31, 2014
Operating Expenditures	**$ 13,684,001**	**$ 10,598,116**
Less: Impairment of assets	1,562,675	-
Less: Amortization of intangible assets and PP&E	1,029,488	753,816
Less: Restructuring charges	662,512	-
Less: Other One-time expenditures	264,724	233,253
Less: Stock-based compensation	18,180	273,275
Adjusted Operating Expenditures	**$ 10,146,422**	**$ 9,337,772**

The restructuring expenses incurred by the Company during the year-ended December 31, 2015, 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 of $662,512 (2014 - $nil) were incurred by the Company during year-ended December 31, 2015 and 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 fiscal 2016.

During the year-ended December 31, 2015, the Company assessed an impairment of $1,562,675 (2014 - $nil) of the Goodwill allocated to the Direct POS CGU in the POS Segment, because of the deterioration in the higher of the value-in-use and fair value less costs to sell. This was primarily the result of a downward revision in the CGU's revenue growth and earnings. The key assumptions utilized to calculate the higher of value-in-use and fair value less costs to sell are detailed in the Critical Accounting Estimates section of this Management Discussion and Analysis.

Included in operating expenditures for the years ended December 31, 2015 and 2014 are one-time expenditures, excluding restructure expenditures, relating to legal expenses, acquisition search firms, valuation work performed, recovery from a settlement and severance expenses, totaling $264,724 and $233,253 respectively.

Sales and Marketing Expenses

Sales and marketing expenses were $5,660,251 for the years-ended December 31, 2015 an increase of $591,168 (11.7%) from $5,069,083 for the year-ended December 31, 2014.

Sales and Marketing Expense Reconciliation	**For the years ended**	
	December 31, 2015	**December 31, 2014**
Sales and Marketing expense	**$ 5,660,251**	**$ 5,069,083**
Less: Amortization of intangible assets	737,896	578,312
Adjusted Sales and Marketing expense	**$ 4,922,355**	**$ 4,490,771**

The adjusted sales and marketing expenses has increased for the year-ended December 31, 2015 compared to the year-ended December 31, 2014, due to an increased amount of fees paid to agents which has resulted from the 46.4% increase in payment process revenues and from an increase in headcount, also primarily in the payments division.

General and Administrative Expense

General and administrative expenses were $5,798,563 for the year-ended December 31, 2015; an increase of $269,530 (4.9%) from $5,529,033 for the year-ended December 31, 2014.

General and Administrative Expense Reconciliation	**For the years ended**	
	December 31, 2015	**December 31, 2014**
General and administrative expense	**$ 5,798,563**	**$ 5,529,033**
Less: Stock-based compensation expense[(1)]	18,180	273,275
Less: Amortization of intangible assets and PP&E	291,592	175,504
Less: One-time expenditures	264,724	233,253
Adjusted General and Administrative expense	**$ 5,224,067**	**$ 4,847,001**

(1) For further discussion on this amount, please see the discussion on Page 32 of this MD&A.

The increase in the adjusted general and administrative expenses during the year-ended December 31, 2015 when compared to that December 31, 2014 was $377,066. The increase relates primarily to a sales tax assessment incurred during 2015 and due a change the foreign exchange rates whereby expenditures in foreign currencies were more expensive when translating and consolidating into the Canadian Dollars. Finally, during 2015 the Company paid directors fees in cash payments as earned, whereby in prior years' director's fees were remunerated via stock-based compensation. As Stock-based compensation is adjusted for, the directors' expenditures have been included in the adjusted general and administrative expenses calculation 2015 whereby it was adjusted for in 2014. After applying these adjustments, the adjusted general and administrative expenditures for the years-ended December 31, 2015 and 2014 the reporting periods 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. Interest expense for the years-ended December 31, 2015 and 2014 were $407,898 and $416,567 respectively, a decrease of $8,669 (2.1%). The interest expense between the comparable years-ended are relatively consistent, as the Company continues to pay off the principal balance in the debt obligations on the balance sheet which incur interest expense.

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. 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 year-ended December 31, 2015. This was more than offset by the other net assets denominated in foreign currencies incurring a gain during the year-ended December 31, 2015 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 loss / (gain) on foreign exchange has impacted the comparable reporting periods December 31, 2015 and December 31, 2014. 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. During the year-ended December 31, 2014 the Company re-evaluated certain intercompany balances, resulting in the intercompany balances being part of the net investment in foreign subsidiaries. As such any foreign exchange loss / (gain) on these intercompany balances after July 1, 2014 is now included in Other Comprehensive Income, where it was previously included in the Realized and Unrealized Loss / (Gain) on foreign exchange.

Interest and other income is comprised primarily of interest earned from the investing of POSERA's corporate funds and interest earned on lease receivables. The interest earned remained relatively consistent between the year-ended December 31, 2015 and 2014 as the interest rates earned, and balances deposited remained relatively consistent.

Segment Analysis

Operating Segments	Revenue for the year ended		Operating profit (loss) for the year ended [1]	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
POS	$ 16,865,681	$ 16,744,439	$ (353,173)	$ 397,731
Payments	3,887,194	3,370,011	(235,785)	(274,783)
Total	**$ 20,752,875**	**$ 20,114,450**	**$ (588,958)**	**$ 122,948**

(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.

For the year-ended December 31, 2015 POS revenue and operating profit (loss) increased $121,242 (0.7%) and decreased $750,904 (188.8%) respectively when compared to the year-ended December 31, 2014. POS revenue increased only marginally from the year-ended December 31, 2015 compared to the year-ended December 31, 2014 and as a result the results year-over-year were relatively consistent. The decrease in the operating profit was due to the loss resulting from the TMC acquisition of approximately $210,000 during fiscal 2015, where there was no loss during fiscal 2014. Additionally, the Company experienced margin compression in relation to the point-of-sale aspect of the business, as revenues decreased 1.2% in fiscal 2015 when compared to 2014, but costs of inventory increased 2.3% during the same comparable periods. Excluding the impact of TMC above, the impact of the POS margin compression is a decrease of approximately $315,000 for fiscal 2015 when compared to 2014.

For the year-ended December 31, 2015 Payments revenue and operating profit (loss) increased $517,183 (15.3%) and improved by $38,998 (14.2%) respectively when compared to the year-ended December 31, 2014. The Payments revenues increased during the year-ended December 31, 2015 compared to 2014 as a result of a 45.5% growth in the merchant portfolio's volume of debit and credit card transactions processed. Additionally, the and active Payments merchants grew 18.0% during the year-ended December 31, 2015 when compared to the year-ended December 31, 2014. The Payments operating loss improved marginally, as margins in the year-ended December 31, 2015 were slightly lower than that earned for the year-ended December 31, 2014. The lower margins is a result of the Company acquiring larger merchants whom have greater purchasing power and thus impact Payments margins; however, due to the transaction volumes being higher, these merchants result in higher recurring payment processing revenues in future periods.

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended December 31, 2015, December 31, 2014 and September 30, 2015.

Analysis of the Unaudited Quarterly Results	Q4-2015 (unaudited) $	Q4-2014 (unaudited) $	Q3-2015 (unaudited) $	Q4-2015 vs. Q4-2014 $	%	Q4-2015 vs. Q3-2015 $	%
Revenue							
POS	5,032,573	5,169,119	4,484,605	(136,546)	(2.6)%	547,968	12.2%
Payment processing	616,863	195,412	588,217	421,451	215.7%	28,646	4.9%
Total Revenue	**5,649,436**	**5,364,531**	**5,072,822**	**284,905**	**5.3%**	**576,614**	**11.4%**
Cost of Sales							
Cost of inventory	1,283,609	1,356,346	984,118	(72,737)	(5.4)%	299,491	30.4%
Technology	473,039	550,113	550,040	(77,074)	(14.0)%	(77,001)	(14.0)%
Operations and Support	1,471,138	1,333,267	1,398,867	137,871	10.3%	72,271	5.2%
Total Cost of Sales	**3,227,786**	**3,239,726**	**2,933,025**	**(11,940)**	**(0.4)%**	**294,761**	**10.0%**
Gross Profit	2,421,650	2,124,805	2,139,797	296,845	14.0%	281,853	13.2%
Gross Profit Percentage	42.9%	39.6%	42.2%		3.3%		0.7%
Operating Expenditures							
Sales and marketing	1,567,051	1,277,480	1,427,815	289,571	22.7%	139,236	9.8%
General and administrative	1,559,168	1,575,523	1,413,001	(16,355)	(1.0)%	146,167	10.3%
Restructuring costs	662,512	-	-	662,512	100.0%	662,512	100.0%
Impairment of assets	1,562,675	-	-	1,562,675	100.0%	1,562,675	100.0%
Total Operating Expenditures	**5,351,406**	**2,853,003**	**2,840,816**	**2,498,403**	**87.6%**	**2,510,590**	**88.4%**
	(2,929,756)	**(728,198)**	**(701,019)**	**(2,201,558)**	**302.3%**	**(2,228,737)**	**318.0%**
Other expenses (income)							
Interest expense	103,260	118,917	107,714	(15,657)	(13.2)%	(4,454)	(4.1)%
Realized and unrealized loss on foreign exchange	(18,855)	27,578	22,967	(46,433	(168.4)%	(41,822)	(182.1)%
Interest and other income	(16,800)	(4,341)	(5,498)	(12,459)	287.0%	(11,302)	205.6%
	67,605	**142,154**	**125,183**	**(74,549)**	**(52.4)%**	**(57,578)**	**(46.0)%**
Net loss before income taxes	**(2,997,361)**	**(870,352)**	**(826,202)**	**(2,127,009)**	**244.4%**	**(2,171,159)**	**262.8%**
Current	196,163	(177,521)	124,368	373,684	(210.5)%	71,795	57.7%
Future	(229,540)	(99,043)	(112,164)	(130,497)	131.8%	(117,376)	104.6%
Net loss	**(2,963,984)**	**(593,788)**	**(838,406)**	**(2,370,196)**	**399.2%**	**(2,125,578)**	**253.5%**
Other comprehensive income	130,857	111,576	284,541	19,281	17.3%	(153,684)	(54.0)%
Comprehensive loss	**(2,833,127)**	**(482,212)**	**(553,865)**	**(2,350,915)**	**487.5%**	**(2,279,262)**	**411.5%**
Non-IFRS reporting measures(as outlined on Pages 31 – 32 of this MD&A):	(unaudited)	(unaudited)	(unaudited)				
Recurring Revenue	**2,281,878**	**1,824,257**	**2,297,833**	**457,621**	**25.1%**	**(15,955)**	**(0.7)%**
EBITDA	**(931,485)**	**(441,076)**	**(367,925)**	**(490,409)**	**(111.2%)**	**(563,560)**	**(153.2%)**
Normalized EBITDA	**(212,250)**	**65,014**	**(274,532)**	**(277,264)**	**(426.5%)**	**62,282**	**(22.7%)**

The presentation of the below of Selected Unaudited Quarterly Financial Data is for the purposes of this management discussion and analysis. The 2015 and 2014 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, 2015**	**December 31, 2014**	**September 30, 2015**
Total revenue	$ 5,649,436	$ 5,364,531	$ 5,072,822
Recurring revenue	2,281,878	1,824,257	2,297,833
POS revenue	5,032,573	5,169,119	4,484,605
Payment processing revenue	616,863	195,412	588,217
Net loss	(2,963,984)	(593,788)	(838,406)
Income (loss) per share – basic and diluted	(0.04)	(0.01)	(0.01)
Weighted average number of shares outstanding (000's) - basic	75,838	59,348	75,838
Weighted average number of shares outstanding (000's) – diluted	75,838	59,348	75,838
Cash and cash equivalents	1,702,972	1,442,686	2,596,178
Bank indebtedness	-	207,103	239,999
Working capital (as outlined on Page 33 of this MD&A)	455,705	266,728	1,757,835
Total assets	16,790,908	19,100,741	19,618,850
Long-term liabilities	1,561,517	2,373,062	1,948,857
Total shareholders' equity	8,910,367	10,462,356	11,741,621

Comparison of the unaudited quarters ended December 31, 2015 and 2014 and September 30, 2015

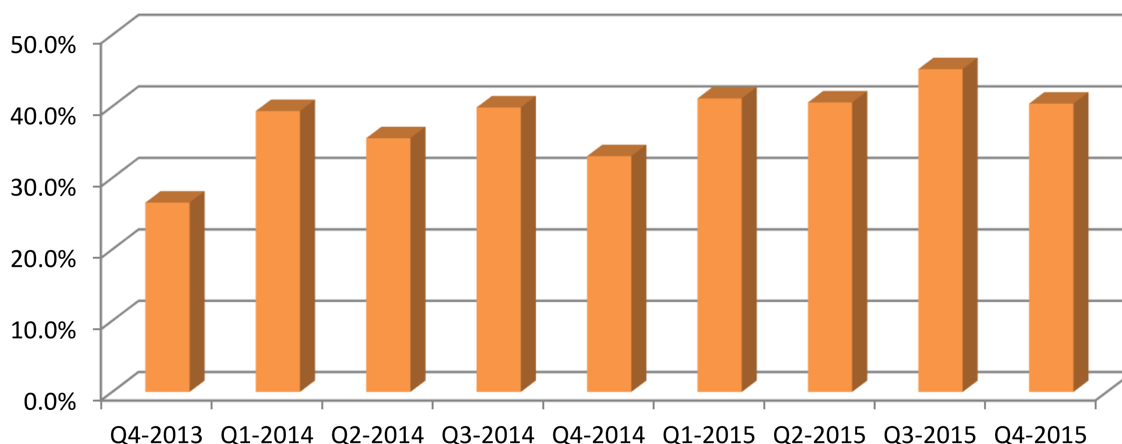
On December 31, 2014 the Company completed the acquisition of Terminal Management Concepts Ltd. ("TMC"). Other than transaction costs incurred by the Company, the acquisition of TMC did not have an impact on the Consolidated Statement of Operations and Comprehensive Income (Loss) for POSERA for the three-months ended December 31, 2014, whereas revenues and expenses were recorded for the three-months ended December 31, 2015 and September 30, 2015.

Recurring Revenue:

Recurring Revenue Comparisons December 31, 2015, December 31, 2014 and September 30, 2015

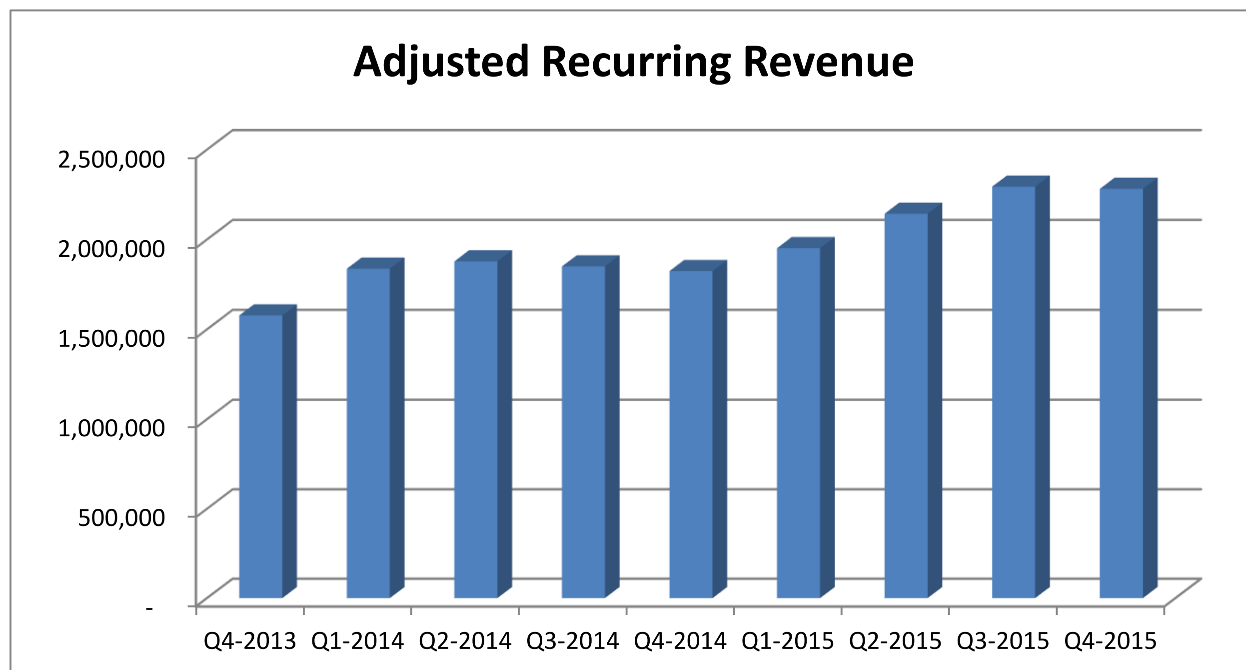
POSERA recognized recurring revenue of $2,281,878 for the three-months ended December 31, 2015 compared to $1,824,257 for the three-months ended December 31, 2014, representing an increase of $457,621 (25.1%), and compared to $2,297,833 for the three-months ended September 30, 2015, representing a decrease of $15,955 (0.7%).

During the three-months ended December 31, 2014, there was a one-time adjustment to recurring revenue of $156,629, as a result of a tax assessment. Below the Company has presented a reconciliation of the adjustment applied rateably over the comparable quarters. POSERA recognized adjusted recurring revenue of $2,281,878 for the three-months ended December 31, 2015 compared to $1,980,886 for the three-months ended December 31, 2014, representing an increase of $300,992 (15.2%). Additionally, during the three-months ended December 31, 2015, the adjusted recurring revenue represented 40.4% of the adjusted total revenue for the Company, whereas during the three-months ended December 31, 2014, recurring revenue represented only 36.9% of adjusted total revenue. This has resulted in an increase of adjusted recurring revenue as a percentage of adjusted total revenue by 9.5%, which displays a higher quality of earning being generated by the Company as a proportion of total revenue.



Total Recurring Revenue Reconciliation	For the quarters ended		
	December 31, 2015	December 31, 2014	September 30, 2015
Total Recurring Revenue	**$ 2,281,878**	**$ 1,824,257**	**$ 2,297,833**
Less: One-time revenue adjustment[(1)]	-	156,629	-
Adjusted Total Recurring Revenue	**$ 2,281,878**	**$ 1,980,886**	**$ 2,297,833**

(1) During the three-months ended December 31, 2014, the Company incurred a one-time adjustment in recurring revenue, as a result of tax assessment, which transpired in the fourth quarter of 2014. The adjustment in recurring revenue resulted in a one-time decrease in recurring 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 recurring revenue.



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 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.

Revenue:

Revenue Comparisons December 31, 2015, December 31, 2014 and September 30, 2015

POSERA recognized total revenue of $5,649,436 for the three-months ended December 31, 2015 compared to $5,364,531 for the three-months ended December 31, 2014, representing an increase of $284,905 (5.3%), and compared to $5,072,822 for the three-months ended September 30, 2015, representing an increase of $576,614 (11.4%). Below the Company has presented a reconciliation of the adjustment applied rateably over the comparable quarters.

Total Revenue Reconciliation	**For the quarters ended**		
	December 31, 2015	**December 31, 2014**	**September 30, 2015**
Total Revenue	**$ 5,649,436**	**$ 5,364,531**	**$ 5,072,822**
Less: One-time revenue adjustment(1)	-	156,629	-
Adjusted Total Revenue	**$ 5,649,436**	**$ 5,521,160**	**$ 5,072,822**

(1) 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.

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

Point-of-Sale ("POS") Revenue

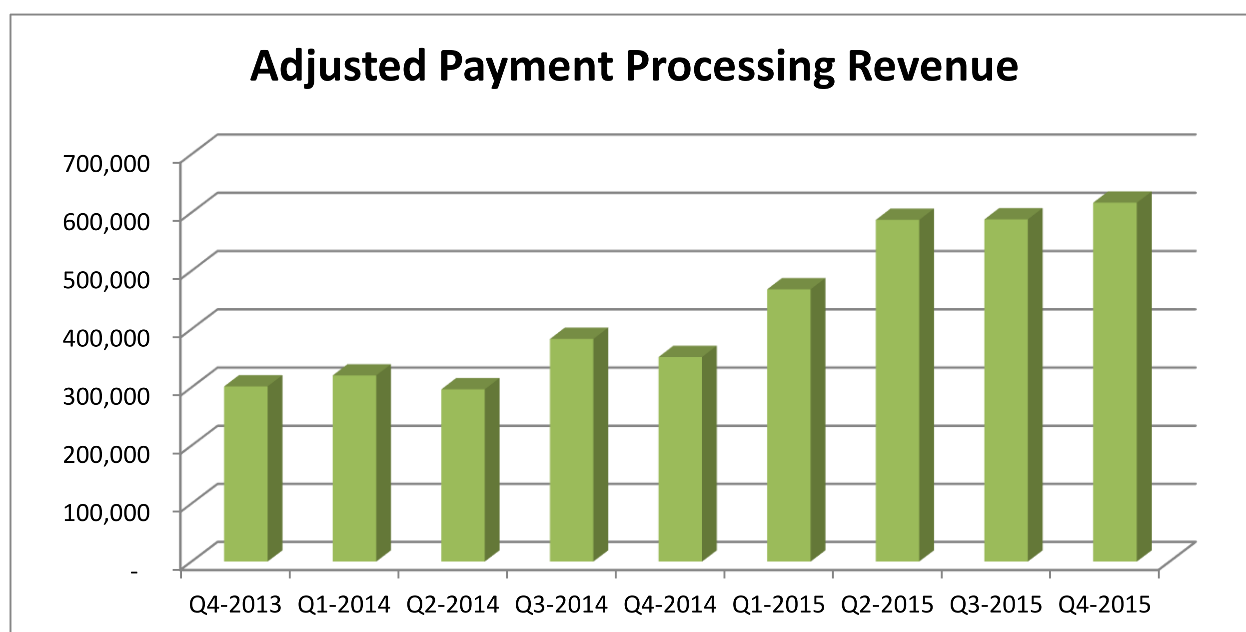
POS revenue for the three-months ended December 31, 2015 was $5,032,573, a decrease of $136,546 (2.6%) and an increase of $547,968 (12.2%) compared to the POS revenue for the three-months ended December 31, 2014 and September 30, 2015 of $5,169,119 and $4,484,605 respectively. The decrease in POS revenues during the three-months ended December 31, 2015 compared to the three-months ended December 31, 2014 resulted primarily from decreased sales of the Fingerprints POS brand through its direct sales channels. The increase in POS revenues during the three-months ended December 31, 2015 compared to the three-months ended September 30, 2015 is primarily a seasonal fluctuation, where the seasonal results of the fourth quarter tend to be a stronger than the third quarter for the Company.

Payment Processing Revenue

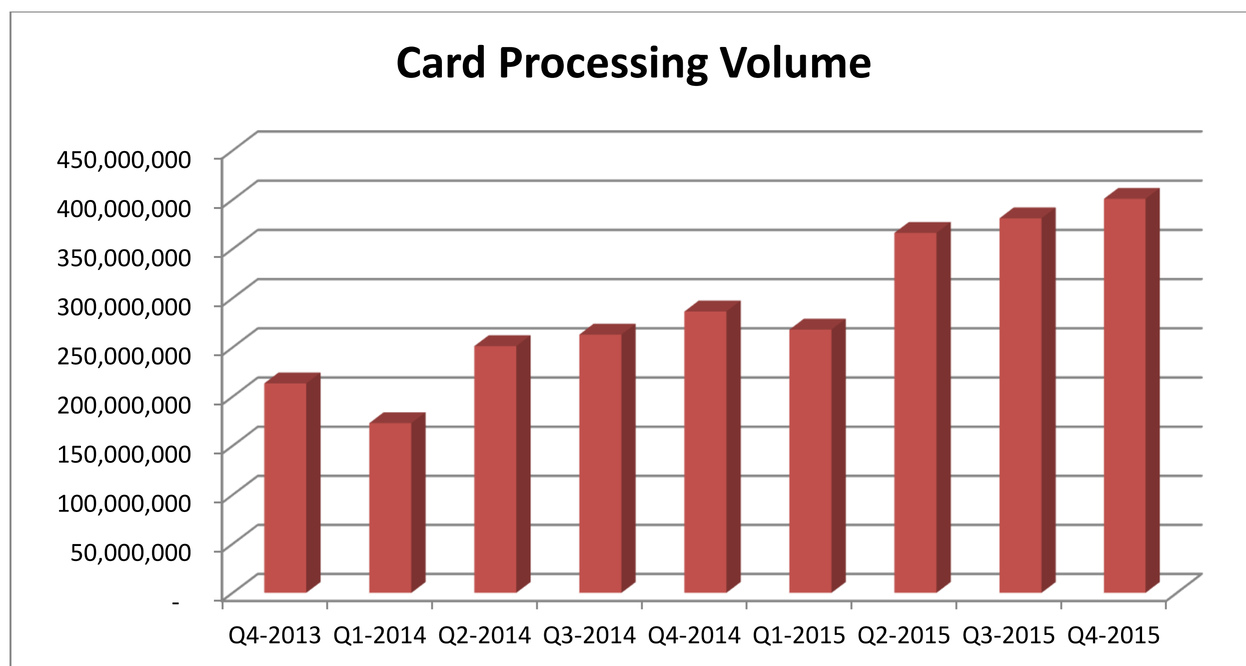
The Company recognized adjusted payment processing revenue for the three-months ended December 31, 2015 of $616,863, an increase of $264,822 (75.2%) and an increase of $28,646 (4.9%) compared to the adjusted payment processing revenue of $352,041 and $588,217 for the three-months ended December 31, 2014 and September 30, 2015 respectively. Below the Company has presented a reconciliation of the adjustment applied ratably over the comparable quarters.

Payment Processing Revenue Reconciliation	For the quarters ended		
	December 31, 2015	December 31, 2014	September 30, 2015
Total Payment Processing Revenue	**$ 616,863**	**$ 195,412**	**$ 588,217**
Less: One-time revenue adjustment(1)	-	156,629	-
Adjusted Payment Processing Revenue	**$ 616,863**	**$ 352,041**	**$ 588,217**

(1) 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.



The Company's merchant portfolio processed $400,881,610 in transactions for the three-months ended December 31, 2015 an increase of $114,453,309 (40.0%) and an increase of $19,751,167 (5.2%) compared to the three-months ended December 31, 2014 and September 30, 2015 respectively. The Company and its sales agent's continue to target higher volume customers which has resulted in the processing volumes increasing.



Additionally, the processing revenue per merchant for the three-months ended December 31, 2015 was $170.26 compared to $134.37 and $171.49 for the three-months ended December 31, 2014 and September 30, 2015 respectively, representing an increase of $35.89 (26.7%) and a decrease of $1.23 (0.7%) per merchant during the comparable periods. Aside from the increase in fees paid to sales agents, an increase in processing revenue per merchant will result in increased margins for the Company, as the costs associated with servicing each merchant is relatively fixed.

Finally, during the latter half of fiscal 2014, the Company's major processing partner became a first market mover in the processing industry to require merchants to adhere to Payment Card Industry ("PCI") security standards. As a result of this decision, the payment processing division and its sales agents invested a significant amount of time training existing merchants to allow them to become PCI compliant. As a result, the sales agents focus for a period of time was on customer support and maintaining existing relationships, rather than new customer acquisitions. Additionally, certain smaller merchants chose to change providers so as to avoid the PCI requirements until mandated by other processors in the industry, which will likely take place in 2016 or 2017. Therefore, new merchant acquisitions continued to grow, but growth was subdued for a period of time, as sales agent were focused on customer retention as opposed to new customer acquisitions. Additionally, as a result of PCI, the Company experienced a higher than historical attrition rate of customers whom chose to avoid PCI in the short-term. As fiscal 2015 progressed the merchant attrition rate normalized and returned to the Merchant Portfolio's historical norms. As PCI becomes the industry standard in Canada, the Company believes that with already training and implementing the PCI standard throughout its existing merchant portfolio, that this knowledge and experience can be leveraged to transition many potential new merchants through the PCI compliance process.

Cost of Sales:

Cost of Sales Comparisons December 31, 2015, December 31, 2014 and September 30, 2015

Cost of Inventory

POSERA recognized cost of inventory of $1,283,609 (22.7% of total revenues) for the three-months ended December 31, 2015, compared to $1,356,346 (25.2% of total revenues) for the three-months ended December 31, 2014 and $984,118 (19.4% of total revenues) for the three-months ended September 30, 2015. 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.

Technology Expense

Technology expenses in the three-months ended December 31, 2015 were $473,039, a decrease of $77,074 (14.0%) from $550,113 in the three-months ended December 31, 2014 and a decrease of $77,001 (14.0%) from $550,040 in the three-months ended September 30, 2015.

Technology Expense Reconciliation	**For the quarters ended**		
	December 31, 2015	**December 31, 2014**	**September 30, 2015**
Technology expense	**$ 473,039**	**$ 550,113**	**$ 550,040**
Less: Amortization of intangible assets	80,390	98,135	121,958
Less: One-time expenditures	-	166,181	-
Adjusted technology expense	**$ 392,649**	**$ 285,797**	**$ 428,082**

(1) 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 2014 quarters to calculate the Normalized EBITDA.

The adjusted technology expense remained relatively consistent during the three-months ended December 31, 2015 compared to the three-months ended September 30, 2015, as a result of no significant changes in headcount or other key technology expense factors.

The adjusted technology expense increased during the three-months ended December 31, 2015 compared to the three-months ended December 31, 2014, as a result of the additional developers that the Company acquired through the TMC acquisition, which closed on December 31, 2014. Therefore, TMC's development costs were not included in the comparable three-months ended December 31, 2014, where they were included for the three-months ended December 31, 2015 and September 30, 2015. During the three-months ended December 31, 2015 and September 30, 2015 the Company's adjusted technology expense was relatively consistent between the comparable reporting periods.

Operations and Support Expense

Operations and support expenses were $1,471,138 in the three-months ended December 31, 2015; an increase of $137,871 (10.3%) from $1,333,267 in the three-months ended December 31, 2014, primarily as a result of a decrease in the value of the Canadian Dollar ("CAD") in relation to the United States Dollar and Great Britain Pound upon translation of these expenditures back into CAD upon consolidation, as the Company employs service and support personnel in these locations and they are paid in the local currency. Additionally, during the three-months ended December 31, 2015 the operations and support expenses increased by $72,271 (5.2%) from $1,398,867 in the three-months ended September 30, 2015. The increase in the operations and support expense was relatively consistent with a portion of the increase related to additional year-end compensation paid to throughout the operations and support team during the

three-months ended December 31, 2015. A similar payment did not occur during the three-months ended September 30, 2015 comparable period.

Operating Expenditures:

POSERA recognized operating expenditures of $5,351,406 for the three-months ended December 31, 2015 compared to $2,853,003 for the three-months ended December 31, 2014, and $2,840,816 for the three-months ended September 30, 2015.

Operating Expenditures			
	December 31, 2015	December 31, 2014	September 30, 2015
Operating Expenditures	**$ 5,351,406**	**$ 2,853,003**	**$ 2,840,816**
Less: Impairment of assets	1,562,675	-	-
Less: Amortization of intangible assets and PP&E	355,206	211,710	211,137
Less: Restructuring charges	662,512	-	-
Less: Other One-time expenditures	54,851	167,409	87,957
Less: Stock-based compensation	1,872	15,871	5,436
Adjusted Operating Expenditures	**$ 2,714,290**	**$ 2,458,013**	**$ 2,536,286**

Included in operating expenditures for the three-months ended December 31, 2015 are restructuring costs of $662,512 and impairment of assets of $1,562,675 both of which were $nil for the three-months ended December 31, 2014 and September 30, 2015. Excluding the restructuring costs and impairment of assets, the operating expenditures would have been $3,126,219 for the three-months ended December 31, 2015 and $2,853,003 and 2,840,816 for the three-months ended December 31, 2014 and September 30, 2015 respectively.

During the three-months ended December 31, 2015, the Company assessed an impairment of $1,562,675 (December 31, 2014 - $nil and September 30, 2015 - $nil) of the Goodwill allocated to the Direct POS CGU in the POS Segment, because of the deterioration in the higher of the value-in-use and fair value less costs to sell. This was primarily the result of a downward revision in the CGU's revenue growth and earnings. The key assumptions utilized to calculate the higher of value-in-use and fair value less costs to sell are detailed in the Critical Accounting Estimates section of this Management Discussion and Analysis.

The restructuring expenses incurred by the Company during the three-months ended December 31, 2015, 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 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 December 31, 2015, December 31, 2014 and September 30, 2015 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 expenses were $1,567,051 in the three-months ended December 31, 2015 an increase of $289,571 (22.7%) from $1,277,480 in the three-months ended December 31, 2014, and an increase of $139,236 (9.7%) from $1,427,815 in the three-months ended September 30, 2015. The sales and marketing expense has been adjusted below for the amortization of intangible assets for each of the comparative periods.

Sales and Marketing Expense Reconciliation			
	December 31, 2015	**December 31, 2014**	**September 30, 2015**
Sales and marketing expense	**$ 1,567,051**	**$ 1,277,480**	**$ 1,427,815**
Less: Amortization of intangible assets	251,677	144,999	164,799
Adjusted sales and marketing expense	**$ 1,315,374**	**$ 1,132,481**	**$ 1,263,016**

The adjusted sales and marketing expenses increased for the three-months ended December 31, 2015 compared to the three-months ended December 31, 2014 due to an increased amount of fees paid to sales agents which has resulted from the 110.8% increase in payment process revenues. Additionally, the Company has hired additional sales representatives to stimulate more growth for POSERA. The adjusted sales and marketing expenses increased for the three-months ended December 31, 2015 compared to the three-months ended September 30, 2015 due to higher proportion of fees paid to sales agents, which has resulted from the 30.0% increase in payment process revenues.

General and Administrative Expense

General and administrative expenses were $1,559,168 in the three-months ended December 31, 2015; a decrease of $16,355 (1.0%) from $1,575,523 in the three-months ended December 31, 2014, and an increase of $146,167 (10.3%) from $1,413,001 in the three-months ended September 30, 2015.

General and Administrative Expense Reconciliation			
	December 31, 2015	**December 31, 2014**	**September 30, 2015**
General and administrative expense	**$ 1,559,168**	**$ 1,575,523**	**$ 1,413,001**
Less: Stock-based compensation expense[(1)]	1,872	15,871	5,436
Less: Amortization of intangible assets and PP&E	103,529	66,711	46,338
Less: One-time expenditures[(2)]	54,851	167,409	87,957
Adjusted general and administrative expense	**$ 1,398,916**	**$ 1,325,532**	**$ 1,273,270**

(1) Incremental stock-based compensation expensed during the three-months ended December 31, 2014 beyond what the Company had previously accrued on a straight-line basis in prior periods. For further discussion on this amount, please see the discussion on Page 32 of this MD&A.
(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 $662,512.

After normalizing for the additional expenditures incurred by TMC in relation to general and administrative expenditures, the adjusted general and administrative expenditures for the three-months ended December 31, 2015 increased $73,384 (5.5%), when compared to the three-months ended December 31, 2014, primarily as a result of a decrease in the value of the Canadian Dollar ("CAD") in relation to the United

States Dollar and Great Britain Pound, when general and administration expenses in these local currencies are transacted back into CAD upon consolidation. Additionally, the adjusted general and administrative expenditures for the three-months ended December 31, 2015 increased $125,646 (9.9%), when compared to the three-months ended September 30, 2015, as the Company recognized additional bad debt expense during the three-months ended December 31, 2015 than in the comparable period. Finally, $53,457 of general and administration expenditures were incurred during the three-months ended September 30, 2015 as one-time items, whereby these expenditures were re-classified to the restructuring expenditures line item during the three-months ended December 31, 2015.

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 December 31, 2015 was $103,260 a decrease of $15,657 (13.2%) and $4,454 (4.1%) from $118,917 and $107,714 for the three-months ended December 31, 2014 and September 30, 2015 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 in the debt obligations on the balance sheet which incur interest expense.

Realized and unrealized (gain) loss on foreign exchange is comprised primarily of the loss / (gain) 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 December 31, 2015. Additionally, the net assets denominated in foreign currencies incurred a gain during the three-months ended December 31, 2015 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, December 31, 2015, December 31, 2014 and September 30, 2015. 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, 2015, December 31, 2014 and September 30, 2015, as the interest rates earned, and balances deposited remained relatively consistent.

Segment Analysis

Operating Segments			
	Revenue for the three-months ended		
	December 31, 2015	December 31, 2014	September 30, 2015
POS	$ 4,724,848	$ 4,527,068	$ 4,019,962
Payments	922,193	834,458	1,053,585
Intersegment	2,395	3,005	(725)
Total revenue	**$ 5,649,436**	**$ 5,364,531**	**$ 5,072,822**
	Operating profit (loss) for the three-months ended (1)		
	December 31, 2015	December 31, 2014	September 30, 2015
POS	$ (19,345)	$ 49,629	$ (67,517)
Payments	(70,156)	(202,158)	(77,257)
Intersegment	-	-	-
Total profit	**$ (89,501)**	**$ (152,529)**	**$ (144,774)**

(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.

Revenue

For the three-months ended December 31, 2015, POS revenue increased $197,780 (4.4%) and increased $704,886 (17.5%) when compared to the three-months ended December 31, 2014 and September 30, 2015 respectively. POS revenues increased marginally compared to the three-months ended December 31, 2014, primarily due to increased sales of Maitre'D licenses and a growth in the sales of ancillary products through the direct and indirect sales channels, coupled with an increase in revenues due to the decrease in the Canadian Dollar when translating the revenues. POS revenues increased compared to the three-months ended September 30, 2015 as a result of the seasonal fluctuation, where the seasonal results of the fourth quarter tend to be a stronger than the third quarter for the Company.

For the three-months ended December 31, 2015, Payments revenue increased $87,735 (10.5%) and decreased $131,392 (12.5%) when compared to the three-months ended December 31, 2014 and September 30, 2015 respectively. Payments revenues for the three-months ended December 31, 2015 increased compared to the three-months ended December 31, 2014, as a result of the Payments business unit continuing to grow its merchant base resulting in an increased number of Payments transactions and the dollar value of transactions being processed. Payments revenues for the three-months ended December 31, 2015 decreased compared to the three-months ended September 30, 2015, as a result of seasonal processing volumes being higher in the third quarter of the year compared to the fourth quarter as a result of the Company's processing customers' seasonal activity.

Operating Profit

For the three-months ended December 31, 2015, POS operating profit decreased $68,974 (139.0%) and increased $48,172 (71.3%) when compared to the three-months ended December 31, 2014 and September 30, 2015 respectively, as a result of fewer POS system installations completed during the three-months ended December 31, 2015 when evaluated against the other comparative period December 31, 2014. The operating profit results improved during the three-months ended December 31, 2015 when compared to the three-months ended September 30, 2015 as a result of the increase in POS revenues generated between the respective periods.

Payments operating loss decreased $132,002 (65.3%) as a result of a one-time adjustment in revenue, as a result of a tax assessment, which transpired during the three-months ended December 31, 2014 in the amount of $156,629. The application of this adjustment would have resulted in relatively consistent operating profit being generated between the comparative periods. Payments operating loss decreased $7,101 (9.2%) for the three-months ended December 31, 2015 when compared to the three months ended September 30, 2015 due the Payments segment generating less revenues as a result of seasonal fluctuations in processing volumes for the segments merchant portfolio.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended December 31, 2015 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.

		2015			
	Fiscal 2015	Q4	Q3	Q2	Q1
Total revenue	$ 20,752,875	$ 5,649,436	$ 5,072,822	$ 5,284,556	$ 4,746,061
Recurring revenue	$ 8,674,590	$ 2,281,878	$ 2,297,833	$ 2,143,315	$ 1,951,564
POS revenue	$ 18,492,206	$ 5,032,573	$ 4,484,605	$ 4,697,150	$ 4,277,878
Payment processing revenue	$ 2,260,669	$ 616,863	$ 588,217	$ 587,406	$ 468,183
EBITDA(1)	$ (2,120,463)	$ (931,485)	$ (367,925)	$ (172,033)	$ (648,020)
Normalized EBITDA(1)	$ (1,175,046)	$ (212,250)	$ (274,532)	$ (125,043)	$ (563,221)
Net Income (Loss)	$ (5,567,179)	$ (2,963,984)	$ (838,406)	$ (645,911)	$ (1,118,878)
Comprehensive Income (Loss)	$ (4,876,242)	$ (2,833,127)	$ (553,865)	$ (688,041)	$ (800,209)
Earnings (Loss) Per Share Basic	$ (0.08)	$ (0.04)	$ (0.01)	$ (0.01)	$ (0.02)
Earnings (Loss) Per Share Diluted	$ (0.08)	$ (0.04)	$ (0.01)	$ (0.01)	$ (0.02)

		2014			
	Fiscal 2014	Q4	Q3	Q2	Q1
Total revenue	$ 20,114,450	$ 5,364,531	$ 4,693,705	$ 5,334,590	$ 4,721,624
Recurring revenue	$7,390,056	$ 1,824,257	$ 1,850,034	$ 1,878,292	$ 1,837,473
POS revenue	$ 18,709,858	$ 5,169,119	$ 4,258,454	$ 4,933,515	$ 4,348,770
Payment processing revenue	$ 1,404,592	$ 195,412	$ 435,251	$ 401,075	$ 372,854
EBITDA(1)	$ (788,325)	$(441,076)	$ (15,823)	$ (177,086)	$ (154,340)
Normalized EBITDA(1)	$ (12,460)	$ 65,014	$ (170,889)	$ 303,256	$ (209,841)
Net Income (Loss)	$ (1,860,518)	$ (593,788)	$ (200,176)	$ (627,569)	$ (438,985)
Comprehensive Income (Loss)	$ (1,583,376)	$ (482,212)	$ (42,993)	$ (607,547)	$ (450,624)
Earnings (Loss) Per Share Basic	$ (0.03)	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)
Earnings (Loss) Per Share Diluted	$ (0.03)	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)

(1) See EBITDA and Normalized EBITDA reporting measures (as outlined on Pages 31 – 32 of this MD&A)

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Loss to EBITDA and Normalized EBITDA		**2015**			
	Fiscal 2015	Q4	Q3	Q2	Q1
Net Loss	**$ (5,567,179)**	**$ (2,963,984)**	**$ (838,406)**	**$ (645,911)**	**$ (1,118,878)**
Interest expense	407,898	103,260	107,714	103,787	93,137
Exchange loss (gain)	(10,402)	(18,855)	22,967	(2,568)	(11,946)
Interest and other income	(31,933)	(16,800)	(5,498)	(6,840)	(2,795)
Amortization of equipment	92,925	23,062	23,513	21,692	24,658
Amortization of intangible assets	1,373,212	412,534	309,581	333,099	317,998
Impairment of assets	1,562,675	1,562,675			
Tax provision (recovery)	52,341	(33,377)	12,204	23,708	49,806
EBITDA	**$ (2,120,463)**	**$ (931,485)**	**$ (367,925)**	**$ (173,033)**	**$ (648,020)**
One-time non-recurring expenditures and (recoveries)	927,237	717,363	87,957	42,554	79,363
Stock-based compensation expense	18,180	1,872	5,436	5,436	5,436
Normalized EBITDA(1)	**$ (1,175,046)**	**$ (212,250)**	**$ (274,532)**	**$ (125,043)**	**$ (563,221)**

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

Net Loss to EBITDA and Normalized EBITDA		2014			
	Fiscal 2014	Q4	Q3	Q2	Q1
Net Loss	**$ (1,860,518)**	**$ (593,788)**	**$ (200,176)**	**$ (627,569)**	**$ (438,985)**
Interest expense	416,567	118,917	95,069	96,396	106,185
Exchange loss (gain)	20,480	27,578	2,779	179,389	(189,266)
Interest and other income	(18,096)	(4,341)	(4,144)	(5,525)	(4,086)
Amortization of equipment	92,215	23,495	23,071	22,927	22,722
Amortization of intangible assets	1,042,712	263,627	258,578	259,583	260,924
Tax provision (recovery)	(481,685)	(276,564)	(191,000)	(102,287)	88,166
EBITDA	**$ (788,325)**	**$ (441,076)**	**$ (15,823)**	**$ (177,086)**	**$ (154,340)**
One-time non-recurring expenditures and (recoveries)	253,252	187,409	(100,683)	134,614	31,912
One-time revenue adjustment[4]	-	156,629	(52,210)	(52,210)	(52,210)
Stock-based compensation expense[3]	273,275	15,871	35,608	219,218	2,578
Investment tax credits receivable – reassessment[1], [2]	249,338	146,181	(37,781)	178,719	(37,781)
Normalized EBITDA[5]	**$ (12,460)**	**$ 65,014**	**$ (170,889)**	**$ 303,255**	**$ (209,841)**

(1) 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.

(2) 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.

(3) The Company incurred a stock-based compensation expense of $219,218, which has been adjusted to calculate the Normalized EBITDA for the three-months ended June 30, 2014. Of the $219,218 stock-based compensation expense booked for the three-months ended June 30, 2014, $163,750 of said expense was accrued by the Company on a straight-line basis of $32,750 per quarter for the five quarters commencing in the first quarter of 2013 to the first quarter 2014. These quarterly accrued expenses were not factored into the Normalized EBITDA for the prior quarters, as the settlement through the issuance of stock-based compensation had not been determined, and the Company had not yet granted the stock-based compensation.

(4) 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.

(5) Comparative figures for the Normalized EBTIDA have been restated to conform to changes in estimates applied during fiscal 2014, which has resulted in adjustments in the quarterly results in fiscal 2014 and fiscal 2013. These adjustments have been disclosed in the one-time expenditure adjustments throughout this MD&A.

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

	December 31, 2015	December 31, 2014	September 30, 2015
Equity	**$ 8,910,367**	**$ 10,462,356**	**$ 11,741,621**
Add: Long-term portion of notes payable	1,353,442	1,585,238	1,509,460
Add: Long-term portion of vehicle loans	92,186	136,899	96,512
Add: Future income tax liability	115,889	650,925	342,885
Less: Goodwill	(6,462,056)	(7,422,911)	(7,904,851)
Less: Intangible assets	(2,476,006)	(3,658,176)	(2,866,683)
Less: Long-term portion of investment tax credits receivable	(819,986)	(1,056,042)	(878,982)
Less: Long-term portion of lease receivable	(15,978)	(32,513)	(20,306)
Less: Deposit on leased premises	(39,581)	(39,581)	(39,581)
Less: Equipment	(202,572)	(283,257)	(222,240)
Less: Deferred income tax asset	-	(76,210)	-
Working Capital	**$ 455,705**	**$ 266,728**	**$ 1,757,835**

Liquidity and Financial Resources

As at December 31, 2015, POSERA had cash and cash equivalents totaling $1,702,972 (December 31, 2014 - $1,442,686).

For the year-ended December 31, 2015 and 2014, cash used by operating activities was $1,563,728 and $1,004,494 respectively. Cash used by operations for the year-ended December 31, 2014 resulted from a net loss, reduction of notes payable principal, and a deferred income tax recovery, which was offset by items not affective cash such as amortization of property plant and equipment and intangible assets, stock-based compensation and interest accretion. Cash used by 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 affective cash such as amortization, stock-based compensation, an impairment of assets and a changes in non-cash operating items.

For the years-ended December 31, 2015 and 2014, cash provided by / (used in) financing activities were $2,770,138 and ($450,533) respectively. Cash used in financing activities for the year-ended December 31, 2014 resulted primarily from the repayment of the notes payable, issuance costs of the notes payable and vehicle loans, which was offset primarily by the issuance of a note payable, which was offset by repayments of notes payable. Cash provided by financing activities for the year-ended December 31, 2015 resulted primarily from the proceeds from the issuance of shares, which was primarily offset by issuance costs paid for shares, repayments of the notes payable. POSERA expects to continue to make acquisitions in the future and therefore may complete additional financings in the equity markets.

In the years-ended December 31, 2015 and 2014, cash used in investing activities was $764,060 and $120,209 respectively. The cash used in investing activities during the year-ended December 31, 2014 related to the acquisition of Terminal Management Concepts Ltd., property plant and equipment and intangible assets 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.

Working capital at December 31, 2015 and 2014 was $455,705 and $266,728 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 11 of the accompanying financial statements for the year-ended December 31 2015, the Company is subject to certain externally imposed capital covenants related to bank indebtedness.

The debt to equity ratios as at December 31, 2015 and December 31, 2014 were as follows:

	December 31, 2015	December 31, 2014
Total Debt		
Notes payable	$ 1,773,056	$ 2,751,205
Vehicle loans	139,343	195,100
Bank indebtedness	-	207,103
Total Debt	**$ 1,912,399**	**$ 3,153,408**
Total Equity	**$ 8,910,367**	**$ 10,462,356**
Debt to Equity Ratio	**21.46%**	**30.14%**

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 December 31, 2015 was $500,000 (2014 - $500,000), of which the Company had utilized $nil (2014 - $207,103). The Company feels that it is adequately capitalized in order to meeting its obligations going forward.

Summary of Contractual Obligations

During the year-ended December 31, 2015 the Company negotiated a lease extension for its Montreal, Quebec office. The extension is for 24 months commencing December 1st, 2015 and the total commitment for the extension is approximately $21,000 per month. The Company did not have any additional material contractual obligations entered into during the year-ended December 31, 2015.

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

On September 25, 2015 Mr. Paul K. Howell stepped down as Chief Executive Officer ("CEO") of POSERA. Mr. Howell remains on the Company's Board of Directors.

POSERA recognized revenue from a company controlled by POSERA's former CEO and current director, during the year ended December 31, 2015, in the amount of $48,153 (2014 - $41,346). Additionally, POSERA recognized operating expenses and purchased products of $305,321 during the year ended December 31, 2015 (2014 - $291,253) from a company controlled by the former CEO and current director. All transactions were agreed upon by the parties and were completed at the exchange amount. As at December 31, 2015, POSERA has a receivable position of $33,390 (December 31, 2014 - $30,896), and a payable of $121,198 (December 31, 2014 - $97,299), which will be settled between the related parties in the normal course of business.

During the year ended December 31, 2015, the Company received legal fees and disbursement invoices totaling $128,610 (2014 - $135,343), from law firms, which a director of POSERA is and/or was a partner. As at December 31, 2015, the Company has a payable position of $52,115 (December 31, 2014 - $112,075) 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 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, 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, 2015	Year ended December 31, 2014
Salaries and short-term employee benefits	$ 1,104,845	$ 1,051,807
Share-based payments	37,797	248,511
Total	**$ 1,142,642**	**$ 1,300,318**

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. The Company granted Nil options during the year-ended December 31, 2015 (2014 – 990,000) to directors in place of cash compensation for directors fees earned for fiscal 2015 and 2014.

Share Capital

As at December 31, 2015, POSERA had issued and outstanding 75,837,705 Class A voting common shares, and 3,407,720 options, of which 3,407,720 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $0.34. As at March 30, 2016 POSERA had issued and outstanding 75,837,705 Class A voting common shares and 3,407,720 options, of which 3,407,720 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $0.34. As at December 31, 2015 and March 30, 2016 the convertible debenture could have been converted into 3,333,333 and 2,500,000 Common Shares respectively.

Share Capital Issuance during Fiscal 2015

On April 27, 2015, the Company issued a total of 14,316,000 Common Shares at a price of $0.25 / per share for gross proceeds of $3,579,000 (the "Offering"). POSERA paid a finder's fee equal to 7.0% on $3,191,000 of the Offering's gross proceeds, together with finders' warrants to acquire 893,480 Common Shares in the Company. The finders' warrants are exercisable for a period of two years at an exercise price of $0.40 per Common Share.

Subsequent Events

i) On January 1, 2016 Posera-HDX Ltd. amalgamated with its wholly-owned subsidiaries Century Cash Register Inc. and Posera-HDX Scheduler Inc. and implemented a name change to form Posera Ltd. which is the Consolidated parent of the group.

ii) Subsequent to year-end, the Company continued its restructuring efforts. The Company has incurred subsequent additional restructuring charges related to severance, corporate alignment and product and process streamlining, in the amount of $641,000. The Company's restructuring will continue and additional restructuring charges may be material.

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.
ii) The Company completed the acquisition of Zomaron Inc. ("Zomaron") on December 9th, 2013. During fiscal 2014 the Company began integrating this business under the Company's current reporting processes, procedures and consolidated accounting system. This process continued during fiscal 2015, and the Company anticipates further integration to be completed during fiscal 2016; and
iii) 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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