



POSER Ltd.

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2015

March 30, 2016

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Currency, Date of Information and Forward-Looking Statements

Currency and Date of Information

All references to “dollars” or “\$” are to Canadian dollars unless otherwise indicated. Posera Ltd. is referred to in this document as the “Company”, “Corporation”, or “POSERA”. The information contained in this document is as at December 31, 2015 unless otherwise indicated. Information regarding operations prior to October 7, 2011 is provided in respect of Posera-HDX Inc. (formerly Hosted Data Transaction Solutions Inc.) (the “Predecessor Corporation”). 2015 and 2014 financial information presented and discussed in this Annual Information Form is prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All financial information prior to 2010 is prepared in accordance with previous Canadian Generally Accepted Accounting Principles in place prior to the adoption of IFRS (“CGAAP”). As such direct comparison may not be appropriate.

Forward-Looking Statements

This document may include certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with the Corporation's business and the environment in which the business operates. Any statements contained in this document that are not statements of historical facts may be deemed to be forward-looking, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend”, and similar expressions to the extent they relate to the Corporation or its management. The forward-looking statements are not historical facts, but reflect the Corporation's current expectations regarding future results or events based upon information currently available to the Corporation's management. The Corporation cannot be certain that actual results will be consistent with these forward-looking statements. Additionally, these forward-looking statements 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 “Risk Factors” in this document. All forward-looking statements in this document are qualified by these cautionary statements. Accordingly, readers should not place undue reliance on forward-looking statements. POSERA assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

Corporate Structure

As a result of a shareholder and court approved plan of arrangement (the “Reorganization”), on October 7, 2011 the Corporation acquired substantially all of the assets of the Predecessor Corporation and completed a securities exchange with the holders of the securities of the Predecessor Corporation such that such securities holders became holders of securities of the Corporation. The securities exchange pursuant to the Reorganization was completed on the basis of one share/warrant/option of the Predecessor Corporation for one share/warrant/option of the Corporation.

The Predecessor Corporation was incorporated under the *Business Corporations Act* (Ontario) with the name Dexit Inc., by articles of incorporation effective October 22, 2001. At incorporation the Predecessor Corporation had an authorized share capital consisting of an unlimited number of common shares. By articles of amendment effective November 29, 2001, the reference to “common shares” was deleted, class A voting common shares (the “Common Shares”) and class B non-voting common shares (the “Non-Voting Shares”) were created and the Predecessor Corporation was authorized to issue an unlimited number of each such class of

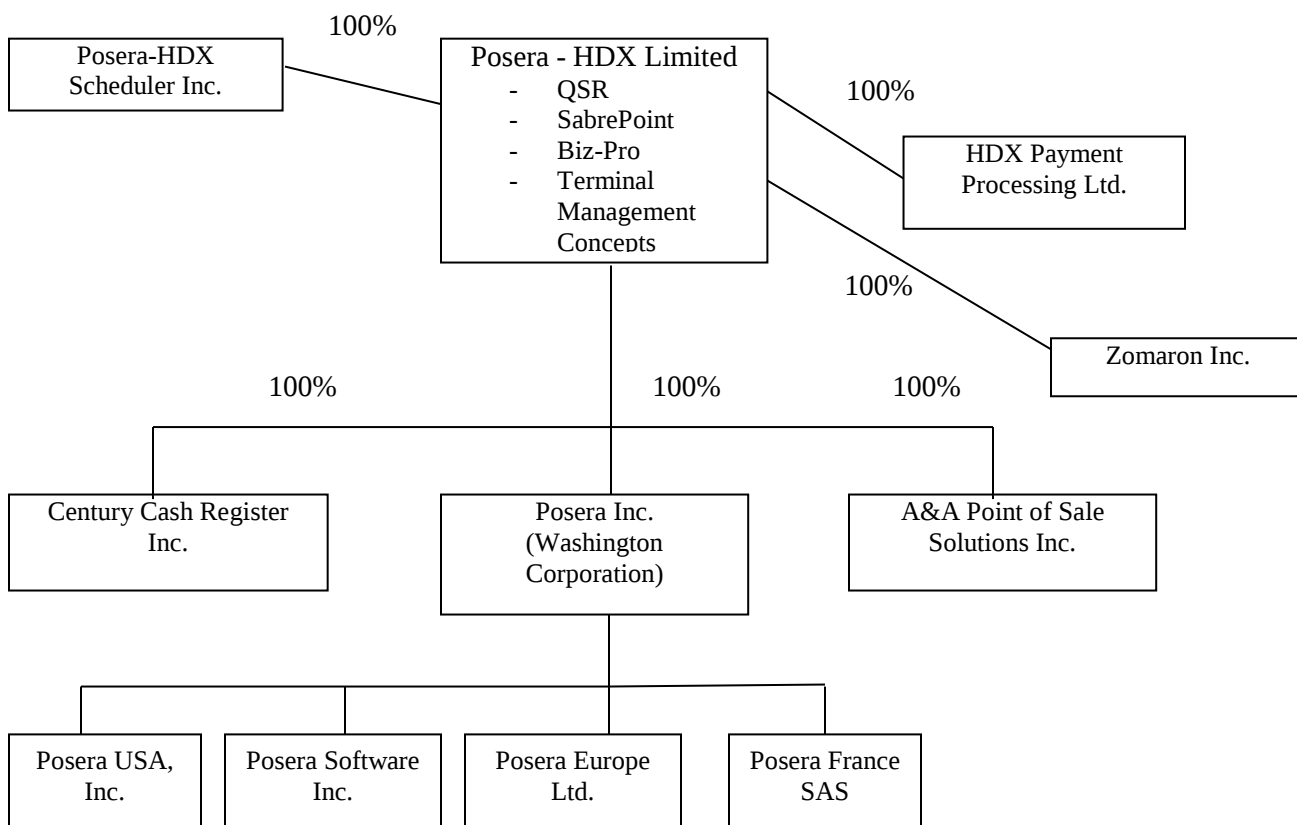
shares. The Predecessor Corporation initially had restrictions in its articles that limited the ability to transfer shares and the number of shareholders. By articles of amendment effective August 11, 2003, the limitation on the number of shareholders of the Predecessor Corporation was removed. The articles of the Predecessor Corporation were further amended on June 17, 2004 to remove the restrictions on share transfer, and on June 23, 2005 to provide that the number of directors shall be a minimum of three and a maximum of ten. The articles of the Predecessor Corporation were further amended on July 31, 2007 to change the name of the corporation from “Dexit Inc.” to “Hosted Data Transaction Solutions Inc.”. On January 1, 2010 the Predecessor Corporation, by way of articles of amalgamation, amalgamated with its wholly owned subsidiaries, Biz-Pro Ltd., SabrePoint Inc. and SabrePoint Services Inc. The articles of the Predecessor Corporation were further amended on September 17, 2010 to change the name of the corporation from “Hosted Data Transaction Solutions Inc.” to “Posera-HDX Inc.”

The Corporation was incorporated under the *Business Corporations Act* (Ontario) with the name 2293962 Ontario Limited. Pursuant to articles of arrangement dated October 7, 2011 the Corporation changed its name to Posera-HDX Limited. On January 1, 2015 the Corporation, by way of articles of amalgamation, amalgamated with its wholly owned subsidiary, Terminal Management Concepts Ltd. (“TMC”).

Subsequent to the year-ended December, 31st, 2015, the Company on January 1, 2016 by way of articles of amalgamation, amalgamated with its wholly owned subsidiaries, Century Cash Register Inc. (“Century”) and Posera-HDX Scheduler Inc. (“Scheduler”) and changed its name to Posera Ltd.

POSERA’s head and registered office address is Suite 700, 350 Bay Street, Toronto, Ontario, M5H 2S6. The Corporation’s telephone number is (416) 703-6462 and web site address is www.posera.com

Current Organizational Chart – by Legal Entity as at December 31, 2015



On January 1, 2016 Posera-HDX Limited 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 prospectively.

General Development of the Business - Five Year History

Since its inception, POSERA has been building the foundation for growth in Canada and internationally. The Company has grown and diversified over the years to become a leading technology and software supplier to the hospitality industry. POSERA's objective remains to be a leading end-to-end supplier of products and services to retailers, Quickservice and Fine Dining Restaurants throughout North America and in select markets around the world. POSERA is in the business of managing merchant transactions with consumers and facilitating payments. The Company develops and deploys touch screen POS system software and associated enterprise management tools and has developed and deployed numerous POS applications. POSERA also provides system hardware integration services, merchant staff training, system installation services, and post-sale software and hardware support services.

On May 5, 2010 the Company completed the acquisition to acquire the shares of Posera Inc. ("Posera") of Seattle, Washington for \$10,600,000 subject to closing adjustments. Posera, established in 1999, is an U.S. corporation that develops, deploys and supports a restaurant point of sale software known as Maitre'D. Through its corporate offices in Seattle WA, Montreal Quebec, France and Glasgow, UK, Posera has built a network of approximately 80 current value added resale partner companies in 25 countries. There are approximately 500 current representatives selling, supporting & installing Posera's Maitre'D software worldwide and the

solution has been deployed in over 30,000 locations in eight different languages around the world. POSERA's customers include Quick, O'briens, St-Hubert, Pita Pit, Popeye's, Dunkin' Donuts, Pizza Delight, Baton Rouge, Scores, Hooters, Casey's, Supermac's, KFC, Pizza Hut, among many others.

The above noted Posera acquisition price of \$10.6 million differs from the amount paid at closing of \$7.1 million. This difference was due to post-closing adjustments, retained debt, revaluation of the POSERA rollover options, a change in the fair value of the Common Shares at closing and due to a liquidity discount applied to the share price as a result of a restriction placed on the Common Shares issued to POSERA shareholders, which do not allow such shareholders to trade or transfer the shares for 24 months. The acquisition allowed the Company immediate access to new foreign markets and numerous resellers around the world.

In addition to a cash payment of \$3.2 million at closing and the assumption of outstanding Posera debt, the purchase price was paid by (i) the issuance of convertible debentures in the principal amount of US \$1.96 million, which were convertible into Common Shares for a period of two years at \$0.645 per Common Share; and (ii) the issuance of 2,319,494 Common Shares. Upon determination of the working capital adjustment to the purchase price on, October 29, 2010, POSERA issued 2,492,962 additional Common Shares to POSERA shareholders. The transaction also included the issuance of options of the Company to acquire 1,999,907 Common Shares in exchange for outstanding options to acquire shares of POSERA ("Rollover Options"). The Rollover Options had an exercise price of \$0.125 per Common Share. The Rollover Options expired in August 2011.

Throughout fiscal 2010 the Company also completed two smaller acquisitions, A&A Point of Sale Solutions Inc. ("A&A") of Ottawa and Century Cash Register Inc. ("Century") of Oakville. In addition to the completion of numerous acquisitions, management focused on identifying new customer opportunities, integrating the acquired entities, researching further acquisition opportunities and deploying common infrastructure to allow efficient and effective operations among its offices worldwide. Sales and marketing teams, technical teams, accounting and administrative teams were combined and cross-trained. As a result of the above listed activities for the year-ended December 31, 2010, the Company was able to grow significantly and achieved revenue of \$15,059,267, which represented an increase of 58.2% over the prior year \$9,518,681.

On October 7, 2011, the Company completed a reorganization, by way of a plan of arrangement, which resulted in all of the assets and liabilities of Posera – HDX Inc., except for the Dexit Prepaid business assets and liabilities, and certain other assets being transferred to Posera – HDX Limited. As part of the plan of arrangement security holders of Posera – HDX Inc. became the security holders of Posera – HDX Limited and Posera – HDX Inc. (renamed Dexit Inc), became a wholly owned subsidiary of Posera – HDX Ltd. (the "Reorganization").

On October 28, 2011 Posera-HDX Limited completed the divestiture of all the issued and outstanding shares of Dexit Inc. The sale price was an aggregate of \$2,031,571 in cash, subject to certain post-closing adjustments. Of the \$2,031,571 sale price, \$1,831,571 was received on closing, with a \$200,000 holdback. The Company incurred net deal costs on the reorganization of Dexit and sale in the amount of \$93,981 (2010 - \$37,874), net of a recovery from the purchaser of \$125,000 (2010 - \$Nil). On October 31, 2012 the Company received the \$200,000 holdback receivable as part of the transaction. As part of the divestiture of Dexit Inc. the Company entered into a standard indemnification regarding the pre-closing liabilities of Dexit, under which the Company believed that an outflow of resources would be remote.

On December 15, 2011 Posera-HDX completed the acquisition of all the issued and outstanding shares of HDX Payment Processing Ltd. (formerly Cash N Go Ltd.)(“HDXPP”). The purchase price was an aggregate of \$365,571, comprised of \$157,571 in cash and 1,000,000 common shares of Posera-HDX, which are subject to a hold-period such that such common shares are not freely tradable until December 15, 2013, and which shares had a fair-value of \$240,000. The Company incurred deal costs on the transaction of \$33,434 for the year-ended December 31, 2011 (2010 - \$13,033), which were included in General and Administrative Operating Expenditures as incurred.

On December 30, 2011, Posera-HDX completed the acquisition of certain assets of 2020 IT Solutions Corp. (“2020”), through a wholly owned subsidiary Posera – HDX Scheduler Inc. The purchase price was an aggregate of \$999,385, comprised of \$285,000 in cash, 1,045,488 common shares of Posera-HDX, which were subject to a hold-period, and were not freely tradable until February 1, 2013, with a fair-value of \$243,076, and a royalty payable on future sales of a certain technology acquired, whose fair-value was estimated at \$471,309 on the date of acquisition. The Company incurred deal costs on the transaction in the amount of \$29,099 for the year-ended December 31, 2011, which was expensed in the Statement of Operations as incurred.

The Company did not complete any transactions throughout the year-ended December 31, 2012, but the Company continued to invest and focus on developing significant new revenue opportunities that were complementary to the Company’s operational foundation and synergistic with the Company’s intellectual property assets.

As a result of the above listed activities in addition to organic growth for the year-ended December 31, 2011, the Company was able to increase revenues by 17.5% to \$17,699,771 in 2011 from \$15,059,267 in 2010. Additionally, the Company’s profitability also improved during the year-ended December 31, 2011 with Normalized EBITDA profit / (loss) of \$1,206,023 compared to a profit of \$567,608 for the year-ended December 31, 2010. For the year-ended December 31, 2012, the Company’s revenue decreased 7.1% to \$16,446,106 in 2012 from \$17,699,771 in 2011. Additionally, the Company’s Normalized EBITDA profit (loss) for the year-ended December 31, 2012 and 2011 was a loss of \$525,935 compared to a profit of \$1,206,023 for the year-ended December 31, 2011.

In 2013, the Company completed a partnership agreement with TNS Smart Networks to provide ATM Shared Cash Dispensing transaction processing services. This allowed for a more cost effective means for providing ATM transactional services for the Company to its customers. Additionally, in 2013, POSERA completed the acquisition of Zomaron Inc., a registered reseller of Debit and Credit Card merchant services based out of London, Ontario.

As a result of the above listed activities in addition to growth for the year-ended December 31, 2014, the Company was able to increase revenues by 3.1% to \$20,114,450 in 2014 from \$19,511,412 in 2013. Additionally, the Company’s profitability decreased during the year-ended December 31, 2014 by achieving Normalized EBITDA of (\$12,460) compared to a Normalized EBITDA of \$543,963 for the year-ended December 31, 2013.

In 2014, the Company completed the acquisition of TMC, a developer of wireless pay-at-the-table EMV (“Europay, MasterCard and Visa”) Chip and PIN (“Personal Identification Number”) software, which is based out of Markham, Ontario. On March 31st 2011, Visa Canada, MasterCard Canada and their credit card issuing partners implemented a domestic card "Liability Shift" in Canada, whereby the liability for fraudulent transactions shifted to merchants that had not implemented EMV Chip and PIN technology. A similar Liability Shift occurred in the United

States (“US”) in respect to the major US credit card company in October of 2015. Merchants in the US are in the process of implementing EMV Chip and PIN technology. POSERA has developed and deployed POS software solutions at thousands of merchant locations in Europe and Canada whereby our software solutions have been EMV Chip and PIN enabled and certified for many years now. Because of the breadth and quality of POSERA’s solution and service offerings, the Company believes that it is well positioned to take advantage of the market opportunity presented in the United States.

These transactions round out the Company’s suite of product offerings to include Debit, Credit Card, middleware and pay-at-the-table merchant services. POSERA has continued significant software development and deployment projects in 2012-2015. These projects have enhanced system capabilities and were designed to lay the groundwork for further system sales and wider solution deployment in the coming years.

As a result of the above listed activities in addition to growth for the year-ended December 31, 2015, the Company was able to increase revenues by 3.2% to \$20,752,875 in 2015 from \$20,114,450 in 2014. Unfortunately, the Company’s profitability decreased during the year-ended December 31, 2015 by achieving an EBITDA loss of (\$2,120,463) compared to EBITDA loss of \$(788,325) for the year-ended December 31, 2014. Included in the EBITDA loss are restructuring expenditures and non-cash expenditures such as stock-based compensation and impairment of assets.

Description of the Business

General

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 sells its Maitre ’D™ and Fingerprints™ Point-of-Sale (“POS”) solutions to 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.

In addition to POSERA’s two marquee Point-of-Sale software solutions, the Company’s full service offerings include semi-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.

Products and Services

POSERA’s Fingerprints® quick service Point-of-Sale solution is fast, flexible, and reliable. POSERA’s systems are designed to maximize restaurant revenues and profits and are backed by a full-service support team of POS specialists. Many different touch-screen register configurations are available and customer choice is enhanced through peripheral selections. Fingerprints includes an interface to an optional POSERA video security package that includes “receipt / transaction text insertion”.

POSERA's Maitre'D® Point-of-Sale and Corporate Solution, is sold both directly to end users as well as through a distribution channel of approximately 80 resellers worldwide. POSERA believes that Maitre'D® is one of the most feature-rich and customizable restaurant POS Systems on the market today. The Maitre'D® solution is available in traditional and tablet-based versions. Our Maitre'D® software platform has been installed at more than 30,000 restaurant locations worldwide.

POSERA offers Debit and Credit Card Processing solutions, known as Merchant Processing to merchants primarily in North America. The Merchant Processing is provided directly through our wholly owned subsidiary Zomaron Inc., or through referral agreements with other processing partners. Merchant Processing is an extension of the Company's core offerings and generates additional recurring revenue for the Company's extensive active install customer base.

POSERA provides wireless EMV Chip and PIN "pay-at-the-table" ("PATT") credit and debit card processing software and hardware solutions primarily to Canadian merchants. POSERA is expanding its offering to the United States, so as to provide merchants and processors the Company's EMV Chip and PIN PATT solutions. Providing the PATT solution in the United States is paramount to merchants due to the introduction of EMV Chip and PIN requirements and the credit card / merchant liability shift that took place in October of 2015. POSERA has deployed its PATT payment software solutions through direct sales and strategic partnerships with some of the world's largest payment terminal manufacturers. POSERA's solutions and services integrate directly with most of the leading restaurant POS applications world-wide. As POSERA's middle-ware product is POS solution agnostic, payment processing relationships can be achieved regardless of the POS solution employed by a particular restaurant.

Growth

Revenue growth is expected to be achieved in the following manners:

- (1) The continued sale, both direct and via our network of international distribution channels, of our products and services to existing and new customers;
- (2) Cross-selling and bundling acquired assets to through the existing developed customer and sales channels; and
- (3) Via the acquisition of complementary and strategic businesses.

POSERA completed the acquisitions of Biz-Pro and SabrePoint in 2008 and POSERA, A&A and Century in 2010. These businesses were involved in the management of merchant transactions and the facilitation of payments. These acquisitions served to broaden our suite of products, extend our geographical reach and improve our customer service capabilities.

In 2011, POSERA completed the acquisition of 2020 IT Solutions Corp. ("2020"). 2020 was established in 1998 and is a software development company specializing in hosted, subscription model, web/cloud based solutions. 2020 HyperScheduler allows operators to optimize staff schedules based on a sophisticated proprietary sales and product mix forecasting model coupled with matching the most effective and efficient staff for specific positions for time sensitive duties. 2020 HyperVision is a hosted, subscription model, web/cloud based, food cost system allowing restaurants to manage food costs to granular levels not previously achieved. Restaurants utilizing HyperVision are able to compare detailed actual food costs with detailed theoretical food costs. HyperVision is a complete automated inventory control system connecting restaurants to suppliers for just in time inventory deliveries.

In 2013, POSERA completed the acquisition of Zomaron Inc. Founded in 2008, Zomaron provides credit and debit card processing solutions to Canadian merchants nationwide. Through its nationwide network of sales representatives and strategic partnerships, the Zomaron division has experienced rapid growth and has approximately doubled its merchant count since the Company's acquisition in December of 2013. With each pin-pad sold a percentage of each transaction, for the term of the agreement, is earned by Zomaron Inc. This share of Debit and Credit Card processing revenues has become a significant recurring revenue stream for the Company.

In 2014, POSERA completed the acquisition of TMC founded in Markham, Ontario. TMC provides wireless EMV Chip and PIN "pay-at-the-table" ("PATT") in Canada and EMV Chip and Signature PATT in the United States, credit and debit card processing software and hardware solutions to Canadian merchants nationwide. Based in Markham, Ontario, TMC has deployed its payment software solutions through direct sales and strategic partnerships with some of the world's largest payment terminal manufacturers. TMC's solutions and services integrate directly with most of the leading restaurant POS applications world-wide. Because TMC's middle-ware product is POS solution agnostic, payment processing relationships can be achieved regardless of the POS solution employed by a particular restaurant. TMC's solutions can be marketed and deployed in the United States where the requirement for "pay-at-the-table" solutions is becoming a necessary part of restaurant operations due to the introduction of EMV Chip and PIN requirements and the credit card / merchant liability shift that took place in October of 2015.

The Company as of December 31, 2015 employed 171 people in total. Of the 171 employees, 145 employees work across Canada, spread among four Ontario offices, Montreal and smaller regional locations. The Company also employs 26 international employees with 13 in Seattle, United States, 12 in Glasgow, Scotland and 1 in France.

Competitive Conditions in Key Markets

The market in which POSERA operates is highly competitive though very fragmented. POSERA competes primarily on the basis of price, product quality, product selection, efficiency, customer service, technical support features and functionality, and an ability to meet customer demands. Some of POSERA's competitors have greater capital resources, more efficient technologies, or may have lower costs and may be able to sustain longer periods of price competition.

Increased competition could cause a reduction in POSERA's sales volumes and profitability or increase its expenditures, any one of which could have a material adverse effect on its financial results.

The market in which Zomaron operates is also highly competitive. The margins earned by Zomaron in relation to the POS pin-pads are continuing to be compressed due to the competitive nature of the industry. Some competitors are foregoing the upfront margin on the hardware POS terminal sale in order to earn the residual income stream from the customer over the life of the contract.

Components and Supply Chain

Sales are generally made of systems which include proprietary software plus hardware sourced from third party providers to provide a complete solution for each customer. The third party hardware providers are generally national or international point-of-sales and peripherals manufacturers or distributors.

Importance of Intellectual Property

The Company has developed its own proprietary point-of-sale software which has the trade-names of Fingerprints and Maitre'D. These products enable the Company to ensure the quality of our point-of-sale solutions for our customers. We are committed to continuing to invest in ensuring the quality of our intellectual property solutions for our customers. We believe that investments of this kind position us to meet increasingly sophisticated demands from our customers.

Dependence on Foreign Operations

The Company develops its software in Canada, but for the year-ended December 31, 2015 approximately 35.2% (2014 – 28.8%) of the Company's revenues are derived from customers outside of Canada. The Company markets and sells our Maitre'D point-of-sale software worldwide through a direct and indirect sales and distribution channel. Our direct offices outside of Canada are located in Seattle, United States, Glasgow, Scotland, Paris and France. Our indirect distribution channel provides sales and marketing coverage worldwide. For our international product Maitre'D, the Company's customer service and support is primarily administered from our Montreal, Quebec office, however the Company does carry on some limited service and support from some of our sales offices outside of Canada.

Risk Factors

Operation as a Going Concern; Expenses May Increase Faster than Revenues

The continued operation of the Corporation as a going concern is dependent upon the Corporation's ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities. The Corporation has a history of losses. While the Corporation continues to review its operations in order to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Corporation will be successful in such efforts; if the Corporation is not successful, it may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If POSERA does not significantly increase its revenue to meet these increased operating expenses and/or obtain financing until its revenue meets these operating expenses, its business, financial condition and operating results could be materially adversely affected. The Corporation cannot be sure when or if it will ever achieve profitability and, if it does, it may not be able to sustain or increase that profitability.

Market Acceptance by Merchants

The success of POSERA products and any new services the Company may launch is dependent upon its ability to attract and retain a critical mass of merchants in potentially diverse geographic locations. The sales cycle for a new merchant can be lengthy. Merchants may not be willing to invest the time and resources necessary to achieve the necessary education and integration required to successfully deploy POSERA technology.

Concentration of Purchase Decision

POSERA focuses its sales efforts for certain quick service restaurant chains on the franchisees as they are the primarily the decision makers of whether to implement our point-of-sale solution. At any point in time the franchisor could mandate a point-of-sale solution to its franchisees that could impact POSERA's ability to sell to that specific quick service restaurant chain.

Key Management Personnel

The Corporation depends on the services of its key technical, management and sales and marketing personnel. The loss of the services of any of these persons could have a material adverse effect on POSERA's business, results of operations and financial condition. POSERA's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified management, technical, sales and marketing personnel. Competition for such personnel can be intense, and POSERA cannot provide assurance that it will be able to attract, engage, hire or retain technical, managerial, sales and marketing personnel in the future with the right qualifications, at the times needed, and/or at competitive costs. The Corporation's inability to attract and retain the necessary management, technical, sales and marketing personnel may adversely affect its future growth and profitability.

Reliance on Commission Based Sales Agents

Zomaron's direct sales agents and sub-ISO partners are compensated solely on commission. This agency model relies on providing aggressive compensation packages to retain these highly effective sales personnel. The corporation's inability to maintain a steady stream of product and services along with the proper business partnerships to support these enterprises (i.e. payment processors, leasing companies, etc.) could force sales personnel to seek such opportunities elsewhere.

Ability to Manage Growth

The Company intends to grow in the foreseeable future and to pursue existing and potential market opportunities, including acquisitions. Such growth may place significant demands on its management and operational resources, particularly with respect to:

- recruiting and retaining skilled technical, marketing and management personnel in an environment where there is intense competition for skilled personnel;
- managing and delivering upon multiple commitments in compressed timeframes;
- managing a larger, more complex international organization;
- expanding POSERA's facilities and other infrastructure in a timely manner to accommodate a significantly larger international workforce;
- maintaining and expanding an effective research and development group;
- expanding POSERA's sales and marketing efforts;
- providing adequate training and supervision to maintain POSERA's high quality standards;
- expanding POSERA's treasury and accounting functions to meet the demands of a growing company;
- implementing appropriate governance mechanisms to cope with multiple legal and regulatory environments;
- strengthening POSERA's financial and management controls in a manner appropriate for a larger enterprise; and
- preserving POSERA's corporate culture, values and entrepreneurial environment.

In order to manage expected growth effectively, the Corporation must concurrently develop more sophisticated operational systems, procedures and controls. If POSERA fails to develop these systems, procedures and controls on a timely basis, its business, financial condition and operating results could be materially affected in an adverse manner.

Possible Failure to Realize Anticipated Benefits of Prior Acquisitions

The Company completed the acquisition of POSERA in fiscal 2010, Zomaron in fiscal 2013 and TMC in fiscal 2014 to strengthen the position of the Company in the point-of-sale merchant payments markets and to create an opportunity to realize certain benefits including, among other things, potential cost savings and growing the Company's recurring revenue base.

Achieving the benefits of the acquisitions for POSERA, Zomaron and TMC all depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining POSERA's, Zomaron's and TMC's operations with those of the overall Company. The integration required the dedication and a substantial management effort, time and resources of management. Going forward these efforts will continue to divert management's focus and resources from other strategic opportunities and from operational matters during this process.

The integration process of the previous acquisitions made by POSERA has resulted in the loss of some key employees; this though has not resulted in the disruption of ongoing business, customer and employee relationships that would have adversely affected the Company's ability to achieve the anticipated benefits of the acquisition of POSERA.

Reliance on Third Parties by Zomaron to Operate Day-to-Day

Zomaron derives the majority of its recurring revenue from its relationship with two major processors. If either of these processor's systems are compromised or down for any period of time this could have a negative impact on revenues and Zomaron's perception in the industry. Zomaron also derives a significant portion of its POS revenue from third party leasing Companies, which provide financing for Zomaron's customers hardware portion of the transaction. An industry or regulatory change to this aspect of the business could have an adverse effect on the Company's ability to close new clients.

Foreign Exchange Risk

The Company presents its statements in Canadian dollars ("CDN"); however, the Company operates on an international basis and therefore, foreign exchange risk exposures arise from transactions denominated in a foreign currency. The foreign exchange risk arises primarily with respect to the US dollar ("USD"), Great Britain Pound ("GBP") and the Euro Currency ("EUR"). The cash flows from operations are exposed to foreign exchange risk as software sales are denominated in foreign currencies, and the majority of the operating expenses are in Canadian dollars. In addition, the convertible debenture incurred as consideration for the POSERA acquisition is to be repaid in US dollars. Finally, the POSERA entity derives a large portion of its sales in US currency.

International Operations Risk

The Company has operations in various jurisdictions throughout the world and also generates a portion of its revenues through international sales efforts. Operating on a global basis exposes the Company to a number of risks, including;

- the political, security and economic instability of those foreign jurisdictions in which the Company has operations;

- changes in and compliance with local laws and regulations, including export control laws, tax laws, labour laws, employee benefits, transfer pricing, currency restrictions and similar requirements;
- differences in tax regimes and potentially adverse tax consequences of operating in foreign jurisdictions;
- difficulty in accounts receivable collection;
- difficulty in intellectual property protection; and
- foreign currency fluctuations.

Any of these factors could have a material adverse impact on the Company's business, results of operations and financial condition.

Possible Failure to Realize Anticipated Benefits of Future Acquisitions

The Company may, in the future complete acquisitions to strengthen its position in the POS and merchant payments industries and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of any future acquisitions depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with its own. The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Company's ability to achieve the anticipated benefits of these and future acquisitions.

Intense Competition

The point-of-sale and merchant payments industries are highly competitive and are rapidly changing. POSERA may be significantly affected by new product introductions and geographic expansion by existing competition. Barriers to entry into this market may be relatively low, and POSERA expects that competition will intensify in the future. Specific factors upon which the Corporation competes include, but are not limited to, functionality of its applications, technological sophistication, ease of use, timing for implementation, ubiquity of its offering, quality of support and services, and price. Feature rich low-price offerings that utilize lower cost hardware (i.e. tablets, handheld devices, etc.), from both new and established players in the industry, continue to challenge the status quo. While POSERA believes that it remains competitive in this regard with its own lower cost alternatives and tablet-based solutions, the threat remains. POSERA's potential competitors include financial institutions, other companies selling point-of-sale systems and software, credit card companies, retailers, telecommunication and mobile communication companies, technology providers and gasoline retailers. Many of these potential competitors have significantly greater financial, technical, marketing and other resources than POSERA has. Many of them also have longer operating histories, greater name recognition and stronger relationships with merchants and consumers who use or might use a low-value-payment service. POSERA may not be able to compete successfully with these competitors.

Possible Regulatory Changes

The merchant payments marketplace is a complex one with many players. It is also an industry that is under significant regulatory oversight, particularly as it relates to consumers and the fees

that they pay. POSERA business models assume certain margins and compensation on services like merchant payments, ATM transactional services, etc. Any regulatory changes could have adverse effects on the Company's ability to operate these businesses and earn profits.

Some of POSERA's activities are subject to legislation governing the use of personal information. These Canadian privacy laws may change over time. Changes in these laws or non-compliance could require POSERA to incur significant costs, financial penalties or suspend or discontinue operation of the prepaid solution. If and when POSERA introduces new products or services or variations on existing products and services, or introduces products or services into additional regulatory jurisdictions, there is a risk that regulatory requirements in one or more jurisdictions may delay such introductions, or may make such introductions uneconomic, onerous, impossible, or require changes to the Corporation's business model, any of which may materially adversely affect the Corporation's future growth and profitability.

Possible Changes to Payment Processor Distribution and Payment Landscape

The credit card associations (i.e. MasterCard, Visa) currently operate via a global network of processors, acquirers and ISO's. New technologies and the intense competitive landscape could see these credit card associations move to different business models. Such a change would effectively cut the processor and, in turn, the acquiring ISO out of the transaction process. Similarly, the Company's processing partners could also decide to relinquish ISO relationships and acquire merchant clients directly via their in-house sales channels or via other relationships.

New industry entrants could drastically change the payment landscape as we know it today. Large and innovative technology companies could decide to enter the space and provide compelling direct-to-consumer payment and point-of-sale solutions.

Technology and Development Risk

The POSERA approach utilizes technology principally architected and developed by the Company. POSERA has also contracted with or identified a number of key suppliers for the various software and hardware components that comprise POSERA's solutions. There can be no assurances that the Corporation will meet its targeted development or integration timelines, secure licenses for key aspects of its solutions such that it will be able to offer solutions at competitive pricing, or that the Corporation can continue to enhance and improve the responsiveness, functionality and features of its technology and enable the solutions to scale at a reasonable cost. In addition, there is a risk that third parties may have applied for or been granted patents for certain processes or technology which POSERA has already deployed or intends to deploy, in which case POSERA may incur additional costs or be prohibited from using or implementing certain product features or processes in one or more countries. POSERA solutions incorporate complex technology and software. Accordingly, they may contain errors, or "bugs", that could be detected at any point. Such errors could materially and adversely affect POSERA's reputation, or that of its licensees, resulting in claims and/or significant costs to POSERA, and/or cause consumers, merchants, licensees and other parties to abandon POSERA's solutions and impair POSERA's ability to market and sell solutions and services in the future. The costs incurred in correcting any errors and satisfying any such claims may be substantial and could adversely affect POSERA's operating margins. While the Corporation plans to continually test its solutions for errors and work with customers and merchants through its maintenance support services to identify and correct bugs, errors may be found in the future.

The Fingerprints® and Maitre'D® Point-of-Sale and Corporate Solutions require continued investment in time and resources to develop continuous enhancements for these POS verticals.

Without proper investment these products will succumb to becoming obsolete in the eyes of customers.

TMC derives revenue from the on-going licensing of its wireless EMV Chip and PIN PAAT credit and debit card processing middle-ware software to primarily Canadian merchants. The middle-ware software is POS solution software agnostic as it integrates to the balance of the POS solutions in the market. POS solution providers could choose to write their own middleware software to connect directly to payment processors or could inhibit TMC's solutions from integrating with their POS platform. If POS solution software providers write or incorporate in their offering their own middle-ware, this could severely impact revenues derived from TMC's current suite of technology solutions.

Supplier Risk

POSERA's transactional businesses rely on partner processing organizations. When these organizations experience unscheduled downtime it can have a negative effect on our ability to earn associated transaction-based revenues. Unscheduled downtime on the part of these and other partners can also impact our customers, thereby posing a reputational risk to POSERA.

Additionally, as the Company doesn't manufacture the hardware components for installation to generate POS hardware and software revenues, the Company for a multitude of factors may experience difficulties in acquiring the necessary hardware components in a timely manner in order to meet customer expectations.

Possible Failure to Realize Anticipated Benefits of Restructuring

The Company in 2015, undertook certain restructuring steps in an attempt to reorganize its overall business. The efforts undertaken in relation to restructuring were incurred to reduce expenditures and increase overall efficiency and financial performance of the Company in the long-term. Achieving the benefits of restructuring depends, in part, on buy-in of the entire organization, changing work-flow to operate by function as opposed to business unit and integrating operations, procedures and personnel in a timely and efficient manner. The efforts surrounding restructuring requires the dedication of knowledgeable operational consulting firm, substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The restructuring process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect the Company's ability to achieve the anticipated benefits of restructuring.

Risks Associated with Additional Financing

The Corporation may need to raise additional financing. There can be no assurance that the Corporation will be successful in raising sufficient capital on acceptable terms, if at all. If it is unable to raise capital it may not be able to execute on its business plan or respond to competitive pressures. If the Corporation is able to raise additional capital, it may be on terms and conditions which result in significant dilution to existing shareholders.

Risks Associated with Restructuring Outstanding Debt Obligations

The Corporation may need restructure the principal payment terms of current or future outstanding debt obligations. There can be no assurance that the Corporation will be successful in persuading the existing or future debtors to restructure the terms of their debt. If the Corporations

is unable to restructure debt it may not be able to execute on its business plan or respond to competitive pressures. If the Corporation is able to restructure its existing or future debt, it may be on terms and conditions which may be less than favourable to existing shareholders.

Protection of Intellectual Property

POSERA depends, to a certain extent, on its ability to develop and maintain proprietary aspects of its technology and business methods. It seeks to protect its software, documentation and other written materials under trade secret and copyright law, as well as with confidentiality provisions in contracts with its customers, suppliers, contractors and employees all of which afford limited protection. POSERA has applied for several trademark registrations for its trademarks. Despite the measures POSERA has taken to protect its intellectual property, there can be no assurance that these steps will be adequate, that POSERA will be able to secure patents for all its inventions or trademark registrations for or the rights to use its trademarks, respectively, in Canada, the U.S. or other countries, that third parties will not breach the confidentiality provisions in POSERA's contracts or infringe or misappropriate its copyrights, patents, trademarks and other proprietary rights, or that third parties have not already obtained prior rights in one or more jurisdictions to the same or similar trademarks to those of POSERA or any other intellectual property sought to be protected by POSERA .

Third Party Claims that POSERA's Solution Infringes on their Intellectual Property

POSERA is not currently aware of any claims asserted by third parties that POSERA infringes on their intellectual property. However, in the future, a third party may assert a claim that POSERA infringes on their intellectual property. The Corporation cannot predict whether third parties will assert these types of claims against it or against the licensors of technology to POSERA, or whether those claims will harm its business. If POSERA is forced to defend against these types of claims, whether they are with or without any merit or whether they are resolved in favour of or against POSERA or its licensors or licensees, POSERA may face costly litigation and diversion of management's attention and resources. As a result of these disputes, POSERA may have to develop costly non-infringing technology or enter into licensing agreements. These agreements, if necessary, may not be available on terms acceptable to POSERA, or at all, which could increase its expenses or make its solution less attractive.

Common Share Price Fluctuations and Liquidity

The market price of the Common Shares may be volatile and could be subject to wide fluctuations due to a number of factors, including:

- POSERA's ability to achieve and sustain profitability;
- actual or anticipated fluctuations in POSERA's results of operations;
- changes in estimates of POSERA's future results of operations by POSERA or securities analysts;
- announcements of technological innovations or new products or services by POSERA or its competitors;
- lack of a liquid market for the Common Shares;
- general industry changes in the payments industry or related markets; or
- other events or factors.

In addition, the financial markets have experienced significant price and value fluctuations that have particularly affected the market prices of equity securities of many companies and that sometimes have been unrelated to the operating performance of these companies. Broad market

fluctuations, as well as economic conditions generally and in the industry, in which POSERA specifically operates, may adversely affect the market price of the Common Shares. If the market value, trading activity or public distribution of the Common Shares listed on the Toronto Stock Exchange (“TSX”) were to no longer meet the listing requirements of the TSX, or if the Corporation's financial condition or operating results were to no longer meet the listing requirements of the TSX, then the TSX could delist the Common Shares. Volatility in the market price of the Common Shares could increase the possibility of individual or class action litigation. This type of litigation, whether well-grounded or not and regardless of the outcome, could result in substantial costs to the Corporation as well as a diversion of management's attention and resources. In addition, if an active market for the Common Shares does not develop or is not sustained, the liquidity of an investment in the Common Shares may be limited.

Takeover of the Corporation

While the Corporation has not formally adopted a shareholder rights plan, POSERA may introduce such a plan at any time, including in the event a takeover bid is made for the Corporation. The provisions of such a plan could make it more difficult for a third party to acquire a majority of the Common Shares, the effect of which may be to deprive shareholders of a control premium that might otherwise be realized in connection with an acquisition of the Corporation. Conversely, in the event a shareholder rights plan is not adopted, the Corporation may be acquired by a third party for a lower price per Common Share than if a shareholder rights plan been in place, as such a plan could allow the Corporation more time to interest other or competing buyers and thereby realize a higher price per Common Share. The Corporation adopted By-Law No. 2 (the “Advance Notice By-Law”) on October 1st, 2015. The purpose of which is to require advance notice to be provided to the Corporation in the in circumstances where nominations of persons for election to the Board are made by shareholders of the Corporation other than pursuant to: (i) a requisition of a meeting of shareholders made pursuant to the provisions of the Business Corporations Act (Ontario); or (ii) a shareholder proposal made pursuant to the provisions of that Act.

Indemnities

The Corporation has provided various indemnities, including without limitation, under lease agreements for the use of various operating facilities and under agreements that include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, license agreements, employment agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, underwriting and agency agreements, information technology agreements and service agreements (including in agreements with respect to the sale of Dexit Inc.). Under the terms of these agreements, the Corporation agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, losses, suits, and damages arising in connection with the agreements as a result of breaches of the agreements or representations or as a result of litigation, claims or sanctions that may be suffered by the counterparty as a consequence of the transaction. In addition, indemnities have been provided to all directors and officers of the Corporation for various items including, but not limited to, all costs to settle suits or actions due to association with the Corporation, subject to certain restrictions. The Corporation has purchased directors' and officers' liability insurance to mitigate the cost of any such potential future suits or actions. The maximum amount of any potential future payments under these indemnities cannot be reasonably estimated, but could materially adversely affect investments in the Corporation.

Dividends

POSERA has not declared or paid any dividends on the Common Shares to date. The Corporation's current policy is to retain earnings to finance expansion and to develop, licence and acquire new software products and to otherwise reinvest in the Corporation. Therefore, the Company does not anticipate paying dividends in the foreseeable future. POSERA's dividend policy will be reviewed from time to time by its Board of Directors in the context of its earnings, financial condition and other relevant factors.

Capital Structure

General Description of Capital Structure

As at December 31, 2015, POSERA had issued and outstanding 75,837,705 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 vCommon 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.

The Common Shares are the only authorized class of shares of the Company. Each Common Share is entitled to one vote at meetings of POSERA's shareholders, except for meetings at which only holders of another specified class are entitled to vote separately as a class. The holders of the Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors of POSERA. Holders of the Common Shares are entitled to participate in any distribution of POSERA's net assets upon liquidation, dissolution or winding up on an equal basis per Common Share. There are no pre-emptive, redemption, purchase or conversion rights attached to the Common Shares.

Market for Securities

Trading Price and Volume

The Common Shares have been listed on the Toronto Stock Exchange (the “TSX”) under the trading symbol “PAY” since October 30, 2015 and under the symbol “HDX” since October 7, 2011 (from June 28, 2004 until October 7, 2011 the Class A common shares of the Predecessor Corporation were listed on the TSX). The following table sets out the market prices and the average daily volumes traded for the one-year period ended December 31, 2015.

Month	High (\$)	Low (\$)	Average Daily No. of Common Shares Traded	Monthly Trading Volume
January 2015	0.30	0.22	11,600	202,400
February 2015	0.28	0.22	5,600	61,600
March 2015	0.28	0.20	10,700	237,400
April 2015	0.32	0.25	199,900	2,165,300
May 2015	0.33	0.29	18,500	389,500
June 2015	0.31	0.28	11,500	224,900
July 2015	0.30	0.27	13,300	292,600
August 2015	0.33	0.23	98,100	1,954,000
September 2015	0.30	0.18	11,700	183,900
October 2015	0.23	0.17	7,600	161,400
November 2015	0.23	0.20	nil	nil
December 2015	0.23	0.18	nil	nil

Escrowed Securities / Securities subject to a Contractual Hold Period

As at December 31, 2015, there were no securities of the Corporation held in escrow, as the final release of securities previously held in escrow occurred on December 29, 2005. Though not escrowed securities, the Common Shares issued for the acquisitions of Zomaron Inc. and the Terminal Management Concepts Ltd. in December, 2013 and December, 2014 are both subject to a 24 month, or more hold period from the closing date of the respective transaction.

Directors and Officers

Name, Occupation and Security Holdings

Directors

The name, address and principal occupation of the directors of the Company are set out below:

Name and Municipality of Residence	Office Held and Principal Occupation(s) during the 5 Preceding Years	Director Since⁽¹⁾
Paul Howell ⁽¹⁾ Sarnia, Ontario	- CEO and Director of the Corporation - President and CEO of Howell Data Systems Inc.	November 2006
Loudon Owen ⁽¹⁾ Toronto, Ontario	- Managing Partner, McLean Watson Capital Inc. - Chairman of the Corporation since June 2009.	June 2006
Paul Fornazzari ^{(1),(3)} Toronto, Ontario	- Partner of Fasken Martineau DuMoulin LLP	June 2009
Michael Brown ^{(2),(4)} Toronto, Ontario	- President of Capital Markets Advisory	October 2011
David Del Chiaro ^{(2),(3),(4)} Forest, Ontario	- Former owner and operator of grocery stores and former Chairman of the Canadian Federation of Independent Grocers	October 2011
Gary Figueira ^{(2),(4)} Toronto, Ontario	- Retired as the Business Unit Executive for IBM's Retail Systems	October 2011

(1) For Messrs. Howell, Owen and Fornazzari includes period of time as a director of the Predecessor Corporation

(2) Member of the Audit Committee

(3) Member of the Human Resource, Corporate Governance and Nominating Committee

(4) Messrs. Brown, Del Chiaro and Figueira became directors upon consummation of the Reorganization.

The term of office of all directors of the Company will expire at the next annual meeting of the shareholders of the Company to be held in 2016.

Officers

The name, address and principal occupation of the executive officers of the Company are set out below:

Name and Municipality of Residence	Office Held and Principal Occupation(s) during the 5 Preceding Years
Loudon, Owen Toronto, Ontario	- Officer of the Corporation since September, 2015 - Currently Chief Executive Officer and Chairman of the Corporation - Managing Partner, McLean Watson Capital Inc.
Michel Cote Montreal, Quebec	- Officer of the Corporation since May 2010 - Currently Vice President of Business Development for the Corporation - Founder, Vice-President and General Manager of Posera Inc. from September 1999 to May 2010.
Kevin Mills Chatham, Ontario	- Officer of the Corporation since January 2008. - Chief Financial Officer for the Corporation since February 2008. - Accountant at the Accounting Firm PricewaterhouseCoopers, LLP from September 2001 to January 2008.

Name and Municipality of Residence	Office Held and Principal Occupation(s) during the 5 Preceding Years
Sol Korngold Toronto, Ontario	- Officer of the Corporation since January 2007 - Currently Senior Vice President of Infrastructure and Special Projects for the Corporation - Director, Product Management at POSERA from 2001 to January 2007

As at December 31, 2015, to the knowledge of the Corporation, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 9,550,811 Common Shares of the Corporation, representing approximately 12.6% of the issued and outstanding Common Shares of the Corporation on that date.

Each director holds office until the next annual meeting of shareholders of the Corporation and his/her election thereafter is subject to the approval of the shareholders of the Corporation at that meeting. New officers are appointed at the discretion of the Board of Directors, subject to the By-Laws of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of POSERA, no director or executive officer of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within the last 10 years before the date of this Annual Information Form was, a director or executive officer of any issuer which, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets;

with the exception;

- i) That on December 23, 2011, Crystallex International Corporation (“Crystallex”), a reporting issuer in British Columbia, Alberta, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland, obtained an order from the Ontario Superior Court of Justice (Commercial List) for protection under the Companies' Creditors Arrangement Act (Canada) (“CCAA Order”), and on December 28, 2011, obtained an order from the United States Bankruptcy Court for the District of Delaware under Chapter 15 of the U.S. Bankruptcy Code recognizing the CCAA Order. These

proceedings were commenced following the expropriation of Crystallex's main mining asset by the Bolivarian Republic of Venezuela in 2011, and the subsequent institution of arbitration proceedings with the World Bank's International Centre for Settlement of Investment Disputes to seek restitution in the amount of US\$3.16 billion (plus interest). In March 2012, Crystallex announced that it would not be in a position to prepare and file annual audited financial statements and other annual disclosure documents, required by Canadian securities laws in respect of the financial year ended December 31, 2011, by March 30, 2012 and, consequently, would be in default of its continuous disclosure filing requirements under Canadian securities laws. A temporary general cease trade order was issued in April 2012. The cease trade order prohibited the trading of Crystallex's securities other than for trades made pursuant to debtor-in-possession (DIP) financing as approved by the Ontario Superior Court of Justice. Michael Brown served as an independent director of Crystallex until June 2012, at which time he resigned as a director and became a member of the Crystallex advisory panel as required by the credit agreement governing the court-approved DIP financing into which Crystallex entered in 2012.

- ii) That on January 5, 2015, a cease trade order was issued by the Autorité des marchés financiers against Afri-Can Marine Minerals Corporation, a TSX Venture Exchange-listed company, for failing to file annual financial statements for the period ended August 31, 2014, within the required time period. Michael Brown served as a director of Afri-Can Marine Minerals Corporation until November 28, 2014.
- iii) That on February 19, 2014, a temporary cease trade order was issued by the Ontario Securities Commission against Hanfeng Evergreen Inc. ("Hanfeng") for failure to file interim financial statements for the six-month period ended December 31, 2013; management's discussion and analysis relating to the interim financial statements for the six-month period ended December 31, 2013; and certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. It was replaced by a permanent cease trade order dated March 3, 2014. The securities commissions of each of Quebec and British Columbia issued similar orders. Loudon Owen served as a director of Hanfeng until January 24, 2014.
- iv) As a result of not filing its annual financial statements, management's discussion and analysis and related certifications for the year ended December 31, 2012 by the filing deadline, Echelon Capital Corp. was made subject to a temporary cease trade order on May 13, 2013, later made permanent on May 24, 2013, by the Ontario Securities Commission. Mr. Owen had been a director and the Chief Executive Officer of Echelon Capital Corp. but resigned both positions on April 30, 2013, prior to said cease trade order coming into effect. Echelon Capital Corp. was delisted from the TSX Venture on September 26, 2013.
- v) Mr. Owen served as a director of The Fight Network Inc., a private Company, which filed for bankruptcy proceedings in October 2010. Mr. Owen ceased being a director of The Fight Network Inc. in October 2010.

To the knowledge of the Company, no director or executive officer of the Corporation, or any shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has, within the last 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or

insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold his or her assets.

This disclosure also includes any personal holding companies of any of the persons referred to in the preceding paragraphs of this section titled “Cease Trade Orders, Bankruptcies, Penalties or Sanctions.”

Conflicts of Interest

The Corporation’s directors and officers may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Corporation may participate, such directors and officers of the Corporation may have a conflict of interest in negotiating terms respecting such participation. In the event that such conflict of interest arises at a meeting of the Corporation’s directors, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

To the knowledge of the Corporation, there are no existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation, except as may otherwise be disclosed herein.

Legal Proceedings

There are no outstanding material legal proceedings to which the Corporation is a party or of which any of its properties is the subject matter, nor does the Corporation know of any material threatened or contemplated proceedings against it.

Interest of Management and Others in Material Transactions

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.

Transfer Agents and Registrars

The transfer agent and registrar for the Corporation's Common Shares is TMX Equity Transfer Services Inc. at its principal office in Toronto, Ontario.

Material Contracts

There are no material contracts which the Corporation entered into within the most recently completed financial year or which are still in effect, other than contracts entered into in the ordinary course of business and the contracts listed below:

Consulting Firm Contract

During October, 2015 the Company entered into a Consulting Services Agreement to assist the in the assessment of the operating effectiveness of the Company. Upon completion the consulting firm will assist in the Company with the implementation of operational improvements to improve the efficiency and effectiveness of the entire organization. The mandate is broad in nature, whereby the consulting firm will be involved in all aspects of the business including, sales and marketing, software development, human resources, operations and support. The consulting firm will engage professionals as identified to assist the organization in its overall reorganization efforts. The engagement term is open ended and is expected to continue as long as deemed warranted by Board of Directors of the Company.

Convertible Debenture.

On January 15, 2014, the Company issued an unsecured convertible subordinated debenture in the principal amount of \$1.50 million as part of a series of debentures issued. The unsecured convertible subordinated debenture will mature on January 15, 2017 and pays interest at a rate of 10.25% per annum payable monthly. The debenture is convertible into common shares at a conversion price of \$0.45 per common share until January 15, 2016 and at a conversion price of \$0.60 per common share from January 15, 2016 until maturity on January 15, 2017. The offering

price of the convertible debenture was \$900 per \$1,000 principal amount resulting in gross proceeds to the Company of \$1.35 million.

Subsequent Events

- i) On January 1, 2016 Posera-HDX Limited, 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.

Interests of Experts

The Corporation's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated March 30, 2016 in respect of the Corporation's consolidated financial statements as at December 31, 2015. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario and the rules of the Ontario Securities Commission.

Additional Information

Incorporated by reference into this Annual Information Form are the financial statements of the Corporation for the financial year-ended December 31, 2015 and the accompanying management's discussion and analysis.

Additional information relating to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans is contained in the Corporation's Management Proxy Circular for the Corporation's most recent annual meeting of shareholders held on June 24, 2015.

Copies of all materials incorporated by reference herein and additional information relating to the Corporation may be obtained on the System for Electronic Document Analysis and Retrieval (SEDAR), under the Corporation's name, at www.sedar.com

Audit Committee Information

Audit Committee Charter

Scope and purpose of the Committee

POSERA management has the primary responsibility for the financial reporting process. The Board of Directors and its Audit Committee (the "Committee") is responsible for overseeing the financial reporting process and ensuring its credibility. The Committee will also from time to time assume specified responsibilities beyond reporting process.

The Committee will review and recommend to the Board of Directors for approval the annual audited consolidated financial statements of POSERA, and if they are to be published, the quarterly unaudited consolidated financial statements and related documents (including press releases if applicable) before publication. The Committee will discuss with the independent auditors the scope of their examination, monitor the progress of the independent audit and ensure the adequacy of accounting controls (which are the responsibility of management). The Committee will review the scope, results and performance of the Corporation's internal audit department (if any).

The Committee will monitor, on behalf of the Board of Directors, the Corporation's compliance with security policies and developments as they relate to the Corporation (e.g. safeguarding intellectual property, systems, money and other property). The Committee will, from time to time, recommend to the Board of Directors for approval changes in the policies related thereto.

The Committee is responsible for identifying the principal risks facing the Corporation and ensuring that risk management policies and procedures are in place to mitigate these risks.

Membership

The Committee shall consist of a minimum of three directors of the Corporation, including the Chair of the Committee, all of whom are outside directors and the majority of whom are unrelated directors. One member will carry appropriate accreditation to be recognized as a "financial expert". The Chair of the Board of Directors and the Chief Executive Officer shall receive notice of and be entitled to attend meetings of the Committee, except in camera sessions to be held as part of every meeting.

Duties and Responsibilities

1. The Committee shall review and recommend to the Board of Directors for approval:
 - (a) The annual audited consolidated financial statements.
 - (b) Any quarterly reports to be issued to the shareholders and the unaudited consolidated financial statements contained therein.
 - (c) Documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g. prospectuses, press releases with financial results and Annual Information Form – when applicable) prior to their release.
 - (d) The management discussion and analysis ("MD&A") for release to shareholders and third parties.
 - (e) The recommendations of management as to the appointment or reappointment of external auditors and the remuneration of external auditors. If a change in external auditors is proposed, the Committee will enquire as to the reasons for the change, including the response of the incumbent auditors.
 - (f) Changes or additions to the Corporation's policies relating to security and/or safety of prepaid funds. Annually, the Committee will report to the Board of

Directors on the appropriateness of the policy guidelines in place to administer the Corporation's security programs and safety of prepaid funds.

- (g) The identification of the principal risks facing the Corporation. Annually, the Committee will report to the Board of Directors on the appropriateness of the risk management policies and procedures in place to mitigate those risks.

2. The Committee, in fulfilling its mandate, will:

- (a) Review the scope of the external audit, including the fees involved.
- (b) Review factors that might impair, or be perceived to impair, the independence of the external auditors. Further, it will review any non-audit service provided by the external auditors and the fees related thereto, and have the right to require pre-approval of any such services.
- (c) Review the report of the external auditors on the annual audited consolidated financial statements.
- (d) Review problems found in performing the audit, such as limitations or restrictions imposed by management or situations where management seeks a second opinion on a significant accounting issue.
- (e) Review major positive and negative observations of the external auditors during the course of the audit.
- (f) Review with management and the external auditors, the Corporation's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results.
- (g) Review emerging accounting issues and their potential impact on the Corporation's financial reporting.
- (h) Review with management, the external auditors and legal counsel, any litigation, claims or other contingency, including tax assessments, which could have a material effect upon the financial position or operating results of the Corporation, and whether these matters have been appropriately disclosed in the financial statements.
- (i) Review the conclusions reached in the evaluation of management's internal control systems by either the internal or external auditors, and management's responses to any identified weaknesses.
- (j) Review the scope of responsibilities and effectiveness of the internal audit group (if any) including internal audit reporting lines and their working relationship with the external auditors.
- (k) Review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements.
- (l) Review with management their approach with respect to business ethics and corporate conduct.
- (m) Review the expenses of the Chair of the Board of Directors and President of the Corporation quarterly.

- (n) Review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable).
 - (o) Monitor and make recommendations to the Board regarding “trust arrangements” performance to protect prepaid funds.
 - (p) Review annually the business continuity plans for the Corporation.
 - (q) Review the annual audit plans of the internal (if any) and external auditors of the Corporation.
 - (r) Review annually general insurance coverage of the Corporation to ensure adequate protection of major corporate assets including but not limited to Directors' & Officers' and “Key Person” coverage.
 - (s) Perform such other duties as required by the Ontario Business Corporations Act and applicable securities legislation and policies.
3. The Committee may approve the engagement of outside advisors for the Committee as required, following notice to and approval in advance of the expenditure by the Chair of the Board of Directors.

Accountability

The Committee shall report to the Board of Directors at its next regular meeting on all such action taken since the previous report.

Meetings

1. The Committee shall meet at such times and places as the Committee may determine, but no less than four times per year. At least annually, the Committee shall meet separately with management and with the external auditors.
2. Meetings may be conducted with members present, in person, by telephone or by video conference facilities.
3. A resolution in writing signed by all the members of the Committee is valid as if it had been passed at a meeting of the Committee.
4. The external auditors or any member of the Committee may call a meeting of the Committee.
5. The external auditors of the Corporation will receive notice of every meeting of the Committee.
6. The internal auditors (if any) shall report quarterly to the Committee on the results of internal audit activities and have a right of access to the Chair of the Committee should the need arise.

Audit Committee Information

At December 31, 2015, the Chair of the Audit Committee was Mr. D. Del Chiaro, and its other members were Mr. M. Brown and Mr. G. Figueira. In the view of the Board of Directors of the Corporation, all three members of the Audit Committee were and are independent, in that none has a direct or indirect material relationship with the Corporation within the meaning of Multilateral Instrument 52-110 Audit Committees (“MI 52-110”).

The Board of Directors has determined that every member of the Audit Committee, past and present, is financially literate. The Board has made this determination based on the education and breadth and depth of experience of each member of the Audit Committee.

Relevant Education and Experience

Mr. Del Chiaro has built and operated grocery stores from 1983 to 2009 and was a director on the board of the Canadian Federation of Independent Grocers for many years, serving on the Executive and as Chairman. Mr. Del Chiaro served on the board of the Peoples Telephone Company for eight years until its sale in 2006. Mr. Del Chiaro also served on the board of the Agriculture Adaptation Council of Canada. Mr. Del Chiaro has been involved in several businesses and is currently developing retail commercial properties in Ontario.

Mr. Brown is President of Capital Markets Advisory. Previously, he held positions with Macquarie Bank of Australia as President and CEO of Macquarie North America, and then as Vice Chairman. Prior to that, he was a Managing Partner with Gordon Capital Corporation, responsible for mining investment banking, and previously was head of equity research and an analyst with Deutsche Morgan Grenfell Canada. He has served as a member of the List Committee of the Toronto Stock Exchange and as a Governor of the Exchange. He is a Chartered Financial Analyst and registered Professional Engineer. Michael Brown is an advisor to Crystallex International Corporation.

Mr. Figueira is retired as the Business Unit Executive for IBM's Retail Systems Division for Canada and the English speaking Caribbean. In this position he was responsible for IBM's sales, marketing and support teams in these areas. Previously he was General Manager for Siemens Pyramid Canada and Director of Retail Systems for NCR Canada, with similar responsibilities as above. Mr. Figueira is the Principal and owner of Retail Catalyst Consulting based in Toronto.

External Auditor Service Fees

	\$000's	
<u>Types of Fees</u>	<u>2015</u>	<u>2014</u>
Audit Fees	152	271
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
Total	<u>152</u>	<u>271</u>

Audit Fees includes fees for professional services rendered by the external auditors to perform the annual audit of the Corporation's financial statements, quarterly review of the Corporation's financial statements and accounting consultations and services required by the legislation such as comfort letters, consents, and statutory audits.

Audit-Related Fees includes fees for accounting consultations on proposed transactions, internal control reviews and a specified procedures surrounding the Company's transition to IFRS reporting.

Tax Fees includes fees for all services for tax compliance, tax planning and tax advice.