# POSaBIT Systems Corporation

## Interim Management's Discussion and Analysis

## Quarterly Highlights

## Three months ended March 31, 2026

**(reported in US Dollars)**

**May 27, 2026**

# POSaBIT Systems Corporation

## INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
## QUARTERLY HIGHLIGHTS
## Three months ended March 31, 2026

**(Reported in US Dollars)**

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*This interim management discussion and analysis – quarterly highlights ("Interim MD&A") has been prepared based on information available to POSaBIT Systems Corporation ("**POSaBIT**" or the "**Company**") at May 27, 2026. This Interim MD&A is based on information available to POSaBIT and updates disclosure previously provided in the Company's Annual and interim MD&A's, up to the date of this Interim MD&A and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes as at and for the three months ended March 31, 2026 and 2025 (the "**Interim Consolidated Financial Statements**") and the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024 (the "**Audited Consolidated Financial Statements**"). Both the Audited Consolidated Financial Statements and the Interim Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this Interim MD&A has also been prepared by management and is consistent with the data contained in the Interim Consolidated Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com or on the Company's website at www.posabit.com.*

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As the Company is a Venture Issuer (as defined under under *National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings*) ("**NI 52-109**"), the Company and Management are not required to include representations relating to the evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("**DC&P**") and/or Internal Controls over Financial Reporting ("**ICFR**"), as defined in NI 52-109, **nor has it completed such an evaluation**. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective basis DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### *CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS*

This document contains "forward-looking statements" which may include, but are not limited to, statements with respect to the future financial or operating performance of POSaBIT or future events related to POSaBIT which reflect expectations regarding growth, results of operations, performance, business prospects or opportunities or industry performance or trends. These forward-looking statements reflect POSaBIT's current internal projections, expectations or beliefs and are based on information currently available to POSaBIT. Often, but not always, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "intend", "plan", "anticipate", "believe", "predict", "potential", "continue", "budget", "schedule", "estimate", "forecast" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ materially from those anticipated in such statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; changes in project parameters as plans continue to be refined; changes in labour costs and other costs of materials, equipment or processes to operate as anticipated; accidents, labour disputes and other risks and delays in obtaining governmental approvals or financing or in the completion of research and development activities. Although POSaBIT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Interim MD&A and, unless otherwise required by applicable securities laws, POSaBIT disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

## *General*

POSaBIT Systems Corporation ("**POSaBIT**" or the "**Company**"), was incorporated on June 12, 2017, pursuant to the *Business Corporations Act* (British Columbia). On April 5, 2019, the Company completed the reverse acquisition of POSaBIT, Inc. ("**POSaBIT US**"), a private company incorporated under the laws of the State of Washington, by way of a triangular merger (the "**Transaction**"). Upon completion of the Transaction, the Company changed its name to POSaBIT Systems Corporation and now primarily involve point-of-sale arrangements designed to offer consumers an easy way to purchase goods and services. Pursuant to the Transaction, the shareholders of POSaBIT US received 1.7539815 securities of the Company for each security of POSaBIT US held including common shares, options, and warrants.

In connection with the Transaction, the Company delisted from the TSXV and obtained listing on the Canadian Securities Exchange ("**CSE**") under the trading symbol "**PBIT**".

Any reference to "**note**" or "**notes**" in this MD&A refer to the Notes to the Consolidated Financial Statements.

The Company's head office is located at 4786 1$^{st}$ Ave. S., Suite 10, Unit E2, Seattle, WA, 98134. Its registered address in Canada is 77 King Street West, Suite 400, Toronto, Ontario, M5K0A1.

The Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors of the Company on May 26, 2026. Any reference to "**note**" or "**notes**" in this MD&A, refers to the corresponding note(s) in the Interim Consolidated Financial Statements.

## *Changes to Company securities*

### *Common shares*

There was no share activity for the three months ended March 31, 2026, or subsequent to the reporting date.

### *Warrants*

There was no warrant activity for the three months ended March 31, 2026, or subsequent to the reporting date.

### *Options and RSUs*

During the 3 months ended March 31, 2026, 5,000 options with an exercise price of C$0.67, expired, unexercised.

In January 2026, 1,150,000 RSUs with quarterly vesting during 2026, were issued. The grant-date instrinsic value of each RSU was C$0.05.

(Reported in US Dollars)

## *Financial condition*

As at March 31, 2026, the Company had assets totaling $4,947,094 and shareholders' deficiency of $1,331,333. This compares with assets of $5,186,574 and shareholders' deficiency of $1,064,951, at December 31, 2025.

During the quarter ended March 31, 2026, the Company's net assets decreased by $266,382, the result of a decrease in assets of $239,480, supplemented by an increase in liabilities of $26,902.

Changes in the Company's net assets are detailed as follows:

| Item | Change Fav/(unfav) | Explanation of change |
|---|---|---|
| | $ | |
| Cash | 733,697 | Increase in cash provided from increase in sales and operating activities of $736,621, offset by cash used for financing activities of $2,924. |
| Accounts receivable | 131,859 | Increase in receivables due to normal operational variation in invoiced receipts. |
| Prepaid expenses and other assets | (20,774) | The decrease is the result of normalized annual expenditures and the recording of monthly expenses offset by a reduction in recoverable Canadian sales taxes. |
| Inventory | (4,152) | Finished inventory decreased, as the Company utilized hardware necessary to meet point of sale (POS) product. |
| Equipment | (653) | Decrease due to depreciation recognized in the period in the amount of $653. |
| Contract asset | (1,079,457) | $71,793 accreted to income offset by $1,151,250 payments received related to the contact asset portion. Total cash receipts (including the service component) for the period were $1,537,500 (note 8). |
| **Decrease in assets** | **(239,480)** | |
| Accounts payable and accrued liabilities | (6,598) | Increase in payables due to normal operational variation in payment timing. |
| Government loan | 789 | The decrease is due to accretion for the quarter of $2,135 less payments made of $2,924. |
| Credit facility | (21,093) | No drawdowns for the period. Change due entirely to interest accretion for the period. |
| **Increase in liabilities** | **(26,902)** | |
| **Decrease in net assets** | **(266,382)** | |

**(Reported in US Dollars)**

### *Results of operations*

Selected financial results of operations are summarized below:

| | 3 months ended March 31, | | | |
|---|---|---|---|---|
| | **2026** | 2025 *(note 2.4)* | Year-over-year change Favourable/(Unfavourable) | |
| | $ | $ | $ | % |
| Revenue | **2,132,089** | 2,842,704 | (710,615) | (25) |
| Cost of goods sold | **(177,402)** | (1,327,149) | 1,149,747 | 86 |
| **Gross margin** | **1,954,687** | 1,515,555 | 439,132 | 29 |
| Operating expenses, excluding forex | **(2,184,481)** | (2,635,146) | 450,665 | 17 |
| Forex | **23,789** | (6,401) | 30,190 | 472 |
| Loss before items below | **(206,005)** | (1,125,992) | 919,987 | 82 |
| Other income (expense) | **(85,475)** | 1,976 | (87,451) | (4425) |
| **Loss** | **(291,480)** | (1,124,016) | 832,536 | 74 |

On August 1st, 2025, POSaBIT shifted its payment strategy to only be an agent and refer merchants to point of banking or cashless atm processing. This shift resulted in the payment processor withholding all fees as well as any revenue sharing that had previously been included in the gross revenue. This change began rolling out in June 2025 and completely finished by August 1st, 2025. Overall gross revenue is now stable and growing. The key metric that truly identifies POSaBIT's growth over the last year is gross margin dollars. It is important to focus on gross margin dollars versus top line revenue to eliminate the change in how top line revenue was reported in Q1 of 2025 vs. Q1 of 2026.

### *Other selected financial information*

"**EBITDA**" and "**Adjusted EBITDA**" are non-IFRS measures used by management that do not have any prescribed meaning by IFRS and that may not be comparable to similar measures presented by other companies. The Company defines EBITDA as net income or loss generated for the period as reported, before interest, taxes, depreciation and amortization and is further adjusted to remove changes in fair values and expected credit losses, foreign exchange gains and/or losses, impairments. EBITDA is then adjusted to remove licensing revenues per IFRS and adding cash licensing fees received (the "**Contract Asset Adjustments**").

The Company believes these non-IFRS measures are useful metrics to evaluate its core operating performance and uses these measures to provide management, shareholders and others with supplemental measures of its operating performance and financial condition of the Company for the reasons noted below.

Management uses these and other non-IFRS and other financial measures to exclude the impact of certain income and expenses that must be recognized under IFRS, when analyzing underlying consolidated operating performance and cash flow, since the excluded items are not necessarily reflective of the Company's underlying operating performance or cash flow and may make comparisons of underlying financial performance between periods difficult. These items may be adjusted by the Company if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

As these measures do not have standardized meanings prescribe by IFRS, they may not be comparable to similarly-titled measures presented by other publicly-traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS. The Company cautions readers that EBITDA and Adjusted EBITDA are not substitutes for profit/loss or cash flow from operations, respectively.

### (Reported in US Dollars)

| | Current year quarter-over-quarter | | | | Comparative period year-over-year | | | |
|---|---|---|---|---|---|---|---|---|
| | **March 31, 2026** | **December 31, 2025** | **Change Fav/(Unfav)** | | **March 31, 2026** | **March 31, 2025 *(note 2.4)*** | **Change Fav/(Unfav)** | |
| | $ | $ | $ | % | $ | $ | $ | % |
| Revenue | **2,,132,089** | 2,145,009 | (12,920) | (1) | **2,,132,089** | 2,842,704 | (710,615) | (25) |
| Cost of goods sold | **(177,402)** | (192,290) | 14,888 | 8 | **(177,402)** | (1327,149) | 1,149,747 | 87 |
| Gross margin | **1,954,687** | 1,952,719 | 1,968 | - | **1,954,687** | 1,515,555 | 439,132 | 29 |
| Adjusted operating costs | **(2,136,246)** | (1,870,853) | (265,393) | (14) | **(2,136,246)** | (2,523,258) | 387,012 | 15 |
| Adjusted other costs (income) | **71,793** | 103,764 | (31,971) | (31) | **71,793** | 174,416 | (102,623) | (59) |
| **EBITDA** | **(109,766)** | 185,630 | (295,396) | (159) | **(109,766)** | (833,287) | 723,522 | 87 |
| Contract asset adjust[1] | **1,079,457** | 1,047,486 | 31,971 | 3 | **1,079,457** | 789,334 | 290,123 | 37 |
| **Adjusted EBITDA** | **969,691** | 1,223,116 | (263,425) | (21) | **969,691** | (43,953) | 1,013,645 | 2306 |

The following table reconciles EBITDA and Adjusted EBITDA to net loss, as reported in the Interim Consolidated Financial Statements.

| Three months ended | March 31, 2026 |
|---|---|
| | $ |
| Net loss, as reported | (291,480) |
| Deduct foreign exchange gains, as reported | (23,789) |
| Deduct other income, as reported | (7,567) |
| Add back change in expected credit losses and bad debts, as reported | 415 |
| Add back depreciation, as reported | 654 |
| Add back interest accretion, as reported | 2,135 |
| Add back share-based compensation, as reported | 47,581 |
| Add back finance costs, as reported | 142,313 |
| Add back transaction costs, as reported | 19,972 |
| **EBITDA** | (109,766) |
| [1]Contract asset adjustments: | |
| Deduct licensing support revenue, as reported | (386,250) |
| Deduct interest income (licensing revenue), as reported | (71,793) |
| Add cash receipts from licensing agreement, as reported (note 17) | 1,537,500 |
| **Adjusted EBITDA** | 969,691 |

It's worth noting that Q1 is typically a slow season for the industry, as evidenced by the reports of other participants and our own results, this was also seen in our results in Q1 of 2025. Additionally, we have been prioritizing onboarding new merchants to our point of sale product (POS).

In terms of adjusted EBITDA, in Q1 2026, the Company reported a loss of $(291,480), compared to a loss of $(833,267) in Q1 2025 and a loss of $(910,897) in Q4 2025.

(Reported in US Dollars)

## *Related-party transactions and balances*

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company's transactions with related parties were, in the opinion of management, carried out on normal commercial terms and in the ordinary course of the Company's business.

**Key management compensation**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

The Company's transactions with related parties were, in the opinion of management, carried out on normal commercial terms and in the ordinary course of the Company's business.

| **3 months ended March 31,** | **2026** | 2025 |
|---|---|---|
| | **$** | $ |
| Executive compensation to key managers | **632,563** | 556,588 |
| Share-based compensation to key managers | **37,400** | 60,673 |
| Totals | **669,963** | 627,231 |

See more details on a related party (greater than 10% shareholder) transactions regarding the Credit Facility in note 11.

## *Litigation*

The Company is, from time to time, involved in various claims and legal proceedings. When the Company cannot reasonably predict the likelihood or outcome of any claim, no provision is made within the consolidated statements of comprehensive loss.

## *Outstanding securities*

As at the date of this Interim MD&A, POSaBIT has the following securities outstanding:

| **Security** | **Number outstanding** |
|---|---|
| Common shares | 162,164,114 |
| Options (exercisable – 8,807,785) | 10,074,929 |
| Restricted share units (RSUs)* | 4,038,318 |
| Warrants | 7,100,583 |
| Total fully diluted capitalization | 183,377,944 |

*Included in the number outstanding are 1,327,043 that have vested but been deferred.