POSERA

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year and Three-months ended December 31, 2017
Dated: March 28th, 2018

This Management's Discussion and Analysis ("MD&A") for the year and three-months ended December 31st, 2017 (fourth quarter of fiscal 2017) provides detailed information on the operating activities, performance and financial position of Posera Ltd. ("Posera" or the "Company"). This discussion should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended December 31st, 2017. The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The information contained herein is dated as of March 28th, 2018, and is current to that date, unless otherwise stated.

This MD&A discusses the three-months ending December 31, 2017, compared to September 30, 2017 and December 31, 2016. For an analysis of the three-months ending December 31, 2017 compared to December 31, 2016 and September 30, 2017, please read this MD&A in conjunction with the MD&A for the three and nine-months ending September 30, 2017 and the three and twelve-months ending December 31, 2016.

The MD&A is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its Audit Committee comprised exclusively of independent directors. The audit committee reviews and prior to publication, approves, pursuant to the authority delegated to it by the Board of Directors, this disclosure.

The Company reports its financial results in Canadian dollars and under International Financial Reporting Standards ("IFRS"). References herein to "Posera", "the Company", "we" and "our" mean Posera Ltd.

Additional information relating to the Company is available on SEDAR at www.sedar.com, and on the Company's web-site at www.posera.com.

FORWARD LOOKING STATEMENTS

This MD&A includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect the Company's current expectations regarding future results or events. These forward-looking statements are based on a number of estimates and assumptions, including those which are identified in the "Critical Accounting Estimates and Judgments" section herein, and are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risks and Uncertainties" herein, as well as the risks and uncertainties detailed in our Annual Information Form which was filed on March 28, 2018 with the regulatory authorities.

NON-IFRS REPORTING MEASURES

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

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

Non-IFRS reporting definitions:

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

Normalized EBITDA adjusted for Discontinued Operations: Posera's management defines Normalized EBITDA adjusted for discontinued operations as EBITDA adjusted for discontinued operations as defined above less certain one-time non-recurring expenditures, and non-cash stock-based compensation expense;

Net Operating Working Capital: Posera's management previously reported Working Capital as its primary metric for operating liquidity. During the second quarter of 2017, the Company concluded that Net Operating Working Capital would allow users of the management discussion and analysis to better assess the

NON-IFRS REPORTING MEASURES (continued)

Company's overall operating liquidity. The Company defines Net Operating Working Capital as current assets less current liabilities, the value of the conversion option, deferred revenue and the current note payables. The difference between Working Capital to Net Operating Working Capital represents the exclusion of deferred revenue and the current note payables from the calculation. The Company prospectively will utilize Net Operating Working Capital in the management discussion and analysis.

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

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

Reconciliation to Net Income (Loss) to EBITDA and Normalized EBITDA and Net Operating Working Capital: There is a reconciliation for each of the Non-GAAP reporting measures to their nearest IFRS equivalent under the heading "Reconciliation of Non-IFRS measures to their Closest IFRS equivalent".

Recurring Revenue: Includes payment processing revenue and certain components of point-of-sale ("POS") revenues as disclosed on the statement of operations. These include POS support and maintenance contracts, POS referral revenue sharing arrangements and other recurring revenue agreements. To a minor extent, recurring revenues include payment processing revenues and referral fees earned in relation to payments processed by customers.

Adjusted Expenditures: The Company presents in the management discussion and analysis adjusted expenditures which have been adjusted for amortization, one-time expenses, restructuring charges and stock-based compensation. Adjusted expenditures are Non-GAAP reporting measures presented for technology expense, operations and support expense, sales and marketing expense and generation and administration expense and operating expenditures.

Comparative Figures:

Certain prior period comparative figures have been re-presented to conform to the consolidated financial statements presentation as a result of the discontinued operations accounting treatment under IFRS.

Disposition of Zomaron and Discontinued Operations

During the year ended December 31, 2016, the Company divested of its wholly owned subsidiary Zomaron Inc., which was within the Payments Segment following a decision by management to focus Company resources and capital investment in targeted growth opportunities in the Company's identified core markets; 1) Point-of-Sale and 2) SecureTablePay platforms.

On April 29, 2016, the Company completed the sale of Zomaron Inc., to a company established by Zomaron's current operating management team, for an amount totalling $4.5 million. Consideration for the sale of Zomaron shares comprised of a cash payment of $2.0 million on closing. Additionally, on closing Posera received a repayment of an existing intercompany debt in the amount of $1.3 million. Further, the buyers assumed a secured note payable with an estimated value on the date of disposition of $1.2 million, $0.4 million of which was unconditionally due on or before December 31, 2016, and $0.8 million of which was repayable at an amount that is dependent on certain variables, including Posera's share price. The note receivable was received by the Company during the year-ended December 31, 2017.

Disposition of Zomaron and Discontinued Operations (continued)

See below for a reconciliation of the Note Receivable Balance issued as part of the Zomaron Disposition:

	Note Receivable	
Balance – January 1, 2016	$	Nil
Zomaron Disposition		1,200,000
Payments received		(400,000)
Revaluation		(320,000)
Balance – December 31, 2016	**$**	**480,000**
Payments received		(480,000)
Balance – December 31, 2017	**$**	**-**

As at April 29th, 2016, the date of disposition, the disposal group comprised $2,365,207 of Net Assets, as detailed below:

	Assets		Liabilities
Cash and cash equivalents	$ 287,311		
Accounts receivable	472,691		
Prepaid expenses and deposits	10,815	Accounts payable	
Property, plant and equipment	95,149	and other accrued charges	$ 796,816
Intangible assets	221,864	Vehicle loans	
Goodwill	2,161,813	and capital leases	87,620
Total assets disposed	**$ 3,249,643**	**Total liabilities disposed**	**$ 884,436**

The Company recorded a gain on the disposal of Zomaron of $1,959,794, being a gain of $2,134,794 less tax of $175,000. The Company incurred transaction costs related to the disposition of Zomaron of $nil during the year-ended December 31, 2017 (2016 - $79,229), which has been recorded in General and Administrative in the Statement of Operations.

Zomaron has been presented as a discontinued operation, separate from continuing operations, in the Consolidated Statements of Operations and Comprehensive Loss during the period, and has been re-presented in a format as such in the comparative period.

Disposition of FingerPrints and Discontinued Operations

During the year-ended December 31, 2017, the Company sold its FingerPrints business, which allows the Company to focus its resources and capital investment on its Maitre'D, Kitchen Display Systems ("KDS") and SecureTablePay product offerings.

As at August 10, 2017 the FingerPrints assets were recorded as a discontinued operation being held for sale. On September 14, 2017, the Company completed the sale of FingerPrints, to SICOM Systems Canada Inc. ("SICOM"). Consideration for the sale of FingerPrints comprised of a cash payment of $12.2 million, which was adjusted by a working capital deficit adjustment of $110,471 post-closing. The gain on the FingerPrints transaction was $10,912,935, representing the purchase price less an adjustment for working capital $110,471, less the write down on all other non-current assets of $189,737 and less transaction costs of $986,857. The proceeds of sale exceeded the carrying amount of the related net assets, and, accordingly, no impairment losses were recognized on the reclassification of FingerPrints as held for sale.

Disposition of FingerPrints and Discontinued Operations (continued)

As at September 14, 2017, the date of disposition, the disposal group comprised $192,192 of Net Assets, as detailed below:

	Assets		Liabilities
Accounts receivable	1,028,319		
Other receivables	13,163		
Inventory	648,196	Accounts payable and	
Deposits on leased premises	11,870	accrued liabilities	390,051
Property plant and equipment	82,882	Deferred revenue	1,289,061
Intangible assets	168,969	Vehicle loans	82,095
Total assets disposed	**$ 1,953,399**	**Total liabilities disposed**	**$ 1,761,207**

During the year-ended December 31, 2017, the Company recorded a gain on the disposal of FingerPrints of $10,912,935. The gain on the disposal is net of tax of $nil (2016 - $nil) and net of costs related to the transaction of $986,857 (2016 - $nil). FingerPrints has been presented as a discontinued operation, separate from continuing operations, in the Consolidated Statements of Operations and Comprehensive Loss during the years-ended December 31, 2017 and 2016.

During the year-ended December 31, 2017, the Company assessed a reversal of impairment of $88,527 (2016 - $nil) related to intangible assets of the FingerPrints business. The reversal occurred because the assets had previously been impaired due to downward revisions to the recoverable amount of these assets in prior years. As the Company disposed of the assets of the FingerPrints business for a gain, a revision to the recoverable amount was applied to reverse the impairment of FingerPrints intangible assets that was previously recognized. The reversal of the impairment was limited to the carrying amount for the assets that would have been recorded had no impairment previously been recognized.

Unaudited Financial Highlights and Summary - Three-months ended December 31, 2017, December 31, 2016 and September 30, 2017

(This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended December 31, 2017, December 31, 2016 and September 30, 2017".)

- Total revenue(1) was $3,327,865 for the three-months ended December 31, 2017, an increase of $1,468,038 (78.9%) from $1,859,827 for the three-months ended December 31, 2016 and an increase of $1,069,699 (47.4%) from $2,258,166 for the three-months ended September 30, 2017;
- Recurring revenues(1) adjusted for discontinued operations for the three-months ended December 31, 2017 were $687,536, was relatively flat compared to recurring revenues of $676,396 for the three-months ended December 31, 2016, and relatively unchanged from recurring revenues of $699,120 for the three-months ended September 30, 2017;
- Gross profit(1) was $1,442,765 for the three-months ended December 31, 2017, a 229.4% improvement from $437,958 for the three-months ended December 31, 2016, and a 102.0% improvement from $714,239 for the three-months ended September 30, 2017;
- During the year-ended December 31, 2017 the Company recorded a $10,912,935 gain on the disposition of FingerPrints and other minor assets, and a loss on discontinued operations of $1,881,926.
- Net income (loss) for the three-months ended December 31, 2017 was a loss of $956,135, compared to a loss of $2,283,824 for the three-months ended December 31, 2016, and compared to income of $9,857,645 for the three-months ended September 30, 2017.
- Net income (loss) from continuing operations for the three-months ended December 31, 2017 was a loss of $562,347, compared to a loss of $1,804,919 for the three-months ended December 31, 2016, and compared to a loss of $524,626 for the three-months ended September 30, 2017.
- EBITDA(1) adjusted for discontinued operations for the three-months ended December 31, 2017, was a loss of $463,612, an improvement of $564,823 compared to the loss of $1,028,435 for the three-months ended December 31, 2016, and an improvement of $12,383 compared to the loss of $475,995, for the three-months ended September 30, 2017;
- Normalized EBITDA(1) adjusted for discontinued operations profit (loss) for the three-months ended December 31, 2017 was a loss of $349,881, which was an improvement compared to a loss of $753,671 for the three-months ended December 31, 2016, and an improvement compared to the loss from a loss of $356,839 for the three-months ended September 30, 2017;
- Posera's cash and cash equivalents totaled $12,153,665 as at December 31, 2017, an increase of $11,746,621 from $407,044 as at December 31, 2016, and a decrease of $1,705,826 from $13,859,491 as at September 30, 2017. Bank indebtedness was $nil as at December 31, 2017 and for both comparative periods; and
- Posera's net operating working capital totaled $11,991,100 as at December 31, 2017, an increase of $10,123,202 from $1,867,898 as at December 31, 2016, and a decrease of $2,399,662 from $14,390,762 as at September 30, 2017.

(1) Amount presented applies the retrospective presentation for discontinued operations for the Zomaron and FingerPrints transaction as discussed in this MD&A on Pages #3-5.

Financial Highlights and Summary – Years ended December 31, 2017 and 2016

(*This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the years ended December 31, 2017 and 2016".)*

- Total revenue(1) was $10,674,447 for the year-ended December 31, 2017, an increase of $1,152,314 (12.1%) from $9,522,133 for the year-ended December 31, 2016;
- Recurring revenues(1) adjusted for discontinued operations for the year-ended December 31, 2017 was $2,706,141, a decrease of $192,107 (6.6%) from recurring revenues of $2,898,248 for the year-ended December 31, 2016;
- Gross profit(1) was $4,319,155 for the year-ended December 31, 2017, an increase of $1,016,679 (30.8%) from $3,302,476 for the year-ended December 31, 2016; and
- Operating expenses(1) were $7,053,562 for the year-ended December 31, 2017, a decrease of $699,413 (9.0%) from $7,752,976 for the year-ended December 31, 2016.
- Net income (loss) for the year-ended December 31, 2017 was income of $6,179,568, an improvement of $9,860,516 compared to the loss of $3,680,948 for the year-ended December 31, 2016;
- Net loss from continuing operations for the year-ended December 31, 2017 was a loss of $2,851,441, an improvement of $2,234,129 compared to the loss of $5,085,570 for the year-ended December 31, 2016;
- EBITDA(1) adjusted for discontinued operations for the year-ended December 31, 2017 was a loss of $2,103,986, an improvement of $1,299,617 compared to the loss of $3,403,603 for the year-ended December 31, 2016;
- Normalized EBITDA(1) adjusted for discontinued operations for the year-ended December 31, 2017 was a loss of $1,354,734, a decrease in the loss of $294,458 (17.9%) from a loss of $1,649,192 for the year-ended December 31, 2016;

(1) Amount presented applies the retrospective presentation for discontinued operations for the Zomaron and FingerPrints transaction as discussed in this MD&A on Pages #3-5.

Posera's Business

Posera has been a leading provider of hospitality technology for more than 30 years. It manages merchant transactions with consumers and facilitates all aspects of the payment transaction.

Posera's full service solutions include SecureTablePay, which is an EMV compliant Pay-At-The-Table ("PATT") application. Posera's Maitre'D™ restaurant management systems / point-of-sale systems offer a robust and comprehensive solution including hardware integration services, merchant staff training, system installation services, post-sale software and hardware customer support. Posera's solutions are deployed globally including across the full spectrum of restaurants, from large chains and independent table service restaurants to international quick service chains and its products have been translated into eight languages.

Posera Ltd.'s shares are traded on the Toronto Stock Exchange under the symbol "PAY".

Composition of Revenues and Expenses

Posera's revenue model includes revenues primarily from the following sources:

- **Revenue from the sale of software license agreements.** POS Software licensees and resellers contract with Posera for the use of proprietary POS software.
- **Revenue from the sale of POS hardware.** Merchant licensees may purchase POS equipment from Posera for installation at merchant.
- **Revenues from the provision of customer service contracts.** Merchants contract with Posera for ongoing support and maintenance of their installed POS systems and other equipment.
- **Revenue fees from the sale of software development services.** Merchants may hire Posera to develop software applications to meet their POS and payment requirements.
- **Revenue from data and application hosting and mobile fees.** Merchants or other application service providers may contract with Posera for data and application hosting services.
- **Services revenue from the delivery of consulting and system integration services.** Merchant licensees and merchants may hire Posera to install and manage POS equipment, terminals and readers at merchant locations and provide other services as required.

Posera's cost of sales consists primarily of the cost of POS system hardware, third party software and miscellaneous hardware and software which are purchased by Posera for resale; and technology costs and operations and support costs directly incurred to earn revenue, including amortization. Technology costs consist primarily of personnel and related costs associated with Posera technology development and maintenance, such as external suppliers, as well as amortization on acquired technology. Operations and support costs consist primarily of personnel and related costs associated with the ongoing operations and support of the Posera business, fixed hosting costs, merchant implementation costs and certain consumer and merchant support costs.

Posera's operating costs are broken down into the following three categories: (1) sales and marketing, (2) general and administrative (3) restructuring. Sales and marketing costs consist primarily of personnel and related costs associated with the ongoing sales and marketing functions, as well as brand development fees, media placement fees, trade show fees, advertising, other promotional expenses, and amortization on acquired customer relationships. General and administrative fees consist primarily of personnel and related costs associated with the Company's senior management, administrative, legal and finance functions, as well as professional fees, other general corporate expenses and amortization. Restructuring expenses relate to one-time expenses that have been incurred by the Company as a result of a reorganization primarily related to severance and external consultant fees. During the three months-ended September 30, 2016 the Company had completed a year of restructuring efforts and at that time assessed that the balance of the restructuring had been completed and any costs associated with consultants were reflective of operating the business day to day rather than purely restructuring in nature.

Stock-based compensation expense relates to charges for stock options granted to directors and employees.

Interest income on Posera corporate funds consists primarily of interest income related to its invested cash and short-term investments. Posera's policy is to invest its excess cash in short-term investment-grade interest bearing securities. Interest income fluctuates based upon the amount of funds available for investment and prevailing interest rates.

Interest expense relates to interest costs of vehicle loans, interest owing on outstanding tax obligations and notes payable. The notes payable were either issued as a result of, or acquired in the business combinations that Posera has completed or as a result of a term promissory note. On the date of acquisition or issuance of the notes payable, Posera fair valued the notes payable acquired or issued, and as a result, part of the interest expense included accretion of the fair value increment of the notes payable acquired or issued.

Growth Strategy and Future Outlook

Posera has been a leading provider of hospitality technology for more than 30 years. Throughout that time, the Company has continuously innovated to meet the needs of a rapidly changing industry. With a vision to be the information technology backbone for leading hospitality companies, Posera delivers mission-critical products and services to the hospitality industry for point-of-sale (POS), kitchen management and payments. These solutions enable clients to operate with greater speed, quality, and efficiency. Hospitality companies count on Posera's products to operate reliably and efficiently at the store level while providing real-time revenue and operations data for corporate reporting.

As hospitality merchants face digital and other disruptive trends affecting consumer behaviors and preferences, Posera remains committed to meeting the requirements of existing clients while also delivering the innovation new clients are seeking, including enhancing Posera's core POS offerings to support mobile payments, kiosks and tablets. At the same time, Posera continues to seek new products and services to broaden its product suite and further deepen and strengthen client relationships.

In recent years Posera has gone through a transformation, making major strategic changes and infusing the company with new senior management and leadership. In addition, Posera has divested of assets (Zomaron payment solutions in April 2016 and FingerPrints quick-service POS in September 2017), all leading to a more focused strategy on three core products: Maitre'D (POS software), KDS (kitchen display system) and SecureTablePay (pay-at-the-table solution).

The Maitre'D POS solution is very well known throughout the hospitality industry, having been successfully deployed for 20 years, it performs well in any hospitality environment – wherever food and beverages are served. Over time, Maitre'D has achieved a significant penetration within the international restaurant management systems (RMS) landscape, with considerable success in a range of restaurant formats, including quick service, fast casual, fine dining, as well as many others.

The Company believes that one of the many strengths of the Maitre'D offering is its advanced suite of third-party integrations. These integrations cover everything from payments, gift and loyalty applications, to advanced integrations with hotel property management systems that deliver detailed food and beverage reporting to room folios. This strength and versatility of the Maitre'D solution has enabled Maitre'D to outperform other RMS offerings in non-traditional-restaurant hospitality sectors such as hotels, casinos, assisted care living, etc. As a result of its earlier success in these sectors, Posera has now created a new separate and discreet strategy focusing specifically on non-restaurant hospitality, in addition to its growth strategy for the restaurant market. Posera expects much of its future growth, particularly internationally, to come from casinos, hotels, assisted living, resorts, school cafeterias and other similar establishments.

Recently, the Company capitalized on another opportunity: offering KDS as a standalone product, that is, unbundled from the Maitre’D POS. KDS enables paperless kitchens for improved order visibility/tracking and prioritization, superior customer service as well as cost savings through the dramatic reduction in paper. Offering KDS as a standalone product is enabling Posera to sell it to a broader base of customers, including merchants with other POS systems. To date, KDS has been successfully integrated with several third-party proprietary POS systems, and within months of the launch of KDS as a standalone product, Posera has received tremendous demand and already scheduled hundreds of new KDS installations.

Posera will continue to work to identify vertical market segments and specific client groupings that provide suitable opportunities to expand adoption of its technology. The Company will continue assigning appropriate sales force personnel to engage and support prospective clients. Additionally, Posera expects to continue to expand its direct sales and reseller network to market its POS products and related products and technology. The Company believes that these strategies will further strengthen its recurring revenue streams that are generally stable and predictable.

Reflecting its long-term commitment to market leadership, in 2015 Posera acquired SecureTablePay, a pay-at-the-table (PATT) middleware. SecureTablePay enables mobile handheld payment terminals to interact with RMSs. With SecureTablePay, the payment terminals, that would otherwise be ‘dumb pinpads’ become ‘smart terminals’ that pull the transaction information directly from the RMS, perform transaction closing tasks that are normally performed by the RMS, such as bill splitting, and then communicate directly with a payment processor, all point-to-point encrypted, making it possible to complete all transaction closing and payment functions directly at the table in a secure and efficient manner.

PATT capability has existed in Europe, Canada, and other markets for many years but had not previously existed in the US as the US had not adopted EMV standards (chip-based payment cards). That changed in October 2015, when US credit card issuers shifted liability for fraudulent transactions to merchants where EMV cards were used, and consequently, all payment cards issued in the US are chip-based. As a result, merchants wanting to avoid the liability shift will need to be able to accept these chip-based cards, meaning more than 600,000 restaurants across the US will now need to install payment terminals that can accept chip-based cards, which will necessitate the adoption of PATT table solutions.

EMV-enabled PATT solutions give hospitality customers the peace of mind of added security as the payment device is brought to them at the point of service. Customers can safely and easily use their chip-based cards, with a PIN or signature, right from their tables, embracing the core principle of EMV card security: never relinquish possession of your payment card, even temporarily. Wireless terminals combine powerful security with faster, more convenient checkouts, making paying at the table with wireless terminals the ideal approach to satisfy hospitality customers. Posera believes SecureTablePay will be a leading PATT solution in the US because it addresses the following:

Secure
People, cards, identities, data: all are more secure with SecureTablePay. A customer’s privacy is protected: their cards never leave their hands so there is no chance of identity theft. Bringing EMV to the table protects the restaurant, reducing chargebacks and potential fraud. It’s also safer for everyone. Since the transaction is processed between the SecureTablePay pin pad and the host processor, the sensitive and at-risk data that demands rigorous levels of PCI compliance never touches the POS.

Efficient
SecureTablePay delivers not just increased security but increased efficiency as well - the perfect combination. When steps are eliminated by completing the payment transaction directly at the table, time is reduced along with cost and risk. That means greater convenience for the customer and greater productivity for the server.

Universal
SecureTablePay works with more than 20 top restaurant management systems and it works with most leading payment processors, ensuring secure and accurate transaction processing.

Now certified with Vantiv, Heartland and First Data, Posera is also working with four other large payment processors to certify SecureTablePay. Posera will be announcing several of these new certifications in the coming weeks and months. The goal is to make SecureTablePay universal so that any hospitality merchant across the US, regardless of their RMS or processor, can use SecureTablePay to allow their customers to pay securely at the table. SecureTablePay is currently in pilot in several locations across the US, with all three of the processors with whom certification has been completed, and will be fully launched in the coming weeks.

Although SecureTablePay is considered a robust solution in terms of functionality, Posera is continuously working on new features. For example, in Canada it is chip and pin, but Posera has added chip and sign as well as the ability to accept gift cards for the US market. The Company continually works to make the PATT experience better. Recent examples include an announced business relationship with DLT Labs, a leading Blockchain technology company, which is aimed at making it possible for Posera’s PATT solution to accept certain cryptocurrencies as well as transmit and store transaction data real-time in a secure and permission-based manner using Blockchain technology.

With an eye to fortifying market position and augmenting growth, Posera will continue to assess select acquisition or divestiture opportunities. The Company will evaluate opportunities against four core criteria: the ability to bring synergies in technology or services that extend Posera’s core capabilities; complementary customer base; compatible corporate culture; and, above all, ability to increase the value of the business.

Hospitality companies are operating in a challenging environment with growing competition and ever-increasing customer expectations. To succeed, they cannot stand still. They need a technology partner that not only keeps up but helps set the pace. Posera is committed to being such a provider, delivering continuous innovation and unparalleled support. Strategic shifts and acquisitions in recent years underscore that commitment and set the table for continued growth and profitable expansion in the years ahead.

Critical Accounting Estimates and Judgments

This MD&A should be read in conjunction with the Company’s audited Consolidated Financial Statements for the years-ended December 31, 2017 and 2016, including the notes thereto, in particular Note 2. Posera’s consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, collectively referred to as (“IFRS”), while the condensed consolidated interim financial statements referred to throughout this management discussion and analysis are prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The Consolidated Financial Statements for the year-ended December 31, 2017 outline the accounting principles and policies used to prepare our financial statements. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position.

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

Critical accounting judgments

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

Cash-generating units ("CGU"s)

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

Functional currency of consolidated entities.

The Company has multiple integrated business units and as a result of the disposal of the Fingerprints business, the Company re-presented the comparative Consolidated Statements of Operations and Comprehensive Income. The Company, on a best efforts basis, separated the revenues and costs directly attributable to the Fingerprints business to discontinued operations.

Discontinued Operations

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Statements of Operations and Comprehensive Income is re-presented in a format as if the operation had been discontinued from the start of the comparative period.

The Company presents the Results from Discontinued Operations as one net amount on the Consolidated Statements of Operations and Comprehensive Income.

Critical accounting estimates

The following are some of the estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Refer to Note 2 of the Annual Consolidated Financial Statement and MD&A for the years-ended December 31, 2017 and 2016 for a complete listing of the Company's critical accounting estimates.

a. *Intangible assets – December 31, 2017 - $835,343 (December 31, 2016 - $1,456,606) and Goodwill – December 31, 2017 - $3,934,613 (December 31, 2016 - $4,189,233).*
    - *Critical estimates relate to the valuation of intangible assets and goodwill acquired in business combinations and the potential or actual impairment of intangible assets and goodwill as part of the CGU impairment testing.*
    - *See the detailed disclosure surrounding the estimates, useful lives and amortization policy used by the Company in Note 2 of the December 31, 2017 annual consolidated financial statements.*
    - *See the detailed disclosure of the discontinued operations impact to Intangible Assets and Goodwill in Notes 9 and 10 of the December 31, 2017 year-ended consolidated financial statements.*

b. *Investment Tax Credits Receivable – non-refundable – December 31, 2017 - $862,469 (December 31, 2016 - $803,016).*
    - *Management estimates that the non-refundable Investment Tax Credits receivable will be recoverable before expiry. See detailed disclosure surrounding the expiry dates for non-refundable Investment Tax Credits Receivable in Note 6. An annualized 2.50%*

decrease in the forecasted taxable income of the entity with the Non-Refundable Investment Tax Credits Receivable would not cause any of the tax credits to expire before use.

c. *Provisions – December 31, 2017 - $nil (December 31, 2016 - $669,841)*
   - *See detailed disclosure surrounding the provision in Note 13.*
   - *See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2017 annual consolidated financial statements.*

Comparison of the Years-Ended

The table below is derived from the audited statements of operations for the years-ended December 31, 2017 and December 31, 2016, and certain unaudited Non-IFRS reporting measures.

Analysis of the Annual Results	2017 $	2016 $	Favourable / (Unfavouable) Variance $	Favourable / (Unfavouable) Variance %
Revenue				
Point-of-sale	10,674,447	9,513,896	1,160,551	12.2%
Payment processing	-	8,237	(8,237)	(100.0)%
Total Revenue	**10,674,447**	**9,522,133**	**1,152,314**	**12.1%**
Cost of Sales				
Cost of inventory	2,173,352	1,917,223	(256,129)	(13.4)%
Technology	1,416,029	1,705,660	289,631	17.0%
Operations and Support	2,765,911	2,596,774	(169,137)	(6.5)%
Total Cost of Sales	**6,355,292**	**6,219,657**	**(135,635)**	**(2.2)%**
Gross Profit	**4,319,155**	**3,302,476**	**1,016,679**	**30.8%**
Gross Profit Percentage	40.5%	34.7%		5.8%
Operating Expenditures				
Sales and marketing	2,350,951	2,007,548	(343,403)	(17.1)%
General and administrative	5,077,611	4,858,030	(219,581)	(4.5)%
Restructuring costs	(375,000)	887,398	1,262,398	142.3%
Total Operating Expenditures	**7,053,562**	**7,752,976**	**699,414**	**9.0%**
	(2,734,407)	**(4,450,501)**	**1,716,093**	**38.6%**
Other expenses (income)				
Interest expense	(142)	377,387	377,529	100.0%
Realized and unrealized loss on foreign exchange	177,265	62,502	(114,763)	(183.6)%
Interest and other income	(37,714)	(10,588)	27,126	256.2%
(Gain) loss on revaluation of financial instruments	-	308,229	308,229	100.0%
	139,409	**737,530**	**598,121**	**81.1%**
Net loss before income taxes from Continuing Operations	**(2,873,816)**	**(5,188,031)**	**2,314,215**	**44.6%**
Current tax expense (recovery)	336,662	155,639	(181,023)	(116.3)%
Future tax expense (recovery)	(359,037)	(258,100)	100,937	39.1%
Net loss from Continuing Operations	**(2,851,441)**	**(5,085,570)**	**2,234,129**	**(43.9)%**
Gain on disposal of subsidiary	10,912,935	1,959,794	8,953,141	456.8%
Profit (Loss) from Discontinued Operations (net of tax)	(1,881,926)	(555,172)	(1,326,754)	(239.0)%
Net Income (Loss)	**6,179,568**	**(3,680,948)**	**9,860,516**	**267.9%**
Other comprehensive income	(110,306)	(188,677)	78,371	41.5%
Net comprehensive income (loss)	**6,069,262**	**(3,869,625)**	**9,938,887**	**256.8%**

Non-IFRS reporting measures (as outlined on Pages 33 – 35 of this MD&A):					
				Favourable / (Unfavouable)	
	2017 $ (unaudited)	2016 $ (unaudited)		Variance $ (unaudited)	Variance % (unaudited)
Recurring Revenue	**2,706,141**	**2,898,248**		**(192,107)**	**(6.6)%**
EBITDA	**(2,103,986)**	**(3,403,603)**		**1,299,617**	**38.2%**
Normalized EBITDA	**(1,354,734)**	**(1,649,192)**		**294,458**	**17.9%**

The presentation below of Selected Unaudited Annual Financial Data is for the purposes of this management's discussion and analysis. The 2017 and 2016 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the years ended	**2017**	**2016**	**2015**(1)
Total revenue	$ 10,674,447	$ 9,522,133	$ 16,691,172
Recurring revenue	2,706,141	2,898,248	6,426,419
POS revenue	10,674,447	9,513,896	1,678,674
Payment processing revenue	-	8,237	12,498
Net Income (Loss)	6,179,568	(3,680,948)	(5,567,179)
Income (Loss) per share – basic and diluted	0.06	(0.05)	(0.08)
Weighted average number of shares outstanding (000's) - basic	103,333	75,838	71,225
Weighted average number of shares outstanding (000's) – diluted	112,120	75,838	71,225
Cash and cash equivalents	12,153,655	407,044	1,702,972
Bank indebtedness	-	-	-
Net operating working capital (as outlined on Page 35 of this MD&A)	11,991,100	1,867,898	455,705
Total assets	21,109,873	12,452,559	16,790,908
Long-term liabilities	14,512	1,548,152	1,561,517
Total shareholders' equity	16,702,278	5,338,844	8,910,367

(1) The Company has not applied the FingerPrints discontinued operations accounting treatment to the figures presented above for Fiscal 2015.

Comparison of the years ending December 31, 2017 and 2016

The assets of the FingerPrints business were divested on September 14, 2017 and recorded as discontinued operations during the year-ended December 31, 2017. For comparability and consistency, the following discussion and analysis considers Posera's prior results excluding those generated by the FingerPrints assets for each of the comparative reporting periods as well. The Company completed an analysis to retrospectively restate its results excluding the FingerPrints business unit, using a consistent approach to restate Posera's results for each of the comparative reporting periods. Due to the nature of certain revenues and expenses, as well as the financial systems in place, it was not possible to separately identify all FingerPrints related revenues and expenses, so this discussion and analysis captures only those items that can reasonably be identified as resulting from the FingerPrints assets. Additionally, Posera recognized the Zomaron entity as a discontinued operation as at March 31, 2016, which has resulted in the following discussion and analysis removing the Zomaron results for the year-ended December 31, 2016. Further discussion regarding the treatment of FingerPrints asset as a discontinued operation is documented on Pages #3 - 5 of this MD&A.

Recurring Revenue:

Recurring Revenue Comparisons for the years ended December 31, 2017 and 2016

Total Recurring Revenue Reconciliation	**For the years ended**	
	December 31, 2017	**December 31, 2016**
Total Recurring Revenue Otherwise Reportable(1)	**$ 5,532,714**	**$ 7,605,077**
Less: Recurring Revenue reclassified to discontinued operations	2,826,573	4,706,829
Total Recurring Revenue	**$ 2,706,141**	**$ 2,898,248**

(1) Total recurring revenue assuming no application of the discontinued operations for the FingerPrints transaction, during the three-months ended September 30, 2017 and the Zomaron transaction, during the three-months ended June 30, 2016, as previously discussed in this MD&A on Pages #3-5.

The Company continues to focus on its recurring revenue model of stable, predictable recurring revenue streams. Recurring revenue will continue to benefit the Company as we focus on enhancing and growing these revenue streams. Recurring revenue is a Non-GAAP financial metric which includes certain components of POS revenues as disclosed on the statement of operations. These include POS support and maintenance contracts, POS referral revenue sharing arrangements and other recurring revenue agreements.

Currently, the balance of Posera's recurring revenue has been generated from the Company's POS brand, Maitre'D KDS and existing Canadian SecureTablePay customers, but the Company expects to be diversifying its recurring revenue as a result of the launch of SecureTablePay in the United States during fiscal 2018. To date, the Company has finalized the technical certification process required by some of its US payment processing partners in the United States for the SecureTablePay solution. For other US payment processors, Posera continues to work through the certification process. Posera has progressed to pilot testing for payment processors where certification of SecureTablePay was completed in December 2017 and early into fiscal 2018. Upon completion of successful pilots, Posera and its US payment processing partners will commence the sell through of the SecureTablePay solution to hospitality merchants. Posera will not recognize significant revenues from this platform until technical certification, pilot testing and sell through have been achieved. The US SecureTablePay platform is primarily a recurring revenue model.

Revenue:

Revenue Comparisons for the years ended December 31, 2017 and 2016

Total Revenue Reconciliation	For the years ended	
	December 31, 2017	December 31, 2016
Total Revenue Otherwise Reportable(1)	**$ 15,338,469**	**$ 18,083,897**
Less: Revenue reclassified to discontinued operations	4,664,022	8,561,764
Total Revenue	**$ 10,674,447**	**$ 9,522,133**

(1) Total Revenue assuming no application of the discontinued operations for the FingerPrints and Zomaron transaction as previously discussed in this MD&A on Pages #3-5.

Total revenue is comprised of two separate components, POS revenue and payment processing revenue. During the 2016 fiscal period the Company divested of the business units which generated payment processing revenue, therefore the Company did not generate payment processing revenue in fiscal 2017. Since the date of the divestiture, the Company has not recorded any payment processing revenue as a separate line item on the Consolidated Statement of Operations and Comprehensive Income (Loss).

Point-of-Sale ("POS") Revenue

Total POS Revenue Reconciliation	For the years ended	
	December 31, 2017	December 31, 2016
Total POS Revenue Otherwise Reportable(1)	**$ 15,338,469**	**$ 17,286,910**
Less: POS Revenue reclassified to discontinued operations	4,664,022	7,773,014
Total POS Revenue	**$ 10,674,447**	**$ 9,513,896**

(1) Total POS Revenue assuming no application of the discontinued operations for the FingerPrints and Zomaron transaction as previously discussed in this MD&A on Pages #3-5.

For the year-ended December 31, 2017, POS revenues significantly increased by $1,160,551 (12.2%) when compared to the year-ended December 31, 2016. The increase in POS revenues can be attributed in part to two primary factors. Revenues increased because of the successful launch of the Maitre'D integrated POS offering to the hotel industry in Europe. Additionally, the Company, during 2017 completed the necessary integrations in North America to offer a similar solution to the hotel industry that has fueled growth in Europe and as a result, Posera expects to generate additional revenues in the hotel industry moving forward. Revenues also increased between the comparative periods because of the Company's August 2017 launch of its Kitchen Display System ("KDS") as a stand-alone product. Previously, KDS had been accessible exclusively as a feature of Posera's Maitre'D POS software package. During fiscal 2017 the Company sold 2,163 KDS devises, which represents an increase of 1,782 (467.7%) KDS devises from fiscal 2016 of 381 devises during fiscal 2016.

Payment Processing Revenue

Payment Processing Revenue Reconciliation	For the years ended	
	December 31, 2017	December 31, 2016
Total Payments Revenue Otherwise Reportable(1)	**$ -**	**$ 796,986**
Less: Payments revenue reclassified to discontinued operations	-	788,749
Total Payments Revenue	**$ -**	**$ 8,237**

(1) Total Payments Revenue assuming no application of the discontinued operations for the FingerPrints and Zomaron transaction as previously discussed in this MD&A on Pages #3-5.

Posera during the year-ended December 31, 2016, Posera fully exited the Payment Processing business through the divestiture of Zomaron during the three-months ended June 30, 2016 and the sale of the Company's ATM customer base to an independent third party during the three-months ended September 30, 2016. Since the date of the divestiture, the Company has not recorded any payment processing revenue as a separate line item on the Consolidated Statement of Operations and Comprehensive Income (Loss).

Cost of Sales:

Cost of Sales Comparisons for the years ended December 31, 2017 and 2016

Cost of Inventory

Cost of Inventory Reconciliation	For the years ended	
	December 31, 2017	December 31, 2016
Cost of Inventory Otherwise Reportable(1)	**$ 4,030,003**	**$ 4,605,337**
Less: Cost of Inventory reclassified to discontinued operations	1,856,651	2,688,114
Cost of Inventory	**$ 2,173,352**	**$ 1,917,223**

(1) Total Cost of Inventory assuming no application of the discontinued operations for the FingerPrints and Zomaron transaction as previously discussed in this MD&A on Pages #3-5.

Posera recognized cost of inventory of $2,173,352 (20.4% of total revenues) for the year-ended December 31, 2017, compared to $1,917,223 (20.1% of total revenues) for the year-ended December 31, 2016. The cost of inventory as a percentage of revenue is relatively consistent between the comparable periods. The Company prospectively expects an increase in the cost of inventory as a percentage of revenue due to the hardware component required for KDS related sales and the increase in KDS sales forecasted prospectively.

Technology Expense

Technology Expense Reconciliation[1]	For the years ended	
	December 31, 2017	December 31, 2016
Technology Expense Otherwise Reportable[1]	**$ 1,863,090**	**$ 1,958,359**
Less: Technology reclassified to discontinued operations	447,061	252,699
Technology expense	**1,416,029**	**$ 1,705,660**
Less: Amortization of intangible assets	31,827	43,643
Adjusted Technology Expense	**$ 1,384,202**	**$ 1,662,017**

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

(2) Total Technology Expense assuming no application of the discontinued operations for the Fingerprints transaction as previously discussed in this MD&A on Pages #3-5.

The adjusted technology expense decreased $277,815 (16.7%) during the year-ended December 31, 2017 compared to the year-ended December 31, 2016, as a result of headcount reductions in the Company's continuing operations between the comparative periods.

Operations and Support Expense

Operations and Support Expense Reconciliation	For the years ended	
	December 31, 2017	December 31, 2016
Operations and Support Expense Otherwise Reportable[1]	**$ 5,296,545**	**$ 5,753,605**
Less: Operations and Support expense reclassified to discontinued operations	2,530,634	3,156,831
Adjusted Operations and Support Expense	**$ 2,765,911**	**$ 2,596,774**

(1) Total Operations and Support Expense assuming no application of the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.

Adjusted operations and support expense for the year-ended December 31, 2017 increased $169,137 (6.5%) when compared to the year-ended December 31, 2016. The primary driver of the increase in the adjusted operations and support expense is a result of an increase in the salaries between the comparative periods whereby headcount has remained relatively consistent. The Company is continually striving to remove costs from the business, while providing the expected quality of service to our existing customer base.

Operating Expenditures:

Operating Expenditures	For the years ended	
	December 31, 2017	December 31, 2016
Operating Expenditures Otherwise Reportable(1)	**$ 8,853,691**	**$ 10,769,936**
Less: Operating Expenditures reclassified to discontinued operations	1,800,129	3,016,960
Operating Expenditures	**$ 7,053,562**	**$ 7,752,976**
Less: Amortization of intangible assets and PP&E	465,312	553,898
Less: Restructuring charges	(375,000)	887,398
Less: Other One-time expenditures	367,295	290,635
Less: Stock-based compensation	382,158	298,102
Adjusted Operating Expenditures	**$ 6,213,797**	**$ 5,722,943**

1) Total Operating Expenditures assuming no application of the discontinued operations for the FingerPrints and Zomaron transactions as previously discussed in this MD&A on Pages #3-5.

Included in operating expenditures for the year-ended December 31, 2017 are restructuring costs of ($375,000), compared to $887,398 during the year-ended December 31, 2016 an improvement of $1,262,398 (142.3%). During the year-ended December 31, 2017 the Company assessed that there was no further obligation related to this provision and it was reversed on the Consolidated Statement of Operations and Comprehensive Loss. The restructuring expenses incurred by the Company during the year-ended December 31, 2016, were one-time expenditures incurred by the Company, with the objective to reduce overall expenditures, increase the overall operating efficiency and financial performance of the Company in the long-term. Restructuring expenses are related primarily to operational consultants and reducing overall employee headcount through terminations. During the fourth quarter of 2016, the Company had completed a year of restructuring efforts and at that time assessed that the balance of the restructuring had been completed and any costs associated with consultants were reflective of operating the business day-to-day rather than purely restructuring in nature. The Company did not expect to incur further material restructuring expenditures in fiscal 2017.

Included in operating expenses for the years-ended December 31, 2017 and 2016 are one-time expenditures excluding restructuring expenditures relating to corporate and acquisition and divestiture related legal expenses, acquisition search firms, valuation work performed and special accounting expenditures, tax and audit related costs.

Sales and Marketing Expense

Sales and Marketing Expense Reconciliation	For the years ended	
	December 31, 2017	December 31, 2016
Sales and Marketing Expense Otherwise Reportable(1)	**$ 3,257,845**	**$ 3,826,484**
Less: Sales and Marketing expense reclassified to discontinued operations	906,894	1,818,936
Sales and marketing expense	**$ 2,350,951**	**$ 2,007,548**
Less: Amortization of intangible assets	341,174	429,784
Adjusted Sales and Marketing Expense	**$ 2,009,777**	**$ 1,577,764**

(1) Total Sales and Marketing Expense assuming no application of the discontinued operations for the FingerPrints and Zomaron transactions as previously discussed in this MD&A on Pages #3-5.

The adjusted sales and marketing expenses increased $432,013 (27.4%) during the year-ended December 31, 2017 when compared to the year-ended December 31, 2016, which is relatively consistent between the comparable periods. The change between the comparable periods resulted from an increase and sales and marketing related salaries and an increase in the headcount related to sales and marketing activities. The Company's will continue to attend tradeshows and undertake advertising campaigns both domestically and internationally, as Posera believes they are investments made to stimulate visibility of our products and eventually lead to future sales being generated for Posera's Maitre'D POS brand, as well as the SecureTablePay platform.

General and Administrative ("G&A") Expense

General and Administrative ("G&A") Expense Reconciliation	For the years ended	
	December 31, 2017	December 31, 2016
G&A Expense Otherwise Reportable(1)	**$ 5,970,847**	**$ 5,764,858**
Less: G&A expense reclassified to discontinued operations	893,236	906,828
G&A expense	**$ 5,077,611**	**$ 4,858,030**
Less: Stock-based compensation expense(3)	382,158	298,102
Less: Amortization of intangible assets and PP&E	124,138	124,114
Less: One-time expenditures	367,295	290,635
Adjusted G&A Expense	**$ 4,204,020**	**$ 4,145,179**

(1) Total G&A Expense assuming no application of the discontinued operations for the FingerPrints and Zomaron transactions as previously discussed in this MD&A on Pages #3-5.

The adjusted general and administrative expenditures for the year-ended December 31, 2017 increased $58,841 (1.4%) when compared to the year-ended December 31, 2016. The adjusted general and administrative expenditures between the comparable periods was relatively consistent.

Other Expense and Income:

Interest expense is comprised primarily of interest expense incurred on long-term obligations, including the $1,500,000 convertible debentures issued in January 2014, in addition to the convertible debentures issued as part of the Posera Inc. acquisition in 2010. The convertible debenture issued as part of the Posera Inc., 2010 acquisition was paid in full by the Company in August 2016, so interest was incurred on the 2010 debenture during the year-ended December 31, 2016, but not in the year-ended December 31, 2017. Interest expense for the year-ended December 31, 2017 was ($142) a decrease in the expense of $377,529 (100.0%) from $377,387. The primary driver of the reduction in interest expense for the year-ended December 31, 2017 compared to the prior year was driven by a tax ruling received by the Company during the second quarter of 2017, in relation to previously recorded interest and penalties expense, whereby the tax authorities ruled to abate $254,447 in interest and penalties. The Company did not experience beneficial tax rulings in the December 31, 2016 comparative period. Additionally, the Company repaid all of its notes payable during the year-ended December 31, 2017, thus reducing the amount of interest incurred. Interest and other income is comprised primarily of interest earned from the investing of Posera's corporate funds and interest rates earned were consistent whereas the balance deposited fluctuated somewhat, leading to the variance between the comparable periods.

Realized and unrealized (gain) / loss on foreign exchange is driven primarily by US Dollar denominated net assets on the Company's Consolidated Statements of Financial Position for its Canadian subsidiary entities. The strengthening of the Canadian dollar relative to the US Dollar between December 31, 2016 and 2017 of approximately 7% resulted in an unrealized foreign exchange loss on the revaluation of those US denominated net assets.

The Company incurred a loss on the revaluation of a financial instrument during the year-ended December 31, 2017 of $nil, a decrease in the loss by $308,229 (100.0%) of $308,229 incurred during the year-ended December 31, 2016. The loss resulted from the revaluation of the note receivable held by Posera, because of the Zomaron transaction. The value of the note receivable was established on the disposition date, April 29, 2016 and was revalued by the Company at each subsequent period end until the note receivable was settled in early fiscal 2017.

US Tax Reform

On December 22, 2017, the United States (“US”) enacted the Tax Cuts and Jobs Act (the “Act”). The Act, which is also commonly referred to as “US tax reform”, significantly changes US corporate income tax laws by, among other things, creating a territorial tax system with a one-time mandatory tax on previously deferred foreign earnings of US subsidiaries. As a result, the Company recorded a current tax expense of $293,444 with a future tax expense recovery of $98,356 during the fourth quarter of 2017.

Although the aggregate tax expense $195,088 represents what the Company believes is a reasonable estimate of the impact of the income tax effects of the Act on the Company's Consolidated Financial Statements as of December 31, 2017, it should be considered provisional. Once the Company finalizes certain tax positions when it files its 2017 US tax return, it will be able to conclude whether any further adjustments are required to the liability associated with the one-time mandatory tax. Any adjustments to these provisional amounts will be reported as a component of Tax expense in the reporting period in which any such adjustments are determined. The Company believes there is a possibility to defer the payment of the transitional income tax liability over an eight-year period.

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended December 31, 2017, December 31, 2016 and September 30, 2017. The information has been re-presented to exclude discontinued operations and display favourable and (unfavourable) dollar and percentage variances.

Analysis of the Unaudited Quarterly Results	Q4-2017 (unaudited) $	Q4-2016 (unaudited) $	Q3-2017 (unaudited) $	Q4-2017 vs. Q4-2016 $	%	Q4-2017 vs. Q3-2017 $	%
Total Revenue	**3,327,865**	**1,859,827**	**2,258,166**	**1,468,038**	**78.9%**	**1,069,699**	**47.4%**
Cost of Sales							
Cost of inventory	897,574	312,887	547,679	(584,687)	(186.9)%	(349,895)	(63.9)%
Technology	310,614	478,606	379,872	167,992	35.1%	69,258	18.2%
Operations and Support	676,912	630,376	616,377	(46,537)	(7.4)%	(60,536)	(9.8)%
Total Cost of Sales	**1,885,100**	**1,421,869**	**1,543,927**	**(463,231)**	**(32.6)%**	**(341,173)**	**(22.1)%**
Gross Profit	1,442,765	437,958	714,239	1,004,807	229.4%	728,526	102.0%
Gross Profit Percentage	43.4%	23.5%	31.6%		19.9%		11.8%
Operating Expenditures							
Sales and marketing	696,394	462,440	586,194	(233,954)	(50.6)%	(110,200)	(18.8)%
General and administrative	1,215,344	1,427,508	1,144,725	212,164	14.9%	(70,619)	(6.2)%
Restructuring costs	78,131	(22,733)	(375,000)	(100,864)	(443.7)%	(453,131)	(120.8)%
Total Operating Expenditures	**1,989,869**	**1,867,214**	**1,355,619**	**(122,656)**	**(6.6)%**	**(634,251)**	**(46.8)%**
	(547,104)	**(1,429,256)**	**(641,380)**	**882,152**	**61.7%**	**94,276**	**14.7%**
Other expenses (income)							
Interest expense	94,437	110,017	60,298	15,580	14.2%	(34,139)	(56.6)%
Realized and unrealized loss on foreign exchange	(8,712)	26,965	62,700	35,677	132.3%	71,412	113.9%
Interest and other income	(28,980)	(626)	(2,953)	28,354	4,529.4%	26,027	881.4%
Loss on revaluation of financial instrument	-	200,000	-	200,000	100.0%	-	-%
Total Other Expenses	**56,745**	**336,356**	**120,045**	**279,611**	**83.1%**	**63,300**	**52.7%**
Net loss before income taxes from Continuing Operations	**(603,849)**	**(1,765,612)**	**(761,425)**	**1,161,763**	**65.8%**	**157,576**	**20.7%**
Current tax expense (recovery)	98,160	47,691	37,647	(50,469)	(105.8)%	(60,513)	(160.7)%
Future tax expense (recovery)	(139,662)	(8,384)	(274,446)	131,278	1,565.8%	(134,784)	(49.1)%
Net loss from Continuing Operations	**(562,347)**	**(1,804,919)**	**(524,626)**	**1,242,572**	**68.8%**	**(37,721)**	**(7.2)%**
Gain on disposal of subsidiary	(324,685)	-	11,237,620	(324,685)	(100.0)%	(11,562,305)	(102.9)%
Loss from discontinued operations (net of tax)	(69,103)	(478,905)	(855,349)	409,802	85.6%	786,246	91.9%
Net Income (Loss)	**(956,135)**	**(2,283,824)**	**9,857,645**	**1,327,689**	**58.1%**	**(10,813,780)**	**(109.7)%**
Other comprehensive income	16,354	89,954	(48,102)	(73,600)	(81.8)%	(64,456)	(134.0)%
Net Comprehensive Income (Loss)	**(939,781)**	**(2,193,870)**	**9,809,543**	**1,254,089**	**57.2%**	**(10,749,324)**	**(109.6)%**

Comparison of the Unaudited Three-Months Ended (continued)

Non-IFRS reporting measures(as outlined on Pages 33 – 35 of this MD&A):	Q4-2017 (unaudited) $	Q4-2016 (unaudited) $	Q3-2017 (unaudited) $		Q4-2017 vs. Q4-2016 $	%	Q4-2017 vs. Q3-2017 $	%
Recurring Revenue	**687,536**	**676,396**	**699,120**		**11,140**	**1.6%**	**(11,584)**	**(1.7)%**
EBITDA adjusted for discontinued operations	**(463,612)**	**(1,028,435)**	**(475,995)**		**564,823**	**54.9%**	**12,383**	**2.6%**
Normalized EBITDA adjusted for discontinued operations	**(349,881)**	**(753,671)**	**(356,839)**		**403,790**	**53.6%**	**6,958**	**1.9%**

(1) Presentation of EBITDA adjusted for discontinue operations, Normalized EBITDA adjusted for discontinued operations, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of FingerPrints and Zomaron as previously discussed on Pages #3-5.

The presentation of the below of Selected Unaudited Quarterly Financial Data is for the purposes of this management discussion and analysis. The 2017 and 2016 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the three months ended	**December 31, 2017**	**December 31, 2016**	**September 30, 2017**
Total revenue	$ 3,327,865	$ 1,859,827	$ 2,258,166
Recurring revenue	687,536	676,396	699,120
Net income (loss)	(956,135)	(2,283,824)	9,857,645
Income (loss) per share – basic and diluted	(0.01)	(0.03)	0.09
Weighted average number of shares outstanding (000's) - basic	118,520	75,838	109,371
Weighted average number of shares outstanding (000's) – diluted	127,307	75,838	109,371
Cash and cash equivalents	12,153,665	407,044	13,859,491
Net operating working capital(as outlined on Page 35 of this MD&A)	11,991,100	1,867,898	14,390,762
Total assets	21,109,873	12,452,559	22,961,576
Long-term liabilities	14,512	1,548,152	1,515,615
Total shareholders' equity	16,702,278	5,338,844	17,564,302

Comparison of the unaudited quarters ended December 31, 2017 and 2016 and September 30, 2017

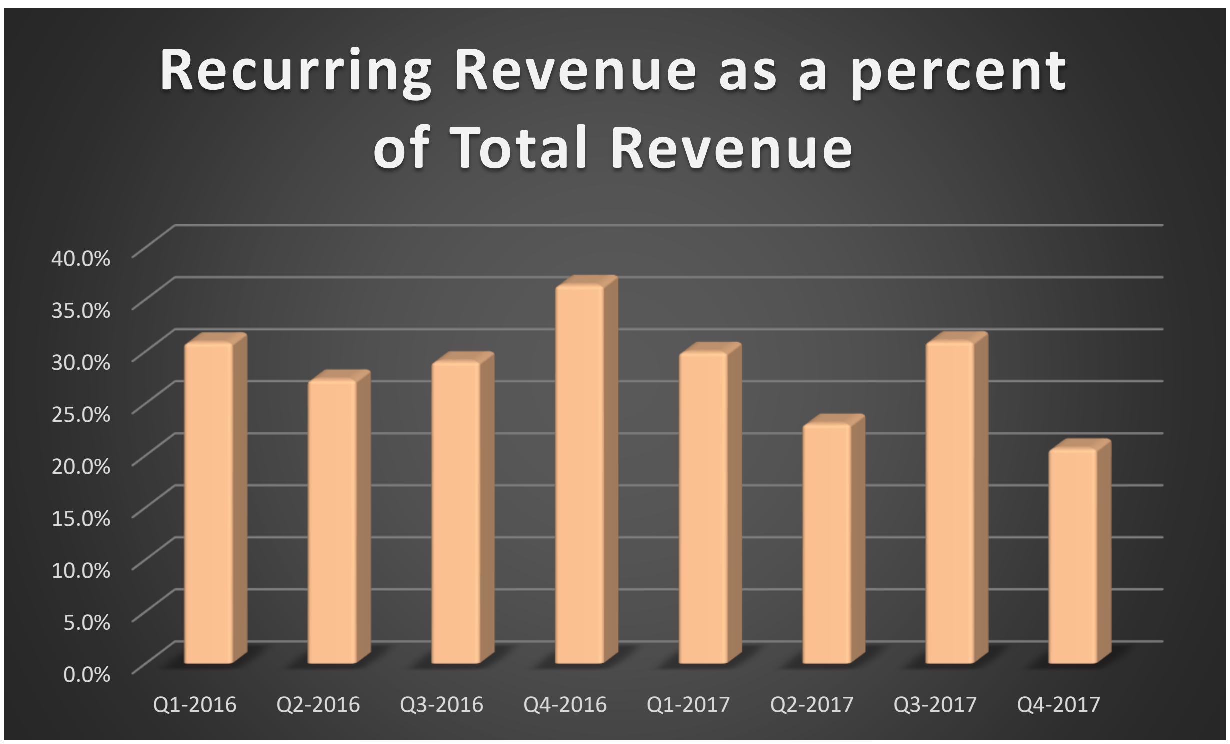
The assets of the FingerPrints business were divested on September 14, 2017 and recorded as discontinued operations during the three-months ended September 30, 2017. For comparability and consistency, the following discussion and analysis considers Posera's prior results excluding those generated by the FingerPrints assets for each of the comparative reporting periods as well. The Company completed an analysis to retrospectively restate its results excluding the FingerPrints business unit, using a consistent approach to restate Posera's results for each of the comparative reporting periods. Due to the nature of certain revenues and expenses, as well as the financial systems in place, it was not possible to separately identify all FingerPrints related revenues and expenses, so this discussion and analysis captures only those items that can reasonably be identified as resulting from the FingerPrints assets. Further discussion regarding the treatment of FingerPrints asset as a discontinued operation is documented on Pages #3 - 5 of this MD&A.

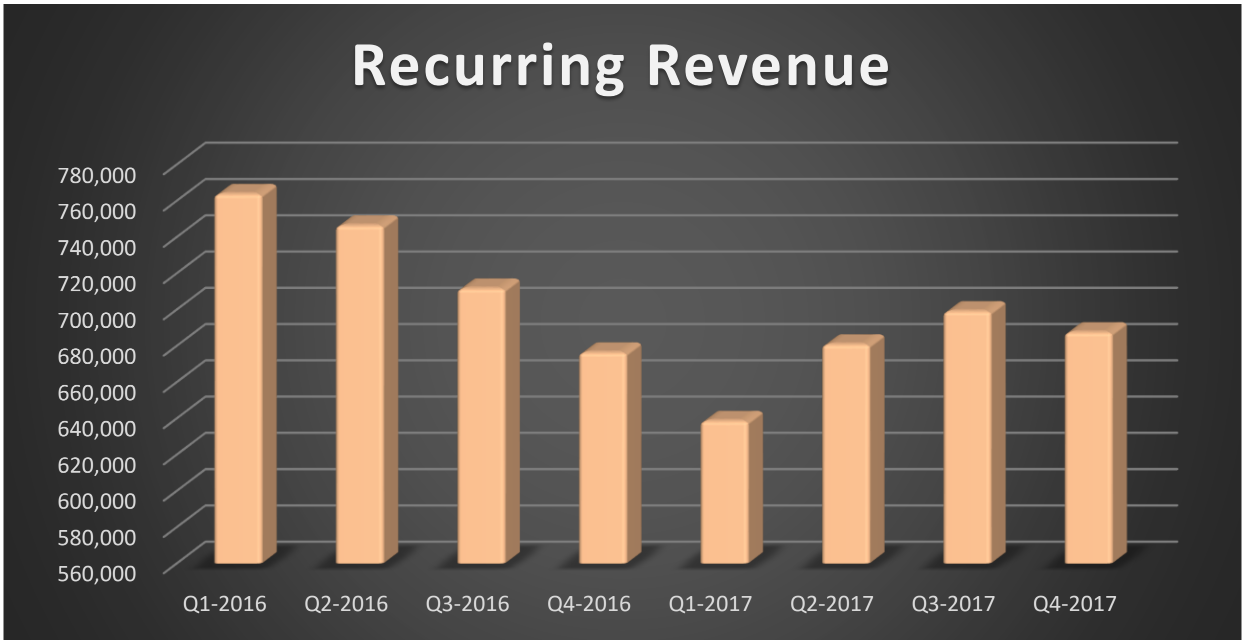
Recurring Revenue:

Recurring Revenue Comparisons December 31, 2017, December 31, 2016 and September 30, 2017

Total Recurring Revenue Reconciliation	For the quarters ended		
	December 31, 2017	December 31, 2016	September 30, 2017
Total Recurring Revenue Otherwise Reportable[1)]	**$ 687,536**	**$ 1,641,034**	**$ 1,502,926**
Less: Recurring Revenue reclassified to discontinued operations	-	964,638	803,806
Total Recurring Revenue	**$ 687,536**	**$ 676,396**	**$ 699,120**

(1) Total recurring revenue excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.





The Company continues to focus on its recurring revenue model of stable, predictable recurring revenue streams. Recurring revenue will continue to benefit the Company as we focus on enhancing and growing these revenue streams. Recurring revenue is a Non-GAAP financial metric which includes certain components of POS revenues as disclosed on the statement of operations. These include POS support and maintenance contracts, POS referral revenue sharing arrangements and other recurring revenue agreements. To a lesser extent, recurring revenues are transactional in nature and include payment processing revenues and referral fees earned in relation to payments processed by customers.

To date the balance of Posera's recurring revenue is being generated from the Company's pre-existing POS brand, MaitreD'. The Company is in the process of finalizing the technical certifications required by payment processors in the United States for the SecureTablePay solution. For certain customers, certification of SecureTablePay has been completed and Posera has progressed to pilot testing. Upon completion of the pilots Posera and its US Payment Processing partners will commence the sell through of the SecureTablePay solution to hospitality merchants. Furthermore, Posera currently has additional US Payment Processors working through the certifications process. Posera will not recognize significant revenues from this platform until technical certification, pilot testing and sell through have been achieved. The US SecureTablePay platform is primarily a recurring revenue model.

Revenue:

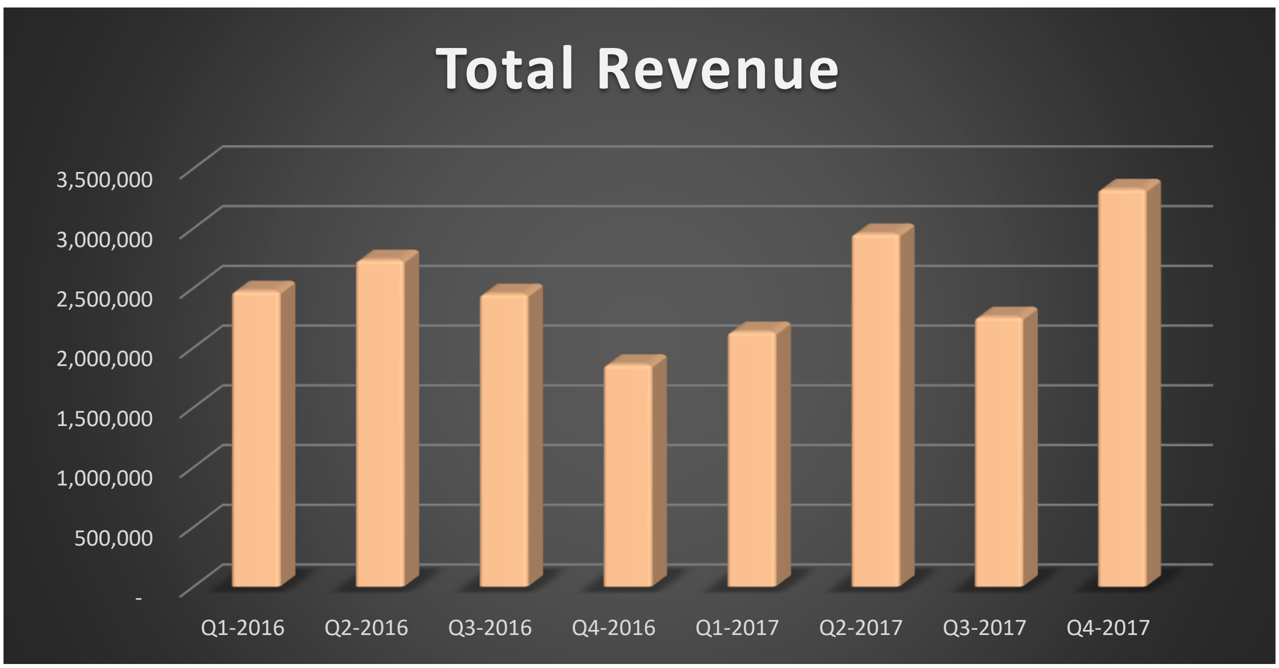
Revenue Comparisons December 31, 2017, December 31, 2016 and September 30, 2017

Total Revenue Reconciliation	**For the quarters ended**		
	December 31, 2017	**December 31, 2016**	**September 30, 2017**
Total Revenue Otherwise Reportable(1)	**$ 3,327,865**	**$ 3,879,139**	**$ 3,592,847**
Less: Revenue reclassified to discontinued operations	-	2,019,312	1,334,681
Adjusted Total Revenue	**$ 3,327,865**	**$ 1,859,827**	**$ 2,258,166**

(1) Total Revenue excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.

Total revenue is comprised of two separate components, POS revenue and payment processing revenue. During the 2016 fiscal period the Company divested of the business units which generated payment processing revenue, therefore the Company did not generate payment processing revenue in fiscal 2017. Sicne the date of the divestiture, the Company has no longer recorded payment processing revenue as a separate line item on the Consolidated Statement of Operations and Comprehensive Income (Loss).

For the three-months ended December 31, 2017, POS revenues significantly increased by $1,468,038 (78.9%) and increased $1,069,699 (47.4%) when compared to the three-months ended December 31, 2016 and September 30, 2017 respectively. The increase in POS revenues can be attributed in part to two primary factors. Revenues increased because of the successful launch of the Maitre'D integrated POS offering to the hotel industry in Europe. Revenues also increased between the comparative periods because of the Company's August 2017 launch of its Kitchen Display System ("KDS") as a stand-alone product. Previously, KDS had been accessible exclusively as a feature of Posera's Maitre'D POS software package. During the three-months ended December 31, 2017 the Company sold 1,656 KDS devises, which represents an increase of 1,579 devises compared to the three months-ended December 31, 2016 and an increase of 1,432 devises compared to the September 30, 2017. Posera is pleased to that it has achieved significant traction with the strategy to decouple of the KDS product from Matire'D with the significant order from an American customer with installations scheduled into fiscal 2018.



Cost of Sales:

Cost of Sales Comparisons December 31, 2017, December 31, 2016 and September 30, 2017

Cost of Inventory

Cost of Inventory Reconciliation	For the quarters ended		
	December 31, 2017	December 31, 2016	September 30, 2017
Cost of Inventory Otherwise Reportable(1)	**$ 926,025**	**$ 1,387,112**	**$ 1,235,135**
Less: Cost of Inventory reclassified to discontinued operations	28,451	1,074,225	687,456
Adjusted Cost of Inventory	**$ 897,574**	**$ 312,887**	**$ 547,679**

(1) Total Cost of Inventory excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.

Posera recognized adjusted cost of inventory of $897,574 (27.0% of total revenues) for the three-months ended December 31, 2017, compared to $312,887 (16.8% of total revenues) for the three-months ended December 31, 2016, and $547,679 (24.3% of total revenues) for the three-months ended September 30, 2017. The range in the cost of inventory as a percentage of revenue is relatively consistent between the comparable periods. The Company prospectively expects an increase in the cost of inventory as a percentage if revenue due to the hardware component required for KDS related sales and the increase in KDS sales forecasted prospectively.

Technology Expense

Technology Expense Reconciliation(1)	For the quarters ended		
	December 31, 2017	December 31, 2016	September 30, 2017
Technology Expense Otherwise Reportable(1)	**$ 310,614**	**$ 549,977**	**$ 533,227**
Less: Technology expense reclassified to discontinued operations	-	71,371	153,355
Technology Expense	**310,614**	**478,606**	**379,872**
Less: Amortization of intangible assets	12,143	19,497	7,682
Adjusted Technology Expense	**$ 298,471**	**$ 459,109**	**$ 372,190**

(1) Total Technology Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.

The adjusted technology expense decreased during the three-months ended December 31, 2017 compared to the three-months ended December 31, 2016 and September 30, 2017, as a result of headcount reductions between the comparative periods.

Operations and Support Expense

Operations and Support Expense Reconciliation	For the quarters ended		
	December 31, 2017	December 31, 2016	September 30, 2017
Operations and Support Expense Otherwise Reportable[(1)]	**$ 817,214**	**$ 1,502,034**	**$ 1,325,285**
Less: Operations and Support expense reclassified to discontinued operations	140,301	871,658	708,908
Adjusted Operations and Support Expense	**$ 676,913**	**$ 630,376**	**$ 616,377**

(1) Total Operations and Support Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.

The adjusted operations and support expenses were $676,913 in the three-months ended December 31, 2017 which represented an 7.4% increase in the expense compared to the same period in 2016 and an 9.8% increase in the expense over the three-months ended September 30, 2017. The changes in the adjusted operations and support expense between the comparative periods have stemmed from slight adjustments in headcount salary increases for the existing team between the comparative periods. The Company is continually striving to remove costs from the business, while providing the expect quality of service to our existing customer base.

Operating Expenditures:

Operating Expenditures	For the quarters ended		
	December 31, 2017	December 31, 2016	September 30, 2017
Operating Expenditures Otherwise Reportable[(1)]	**$ 1,967,947**	**$ 2,348,178**	**$ 2,079,156**
Less: Operating Expenditures reclassified to discontinued operations	(21,922)	480,964	728,537
Operating Expenditures	**$ 1,989,869**	**$ 1,867,214**	**$ 1,350,619**
Less: Amortization of intangible assets and PP&E	71,346	147,751	126,746
Less: One-time expenditures	52,514	130,429	25,858
Less: Restructuring costs	78,131	(22,733)	(375,000)
Less: Stock-based compensation	61,417	144,335	93,298
Adjusted Operating Expenditures	**$ 1,726,461**	**$ 1,467,432**	**$ 1,479,717**

(1) Total Operations and Support Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.

Sales and Marketing Expense

Sales and Marketing Expense Reconciliation	For the quarters ended		
	December 31, 2017	**December 31, 2016**	**September 30, 2017**
Sales and Marketing Expense Otherwise Reportable(1)	**$ 696,394**	**$ 707,482**	**$ 915,746**
Less: Sales and Marketing expense reclassified to discontinued operations	-	245,042	329,552
Sales and marketing expense	**$ 696,394**	**$ 462,440**	**$ 586,194**
Less: Amortization of intangible assets	40,686	112,742	98,192
Adjusted Sales and Marketing Expense	**$ 655,708**	**$ 349,698**	**$ 488,002**

(1) Total Sales and Marketing Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.

The adjusted sales and marketing expenses increased $306,010 (87.5%) and increased $167,706 (34.4%) for the three-months ended December 31, 2017 compared to the three-months ended December 31, 2016 and September 30, 2017 respectively. The increases between the comparable periods resulted from an increase in headcount and higher sales commissions that were achieved by the sales and marketing team during the three-months ended December 31, 2017.

The Company continues to attend relevant hospitality and restaurant association tradeshows and believes that its advertising expenditures promote the visibility of our products, leading to future sales.

General and Administrative ("G&A") Expense

General and Administrative ("G&A") Expense Reconciliation	For the quarters ended		
	December 31, 2017	**December 31, 2016**	**September 30, 2017**
G&A Expense Otherwise Reportable(1)	**$ 1,193,422**	**$ 1,627,777**	**$ 1,543,710**
Less: G&A expense reclassified to discontinued operations	(21,922)	200,269	398,985
G&A expense	**$ 1,215,344**	**$ 1,427,508**	**$ 1,144,725**
Less: Amortization of intangible assets and PP&E	30,660	35,009	28,554
Less: One-time expenditures	52,514	130,429	25,858
Less: Stock-based compensation expense	61,417	144,335	93,298
Adjusted G&A Expense	**$ 1,070,753**	**$ 1,117,735**	**$ 997,015**

(1) Total G&A Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Pages #3-5.

The adjusted general and administrative expenditures for the three-months ended December 31, 2017 decreased $46,982 (4.2%) and increased $73,738 (7.4%), when compared to the three-months ended

December 31, 2016 and September 30, 2017 respectively. The changes in the adjusted general and administrative expenditures was relatively minor between the comparative periods.

Other Expense and Income:

Interest expense is comprised primarily of interest expense incurred on long-term obligations, including the $1,500,000 convertible debentures issued in January 2014 in addition to the convertible debentures issued as part of the Posera Inc. acquisition in 2010. The convertible debenture issued as part of the Posera Inc., 2010 acquisition was paid in full by the Company in August 2016 and therefore the interest from that debenture is not reflected in any of the comparable reporting periods.

Interest expense for the three-months ended December 31, 2017 was $94,437 a decrease in the expense of $15,580 (14.2%) and an increase in the expense of $34,139 (56.6%) from $110,017 and $60,298 for the three-months ended December 31, 2016 and September 30, 2017 respectively. The Company expects that its interest expense will decrease in fiscal 2018 stemming from the repayment of the $1,500,000 convertible debenture and thus no further interest being incurred. Interest and other income is comprised primarily of interest earned from the investing of Posera's corporate funds and interest rates earned were consistent whereas the balance deposited fluctuated somewhat, leading to the variance between the comparable periods.

Realized and unrealized loss / (gain) on foreign exchange is driven primarily by US dollar denominated net assets on the Company's Consolidated Statements of Financial Position for its Canadian subsidiary entities. The strengthening of the Canadian dollar relative to the US dollar between the three-months ended December 31, 2016 and 2017 of approximately 7% resulted in an unrealized foreign exchange loss on the revaluation of those US denominated net assets, compared to an approximate 3.0% weakening of the Canadian dollar relative to the US Dollar between the three-months ended September 30, 2017 and December 31, 2017 resulting in an increase in the for foreign exchange gain.

The Company incurred a gain on the revaluation of a financial instrument during the three-months ended December 31, 2017 of $nil, compared to ($200,000) and $nil for the three-months ended December 31, 2016 and September 30, 2017 respectively. The loss in the three months-ended December 31, 2016 resulted from the revaluation of the note receivable held by Posera, as a result of the Zomaron transaction. The value of the note receivable was established on the disposition date, April 29, 2016 and was revalued by the Company at each subsequent period end until the note receivable is settled in early fiscal 2017.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended December 31, 2017 as prepared in accordance with IFRS and certain Non-IFRS measurements. The information has been derived from our unaudited quarterly financial statements that, in management's opinion, have been prepared on a basis consistent with the audited financial statements for the years ended December 31, 2017 and 2016 and include all adjustments necessary for a fair presentation of information presented. The Earnings (Loss) Per Share – Basic and Diluted per quarter may not aggregate to the Earnings (Loss) Per Share – Basic and Diluted in the annual financial statements due to rounding.

	Q4-17	Q3-17	Q2-17	Q1-17
Total revenue	$ 3,327,865	$ 2,258,166	$ 2,954,903	$ 2,133,512
Recurring revenue	$ 687,536	$ 699,120	$ 680,852	$ 638,633
EBITDA adjusted for discontinued operations(1,2)	$ (463,612)	$ (475,995)	$ (92,645)	$ (1,071,734)
Normalized EBITDA adjusted for discontinued operations(1,2)	$ (349,881)	$ (356,839)	$ 102,832	$ (750,846)
Net Income (Loss)(2)	$ (956,135)	$ 9,857,645	$ (924,709)	$ (1,797,233)
Comprehensive Income (Loss)(2)	$ (939,781)	$ 9,809,543	$ (989,027)	$ (1,811,473)
Earnings (Loss) Per Share Basic and Diluted	$ (0.01)	$ 0.10	$ (0.01)	$ (0.02)
Earnings (Loss) Per Share Basic and Diluted from Continuing Operations	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.02)
	Q4-16	Q3-16	Q2-16	Q1-16
Total revenue	$ 1,859,827	$ 2,451,138	$ 2,735,763	$ 2,475,406
Recurring revenue	$ 676,396	$ 711,637	$ 746,443	$ 763,772
POS revenue	$ 1,859,827	$ 2,451,138	$ 2,731,787	$ 2,471,145
Payments revenue	$ -	$ -	$ 3,976	$ 4,261
EBITDA adjusted for discontinued operations(1,2)	$(1,028,435)	$ (753,906)	$ (477,649)	$ (1,143,613)
Normalized EBITDA adjusted for discontinued operations(1,2)	$ (753,671)	$ (376,991)	$ (62,690)	$ (455,840)
Net Income (Loss)(2)	$ (2,283,824)	$ (989,959)	$ 1,141,959	$ (1,549,124)
Comprehensive Income (Loss)(2)	$ (2,193,870)	$ (954,509)	$ 1,117,432	$ (1,838,678)
Earnings (Loss) Per Share Basic and Diluted	$ (0.03)	$ (0.01)	$ 0.02	$ (0.02)
Earnings (Loss) Per Share Basic and Diluted from Continuing Operations	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.02)

(1) See EBITDA adjusted for discontinued operations and Normalized EBITDA adjusted for discontinued operations reporting measures (as outlined on Pages #33 – 34 of this MD&A)

(2) Presentation of EBITDA adjusted for discontinued operations, Normalized EBITDA adjusted for discontinued operations, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of FingerPrints and Zomaron as previously discussed on Pages #3-5 for the periods Q1-2016 to Q4-2017.

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Income (Loss) to EBITDA and Normalized EBITDA adjusted for discontinued operations(1)	**2017**			
	Q4	Q3	Q2	Q1
Net Income (Loss)(1)	**$ (956,135)**	**$ 9,857,645**	**$ (924,709)**	**$ (1,797,233)**
Interest expense	94,437	60,298	(218,231)	63,354
Exchange loss (gain)	(8,712)	62,700	100,176	23,101
Interest and other income	(28,980)	(2,953)	(3,981)	(1,800)
Loss on revaluation of financial instrument	-	-	-	-
Amortization of equipment	21,512	28,923	28,242	27,224
Amortization of intangible assets	61,979	136,462	165,942	160,137
(Gains) or losses from discontinued operations	69,104	855,349	541,937	415,536
(Gain) on disposition of subsidiary	324,685	(11,237,620)	-	-
Tax provision (recovery)	(41,502)	(236,799)	217,979	37,947
EBITDA adjusted for discontinued operations(1)	**$ (463,612)**	**$ (475,995)**	**$ (92,645)**	**$ (1,071,734)**
One-time non-recurring expenditures and (recoveries)	52,314	25,858	106,359	182,563
Stock-based compensation expense	61,417	93,298	89,118	138,325
Normalized EBITDA adjusted for discontinued operations (1)	**$ (349,881)**	**$ (356,839)**	**$ 102,832**	**$ (750,846)**

(1) Presentation of EBITDA adjusted for discontinued operations, Normalized EBITDA adjusted for discontinued operations, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of FingerPrints and Zomaron as previously discussed on Pages #3-5 for the periods Q1-2016 to Q4-2017.

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

Net Income (Loss) to EBITDA and Normalized EBITDA adjusted for discontinued operations [1]	**2016**			
	Q4	Q3	Q2	Q1
Net Income (Loss) [1]	**$ (2,283,824)**	**$ (989,959)**	**$ 1,141,959**	**$ (1,549,124)**
Interest expense	110,017	90,586	84,933	91,851
Exchange loss (gain)	26,965	7,673	12,565	15,299
Interest and other income	(626)	(2,552)	(3,465)	(3,945)
(Gain) Loss on revaluation of financial instrument	200,000	(131,771)	240,000	-
Amortization of equipment	33,738	21,466	19,497	25,195
Amortization of intangible assets	192,082	176,007	181,360	192,631
(Gains) or losses from discontinued operations	478,906	39,143	(25,089)	62,212
(Gain) on disposition of subsidiary	175,000	-	(2,134,794)	-
Impairment of assets	-	-	-	-
Tax provision (recovery)	39,307	35,501	5,385	(22,268)
EBITDA adjusted for discontinued operations [1]	**$ (1,028,435)**	**$ (753,906)**	**$ (477,649)**	**$ (1,143,613)**
One-time non-recurring expenditures and (recoveries)	130,429	314,851	323,256	687,773
Stock-based compensation expense	144,335	62,064	91,703	-
Normalized EBITDA adjusted for discontinued operations [1]	**$ (753,671)**	**$ (376,991)**	**$ (62,690)**	**$ (455,840)**

(1) Presentation of EBITDA adjusted for discontinued operations, Normalized EBITDA adjusted for discontinued operations, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of FingerPrints and Zomaron as previously discussed on Pages #3-5 for the periods Q1-2016 to Q4-2017.

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

	December 31, 2017	December 31, 2016	September 30, 2017
Equity	**$ 16,702,278**	**$ 5,338,844**	**$ 17,564,302**
Add: Long-term portion of notes payable	-	1,493,689	1,500,000
Add: Long-term portion of vehicle loans	14,512	35,103	15,615
Add: Future income tax (asset) liability	-	19,360	(67,436)
Add: Deferred revenue(1)	1,158,631	1,770,310	1,160,301
Add: Current portion of notes(1) payable	-	-	-
Less: Goodwill	(3,934,613)	(4,189,233)	(3,917,141)
Less: Intangible assets	(835,343)	(1,456,606)	(893,165)
Less: Long-term portion of investment tax credits receivable	(862,469)	(803,016)	(744,853)
Less: Long-term portion of lease receivable	(3,011)	(46,927)	(6,422)
Less: Deposit on leased premises	(45,560)	(39,583)	(40,702)
Less: Equipment	(198,031)	(254,043)	(179,737)
Less: Deferred Income Tax Asset	(5,294)	-	-
Net operating working capital	**$ 11,991,100**	**$ 1,867,898**	**$ 14,390,762**

Liquidity and Financial Resources

As at December 31, 2017, Posera had cash and cash equivalents totaling $12,153,665, which includes $386,671 in of restricted cash. As at December 31, 2017, Posera’s cash and cash equivalents net of restricted cash totaled $11,766,994 (December 31, 2016 - $407,044).

For the years ended December 31, 2017 and 2016, cash used by operating activities was ($4,094,131) and ($4,025,534) respectively. Cash used by operations for the year-ended December 31, 2017 resulted from a loss from continuing operations and a deferred income tax recovery, which was partially offset by non-cash items such as amortization and stock-based compensation. Cash used by operations for the year-ended December 31, 2016 resulted from the net operating loss, which were partially offset by items not affecting cash such as amortization, gain / loss on the revaluation of a financial instrument, interest accretion and stock-based compensation.

For the years ended December 31, 2017 and 2016, cash provided by / (used in) financing activities were $3,473,119 and ($404,942) respectively. Cash provided by financing activities for the year-ended December 31, 2017 resulted primarily from the proceeds of an issuance of Common Shares, which was reduced by the repayment of the notes payable, where the cash used in financing activities for the year ended December 31, 2016 resulted primarily from the repayment of the notes payable and vehicle loans.

For the years ended December 31, 2017 and 2016, cash provided by investing activities was $12,408,424 and $3,161,100 respectively. The cash provided by investing activities during the year-ended December 31, 2017 related primarily due to the disposition of the FingerPrints assets and the receipt of the note receivable, which was partially offset by the purchase of property plant and equipment. The cash provided by investing activities during the year-ended December 31, 2016 relates to the disposition of Zomaron which was partially offset by the acquisition of property plant and equipment and intangible assets.

Net operating working capital at December 31, 2017 and 2016 was $11,991,100 and $1,867,898 respectively.

Capital Structure

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may issue new shares, sell assets to reduce debt or issue new debt.

The Company monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as the sum of bank indebtedness, and current and long-term notes payable and vehicle loans as shown in the Consolidated Statement of Financial Position. Total equity is the equity of the Company in the consolidated statements of financial position. As disclosed in Note 11 of the accompanying financial statements for the year-ended December 31, 2017, the Company is subject to certain externally imposed capital covenants related to bank indebtedness.

The debt to equity ratios as at December 31, 2017, December 31, 2016 and September 30, 2017 were as follows:

	December 31, 2017	December 31, 2016	September 30, 2017
Total Debt			
Notes payable	$ -	$ 1,493,689	$ 1,500,000
Vehicle loans	14,512	54,058	25,980
Bank indebtedness	-	-	-
Total Debt	**$ 14,512**	**$ 1,547,747**	**$ 1,525,980**
Total Equity	**$ 16,702,278**	**$ 5,338,844**	**$ 17,564,302**
Debt to Equity Ratio	**0.1%**	**29.0%**	**8.7%**

The Company has arrangements in place that allow it to access additional debt financing for funding when required through various lines of credit. The Company's credit capacity as at December 31, 2017 was $200,000 (2016 - $200,000), of which the Company had utilized $nil (2016 - $nil).

The Company had a $1,500,000 stand-by operating facility, which was terminated by the Company on September 15, 2017. Under the terms of the facility, the Company could have borrowed at any time with 5 business days' notice to the accredited lender. The interest rate on any funds drawn was 10% per annum with a stand-by charge is 2.5%. The stand-by operating facility would have expired on December 31, 2018 and was permitted to be cancelled by the Company at any time with 90-days' notice to the lender at no additional cost. During the year ended December 31, 2017, the Company paid $37,500 (2016 - $5,104) in stand-by fees in relation to the stand-by operating facility.

Summary of Contractual Obligations

During the three-months ended December 31, 2017, the Company did not enter into any material contracts.

Capital Resources

Except as otherwise disclosed, the Company does not expect to make any material capital expenditures in the near future. Posera has invested in and developed an information systems infrastructure that will scale to meet the majority its anticipated market requirements. Posera continues to pursue selective acquisitions which the Company expects will be primarily focused on POS services companies that can be acquired at attractive multiples.

Financial arrangements not presented in the consolidated statements of financial position

The Company does not have any financial arrangements not presented in the consolidated statements of financial position arrangements that would ordinarily be considered 'off balance sheet' financing.

Transactions with Related Parties

During the year ended December 31, 2017, the Company received legal fees and disbursement invoices totaling $251,148 (2016 - $12,306), from a law firm, for which a director of Posera is a partner. As at December 31, 2017, the Company has a payable position of $11,046 (December 31, 2016 - $613) which will be settled between the related parties in the normal course of business.

Posera conducted business with a Company controlled by the Executive Chairman of Posera. During the year-ended December 31, 2017, the Company incurred transaction costs related to the sale of the FingerPrints business in the amount of $660,000 (2016 - $nil). The transaction costs that were charged to the Corporation comprised of services including, counterparty identification, negotiation, structuring, financial analytics, facility costs, management oversight and administrative related services. All transactions have been recorded at the exchange amount. As at December 31, 2017, the Company is in a payable position of $603,500 (December 31, 2016 - $nil) which will be settled between the related parties in the normal course of business.

Posera conducted business with a Company controlled by former Chief Executive Officer ("CEO") Paul K. Howell, who stepped down from that role on September 25, 2015 and then subsequently resigned from his directorship on May 24, 2016 and ceased to be a related party at that time. During the period that the director was still a related party, until May 24, 2016, the Company recognized revenue in the amount of $31,761 on sales to the related party. Additionally, the Company recognized operating expenses for purchased products of $25,544 for the period that the direct was still a related party until May 24, 2016. All transactions were agreed upon by the parties and were completed at the exchange amount.

Transactions with Related Parties (continued)

Compensation of key management

Compensation awarded to key management includes the Company's directors, and members of the Executive team, which include the Executive Chairman, Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer and Senior Vice-President of Corporate Development, is as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Salaries and short-term employee benefits – continuing operations[(i)]	$ 1,100,970	$ 1,238,932
Share-based payments	214,729	135,197
Total	**$ 1,315,699**	**$ 1,374,129**
Salaries and short-term employee benefits – gain on disposition of subsidiary[(i)]	95,000	-
Salaries and short-term employee benefits – discontinued operations[(ii)]	110,000	-
Total Presented in Continuing Operations	**$ 1,110,699**	**$ 1,374,129**

(i) Of the $95,000 included in salaries and short-term employee benefits – gain on disposition of subsidiary, $95,000 was paid to the executives during the year-ended December 31, 2017.

(ii) Of the $110,000 included in salaries and short-term employee benefits – discontinued operations, the entire amount was accrued to be paid during fiscal 2018.

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

Share Capital

As at December 31, 2017, Posera had issued and outstanding 118,546,379 common shares, and 9,776,750 options, of which 6,179,010 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32. As at March 28, 2018, Posera had issued and outstanding 119,796,879 voting common shares and 8,500,250 options, of which 5,162,258 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32.

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

The Company's management, including the Chief Executive Office ("CEO") and the Chief Financial Officer ("CFO"), are responsible for establishing and maintaining disclosure controls and procedures for the Company. As such, the Company maintains a set of disclosure controls and procedures designed to ensure that the information required to be disclosed in filings is recorded, process, summarized and reported with the time periods specified in the Canadian Securities Administrators rules and forms. An evaluation of the design of and operating effectiveness of the Company's disclosure controls and procedures was conducted during the fiscal year-ended December 31, 2017 under the supervision of the CEO and CFO as required by Canadian Securities Administrators Multilateral National Instrument 52-109, *Certification of Disclosure in Issues' Annual and Interim Filings.* The evaluation included review, enquiries and other procedures considered appropriate in the circumstances. Based on that evaluation, the CEO and CFO have concluded that such disclosure controls and procedures are effective.

The CEO and CFO are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management, under the supervision of the CEO and CFO have evaluated whether there were changes to the Company's internal controls over financial reporting during the year-ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Throughout the remainder of fiscal 2018, the Company aims to continue to improve process documentation to highlight the controls in place which are addressing the key risks, in addition to developing more formal documentation surrounding management's analysis of monthly and quarterly financial reports.

Recent changes identified relate to the following;

i) The assets of the FingerPrints business were divested on September 14, 2017 and recorded as discontinued operations during the three-months ended September 30, 2017. Due to the integrated nature of FingerPrints within the Posera Ltd. legal entity, management completed a manual analysis to retrospectively restate Posera's Consolidated results to exclude the FingerPrints business unit. Due to the manual nature of the exercise, risks do exist that not all of the relevant FingerPrints revenues and expenses have been captured in the analysis and recorded as discontinued operations.

No other changes were identified through management's evaluation of the controls over financial reporting. Throughout the remainder of 2018 and into fiscal 2019 the Company aims to improve;

- process documentation to highlight the controls in place which are addressing the key risks;
- enhancement of formal documentation surrounding management's analysis of monthly and quarterly financial reports; and
- formalize a process for foreign tax and HST / QST reporting.

Management of the Company believes in and are committed to establishing thorough DC&P and ICFR. Our management team will continue to evaluate the effectiveness of our overall control environment and will continue to refine existing controls as they, in conjunction with the Audit Committee, Board of Directors, CEO and CFO, deem necessary. It should be noted that the control deficiencies identified by the Company did not result in adjustment to our annual audited Consolidated Financial Statements for the year ended December 31, 2017.

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

Period-end Financial Reporting Process

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

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

Payment Disbursement Review Process

In one of the Company's wholly owned subsidiaries, the Company did not maintain consistent review practices prior to the release of vendor payments for a portion of the current year-ended. The Company has installed new policies and procedures to avoid this segregation of duties issue moving forward. The Company has tested the disbursements within the impacted entity and for the specific period for which the control was not operating effectively and have concluded that no erroneous transactions took place, therefore resulting in no known financial reporting errors.

Limitation of Control Procedures

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

Risks and Uncertainties

The Company is exposed to a variety of risks in the normal course of operations. The Annual Information Form of the Company which was filed on March 28, 2018, provides a detailed review of the risks that could affect its financial condition, results of operation or business that could cause actual results to differ materially from those expressed in our forward-looking statements. In management's opinion, there has been no material change in the nature or magnitude of the risks faced by the Company.

Additional Information

Additional information related to the Company can be found on SEDAR at www.sedar.com and www.posera.com.

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