POSERA

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Three and Nine-months ended September 30, 2018
Dated: November 14, 2018

This Management's Discussion and Analysis ("MD&A") for three and nine-months ended September 30, 2018 (third quarter of fiscal 2018) 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 condensed consolidated interim financial statements and accompanying notes for the three and nine-months ended September 30th, 2018. The financial statements have been prepared in compliance with International Financial Reporting Standards applicable to the preparation of interim financial statements ("IFRS") and are reported in Canadian dollars. The information contained herein is dated as of November 14, 2018, and is current to that date, unless otherwise stated.

This MD&A discusses the three and nine-months ended September 30, 2018, compared to June 30, 2018 and September 30, 2017. For an analysis of the three-months ended September 30, 2018 compared to September 30, 2017 and June 30, 2018, please read this MD&A in conjunction with the MD&A for the three and six-months ended June 30, 2018 and the three and nine-months ended September 30, 2017. Additionally, an analysis should be compared to the three and year-ended December 31, 2017 MD&A. All of the forgoing documents are available on www.sedar.com.

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

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.

Financial Highlights and Operational Summary - Three-months ended September 30, 2018 (Unaudited)

(This section acts as a summary only; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended September 30, 2018, September 30, 2017 and June 30, 2018".)

- Recurring revenues(1,3) for the three-months ended September 30, 2018 were $830,049, an increase of 3.7% compared to the three-months ended September 30, 2017, and an increase of 2.2% compared to the three-months ended June 30, 2018
- STP was successfully deployed in the United States ("US") during the third quarter of 2018, with Posera's first US corporate customer billing;
- Total revenue(1) for the three-months ended September 30, 2018 was $2,334,761. an increase of 3.4% compared to the three-months ended September 30, 2017 of $2,258,166 and relatively unchanged compared to the three-months ended June 30, 2018 $2,352,937;
- Management continues to focus on reducing its controllable costs, and during the third quarter of 2018, exited the high-cost, long-term lease for its corporate office location in London, Ontario, in favour of a smaller, cost-effective and flexible office space. The Company did incur a break-fee of approximately $150,000 to end the lease early, however on-going facility costs for the Company's corporate office employees has been reduced by more than 50%;
- During the third quarter of 2018, Posera launched its Databoard – Advanced product, which provides real-time, management information on the cloud, enhancing its platform offerings and addressing customers' requirement for cloud-based products;
- EBITDA(2) loss for the three-months ended September 30, 2018, was $886,458, compared to a loss of $475,995 for the three-months ended September 30, 2017, and compared to a loss of $820,055 for the three-months ended June 30, 2018; and
- Normalized EBITDA(2) loss for the three-months ended September 30, 2018 was a loss of $335,898, compared to a normalized EBITDA loss of $356,839 for the three-months ended September 30, 2017, and compared to a loss of $512,181 for the three-months ended June 30, 2018.

(1) Amount presented applies the retrospective presentation to exclude discontinued operations for the FingerPrints transaction as discussed in this MD&A on Page #11.

(2) Presentation of these amounts include the results from discontinued operations as discussed on Page #11.

(3) See the Recurring Revenues section of this MD&A which highlights the difference between the historical and new method for recording recurring revenues.

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 to exclude discontinued operations, Normalized EBITDA adjusted to exclude discontinued operations, Net Operating Working Capital and Debt to Equity Ratio are not calculations which are not based on IFRS. EBITDA adjusted to exclude 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 to exclude discontinued operations, Normalized EBITDA adjusted to exclude 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 to exclude 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 to exclude 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 to exclude discontinued operations as reported by Posera may not be comparable in all instances to EBITDA adjusted to exclude discontinued operations as reported by other companies.

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

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

NON-IFRS REPORTING MEASURES (continued)

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 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[(1)]: Includes certain components of revenues as disclosed in Note 3 to the financial statements for the three and nine-months ended September 30, 2018 and 2017. These include support and maintenance contracts, transactional processing 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.

(1) During the three-months ended September 30, 2018, the Company completed a process improvement review of its revenue reporting accounts in order to improve its operational revenue reporting. As a result of this internal process review, the Company identified additional revenues that should have been reported as recurring revenues in previous periods. For clarity, the new reporting has not resulted in a change to the total revenues reported by the Company; it has only resulted in an update to the breakdown of those total revenues, and the management category they belong to, which has resulted in the historical recurring revenues being re-presented from what had previously been reported by the Company. In the recurring revenues section of this MD&A, a reconciliation has been provided to display the difference between the historical reporting approach and the new reporting approach for recurring revenues.

Adjusted Expenditures: The Company presents in the management discussion and analysis adjusted expenditures which have been adjusted for amortization, one-time non-recurring 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.

One-time Non-Recurring Expenses: The Company periodically incurs expenses that are considered to be one-time in nature and not expected to continue as part of the on-going operations of the Posera business. Examples of one-time non-recurring expenditures incurred by the Company relate to an office lease surrender, office move, tax advisory and audit costs associated with corporate acquisition and divestiture activities and separation payments.

<u>Comparative Figures:</u>

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.

Posera's Business

Posera has been a leading provider of hospitality technology for more than 20 years. It facilitates merchant transactions using feature-rich and customizable all-in-one solutions for all types of restaurant, hotel, and bar concepts.

Posera's full-service solutions include SecureTablePay, an EMV compliant Pay-At-The-Table ("PATT") application, and Kitchen Display System ("KDS"), that streamlines communications between the kitchen, front of house and back office.

Posera's Maitre'D™ restaurant management system (RMS) / point-of-sale system (POS) offers 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 are available in 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 with details as to when the Company recognizes revenue based on the performance obligations:

	Nature of Performance Obligations
POS – Software	Access for use of software
POS – Hardware	Delivery, shipment or installation of POS hardware
Support and Maintenance	Fulfillment of service and support contract
Professional Services	Fulfillment of professional services
Transactional Processing	Processing of transactions

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, as well as technology costs and operations and support costs directly incurred to earn revenue, including amortization. Technology costs consist primarily of staff costs related to Posera's technology department, as well as external technology providers, hosting fees, and amortization on acquired technology. Operations and support costs consist primarily of staff costs related to Posera's operations and support department, as well as 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 and (3) restructuring. Sales and marketing costs consist primarily of staff 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 staff 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 non-recurring expenses that have been incurred by the Company as a result of a reorganization primarily related to severance and external consultant fees.

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, as well as income earned on its notes receivable. Posera's policy is to invest its excess cash in short-term investment-grade interest bearing securities. Interest income fluctuates based upon the amount of funds available for investment and prevailing interest rates.

Interest expense relates to interest costs of vehicle loans and notes payable.

Growth Strategy and Future Outlook

Posera has been a leading provider of hospitality technology for more than 20 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 solution for leading hospitality companies, Posera delivers mission-critical products and services to the hospitality industry for 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 perform reliably and efficiently at the store level while providing real-time revenue and operations data for corporate reporting.

As hospitality merchants face disruptive technological trends (digital and otherwise) 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, services and strategic partnerships to broaden its product suite and further deepen and strengthen client relationships.

The Maitre'D POS solution continues to be a stalwart in 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 RMS landscape, with considerable success in a range of restaurant formats, including quick service, fast casual, table service and fine dining.

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, labour management, 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 created a separate 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.

Posera has demonstrated its commitment to ensuring relevant, up-to-date technology to meet its customers' needs by investing to build cloud-based offerings. During the third quarter of 2018, the Company launched its Databoard – Advanced Reporting web application which provides real-time, critical operational information to restaurant managers, allowing them access to comprehensive current-day reporting on desktop and mobile devices or delivered directly to email.

In 2017, 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. Throughout 2018, the viability of KDS as a standalone product has been validated by its growing installed base.

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 also regularly engages in discussions with other technology companies and service providers to explore partnership opportunities that will enhance Posera's product and service offerings, and/or to introduce new sales channels.

Posera has devoted significant resources to the development of its SecureTablePay product, a pay-at-the-table ("PATT") middleware, with a focus on becoming one of the first to market an EMV-compliant PATT solution in the US. SecureTablePay enables mobile handheld payment terminals to interact with POS Systems, providing a direct integration to most leading POSs. With SecureTablePay, 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 POS, such as bill splitting. Payment processing performed entirely on the terminal and at the point of service ensures no sensitive cardholder data is ever exchanged with the POS, keeping the restaurant’s POS out of scope for PCI. SecureTablePay’s P2PE chip card processing capability is fully EMV-compliant, reducing costly chargebacks.

The Company is pleased to announce that it has successfully rolled out SecureTablePay with its first major US customer in the third quarter of 2018, representing a key milestone in the launch of SecureTablePay in the US. The Briad Group, one of the fastest-growing hospitality companies in the US, with franchises covering quick service, table service and hotel management systems, has chosen SecureTablePay to be its exclusive PATT solution and will also be rolling out SecureTablePay in its locations across the US.

SecureTablePay is already certified in the US with Worldpay (was Vantiv), Heartland, First Data and Sterling, and Posera is working on certifications with several other major US processors. The goal is to make SecureTablePay universal so that any hospitality merchant across the US, regardless of their POS or processor, can use SecureTablePay to allow their customers to pay securely at the table.

Amidst all the above, the hospitality POS and payment technology industries continue to face increasing challenges, including cost pressures and shrinking margins; increasing demand for new technology; and consolidation through mergers and acquisitions, particularly in the payment processing space in North America driving commoditization of POS solutions. Additionally, hospitality businesses are operating in a ever-changing environment with growing competition, especially with the entry of hardware agnostic cloud-based SaaS products that are changing cost structures and reducing customer loyalty. Posera is not immune to these challenges as it is smaller and undercapitalized compared to the larger POS companies and payment processors in the industry. To succeed in the POS and payment technology industry, providers cannot stand still. Customers demand a technology partner that not only meets their requirements today but sets the standard for innovation in the future. Recent strategic shifts and acquisitions throughout the industry underscore the requirement to adapt to the changing market to achieve continued growth and profits.

Posera began a strategic review of its business and assets several years ago which led to the divestiture of Zomaron in 2016 and the divestiture of the FingerPrints business in 2017. With an eye to augmenting growth and returns for Shareholders, Posera will continue to assess the market for opportunities related to acquisition or divestiture opportunities. The Company will evaluate opportunities against several criteria: potential synergies in technology or services with Posera’s core capabilities; complementary customer base; compatible corporate culture; and, above all, the ability to increase value to Shareholders.

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended September 30, 2018, September 30, 2017 and June 30, 2018. 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	Current Quarter Q3-2018 (unaudited) $	Comparison to Same Quarter Last Year Q3-2017 (unaudited) $	Variance $	Variance %	Comparison to Consecutive Quarter Q2-2018 (unaudited) $	Variance $	Variance %
Total Revenue	**2,334,761**	**2,258,166**	**76,595**	**3.4%**	**2,352,937**	**(18,176)**	**(0.8%)**
Cost of Sales							
Cost of inventory	494,617	547,679	53,062	9.7%	431,953	(62,664)	(14,5%)
Technology	275,713	379,872	104,159	27.4%	295,281	19,568	6.6%
Operations and Support	555,523	616,377	60,854	9.9%	601,464	45,941	7.6%
Total Cost of Sales	**1,325,853**	**1,543,927**	**218,074**	**14.1%**	**1,328,698**	**2,845**	**0.02%**
Gross Profit	1,008,908	714,239	294,669	41.3%	1,024,239	(15,331)	(1.5%)
Gross Profit Percentage	43.2%	31.6%		11.6%	43.5%		(0.3%)
Operating Expenditures							
Sales and Marketing	445,631	586,194	140,563	24.0%	456,466	10,835	2.4%
General and Administrative	1,505,785	1,144,424	(361,361)	(31.6%)	1,445,701	(60,084)	(4.2%)
Restructuring costs	-	(375,000)	(375,000)	n/m(2)	-	-	n/m(2)
Total Operating Expenditures	**1,951,416**	**1,355,619**	**(595,797)**	**(44.0%)**	**1,902,167**	**(49,249)**	**(2.6%)**
	(942,508)	**(641,380)**	**(301,128)**	**(47.0%)**	**(877,928)**	**(64,580)**	**(7.4%)**
Other Expenses (Income)							
Interest expense	-	60,298	60,928	100%	-	-	
Realized and unrealized (gain) loss on foreign exchange	(5,758)	62,700	68,458	109%	(36,690)	(30,932)	(84.3%)
Interest and other income	(52,473)	(2,953)	49,250	n/m(2)	(33,023)	19,450	58.9%
Total Other Expenses (Income)	**(58,231)**	**120,045**	**178,276**	**149%**	**(69,713)**	**(11,482)**	**(16.5%)**
Net Loss Before Income Taxes from Continuing Operations	**(884,277)**	**(761,425)**	**(122,852)**	**(16.1%)**	**(808,215)**	**(76,062)**	**(9.4%)**
Current tax expense (recovery)	(37,812)	37,647	75,459	200%	111,577	149,389	134%
Future tax expense (recovery)	62,623	(274,446)	(337,069)	123%	(17,354)	(79,977)	461%
Net Loss from Continuing Operations	**(909,088)**	**(524,626)**	**(384,462)**	**73.2%**	**(902,438)**	**(6,650)**	**0.1%**
Gain on disposal of subsidiary	-	11,237,620	(11,237,000)	n/m(2)	-	-	-
Loss from discontinued operations (net of tax)	-	(855,349)	855,349	n/m(2)	-	-	-
Net (Loss) Income(1)	**(909,088)**	**9,857,645**	**(10,766,733)**	n/m(2)	**(902,438)**	**(6,650)**	**0.1%**
Other Comprehensive (Loss) Income	(106,196)	(48,102)	(58,094)	121%	25,219	(131,415)	521%
Net Comprehensive (Loss) Income(1)	**(1,015,284)**	**9,809,543**	**(10,824,827)**	n/m(2)	**(877,219)**	**(138,065)**	**(15.7%)**

Comparison of the Unaudited Three-Months Ended (continued)

Analysis of the Unaudited Quarterly Results	Current Quarter	Comparison to Same Quarter Last Year			Comparison to Consecutive Quarter		
	Q3-2018 (unaudited) $	Q3-2017 (unaudited) $	Variance $	Variance %	Q2-2018 (unaudited) $	Variance $	Variance %
Recurring Revenue[3]	**830,049**	**800,383**	**29,666**	**3.7%**	**811,794**	**18,255**	**2.2%**
EBITDA adjusted to exclude discontinued operations[1]	**(886,458)**	**(475,995)**	**(410,463)**	**(86.2%)**	**(820,055)**	**(66,403)**	**(8.1%)**
Normalized EBITDA adjusted to exclude discontinued operations[1]	**(335,898)**	**(356,839)**	**20,941**	**5.9%**	**(512,181)**	**176,283**	**34.4%**

(1) Presentation of EBITDA adjusted to exclude discontinue operations, Normalized EBITDA adjusted to exclude discontinued operations, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of FingerPrints as discussed on Page #11 of this MD&A.

(2) n/m is not meaningful

(3) See the Recurring Revenues section of this MD&A which highlights the difference between the historical and new method for recording recurring revenues.

The presentation of Selected Unaudited Quarterly Financial Data below is for the purposes of this management discussion and analysis. The 2018 and 2017 financial data below have been prepared and presented in accordance with International Financial Reporting Standards.

Selected Financial Data for the three-months ended	**September 30, 2018**	**September 30, 2017**	**June 30, 2018**
Total revenue	$ 2,334,761	$ 2,258,166	$ 2,352,937
Recurring revenue	830,049	800,383	811,794
Net (loss) income	(909,088)	9,857,645	(902,438)
Income (loss) per share – basic and diluted	(0.01)	0.10	(0.01)
Weighted average number of shares outstanding (000's) - basic	119,796	109,371	119,796
Weighted average number of shares outstanding (000's) – diluted	119,796	109,371	119,796
Cash and cash equivalents	7,102,014	13,859,491	8,967,264
Net operating working capital (as outlined on Page 22 of this MD&A)	9,911,249	14,390,762	10,637,401
Total assets	17,393,139	22,961,576	18,456,176
Long-term liabilities	128,979	1,515,615	11,111
Total shareholders' equity	14,335,647	17,564,302	15,324,610

Comparison of the Unaudited Nine-Months Ended

The table below sets out the unaudited statements of operations for the nine-months ended September 30, 2018 and 2017. The information has been re-presented to exclude discontinued operations and display favourable and (unfavourable) dollar and percentage variances.

Analysis of the Unaudited Year-To-Date Results	Year-to-Date Results September 30, 2018 (unaudited) $	September 30, 2017 (unaudited) $	Comparison to Same Quarter Last Year Variance $	Variance %
Total Revenue	**7,430,035**	**7,346,582**	**83,453**	**1.1%**
Cost of Sales				
Cost of inventory	1,757,361	1,275,778	(481,583)	(37.7%)
Technology	832,477	1,105,415	272,938	24.7%
Operations and Support	1,756,114	2,088,998	332,884	15.9%
Total Cost of Sales	**4,345,952**	**4,470,191**	**124,239**	**2.8%**
Gross Profit	3,084,083	2,876,391	207,692	7.2%
Gross Profit Percentage	41.5%	38.7%		2.8%
Operating Expenditures				
Sales and Marketing	1,463,415	1,654,557	191,142	11.6%
General and Administrative	4,224,851	3,862,267	(362,584)	(9.4%)
Restructuring costs	-	(453,131)	(453,131)	n/m[2]
Total Operating Expenditures	**5,688,266**	**5,063,693**	**(624,573)**	**(12.3%)**
	(2,604,183)	**(2,187,302)**	**(416,881)**	**(19.1%)**
Other Expenses (Income)				
Interest expense	18,878	(64,579)	(83,457)	(129.2%)
Realized and unrealized (gain) loss on foreign exchange	(105,588)	185,977	291,565	156.8%
Interest and other income	(110,683)	(8,734)	101,949	n/m[2]
Total Other Expenses (Income)	**(197,392)**	**82,664**	**280,056**	**338.8%**
Net Loss Before Income Taxes from Continuing Operations	**(2,406,790)**	**(2,269,966)**	**(136,824)**	**(6.0%)**
Current tax expense (recovery)	271,799	238,502	(33,297)	(14.0%)
Future tax expense (recovery)	50,019	(219,375)	(269,394)	(122.8)%
Net Loss from Continuing Operations	**(2,728,608)**	**(2,289,093)**	**(439,515)**	**(19.2%)**
Gain on disposal of subsidiary	-	11,237,620	(11,237,000)	n/m[2]
Loss from discontinued operations (net of tax)	-	(1,812,823)	1,812,823	n/m[2]
Net (Loss) Income[1,a]	**(2,728,608)**	**7,135,704**	**(9,864,312)**	**n/m[2]**
Other Comprehensive (Loss) Income	31,997	(126,660)	158,657	125.3%
Net Comprehensive (Loss) Income[1,a]	**(2,696,611)**	**7,009,044**	**(9,705,655)**	**n/m[2]**
Comparison of the Non-GAAP Financial Report Metrics Year-To-Date				
Recurring Revenue[3,a]	**2,408,399**	**2,304,808**	**103,591**	**4.5%**
EBITDA adjusted to exclude discontinued operations[1,a]	**(2,433,155)**	**(1,692,570)**	**(740,585)**	**(43.8%)**
Normalized EBITDA adjusted to exclude discontinued operations[1,a]	**(1,395,256)**	**(1,111,727)**	**(283,529)**	**(25.5%)**

(a) Footnote references on Page #9 of this MD&A in the Comparison of the Unaudited Three-Months Ended section.

Comparison of the unaudited quarters ended September 30, 2018 and 2017 and June 30, 2018

The assets of the FingerPrints business were divested on September 14, 2017 and recorded as discontinued operations during the three and nine-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 all reporting periods. 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 follows below.

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.

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 three and nine-months ended June 30, 2018, the Company recorded a loss from the FingerPrints discontinued operations of $nil and $nil compared to $943,876 and $1,901,350 during the three and nine-months ended June 30, 2017 respectively. FingerPrints has been presented as a discontinued operation, separate from continuing operations, in the Consolidated Statements of Operations and Comprehensive Loss during the three and nine-months-ended September 30, 2018 and 2017.

Recurring Revenue:

Recurring Revenue Comparisons September 30, 2018, September 30, 2017 and June 30, 2018

Total Recurring Revenue(1) Reconciliation	**For the quarters ended**		
	September 30, 2018	**September 30, 2017**	**June 30, 2018**
Total Recurring Revenue Otherwise Reportable(2)	**$ 830,049**	**$ 1,604,189**	**$ 811,794**
Less: Recurring Revenue reclassified to discontinued operations	-	803,806	-
Total Recurring Revenue	**$ 830,049**	**$ 800,383**	**$ 811,794**

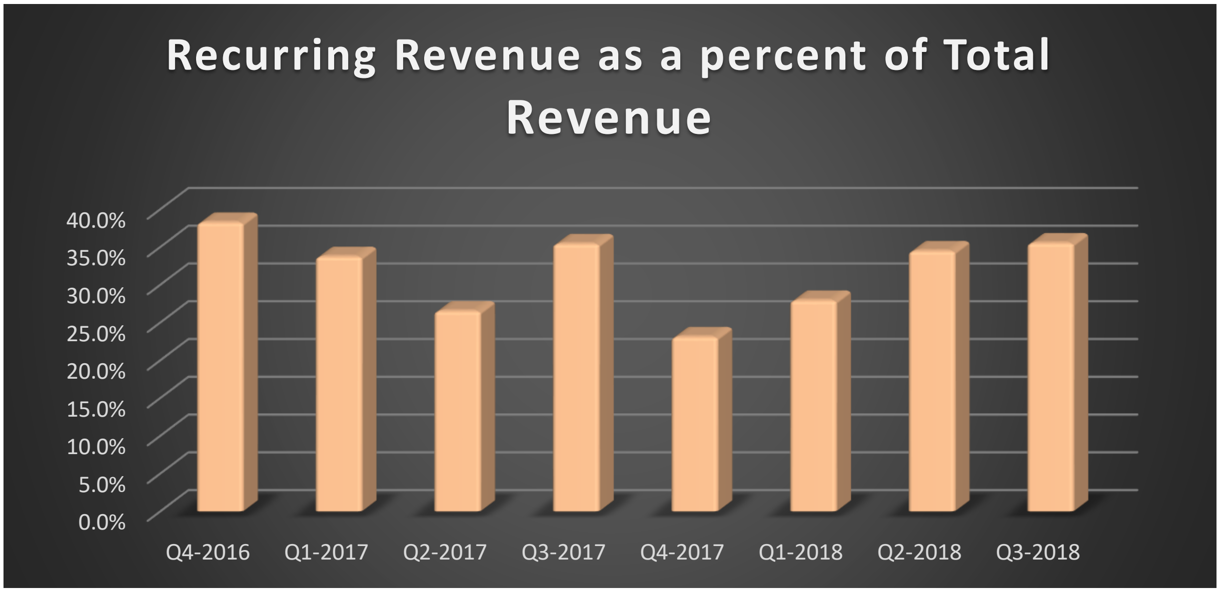
(1) See the Recurring Revenues section of this MD&A which highlights the difference between the historical and new method for recording recurring revenues.

(2) Total recurring revenue excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Page #11.

During the three-months ended September 30, 2018, the Company completed a process improvement review of its revenue reporting accounts in order to improve its operational revenue reporting. As a result of this internal process review, the Company identified additional revenues that should have been reported as recurring revenues in previous periods. For clarity, the new reporting has not resulted in a change to the total revenues reported by the Company; it has only resulted in an update to the breakdown of those total revenues, and the management category they belong to, which has resulted in the historical recurring revenues being re-presented from what had previously been reported by the Company. In the recurring revenues section of this MD&A, a reconciliation has been provided to display the difference between the historical reporting approach and the new reporting approach for recurring revenues.

Reconciliation of the New vs. Historical Non-GAAP Financial Measure – Recurring Revenues	**2018**			**2017**
	Q3	**Q2**	**Q1**	**Q4**
Recurring Revenues – new approach	**$ 830,049**	**$ 811,794**	**$ 766,556**	**$ 769,460**
Recurring Revenues – historical approach	-(1)	735,424	675,559	687,536
Recurring Revenues - difference between new and historical approach	**$ -(1)**	**$ 76,370**	**$ 90,997**	**$ 81,924**
	2017			**2016**
	Q3	**Q2**	**Q1**	**Q4**
Recurring Revenues – new approach	**$ 800,383**	**$ 784,380**	**$ 720,045**	**$ 711,858**
Recurring Revenues – historical approach	699,120	680,852	638,633	676,396
Recurring Revenues - difference between new and historical approach	**$ 101,263**	**$ 103,528**	**$ 81,412**	**$ 35,422**

(1) Not applicable as new approach to recognizing recurring revenues was adopted during the three and nine-months ended September 30, 2018.



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, transaction processing 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.

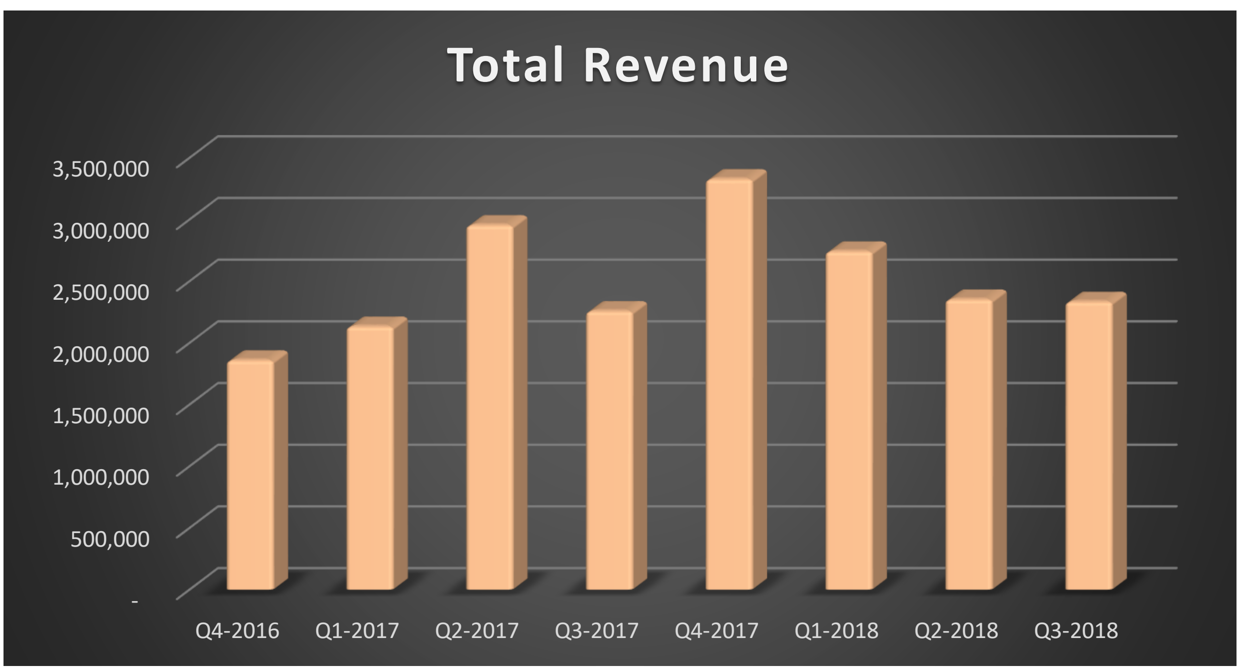
Revenue:

Revenue Comparisons September 30, 2018, September 30, 2017 and June 30, 2018

Total Revenue Reconciliation	**For the quarters ended**		
	September 30, 2018	**September 30, 2017**	**June 30, 2018**
Total Revenue Otherwise Reportable(1)	**$ 2,334,761**	**$ 3,592,847**	**$ 2,352,937**
Less: Revenue reclassified to discontinued operations	-	1,334,681	-
Adjusted Total Revenue	**$ 2,334,761**	**$ 2,258,166**	**$ 2,352,937**

(1) Total Revenue excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Page #11.

For the three-months ended September 30, 2018, total adjusted revenues increased by $76,595 (3.4%) when compared to the three-months ended September 30, 2017 and decreased by $18,176 (0.8%) compared to the three-months ended June 30, 2018. Revenues increased between the three-month comparative periods ended September 30th as a result of increased STP revenues in 2018, driven by increased Canadian sales, as well as the Company's first deployment of the payment solution in the USA. Additionally, the Company reported an increase in KDS sales. During the three-months ended September 30, 2018 the Company sold 436 KDS devices, which represents an increase of 248 devices, or 131.9% compared to the three months-ended September 30, 2017 and represents an increase of 212 devices, or 94.6% compared to the three-months ended June 30, 2018. Posera is pleased to have achieved significant traction with the strategy to decouple of the KDS product from Maitre'D and continues to deliver the solution across multiple customers.



Cost of Sales:

Cost of Sales Comparisons September 30, 2018, September 30, 2017 and June 30, 2018

Cost of Inventory

Cost of Inventory Reconciliation	**For the quarters ended**		
	September 30, 2018	**September 30, 2017**	**June 30, 2018**
Cost of Inventory Otherwise Reportable(1)	**$ 494,617**	**$ 1,235,135**	**$ 431,953**
Less: Cost of Inventory reclassified to discontinued operations	-	687,456	-
Adjusted Cost of Inventory	**$ 494,617**	**$ 547,679**	**$ 431,953**

(1) Total Cost of Inventory excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Page #11.

Posera recognized adjusted cost of inventory of $494,617 (23.5% of total revenues) for the three-months ended September 30, 2018, compared to $547,679 (24.2% of total revenues) for the three-months ended September 30, 2017, and $431,953 (18.4% of total revenues) for the three-months ended June 30, 2018. The decrease in the cost of inventory as a percentage of revenue between the comparative periods was driven by revenue mix. The three-months ended September 30, 2018 included a higher mix of KDS revenues, which resulted in a higher hardware component than during the three-months ended June 30, 2018. During the three-months ended September 30, 2017, the Company experienced an abnormally high cost of inventory as a percentage of revenue, as the Company during that reporting period wrote-down specific inventory values from business units that the Company exited, namely BizPro, Century Cash Register and A&A Point of Sale Systems.

Technology Expense

Technology Expense Reconciliation(1)	**For the quarters ended**		
	September 30, 2018	**September 30, 2017**	**June 30, 2018**
Technology Expense Otherwise Reportable(1)	**$ 275,713**	**$ 533,227**	**$ 295,281**
Less: Technology expense reclassified to discontinued operations	-	153,355	-
Technology Expense	**275,713**	**379,872**	**295,281**
Less: Amortization of intangible assets	12,143	7,682	12,143
Adjusted Technology Expense	**$ 263,570**	**$ 372,190**	**$ 283,138**

(1) Total Technology Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Page #11.

The adjusted technology expense decreased during the three-months ended September 30, 2018 compared to the three-months ended September 30, 2017 primarily as a result of a reduction in headcount and lower variable compensation payments made to technology related employees during the three-months ended September 30, 2017. The changes between the three-months ended September 30, 2018 and June 30, 2018 were relatively unchanged.

Operations and Support Expense

Operations and Support Expense Reconciliation	For the quarters ended		
	September 30, 2018	September 30, 2017	June 30, 2018
Operations and Support Expense Otherwise Reportable(1)	**$ 555,523**	**$ 1,325,285**	**$ 601,464**
Less: Operations and Support expense reclassified to discontinued operations	-	708,908	-
Adjusted Operations and Support Expense	**555,523**	**616,377**	**601,464**

(1) Total Operations and Support Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Page #11.

The adjusted operations and support expenses were $555,523 in the three-months ended September 30, 2018; a decrease of $60,854 (9.9%) from $616,377 in the three-months ended September 30, 2017 and decrease of $45,941 (7.6%) from $601,464 in the three-months ended June 30, 2018. The changes in the adjusted operations and support expense between the comparative periods has stemmed from reductions in operations and support headcount between the comparative periods. The Company is continually striving to remove costs from the business, while providing the expected quality of service to our existing and expanding customer base.

Operating Expenditures:

Operating Expenditures	For the quarters ended		
	September 30, 2018	September 30, 2017	June 30, 2018
Operating Expenditures Otherwise Reportable(1)	**$ 1,951,416**	**$ 2,459,456**	**$ 1,902,167**
Less: Operating Expenditures reclassified to discontinued operations	-	728,537	-
Operating Expenditures	**$ 1,951,416**	**$ 1,730,919**	**$ 1,902,167**
Less: Amortization of intangible assets and PP&E	43,907	126,746	45,730
Less: One-time non-recurring expenditures	524,239	25,858	265,673
Less: Stock-based compensation	26,321	93,298	42,201
Adjusted Operating Expenditures	**$ 1,356,949**	**$ 1,485,017**	**$ 1,548,563**

(1) Total Operations and Support Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Page #11.

Included in operating expenses for the three-months ended September 30, 2018, September 30, 2017 and June 30, 2018 are one-time non-recurring expenditures relating to an office lease surrender, office move, tax advisory and audit costs associated with corporate acquisition and divestiture activities and separation payments. These costs are not incurred in the ordinary course of business and are not expected to reoccur, resulting in their classification as one-time.

Sales and Marketing Expense

Sales and Marketing Expense Reconciliation	For the quarters ended		
	September 30, 2018	September 30, 2017	June 30, 2018
Sales and Marketing Expense Otherwise Reportable(1)	**$ 445,631**	**$ 915,746**	**$ 456,466**
Less: Sales and Marketing expense reclassified to discontinued operations	-	329,552	-
Sales and marketing expense	**$ 445,631**	**$ 586,194**	**$ 456,466**
Less: Amortization of intangible assets	11,869	98,192	11,854
Adjusted Sales and Marketing expense	**$ 433,762**	**$ 488,002**	**$ 444,612**

(1) Total Sales and Marketing Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Page #11.

The adjusted sales and marketing expenses decreased by $54,240 (11.1%) for the three-months ended September 30, 2018 compared to the three-months ended September 30, 2017 and decreased by $10,835 (2.4%) compared to the three-months ended June 30, 2018. The adjusted sales and marketing expenses decreased for the three-months ended September 30, 2018 compared to the three-months ended September 30, 2017 and June 30, 2018 commensurate with the decrease in revenues between the comparative periods. The Company has incurred costs related to tradeshows and promotional activities during all of the comparative periods and the Company will continue to attend tradeshows and undertake advertising to stimulate visibility of our products. Posera believes these activities will lead to future sales being generated for the Maitre'D and KDS POS products, as well as the SecureTablePay platform.

General and Administrative ("G&A") Expense

General and Administrative ("G&A") Expense Reconciliation	For the quarters ended		
	September 30, 2018	September 30, 2017	June 30, 2018
G&A Expense Otherwise Reportable(1)	**$ 1,505,785**	**$ 1,543,710**	**$ 1,445,701**
Less: G&A expense reclassified to discontinued operations	-	398,985	-
G&A expense	**$ 1,505,785**	**$ 1,144,725**	**$ 1,445,701**
Less: Stock-based compensation expense	26,321	93,298	42,201
Less: Amortization of intangible assets and PP&E	32,038	28,554	33,876
Less: One-time non-recurring expenditures	524,239	25,858	265,673
Adjusted G&A expense	**$ 923,187**	**$ 997,015**	**$ 1,103,951**

(1) Total G&A Expense excludes the discontinued operations for the FingerPrints transaction as previously discussed in this MD&A on Page #11.

The adjusted general and administrative expenditures for the three-months ended September 30, 2018 decreased $73,828 (7.4%) and decreased $180,764 (16.4%), when compared to the three-months ended September 30, 2017 and June 30, 2018 respectively. The changes in the adjusted general and administrative expenditures showed continued improvement by the Company to reduce its administrative related costs during the current three-months ended September 30, 2018 when compared to the September

30, 2017 and June 30, 2018 comparative periods. Included in the one-time non-recurring expenditures for the three-months ended September 30, 2018 the Company incurred $156,766 in one-time expense in a lease surrender fee and moving costs associated with its corporate office facility in London, Ontario. The Company has secured more cost-effective, flexible office space for its corporate office employees, reducing the monthly facility costs for that location by more than 50%.

Other Expense and Income:

Interest expense for the three-months ended September 30, 2018 was $nil, compared to interest expense of $60,298 during the three-months ended September 30, 2017 and compared to interest expense of $nil during the three-months ended June 30, 2018. The reduction in interest expense is a result of the repayment of the note payable which had a principal balance outstanding during the three-months ended September 30, 2017 but was repaid and not outstanding during the other comparative periods.

Interest and other income is comprised primarily of interest earned from the investing of Posera's corporate funds and from the interest earned on the note receivable that was issued by the Company during the three-months ended June 30, 2018. The increase for the comparative periods ended September 30, 2018 and June 30, 2018 reflects the Company's increased cash balance as well as interest earned on the note receivable, which was not outstanding during the three-months ended September 30, 2017.

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 Canadian dollar, relative to the US dollar, for the three-months ended September 30, 2018 was relatively unchanged, resulting in a minimal foreign exchange gain for the quarter, whereas during the three-months ended September 30, 2017, it strengthened by approximately 4%, which led to a foreign exchange loss in that quarterly reporting period. During the three-months ended June 30, 2018 the Canadian dollar weakened relative to the US dollar, resulting in the foreign exchange gain recorded for the quarter.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended September 30, 2018 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.

Summary of Unaudited Quarterly Results		**2018**		**2017**
	Q3	**Q2**	**Q1**	**Q4**
Total revenue	$ 2,334,761	$ 2,352,937	$ 2,742,337	$ 3.327,865
Recurring revenue	$ 830,049	$ 811,794	$ 766,556	$ 769,460
EBITDA adjusted to exclude discontinued operations(1,2)	$ (886,458)	$ (820,055)	$ (726,642)	$ (463,612)
Normalized EBITDA adjusted to exclude discontinued operations(1,2)	$ (335,898)	$ (512,181)	$ (547,177)	$ (349,881)
Net (Loss) Income(2)	$ (909,088)	$ (902,438)	$ (917,082)	$ (956,135)
Comprehensive (Loss) Income 2)	$ (1,015,284)	$ (877,219)	$ (804,108)	$ (939,781)
Earnings (Loss) Per Share Basic and Diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Earnings (Loss) Per Share Basic and Diluted from Continuing Operations	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)
Summary of Unaudited Quarterly Results		**2017**		**2016**
	Q3	**Q2**	**Q1**	**Q4**
Total revenue	$ 2,258,166	$ 2,954,903	$ 2,133,512	$ 1,859,827
Recurring revenue(3)	$ 800,383	$ 784,380	$ 720,045	$ 711,818
EBITDA adjusted to exclude discontinued operations(1,2)	$ (475,995)	$ (92,645)	$ (1,123,930)	$ (1,028,435)
Normalized EBITDA adjusted to exclude discontinued operations(1,2)	$ (356,839)	$ 102,832	$ (857,720)	$ (753,671)
Net Income (Loss)(2)	$ 9,857,645	$ (924,709)	$ (1,797,233)	$ (2,283,824)
Comprehensive Income (Loss)(2)	$ 9,809,543	$ (989,027)	$ (1,811,473)	$ (2,193,870)
Earnings (Loss) Per Share Basic and Diluted	$ 0.10	$ (0.01)	$ (0.02)	$ (0.03)
Earnings (Loss) Per Share Basic and Diluted from Continuing Operations	$ (0.00)	$ (0.01)	$ (0.02)	$ (0.02)

(1) See EBITDA adjusted to exclude discontinued operations and Normalized EBITDA adjusted to exclude discontinued operations reporting measures (as outlined on Pages #20 – 21 of this MD&A)
(2) Presentation of EBITDA adjusted to exclude discontinued operations, Normalized EBITDA adjusted to exclude discontinued operations, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of FingerPrints as previously discussed on Page #11 for the periods Q4-2016 to Q3-2018.
(3) See the Recurring Revenues section of this MD&A which highlights the difference between the historical and new method for recording recurring revenues.

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net (Loss) Income to EBITDA and Normalized EBITDA adjusted to exclude discontinued operations[(1)]	**2018**			**2017**
	Q3	**Q2**	**Q1**	**Q4**
Net (Loss) Income [(1)]	**$ (909,088)**	**$ (902,438)**	**$ (917,082)**	**$ (956,135)**
Interest expense	-	-	18,878	94,437
Exchange loss (gain)	(5,758)	(36,690)	(63,140)	(8,712)
Interest and other income	(52,473)	(33,023)	(25,187)	(28,980)
Amortization of equipment	23,843	25,683	25,007	21,512
Amortization of intangible assets	32,207	32,190	32,098	61,979
(Gains) or losses from discontinued operations	-	-	-	69,104
(Gain) on disposition of subsidiary	-	-	-	324,685
Tax provision (recovery)	24,811	94,223	202,784	(41,502)
EBITDA adjusted to exclude discontinued operations[(1)]	**$ (886,458)**	**$ (820,055)**	**$ (726,642)**	**$ (463,612)**
One-time non-recurring expenditures and (recoveries)	524,239	265,673	130,118	52,314
Stock-based compensation expense	26,321	42,201	49,347	61,417
Normalized EBITDA adjusted to exclude discontinued operations [(1)]	**$ (335,898)**	**$ (512,181)**	**$ (547,177)**	**$ (349,881)**

(1) Presentation of EBITDA adjusted to exclude discontinued operations, Normalized EBITDA adjusted to exclude discontinued operations, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of FingerPrints as previously discussed on Page #11 for the periods Q4-2016 to Q3-2018.

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

Net (Loss) Income to EBITDA and Normalized EBITDA adjusted to exclude discontinued operations(1)	**2017**			**2016**
	Q3	**Q2**	**Q1**	**Q4**
Net (Loss) Income (1)	**$ 9,857,645**	**$ (924,709)**	**$ (1,797,233)**	**$ (2,283,824)**
Interest expense	60,298	(218,231)	63,354	110,017
Exchange loss (gain)	62,700	100,176	23,101	26,965
Interest and other income	(2,953)	(3,981)	(1,800)	(626)
(Gain) Loss on revaluation of financial instrument	-	-	-	200,000
Amortization of equipment	28,923	28,242	19,076	33,738
Amortization of intangible assets	136,462	165,942	116,089	192,082
(Gains) or losses from discontinued operations	855,349	541,937	415,536	478,906
(Gain) on disposition of subsidiary	(11,237,620)	-	-	175,000
Impairment of assets	-	-	-	-
Tax provision (recovery)	(236,799)	217,979	37,947	39,307
EBITDA adjusted to exclude discontinued operations(1)	**$ (475,995)**	**$ (92,645)**	**$ (1,123,930)**	**$ (1,028,435)**
One-time non-recurring expenditures and (recoveries)	25,858	106,359	127,885	130,429
Stock-based compensation expense	93,298	89,118	138,325	144,335
Normalized EBITDA adjusted to exclude discontinued operations (1)	**$ (356,839)**	**$ 102,832**	**$ (857,720)**	**$ (753,671)**

(1) Presentation of EBITDA adjusted to exclude discontinued operations, Normalized EBITDA adjusted to exclude discontinued operations, Net Income (Loss) and Comprehensive Income / Loss include the results from discontinued operations of FingerPrints as previously discussed on Page #11 for the periods Q4-2016 to Q3-2018.

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

Summary of Net Operating Working Capital	September 30, 2018	September 30, 2017	June 30, 2018
Equity	**$ 14,335,647**	**$ 17,564,302**	**$ 15,324,610**
Add: Long-term portion of notes payable	-	1,500,000	-
Add: Long-term portion of vehicle loans	9,392	15,615	11,111
Add: Deferred income tax (asset) liability	119,587	(67,436)	-
Add: Deferred revenue	942,580	1,160,301	1,163,873
Less: Goodwill	(4,042,129)	(3,917,141)	(4,102,069)
Less: Intangible assets	(745,859)	(893,165)	(784,272)
Less: Long-term portion of investment tax credits receivable	(562,132)	(744,853)	(772,986)
Less: Long-term portion of lease receivable	-	(6,422)	-
Less: Deposit on leased premises	(43,279)	(40,702)	(44,440)
Less: Equipment	(102,558)	(179,737)	(158,426)
Net Operating Working Capital	**$ 9,911,249**	**$ 14,390,762**	**$ 10,637,401**

Liquidity and Financial Resources

As at September 30, 2018, Posera had cash and cash equivalents totaling $7,102,014 (December 31, 2017 - $12,153,665).

For the three-months ended September 30, 2018 and 2017, cash used by operating activities was $807,658 and $2,093,027 respectively. Cash used by operations for the three-months ended September 30, 2018 resulted primarily from a net loss, which was partially offset by changes in non-cash working items, amortization and stock-based compensation. Cash used by operations for the three-months ended September 30, 2017 resulted from net income, amortization and stock-based compensation expense which was primarily offset by the gain on the sale of the FingerPrints business and the change in the non-cash working items for the reporting period.

For the three-months ended September 30, 2018 and 2017, cash (used in) and generated by financing activities were ($1,799) and $2,750,733 respectively. Cash used in financing activities for the three-months ended September 30, 2018 resulted from the repayment of vehicle loans where the cash generated by financing activities for the three-months ended September 30, 2017 results from the proceeds received from a common share issuance completed by the Company which was offset by issuance costs paid as a result of the common share issuance.

For the three-months ended September 30, 2018 and 2017, cash (used in) and generated by investing activities were ($967,967) and $12,276,903 respectively. The cash used in investing activities during the three-months ended September 30, 2018 related primarily to the issuance of a note receivable, whereas the cash generated by investing activities for the three-months ended September 30, 2017 related primarily to the disposition of the FingerPrints business.

Net operating working capital at September 30, 2018 and 2017 was $9,911,249 and $14,390,762 respectively.

Capital Structure

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

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

The Company monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as the sum of bank indebtedness, and current and long-term notes payable and vehicle loans and capital leases 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 9 of the accompanying financial statements for the three and nine-months ended September 30, 2018, the Company is subject to certain externally imposed capital covenants related to bank indebtedness.

The debt to equity ratios as at September 30, 2018, September 30, 2017 and June 30, 2018 were as follows:

	September 30, 2018	**September 30, 2017**	**June 30, 2018**
Total Debt			
Notes payable	$ -	$ 1,500,000	$ -
Vehicle loans	9,392	25,980	11,111
Total Debt	**$ 9,392**	**$ 1,525,980**	**$ 11,111**
Total Equity	**$ 14,335,647**	**$ 17,564,302**	**$ 15,324,610**
Debt to Equity Ratio	**0.1%**	**8.7%**	**0.1%**

The Company has arrangements in place that allow us to access the additional debt financing for funding when required through various lines of credit. The Company's credit capacity as at September 30, 2018 was $200,000 (as at December 31, 2017 - $200,000), of which the Company had utilized $nil (2017 - $nil).

Summary of Contractual Obligations

During the three-months ended September 30, 2018, the Company didn't enter into any material contracts.

Capital Resources

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

Financial arrangements not presented in the consolidated statements of financial position

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

Transactions with Related Parties

During the three and nine-months ended September 30, 2018, the Company received legal fees and disbursement invoices totaling $224,959 and $426,126 (2017 - $59,443 and $142,975), from a law firm, of which a director of Posera is a partner. As at September 30, 2018, the Company has a payable position of $245,786 (December 31, 2017 - $11,046) which will be settled between the related parties in the normal course of business.

On April 27, 2018 the Company established a $1.6 million secured bridge credit facility with DLT Labs Inc. ("DLT Labs"). Mr. Loudon Owen, former Executive Chairman of Posera (resigned from Posera on May 22, 2018) is a director and shareholder of DLT Labs. The board of directors of Posera established a special committee of independent directors comprised of Messrs. Nordholm (Chairman), Brown and Figueira to oversee the Company's relationship with DLT Labs and to make recommendations to the board of directors concerning any potential transactions between Posera and DLT Labs. The terms of the credit facility for DLT Labs were negotiated under the supervision of, and reviewed and approved by, the special committee. On August 1, 2018 and August 17, 2018, the Company amended the original terms of the secured credit loan facility by increasing the maximum principal amount available to DLT under the facility to $1,700,000 and $2,200,000 respectively. As at September 30, 2018, the Company has a note receivable of $2,247,863 (December 31, 2017- $nil) outstanding with DLT Labs. See Note 8 for further details on the loan arrangement which was entered and recorded at the exchange amount in the condensed interim consolidated financial statements.

Posera conducted business with a company controlled by the former Executive Chairman of Posera, Mr. Owen. In fiscal year 2017, the Company incurred transaction costs related to the sale of the FingerPrints business in the amount of $660,000. The transaction costs that were charged to the Company comprised of services including counterparty identification, negotiation, structuring, financial analytics, facility costs, management oversight and administrative related services. This transaction was recorded at the exchange amount. As at September 30, 2018, the company was in a payable position of $nil (December 31, 2017- $603,500) which was settled between the related parties in the normal course of business.

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, Chief Financial Officer, and Senior Vice-President of Corporate Development, is as follows:

	Three-months ended September 30, 2018	Three-months ended September 30, 2017	Nine-months ended September 30, 2018	Nine-months ended September 30, 2017
Salaries and short-term employee benefits – continuing operations	$ 181,785	$ 172,157	$ 856,560	$ 491,813
Share-based payments	11,127	5,747	55,902	184,342
Total Presented in Continuing Operations	**$ 192,912**	**$ 177,904**	**$ 912,462**	**$ 676,155**
Salaries and short-term employee benefits – discontinued operations	-	205,000	-	205,000
Total	**$ 192,912**	**$ 382,904**	**$ 912,462**	**$ 881,155**

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 Condensed Interim Consolidated Statements of Operations and Comprehensive Loss.

Share Capital

As at September 30, 2018, Posera had issued and outstanding 119,796,878 common shares, and 8,457,250 options, of which 6,378,940 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32. As at November 14, 2018, Posera had issued and outstanding 119,796,878 common shares and 8,455,250 options, of which 6,568,906 were exercisable at an exercise price to purchase common shares ranging from $0.125 to $0.32.

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 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:

<u>Cash-generating units (“CGU”s)</u>

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

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

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

<u>Discontinued Operations</u>

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 – September 30, 2018 - $745,859 (September 30, 2017 - $893,165, June 30, 2018 - $784,272) and Goodwill – September 30, 2018 - $4,042,129 (September 30, 2017 - $3,917,141, June 30, 2018 - $4,102,069).*
   - *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.*

b. *Investment Tax Credits Receivable – non-refundable – September 30, 2018 - $562,132 (September 30, 2017 - $744,853; June 30, 2018 - $772,986).*
   - *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 4. An annualized 2.50% decrease in the forecasted taxable income of the entity with the Non-Refundable Investment Tax Credits Receivable would not cause any of the tax credits to expire before use.*
   - *See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2017 annual consolidated financial statements.*

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

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

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 the Company will continue to focus on;

- process documentation to highlight the controls in place which are addressing the key risks; and
- enhancement of formal documentation surrounding management's analysis of monthly and quarterly financial reports.

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.

Period-end Financial Reporting Process

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

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

Limitation of Control Procedures

Management, including the CEO and CFO, does not expect that the Company's disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can only provide reasonable, not absolute assurance that the control system objectives will be met. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any system of controls 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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