POSERA-HDX LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE THREE-MONTHS ENDED SEPTEMBER 30, 2014

The following is the management discussion and analysis ("MD&A") of the consolidated interim statements of financial position, results of operations and comprehensive loss and cash flows of Posera-HDX Ltd. ("HDX") for the three-months ended September 30, 2014 and should be read in conjunction with the financial statements for such periods and the accompanying notes thereto. This MD&A discusses the three-months ending September 30, 2014, compared to June 30, 2014 and September 30, 2013. For an analysis of the nine-months ending September 30, 2014 compared to September 30, 2013, please read this MD&A in conjunction with the MD&A for the three-months ending June 30, 2014 and the three and nine-months ending September 30, 2013. The effective date of this MD&A is November 13, 2014.

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

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

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 27, 2014 with the regulatory authorities.

NON-IFRS REPORTING MEASURES

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

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

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

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

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

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

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

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

Gross Payment Processing Fees: HDX management defines gross payment processing fees as the total payment processing fees that are earned by Zomaron's third party processors, of which Zomaron receives a percentage of these fees.

<u>Comparative Figures:</u>

Certain prior period comparative figures have been restated to conform to the consolidated financial statements presentation adopted under IFRS.

Highlights and Summary - Three-months ended September 30, 2014 (Unaudited)

(*This section acts merely as a summary; the detailed analysis is discussed in the "Comparison of the Unaudited three-months ended September 30, 2014 September 30, 2013 and June 30, 2014".)*

- Net loss for the three-months ended September 30, 2014 was a loss of $200,176, an improvement of $201,322 from a loss of $401,498 for the three-months ended September 30, 2013, and an improvement of $427,393 from a loss of $627,569 for the three-months ended June 30, 2014;
- EBITDA profit / (loss) for the three-months ended September 30, 2014, was ($15,823), a decrease of $572,678 from a profit of $556,855 for the three-months ended September 30, 2013, and an improvement of $161,263 from a loss of $177,086 for the three-months ended June 30, 2014;
- Normalized EBITDA profit / (loss) for the three-months ended September 30, 2014 was ($80,898), a decrease of $363,594 from $282,696 for the three-months ended September 30, 2013, and a decrease of $474,004 from $393,246 for the three-months ended June 30, 2014;
- Total revenue was $4,693,705 for the three-months ended September 30, 2014, down $477,850 (9.2%) from $5,171,555 for the three-months ended September 30, 2013 and down $640,885 (12.0%) from $5,334,590 for the three-months ended June 30, 2014;
- Gross profit was $2,103,058 for the three-months ended September 30, 2014, up $56,034 (2.7%) from $2,047,024 for the three-months ended September 30, 2013, and down $191,281 (8.3%) from $2,294,339 for the three-months ended June 30, 2014;
- Operating expenses were $2,400,530 for the three-months ended September 30, 2014, up $102,202 (4.4%) from $2,298,328 for the three-months ended September 30, 2013, and down $353,405 (12.8%) from $2,753,935 for the three-months ended June 30, 2014;
- Included in cost of sales and operating expenses for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014 were certain one-time non-recurring expenditures, non-cash amortization of intangible assets and property plant and equipment, non-cash stock-based compensation expense and non-cash impairment to assets totaling $216,574, $513,143and $636,342 respectively;
- HDX's cash and cash equivalents totaled $1,893,092 as at September 30, 2014, an increase of $747,502 (65.3%) from $1,145,590 as at September 30, 2013, and a decrease of $465,955 (19.8%) from $2,350,074 as at June 30, 2014. Bank indebtedness was $207,097 as at September 30, 2014, an increase of $147,097 (245.2%) compared to $60,000 as at September 30, 2013, and a decrease of $74,913 (26.6%) compared to $282,010 as at June 30, 2014; and
- HDX's working capital totaled $1,372,321 as at September 30, 2014, an increase of $1,288,165 (1,530.7%) from $84,156 as at September 30, 2013, and a decrease of $38,237 (2.5%) from $1,555,230 as at June 30, 2014.

HDX's Business

The Company is in the business of managing merchant transactions with consumers and facilitating payment emphasizing transaction speed, simplicity, and accuracy. HDX develops and deploys touch-screen point of sale ("POS") system software and associated enterprise management tools and has developed and deployed numerous POS applications. HDX also provides system hardware integration services, merchant staff training, system installation services, and post-sale software and hardware support services. HDX's worldwide dealership network of approximately 96 resellers in 25 countries with approximately 550 representatives selling, supporting and installing its software. HDX's main software product, known as Maître 'D, has been deployed in over 20,000 locations worldwide in eight different languages.

Through the acquisition of Zomaron Inc. ("Zomaron") the Company acquired a registered reseller of Debit and Credit Card merchant services. Zomaron, an Ontario based sales organization, rounds out the Company's suite of services to include Debit and Credit Card merchant services. With each pin-pad sold, a percentage of each transaction, for the term of the agreement, is earned by Zomaron Inc. This share of Debit and Credit Card processing revenues, the Company expects, will become a significant recurring revenue stream in the future.

The Company's Common Shares are listed on the Toronto Stock Exchange under the symbol "HDX".

Revenues and Expenses

HDX's revenue model contemplates revenues primarily from the following sources:

- **Transaction fees from merchants.** Merchants pay fees for the processing and reporting of stored value payment transactions. The transaction fees are paid directly to HDX.
- **Income from the sale of HDX POS equipment.** Merchant licensees may purchase POS equipment from HDX for installation at merchant.
- **Revenue from data and application hosting fees.** Merchants or other application service providers may contract with HDX for data and application hosting services.
- **Services revenue from the delivery of consulting and system integration services.** Merchant licensees and merchants may hire HDX to install and manage POS equipment, terminals and readers at merchant locations and provide other services as required.
- **Revenue from software license agreements.** POS Software licensees and resellers may contract with HDX for the use of proprietary POS software.
- **Payments fees from merchants.** Merchants pay fees for the processing of debit and credit card payments transactions. The transaction fees are paid to a third party processor which remits residual income to the Company.

The Company has disclosed Gross Payment Processing Fees related to its Payment Processing Revenues. Gross Payment Processing Fees represent the total amount of Payment Processing Fees underlying the processing of debit and credit card payments transactions. The transaction fees are paid by merchants to a third party processor, who then remits a residual to the Company based upon certain metrics. The Company does not have a direct relationship with the merchant to process the transactions, and is not the primary obligator of the payment processing transaction. As a result, the Company records the residual received as revenue. Although the Company records the residual received as revenue, the Company has disclosed the Gross Payment Processing Fees underlying the transactions, as it may be relevant information to benchmark the Company against others in the payment processing industry who may have dissimilar contractual arrangements between the merchants and payment processors.

HDX'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 HDX for resale, 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 HDX technology development and maintenance, as well as external suppliers. Operations and support costs consist primarily of personnel and related costs associated with the ongoing operations and support of the HDX business, fixed hosting costs, merchant implementation costs and certain consumer and merchant support costs.

HDX operating costs are broken down into the following two categories: sales and marketing; and general and administrative. Sales and marketing costs consist primarily of personnel and related costs associated with the ongoing sales and marketing functions, as well as brand development fees, media placement fees, trade show fees, advertising and other promotional expenses. General and administrative fees consist primarily of personnel and related costs associated with HDX's senior management, administrative, legal and finance functions, as well as professional fees and other general corporate expenses.

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

Interest income on HDX corporate funds consists primarily of interest income related to its invested cash and short-term investments. HDX'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. In addition, the Company also earns interest income from investing the consumers' prepaid funds.

Interest expense relates to interest costs of vehicle loans and notes payable. The notes payable were either issued as a result of or acquired in the business combinations that HDX has completed or as a result of a term promissory note. On the date of acquisition or issuance of the notes payable, HDX 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

HDX offers "turnkey" solutions including custom software development, integration of our software with appropriate industry specific hardware solutions, deployment and training of our integrated solutions, and providing the ongoing software support and hardware support of deployed solutions. Management's strategy is focused on growing the business organically by:

- Continuing to identify vertical market segments and specific customer groupings that are ideal customers for HDX's technology, assigning direct sales force personnel to communicate with prospective clients and client groupings.

- Marketing HDX products to merchant sites associated with restaurant chains that have pre-approved the deployment of HDX technology.

- Identifying jurisdictional technology and reporting requirements, developing tools to meet those requirements and marketing to businesses within said jurisdiction.

- Increasing incremental recurring revenue by developing new technology and enhancing existing technology features in order to increase existing HDX clients' return on investment resulting in existing HDX clients' purchasing additional HDX products, and expanding the HDX reseller network and marketing additional related products and technology through this reseller network.

- The HDX Payment Processing platform is being outsourced and this will give the Company the ability to provide payment processing alternatives to our customers.

On December 9th, 2013 HDX completed the acquisition of Zomaron Inc. ("Zomaron"). The acquisition of Zomaron, a rapidly growing business with a successful and accomplished management team and over 175 sales agents, will be instrumental in the Company's growth strategy and lays the groundwork for significant sales growth in 2014 and beyond.

Founded in 2008, Zomaron provides credit and debit card processing solutions to Canadian merchants nationwide. Based in London, Ontario, Zomaron has offices in Edmonton AB, Toronto ON, and Montreal QC. Through its nation-wide network of sales representatives and strategic partnerships, Zomaron has experienced rapid growth, doubling its sales annually. Zomaron's exponential growth led it to be ranked on PROFIT magazine's 13th and 14th annual PROFIT HOT 50 issues in October 2012 and 2013 respectively. Zomaron's solutions and services can also be marketed and deployed in the United States.

On June 18th, 2014 the Company announced it had signed a letter of intent to acquire Terminal Management Concepts Ltd. ("TMC") of Markham, Ontario. TMC provides wireless EMV chip and PIN "pay at the table" credit and debit card processing software and hardware solutions to Canadian merchants nationwide. TMC has deployed its payment software solutions through direct sales and strategic partnerships with the world's largest payment terminal manufacturers. TMC's solutions and services integrate directly with most of the leading restaurant POS applications world-wide. Because TMC's middle-ware product is POS solution agnostic, payment processing relationships can be achieved regardless of the POS solution employed by a particular restaurant. TMC's solutions can be marketed and deployed in the United States where the requirement for "pay at the table" solutions is becoming a necessary part of restaurant operations due to the introduction of EMV chip and PIN requirements and the credit card / merchant liability shift due to take place in October of 2015.

The TMC transaction bolsters the Company's strategy of providing integrated payment solutions to new merchants and existing clients that already utilize HDX products and services. TMC's products gives the Company's sales team the ability to achieve payment processing relationships with restaurants that currently use competitive POS solutions. TMC's software, in conjunction with HDX's intellectual property and services, provides merchants with one-stop-shopping, one monthly payment, and one source for technical support of all of their retail technology solutions. TMC's business model supports HDX's ability to grow payment processing revenue, profitability, and TMC's recurring revenue model is very attractive to HDX.

HDX continues to pursue selective acquisitions which the Company expects will be primarily focused on POS or Payment Processing services companies that can be acquired at attractive multiples, and whose products or customer base complements or extends that of the Company currently.

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, 2013 and 2012, including the notes thereto, in particular Note 2. HDX's consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, while the consolidated interim financial statements are prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, collectively referred to as ("**IFRS**"). The Consolidated Financial Statements for the year-ended December 31, 2013 outline the accounting principles and policies used to prepare our financial statements. Accounting policies are critical if they rely on a substantial amount of judgment in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the reported results or financial position.

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

Critical accounting judgments

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

Cash-generating units ("CGU"s)

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

Functional currency of consolidated entities.

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

Critical accounting estimates

The following are some of the estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. Refer to Note 2 of the Annual Consolidated Financial Statement and MD&A for the years-ended December 31, 2013 and 2012 for a complete listing of the Company's critical accounting estimates.

a. *Intangible asset – September 30, 2014 - $3,112,549 (September 30, 2013 - $4,344,725, June 30, 2014 - $3,326,674) and Goodwill – September 30, 2014 - $6,754,631 (September 30, 2013 - $3,582,115, June 30, 2014 - $6,611,635)*

- Critical estimates relate to the valuation of intangible assets and goodwill acquired in business combinations and the potential impairment of intangible assets and goodwill as part of the CGU impairment testing. See the detailed disclosure surrounding the estimates used in the December 31, 2013 annual consolidated financial statements and MD&A.

b. *Investment Tax Credits Receivable – non-refundable – September 30,2014 - $1,067,101 (September 30, 2013 - $1,245,114 June 30, 2014 - $1,157,956)*

- 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 to the accompanying quarterly consolidated financial statements. See the detailed disclosure surrounding the estimates used and sensitivity thereon in the December 31, 2013 annual consolidated financial statements and MD&A.

Comparison of the Unaudited Three-Months Ended

The table below sets out the unaudited statements of operations for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014.

Analysis of the Unaudited Quarterly Results	Q3-2014 (unaudited) $	Q3-2013 (unaudited) $	Q2-2014 (unaudited) $	Q3-2014 vs. Q3-2013 $	%	Q3-2014 vs. Q2-2014 $$	%
Revenue							
Point-of-sale	4,258,454	5,169,015	4,933,515	(910,561)	(17.6%)	(675,061)	(13.7%)
Payment processing	435,251	2,540	401,075	432,711	17,035.9%	34,176	8.5%
Total Revenue	**4,693,705**	**5,171,555**	**5,334,590**	**(477,850)**	**(9.2%)**	**(640,885)**	**(12.0%)**
Cost of Sales							
Cost of inventory	925,047	1,331,301	1,122,710	(406,254)	(30.5%)	(197,663)	(17.6%)
Technology	305,612	583,040	554,949	(277,428)	(47.6%)	(249,337)	(44.9%)
Operations and support	1,359,988	1,210,190	1,362,592	149,798	12.4%	(2,604)	(0.2%)
Total Cost of Sales	**2,590,647**	**3,124,531**	**3,040,251**	**(533,884)**	**(17.1%)**	**(449,604)**	**(14.8%)**
Gross Profit	2,103,058	2,047,024	2,294,339	56,034	2.7%	(191,281)	(8.3%)
Gross Profit Percentage	44.8%	39.6%	43.0%	5.2%	13.1%	1.8%	4.2%
Operating Expenditures							
Sales and marketing	1,194,739	751,705	1,318,998	443,034	58.9%	(124,259)	(9.4%)
General and administrative	1,205,791	1,215,564	1,434,937	(9,773)	(0.8%)	(229,146)	(16.0%)
Impairment of assets	-	331,059	-	(331,059)	100.0%	-	0.0%
Total Operating Expenditures	**2,400,530**	**2,298,328**	**2,753,935**	**102,202**	**4.4%**	**(353,405)**	**(12.8%)**
	(297,472)	**(251,304)**	**(459,596)**	**(46,168)**	**18.4%**	**162,124**	**(35.3%)**
Other expenses (income)							
Interest expense	95,069	59,923	96,396	35,146	58.7%	(1,327)	(1.4%)
Realized and unrealized loss on foreign exchange	2,779	118,634	179,389	(115,855)	(97.7%)	(176,610)	(98.5%)
Interest and other income	(4,144)	(2,371)	(5,525)	(1,773)	74.8%	1,381	(25.0%)
Gain on held for trading financial instruments	-	98,786	-	(98,786)	100.0%	-	0.0%
	93,704	**274,972**	**270,260**	**(181,268)**	**(65.9%)**	**(176,556)**	**(65.3%)**
Net loss before income taxes	**(391,176)**	**(526,276)**	**(729,856)**	**135,100**	**(25.7%)**	**338,680**	**(46.4%)**
Current	17,516	(10,625)	(253,841)	28,141	(264.9%)	271,357	(106.9%)
Future	(208,516)	(114,153)	151,554	(94,363)	82.7%	(360,070)	(237.6%)
Net loss	**(200,176)**	**(401,498)**	**(627,569)**	**201,322**	**(50.1%)**	**427,393**	**(68.1%)**
Other comprehensive income	157,183	73,161	20,022	84,022	114.8%	137,161	685.1%
Comprehensive loss	**(42,993)**	**(328,337)**	**(607,547)**	**285,344**	**(86.9%)**	**564,554**	**(92.9%)**
Non-IFRS reporting measures(as outlined on Pages 18 – 19 of this MD&A):	(unaudited)	(unaudited)	(unaudited)				
EBITDA	**(15,823)**	**556,855**	**(177,086)**	**(572,678)**	**(102.8%)**	**161,263**	**(91.1%)**
Normalized EBITDA	**(80,758)**	**282,696**	**393,246**	**(363,454)**	**(128.6%)**	**(474,004)**	**(120.5%)**

The presentation of the below of Selected Financial Data is for the purposes of this management discussion and analysis. The 2014 and 2013 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, 2014**	**September 30, 2013**	**June 30, 2014**
Total revenue	$ 4,693,705	$ 5,171,555	$ 5,334,590
Point-of-sale revenue	4,258,454	5,169,015	4,933,515
Payment processing revenue	435,251	2,540	401,075
Net loss	(205,808)	(401,498)	(627,569)
Income (loss) per share – basic and diluted	(0.00)	(0.01)	(0.01)
Weighted average number of shares outstanding (000's) - basic	59,359	48,308	59,343
Weighted average number of shares outstanding (000's) – diluted	59,359	48,308	59,343
Cash and cash equivalents	1,893,092	1,145,590	2,350,074
Bank indebtedness	207,097	60,000	282,010
Working capital (as outlined on Page 20 of this MD&A)	1,372,321	84,156	1,555,230
Total assets	18,185,542	15,404,749	19,116,060
Long-term liabilities	2,222,704	1,356,910	2,395,296
Total shareholders' equity	10,602,756	8,153,725	10,603,402

Comparison of the unaudited quarters ended September 30, 2014 and 2013 and June 30, 2014

On December 9, 2013 the Company began reporting revenue relating to the acquired businesses of Zomaron Inc. As a result, the three-months ended September 30, 2014 and June 30, 2014 results includes a full quarter of revenues and expenses for this acquisition, whereas the results displayed for the three-months ended September 30, 2013, does not include any revenue or expenses for this acquisitions.

Revenue:

Revenue Comparisons September 30, 2014, September 30, 2013 and June 30, 2014

HDX recognized total revenue of $4,693,705 for the three-months ended September 30, 2014 compared to $5,171,555 for the three-months ended September 30, 2013, a decrease of $477,850 (9.2%) and $5,334,590 for the three-months ended June 30, 2014, a decrease of $640,885 (12.0%). The total revenue is comprised of two separate components, point-of-sale revenue and payment processing revenue.

Point-of-sale revenue

Point-of-sale revenue for the three-months ended September 30, 2014 was $4,258,454, a decrease of $910,561 (17.6%) and a decrease of $675,061 (13.7%) compared to the point-of-sale revenue for the three-months ended September 30, 2013 and June 30, 2014 of $5,169,015 and $4,933,515 respectively. The decrease in revenue during the three-months ended September 30, 2014 compared to June 30, 2014 is primarily a seasonal fluctuation, where the seasonal results of the third quarter tends to be the second weakest quarter of the year, as a result of slow summer installations and restaurant builds. Additionally, the Company and its sales agent's targeted higher volume customers during the three-months ended September 30, 2014 compared June 30, 2014. This resulted in a decrease is payment point-of-sale terminals revenue for the three-months ended September 30, 2014 when compared to the three-months ended June 30, 2014. The decrease in revenue for the three-months ended September 30, 2014 compared to the three-months ended September 30, 2013 was primarily a result of the completion of a large rollout project one of the Company's large customers during the three-months ended September 30, 2013. The Company did not have a similar project transpire during the three-months ended September 30, 2014.

The Company had hoped to begin marketing and deploying Electronic Cash Registers ("ECR's") through its team of approximately 175 sales agents at the end of the second quarter of 2014 and thereby experience sales revenue growth during the third quarter of 2014. However, due to difficulties and product line changes at a major technology partner, the Company was forced to identify a new ECR product manufacturer, secure a distribution agreement, re-stock inventory, re-train technical staff, develop marketing materials, and schedule a new marketing road show. The Company announced a North American distribution agreement with Casio America Inc. and hopes to experience additional revenues from this new arrangement beginning in the fourth quarter of 2014.

Payment processing revenue

The Company recognized payment processing revenue of $435,251 for the three-months ended September 30, 2014, compared to $2,540 for the three-months ended September 30, 2013 and $401,075 for the three-months ended June 30, 2014. The following is an analysis of the Processing Revenue.

	For the quarters ended			
	September 30, 2014	**September 30, 2013(1)**	**September 30, 2014 vs. September 30, 2013**	**% Change**
Processing Revenue	435,251	291,586	143,665	49.3%
Increase / (decrease) as a result of Number of Merchants			127,358	43.7%
Increase / (decrease) as a result of Revenue per Merchant			16.307	5.6%
Number of Active Merchants	2,852	1,985	867	43.7%
Processing Revenue per Merchant	152.61	146.89	5.72	3.9%
Merchant Portfolio Processing Volume	262,961,695	168,518,483	94,443,212	56.0%
Merchant Portfolio Processing Volume per Merchant	92,203	84,896	7,307	8.6%
Gross processing fees(2)	4,128,416	2,241,664	1,886,752	83.3%
Gross processing fees per Merchant(2)	1,447.55	1,129.30	318.25	28.2%

(1) Information presented for the three-months ended September 30, 2013 is prior to the Company's acquisition of Zomaron. The Company has presented this historical information as if Zomaron were part of the Company for this period for informational purposes.

(2) For Zomaron, gross payment processing fess represents the total payment processing fees that are earned by Zomaron's third party processors, of which Zomaron receives a percentage of these fees. The Company believes that gross payment processing fees is a relevant metric to disclose, in order to allow users of the financial statements to be able to benchmark Zomaron's payment processing portfolio against similar payments and processing companies which may have different processing relationship.

	For the quarters ended			
	September 30, 2014	**June 30, 2014**	**September 30, 2014 vs. June 30, 2014**	**% Change**
Processing Revenue	435,251	401,075	34,176	8.5%
Increase / (decrease) as a result of Number of Merchants			20,860	5.2%
Increase / (decrease) as a result of Revenue per Merchant			13,316	3.3%
Number of Active Merchants	2,852	2,711	141	5.2%
Processing Revenue per Merchant	152.61	147.94	4.67	3.2%
Merchant Portfolio Processing Volume	262,961,695	251,091,345	11,870,350	4.7%
Merchant Portfolio Processing Volume per Merchant	92,203	92,619	(416)	(0.5%)
Gross processing fees(2)	4,128,416	3,917,007	211,409	5.4%
Gross processing fees per Merchant(2)	1,447.55	1,444.86	2.69	0.2%

(2) For Zomaron, gross payment processing fess represents the total payment processing fees that are earned by Zomaron's third party processors, of which Zomaron receives a percentage of these fees. The Company believes that gross payment processing fees is a relevant metric to disclose, in order to allow users of the financial statements to be able to benchmark Zomaron's payment processing portfolio against similar payments and processing companies which may have different processing relationship.

The processing of debit and credit card transactions is somewhat seasonally based, as a result of the demographics of Zomaron's merchant base. Additionally the Company and its sales agent's targeted higher volume customers during the three-months ended June 30, 2014 and September 30, 2014, which has resulted in the processing volume increasing, and processing revenue per merchant increasing.

Cost of Sales:

Cost of Sales Comparisons September 30, 2014, September 30, 2013 and June 30, 2014

Cost of inventory

HDX recognized cost of inventory of $925,047 (19.7% of revenues) for the three-months ended September 30, 2014, compared to $1,331,301 (22.4% of revenues) for the three-months ended September 30, 2013 and $1,122,710 (21.0% of revenues) for the three-months ended June 30, 2014. The changes in the cost of inventory as a percentage of revenue is a result of a change in product mix between the respective periods. The cost of sales as a percentage of revenue was relatively consisted for the three-months ended September 30, 2013 and June 30, 2014, but decreased marginally for the three-months ended September 30, 2014 due to the decrease in sales during the quarter, which due to the decrease proportionately had less hardware related revenue which results in the balance of the cost of inventory.

Technology

Technology expenses in the three-months ended September 30, 2014 were $305,612, a decrease of $277,428 (47.6%) from $583,040 in the three-months ended September 30, 2013 and a decrease of $249,337 (44.9%) from $554,949 in the three-months ended June 30, 2014.

Technology Expense Reconciliation	**For the quarters ended**		
	September 30, 2014	**September 30, 2013**	**June 30, 2014**
Technology expense	**$ 305,612**	**$ 583,040**	**$ 554,949**
Less: Amortization of intangible assets	94,108	298,928	94,199
Less: One-time expenditures(1)	-	(54,125)	216,500
Adjusted technology expense	**$ 211,504**	**$ 229,987**	**$ 244,250**

(1) During the three-months ended June 30, 2014, the Company incurred a one-time change in estimate of the Company's investment tax credits receivable, which transpired as a result of a review of the projects eligible for investment tax credits during the 2013 fiscal year. The change in estimate resulted in an increased one-time expenditure to the technology expense of $216,500 for the three- months ended June 30, 2014. The Company applied the $216,500 ratably to the 2013 quarters to calculate the Normalized EBITDA.

Included in the technology expense for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014 is amortization of technology intangible assets, totaling $94,108, $298,928 and $94,199 respectively. Excluding this intangible asset amortization, HDX`s technology expenses for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014 would have been $211,504, $284,112, and $460,750 respectively.

The adjusted technology expense remained relatively consistent during the three-months ended September 30, 2014 compared to the three-months ended June 30, 2014, as a result of no significant changes in headcount or other key technology expense factors. The adjusted technology expenses in the three-months ended June 30, 2014 and September 30, 2013 decreased compared to the three-months ended September 30, 2014 as a result the decision during the third quarter of fiscal 2013 to reduce un-necessary monthly expenditures as it related to the HDX Payment Processing Ltd. ("HDXPP") division.

As a result, during the three-months ended September 30, 2013 the Company was still incurring technology related expenditures for the HDXPP division, where during the three-months ended September 30, 2014 the HDXPP expenditures were not significant.

Finally, during the three-months ended September 30, 2013 the Company reassessed the useful life of certain technology intangible assets and as a result the Company accelerated the amortization regarding the identified technology intangible assets. After applying these adjustments, the balance for the adjusted technology expense was relatively consistent in each of the three comparable quarters.

Operations and Support

Operations and support expenses were $1,359,988 in the three-months ended September 30, 2014; an increase of $149,798 (12.4%) from $1,210,190 in the three-months ended September 30, 2013, and a decrease of $2,604 (0.2%) from $1,362,592 in the three-months ended June 30, 2014.

Operations and Support Expense Reconciliation	**For the quarters ended**		
	September 30, 2014	**September 30, 2013**	**June 30, 2014**
Operations and support expense	**$ 1,359,988**	**$ 1,210,190**	**$ 1,362,592**
Less: One-time expenditures	-	31,362	-
Adjusted operations and support expense	**$ 1,359,988**	**$ 1,178,828**	**$ 1,362,592**

Included in operations and support expense for the three-months ended September 30, 2013 was a one-time expenditure for severance incurred, totaling $31,362. The operations and support expenses remained relatively consistent as the employee headcount and other operations and support expenditures remained relatively consistent between all of the comparable quarters after normalizing for the Zomaron transaction that was completed in December, 2013.

Operating Expenditures:

HDX recognized operating expenditures of $2,400,530 for the three-months ended September 30, 2014 compared to $2,298,328 for the three-months ended September 30, 2013, and $2,753,935 for the three-months ended June 30, 2014. Included in operating expenses for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014 are one-time expenditures and (recoveries) relating to legal expenses, acquisition search firms, valuation work performed, recovery from a settlement and severance expenses, totaling ($100,683), $42,198 and $134,614 respectively. Excluding these one-time expenditures, HDX`s operating expenditures for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014, would have been $2,501,213, $2,256,130, and $2,619,321 respectively.

Sales and marketing

Sales and marketing expenses were $1,194,739 in the three-months ended September 30, 2014 an increase of $443,034 (58.9%) from $751,705 in the three-months ended September 30, 2013, and a decrease of $124,259 (9.4%) from $1,318,998 in the three-months ended June 30, 2014.

Sales and Marketing Expense Reconciliation			
	September 30, 2014	**September 30, 2013**	**June 30, 2014**
Sales and marketing expense	**$ 1,194,739**	**$ 751,705**	**$ 1,318,998**
Less: Amortization of intangible assets	143,746	153,127	144,614
Adjusted sales and marketing expense	**$ 1,050,993**	**$ 598,578**	**$ 1,174,384**

The adjusted sales and marketing expenses has increased for the three-months ended September 30, 2014 compared to the three-months ended September 30, 2013, as a result of an increase in headcount and agent expenses related to the Zomaron transaction which was completed in the fourth quarter of 2013. The adjusted sales and marketing expenses has decreased for the three-months ended September 30, 2014 compared to the three-months ended June 30, 2014, as a result of lower agent expenses as a result of fewer payment terminal installations being completed.

General and administrative

General and administrative expenses were $1,205,791 in the three-months ended September 30, 2014; a decrease of $9,773 (0.8%) from $1,215,564 in the three-months ended September 30, 2013, and a decrease of $229,146 (16.0%) from $1,434,937 in the three-months ended June 30, 2014.

General and Administrative Expense Reconciliation			
	September 30, 2014	**September 30, 2013**	**June 30, 2014**
General and administrative expense	**$ 1,205,791**	**$ 1,215,564**	**$ 1,434,937**
Less: Stock-based compensation expense(1)	35,608	4,178	37,533
Less: Amortization of intangible assets and PP&E	43,795	25,045	43,697
Less: One-time expenditures	(100,683)	31,693	134,614
Adjusted general and administrative expense	**$ 1,227,071**	**$ 1,154,648**	**$ 1,219,093**

(1) Incremental stock-based compensation expensed during the three-months ended September 30, 2014 beyond what had been accrued on a straight-line basis in prior periods. For further discussion on this amount, please see the discussion on Page 18 of this MD&A.

Included in general and administrative expenses for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014 was non-cash stock-based compensation expense of $35,608, $4,178 and $219,218 respectively. Excluding these non-cash stock compensation expenses, and the one-time expenditures above, HDX's operating expenditures for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014, would have been $2,364,922, $2,294,150 and $2,052,500 respectively.

Additionally, included in general and administrative expenses for the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014 are one-time expenditures / (recovery) of ($100,683), $31,693 and $134,614 respectively. Finally, included in general and administrative expenses for the three-months ended September 30, 2014 is $43,795 of amortization of intangible assets and property, plant and equipment compared to $25,045 and $43,697 for the three-months ended September 30, 2013 and June 30, 2014 respectively.

After normalizing for the additional expenditures incurred by Zomaron in relation to general and administrative expenditures, the adjusted general and administrative expenditures for the three-months ended September 30, 2014 and September 30, 2014 were relatively consistent. Additionally, after factoring the previously discussed normalized amounts in relation to general and administrative expenditures, the adjusted general and administrative expenditures for the three-months ended September 30, 2014 and June 30, 2014 were also relatively consistent.

For the three months ended September 30, 2013 the Company recognized an impairment of $331,059, related to the goodwill, intangible assets, property plant and equipment, and other assets, allocated to the HDX Payment Processing CGU in the Other Segment whereas no impairment was assessed for the comparable three-month periods ended September 30, 2014 and June 30, 2014. The Company assessed the impairment in the third quarter of 2013 because of the deterioration in the higher of the value-in-use and fair-value less costs to sell. The impairment was recorded at the fair-value less costs to sell as it was higher than the value-in-use. This was primarily the result of the Company's decision to outsource certain activities to which the assets relate. The key assumptions utilized to calculate the higher of value-in-use and fair-value less costs to sell are detailed in Note 6 of the September 30, 2013 Consolidated Interim Financial Statements for the Company. These impairments were included in the operating expenditures in the Consolidated Statements of Operations.

Other Expense and Income:

Interest expense is comprised primarily of interest expense incurred on long-term obligations, including the convertible debentures issued as part of the Posera 2010 acquisition and a financing completed in January, 2014. Interest expense for the three-months ended September 30, 2014 was $95,069 an increase of $35,146 from $59,923 for the three-months ended September 30, 2013 and a decrease of $1,327 from $96,396 for the three-months ended June 30, 2014. The increase compared to the three-months ended September 30, 2013 was a result of the new convertible debenture that was undertaken by the Company in January, 2014. Interest expense was relatively consistent between the three-months ended September 30, 2014 and June 30, 2014.

Realized and unrealized loss / (gain) on foreign exchange is comprised primarily of the loss / (gain) on the foreign denominated convertible debenture and other net assets denominated in foreign currencies. As a result of the decrease in the CAD, relative to the USD, the carrying amount of the convertible debenture liability (in CAD) has increased, resulting in a loss during the three-months ended September 30, 2013. This is partially offset by the other net assets denominated in foreign currencies incurring a gain during the three-months ended September 30, 2013 as a result of an increase of the value of the source currency when translated into the functional currency. The fluctuations in the realized and unrealized loss / (gain) on foreign exchange has impacted the three comparable reporting periods, September 30, 2013, September 30, 2012 and June 30, 2013. The impact to income is predicated on the foreign exchange movements in other net assets denominated in a currency other than the functional currency and the revelation of the convertible debenture from USD to CAD. During the three-months ended September 30, 2014 the Company re-evaluated certain intercompany balances, resulting in the intercompany balances being part of the net investment in foreign subsidiaries. As such any foreign exchange loss / (gain) on these intercompany balances after July 1, 2014 is now included in Other Comprehensive Income, where it was previously included in the Realized and Unrealized Loss / (Gain) on foreign exchange.

Interest and other income is comprised primarily of interest earned from the investing of HDX's corporate funds. The interest earned remained relatively consistent between the three-months ended September 30, 2014, September 30, 2013 and June 30, 2014, as the interest rates earned, and balances deposited remained relatively consistent.

Convertible Debenture Entered into during the three-months ended March 31, 2014

On January 15, 2014, the Company issued a total of $1.5 million (principal amount) of unsecured convertible subordinated debentures, and repaid the term promissory note maturing January 24, 2014. The unsecured convertible subordinated debentures will mature with the principal amount repayable on January 15, 2017 and will pay interest at a nominal rate of 10.25% per annum, payable monthly. Each Convertible Debenture will be convertible into HDX Common Shares at $0.45 per HDX Common Share until January 15, 2016 and at $0.60 per HDX Common Share thereafter until maturity. The offering price of each Convertible Debenture was $900 per $1,000 principal amount resulting in gross proceeds to HDX of $1.35 million. HDX paid a finder's fee equal to 5.0% of the gross proceeds, being $67,500, of the Offering, and incurred issuance costs of $38,413, both of which will be amortized over the life of the debentures. As a result of the conversion option, issuance discount, commission and issuance costs, the unsecured convertible subordinated debentures have a resulting effective interest rate of 22.87%.

Subsequent Events

On October 14, 2014, the Company entered into a settlement and release agreement pertaining to indemnifications arising from a previous acquisition. This release provided that the Company would be reimbursed $350,000 USD and to release the indemnifiers from further liability pertaining to the indemnified amounts, subject to normal limitations. As partial settlement of this claim, the Company and certain indemnifiers agreed to modify the Convertible Debenture owing to the indemnifiers by reducing the principal amount by $268,660 USD. Additionally, a change to the repayment schedule was made such that the $33,633 USD of monthly payments owing but not paid from April 2013 to July 2014 would not be required. Finally, the repayment schedule was extended with monthly payments of $33,633 USD commencing August 2014 to October 2016, with a suspension in repayments of the Convertible Debenture from and including June 2015 to January 2016, while the Company is making payments on other debts owing to the indemnifiers.

Segment Analysis

Operating Segments			
	Revenue for the three-months ended		
	September 30, 2014	September 30, 2013	June 30, 2014
Point-of-sale	$ 3,809,907	$ 5,169,015	$ 4,374,887
Payment processing	885,636	2,540	960,870
Intersegment	(1,838)	-	(1,167)
Total revenue	**$ 4,693,705**	**$ 5,171,555**	**$ 5,334,590**
	Operating profit for the three-months ended (1)		
	September 30, 2014	September 30, 2013	June 30, 2014
Point-of-sale	$ 63,621	$ 902,885	$ 164,696
Payment processing	(44,102)	(157,176)	22,694
Intersegment	-	-	-
Total profit	**$ 19,519**	**$ 745,709**	**$ 187,390**

(1) Operating profit is earnings before corporate headquarters operating expenditures, interest earnings and expense, taxes, amortization, foreign exchanges losses and gains and realized currency translation gains and losses.

Revenue

For the three-months ended September 30, 2014, point-of-sale revenue decreased $1,359,108 (26.3%) and decreased $564,980 (12.9%) when compared to the three-months ended September 30, 2013 and June 30, 2014 respectively. Point-of-sale revenues decreased for the three-months ended September 30, 2014 compared to the three-months ended September 30, 2013 primarily a result of the completion of a large rollout project one of the Company's large customers during the three-months ended September 30, 2013. The Company did not have a similar project transpire during the three-months ended September 30, 2014. Point-of-sale revenues also decreased during the three-months ended September 30, 2014 compared to June 30, 2014 primarily a seasonal fluctuation, where the seasonal results of the third quarter tends to be the second weakest quarter of the year, as a result of slow summer installations and restaurant builds.

The Company had hoped to begin marketing and deploying Electronic Cash Registers ("ECR's") through its team of approximately 175 sales agents at the end of the second quarter of 2014 and thereby experience sales revenue growth during the third quarter of 2014. However, due to difficulties and product line changes at a major technology partner, the Company was forced to identify a new ECR product manufacturer, secure a distribution agreement, re-stock inventory, re-train technical staff, develop marketing materials, and schedule a new marketing road show. The Company announced a North American distribution agreement with Casio America Inc. and hopes to experience additional revenues from this new arrangement beginning in the fourth quarter of 2014.

For the three-months ended September 30, 2014, payment processing revenue increased $883,096 (34,767.6%) and decreased $75,234 (7.8%) when compared to the three-months ended September 30, 2013 and June 30, 2014 respectively. Payment processing revenues for the three-months ended September 30, 2014 increased compared to the three-months ended September 30, 2013, as a result of the Zomaron acquisition that was completed by the Company on December 9th, 2013. There were no Zomaron payment processing revenues recorded in the three-months ended September 30, 2013. Additionally, payment processing revenues for the three-months ended September 30, 2014 decreased compared to the three-months ended June 30, 2014, as a result of a decrease of 31.4% in the new merchants added during the three months ended September 30, 2014 of 238 compared to 347 for the three-months ended June 30, 2014. The decrease was partially offset by an 8.5% increase the dollar value of processed debit and credit card transactions during the reporting periods.

Operating Profit

For the three-months ended September 30, 2014, point-of-sale operating profit decreased $839,264 (93.0%) and decreased $101,075 (61.4%) when compared to the three-months ended September 30, 2013 and June 30, 2014 respectively as a result of fewer point-of-sale system installations completed during the three-months ended September 30, 2014 when evaluated against the other comparative periods. Payment processing operating profit decreased $66,796 (294.3%) as a result of fewer new merchant sales revenue being generated during the three-months ended September 30, 2014 when compared to the three-months ended June 30, 2014. Payment processing operating profit improved $113,074 (71.9%) for the three-months ended September 30, 2014 when compared to the three months ended September 30, 2013 due the Company still incurring expenditures related to the HDX Payment Processing cash generating unit. During the three-months ended September 30, 2013 the Company impaired these assets and there are minimal costs being incurred for HDX Payment Processing during the three-months ended September 30, 2014.

Summary of Unaudited Quarterly Results

The following table sets forth unaudited statements of operations data for the eight most recent quarters ended September 30, 2014 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, 2013 and 2012 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.

	2014			2013
	Q3	Q2	Q1	Q4
Total revenues	$ 4,693,705	$ 5,334,590	$ 4,721,624	$ 5,940,741,
Point-of-sale revenue	$ 4,258,454	$ 4,933,515	$ 4,348,770	$ 5,787,056
Payment processing revenue	$ 435,251	$ 401,075	$ 372,854	$ 153,685
Gross payment processing fees	$ 4,128,416	$ 3,917,007	$ 2,739,876	$ 713,805
EBITDA	$ (15,823)	$ (177,086)	$ (154,340)	$ 650,683
Normalized EBITDA(1)	$ (80,758)	$ 393,246	$ (119,850)	$ 671,489
Net Income (Loss)	$ (205,808)	$ (627,569)	$ (438,985)	$ 360,773
Comprehensive Income (Loss)	$ (42,993)	$ (607,547)	$ (450,624)	$ 363,540
Earnings (Loss) Per Share Basic	$ (0.00)	$ (0.01)	$ (0.01)	$ 0.01
Earnings (Loss) Per Share Diluted	$ (0.00)	$ (0.01)	$ (0.01)	$ 0.01

	2013			2012
	Q3	Q2	Q1	Q4
Total revenues	$ 5,171,555	$ 4,305,530	$ 4,093,586	$ 4,537,528
Point-of-sale revenue	$ 5,169,459	$ 4,302,974	$ 4,091,285	$ 4,532,592
Payment processing revenue	$ 2,096	$ 2,556	$ 2,301	$ 4,936
Gross payment processing fees	$ 2,673	$ 3,127	$ 2,906	$ 5,592
EBITDA	$ 556,855	$ (101,828)	$ (162,114)	$ (434,098)
Normalized EBITDA(1)	$ 228,571	$ (102,538)	$ (195,721)	$ (172,373)
Net Loss	$ (401,498)	$ (350,989)	$ (600,724)	$ (2,896,889)
Comprehensive Loss	$ (328,337)	$ (390,315)	$ (601,133)	$ (2,861,159)
Earnings (Loss) Per Share Basic	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.06)
Earnings (Loss) Per Share Diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.06)

(1) See EBITDA and Normalized EBITDA reporting measures (as outlined on Pages 18 – 19 of this MD&A)

Reconciliation of Unaudited Non-IFRS measures to Closest IFRS Equivalent

Net Loss to EBITDA and Normalized EBITDA	**2014**			**2013**
	Q3	Q2	Q1	Q4
Net Loss	**$ 32,179**	**$ (627,569)**	**$ (438,985)**	**$ 360,773**
Interest expense	95,069	96,396	106,185	67,739
Exchange loss (gain)	(229,576)	179,389	(189,266)	(124,982)
Interest and other income	(4,144)	(5,525)	(4,086)	(2,919)
Gain on held for trading financial instruments	-	-	-	-
Amortization of equipment	23,071	22,927	22,722	17,581
Amortization of intangible assets	258,578	259,583	260,924	237,067
Tax provision (recovery)	(191,000)	(102,287)	88,166	164,208
Impairment of assets	-	-	-	(68,784)
EBITDA	**$ (15,823)**	**$ (177,086)**	**$ (154,340)**	**$ 650,683**
One-time non-recurring expenditures and (recoveries)	(100,683)	134,614	31,912	70,754
Stock-based compensation expense(2)	35,608	219,218	2,578	4,177
Investment tax credits receivable – reassessment(1)	-	216,500	-	(54,125)
Normalized EBITDA	**$ (80,898)**	**$ 393,246**	**$ (119,850)**	**$ 671,489**

(1) During the three-months ended June 30, 2014, the Company incurred a one-time change in estimate of the Company's investment tax credits receivable, which transpired as a result of a review of the projects eligible for investment tax credits during the 2013 fiscal year. The change in estimate resulted in an increased one-time expenditure to the technology expense of $216,500 for the three- months ended June 30, 2014. The Company applied the $216,500 ratably to the 2013 quarters to calculate the Normalized EBITDA.

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

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

Net Loss to EBITDA and Normalized EBITDA		**2013**		**2012**
	Q3	Q2	Q1	Q4
Net Loss	**$ (401,498)**	**$ (350,989)**	**$ (600,724)**	**$ (2,896,889)**
Interest expense	59,923	54,159	46,693	93,247
Exchange loss (gain)	118,634	(156,026)	(36,212)	(21,239)
Interest and other income	(2,371)	(2,712)	(2,260)	(3,833)
Gain on held for trading financial instruments	98,786	-	-	(399,491)
Amortization of equipment	24,058	32,537	36,921	38,690
Amortization of intangible assets	453,042	286,562	326,065	317,306
Tax provision (recovery)	(124,778)	34,641	67,403	18,247
Impairment of assets	331,059	-	-	2,419,864
EBITDA	**$ 556,855**	**$ (101,828)**	**$ (162,114)**	**$ (434,098)**
One-time non-recurring expenditures and (recoveries)	(278,337)	45,800	8,319	217,986
Stock-based compensation expense[2]	4,178	7,615	12,199	43,739
Investment tax credits receivable – reassessment[1]	(54,125)	(54,125)	(54,125)	-
Normalized EBITDA	**$ 228,571**	**$ (102,538)**	**$ (195,721)**	**$ (172,373)**

(1) During the three-months ended June 30, 2014, the Company incurred a one-time change in estimate of the Company's investment tax credits receivable, which transpired as a result of a review of the projects eligible for investment tax credits during the 2013 fiscal year. The change in estimate resulted in an increased one-time expenditure to the technology expense of $216,500 for the three- months ended June 30, 2014. The Company applied the $216,500 ratably to the 2013 quarters to calculate the Normalized EBITDA.

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

Equity Attributable to Owners of the Parent to Working Capital			
	September 30, 2014	**June 30, 2014**	**September 30, 2013**
Equity Attributable To Owners of the Parent	**$ 10,602,756**	**$ 10,603,402**	**$ 8,153,725**
Add: Long-term portion of notes payable	1,334,134	1,468,752	557,023
Add: Long-term portion of vehicle Loans	154,877	139,140	33,802
Add: Future income tax liability	589,021	787,404	766,085
Less: Goodwill	(6,754,631)	(6,611,635)	(4,344,725)
Less: Intangible assets	(3,112,549)	(3,326,674)	(3,582,115)
Less: Long-term portion of investment tax credits receivable	(1,067,101)	(1,157,956)	(1,245,114)
Less: Long-term portion of lease receivable	(36,382)	(31,152)	(39,692)
Less: Deposit on leased premises	(39,580)	(39,582)	(39,582)
Less: Equipment	(298,224)	(276,469)	(118,756)
Less: Deferred income tax asset	-	-	(56,495)
Working Capital	**$ 1,372,321**	**$ 1,555,230**	**$ 84,156**

Liquidity and Financial Resources

As at September 30, 2014, HDX had cash and cash equivalents totaling $1,893,092 (September 30, 2013 - $1,145,590).

For the quarter-ended September 30, 2014 and 2013, provided by / (used in) operating activities was ($387,122) and $40,695 respectively. Cash provided by operations for the quarter-ended September 30, 2013 resulted from a net loss, deferred tax recovery and changes in working capital items, which was more than offset by items not affecting cash such as amortization, impairment of assets and stock-based compensation. Cash used in operations for the quarter-ended September 30, 2014 resulted from a net loss and changes in non-cash working capital items, which was partially offset by items not affecting cash such as amortization, interest accretion and stock-based compensation.

For the quarters-ended September 30, 2014 and 2013, cash provided by / (used in) financing activities were $21,694 and ($268,241) respectively. Cash provided by financing activities for the three-months ended September 30, 2014 resulted primarily from the issuance of a vehicle loan which was partially offset by repayments of the vehicle loans. Cash used in financing activities for the three-months ended September 30, 2014 was a result of the repayment of the royalty payable, payments on the vehicle loans and repurchase of common shares. HDX expects to continue to make acquisitions in the future and therefore may complete additional financings in the equity markets.

For the quarters-ended September 30, 2014 and 2013, cash used in investing activities was $49,726 and $30,449 respectively. The cash used in investing activities during the three-months ended September 30, 2014 and September 30, 2013 relates primarily to the acquisition of property plant and equipment.

Working capital at September 30, 2014, September 30, 2013 and June 30, 2014 was $1,372,321, $84,156 and $1,555,230, respectively.

Capital Structure

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

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

The Company monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total debt divided by total equity. Total debt is calculated as the sum of bank indebtedness, and current and long-term notes payable and vehicle loans as shown in the Consolidated Statement of Financial Position. Total equity is the equity attributable to owners of the Company plus the conversion option in the Consolidated Statement of Financial Position.

The debt to equity ratios as at September 30, 2014, September 30, 2013 and June 30, 2014 were as follows:

	September 30, 2014	September 30, 2013	June 30, 2014
Total Debt			
Notes payable	$ 2,402,602	$ 958,152	$ 2,332,105
Vehicle loans	208,601	49,873	191,477
Bank indebtedness	207,097	60,000	282,010
Total Debt	**$ 2,818,300**	**$ 1,068,025**	**$ 2,805,592**
Total Equity	**$ 10,602,756**	**$ 8,153,725**	**$ 10,603,402**
Debt to Equity Ratio	**26.58%**	**13.10%**	**26.46%**

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, 2014 was $531,035 (September 30, 2013 - $205,735), of which the Company had utilized $207,097 (September 30, 2013 - $60,000). The Company feels that it is adequately capitalized in order to meeting its obligations going forward.

Summary of Contractual Obligations

	Payments Due by Period				
Contractual Obligations	Total	2014	2015 – 2016	2017 - 2018	2019 and beyond
Operating Leases	$ 758,290	$ 127,995	$ 556,312	$ 73,983	$ -
Long-Term Debt	3,071,727	785,265	773,650	1,512,812	-
Vehicle Loans	231,004	16,674	121,879	87,775	4,676
Total Contractual Obligations	**$ 4,061,021**	**$ 929,934**	**$ 1,451,841**	**$ 1,674,570**	**$ 4,676**

Capital Resources

Except as otherwise disclosed, the Company does not expect to make significant capital expenditures in the near future. HDX has invested in and developed an information systems infrastructure that will scale to meet the majority its anticipated market requirements. HDX 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

HDX recognized revenue from a company controlled by the CEO, who is also a director of HDX, during the three and nine-months ended September 30, 2014, based on amounts agreed upon by the parties, in the amounts of $10,113 and $30,176 (2013 - $18,640 and $35,751) respectively. HDX recognized operating expenses and purchased products of $70,290 and $222,793 during the three-months ended September 30, 2014 (2013 - $85,516 and $251,793) from a company controlled by the CEO at the exchange amount. As at September 30, 2014, HDX had a receivable position of $25,197 (December 31, 2013 - $38,015), and a payable of $89,813 (December 31, 2013 - $106,764), which will be settled between the related parties in the normal course of business.

During the three and nine-months ended September 30, 2014, HDX incurred legal fees and disbursement invoices totaling $24,998 and $55,682, (2013 - $31,693 and $85,812) respectively, from a law firm, a partner of which is a director of HDX. As at September 30, 2014, HDX had a payable position of $71,612 (December 31, 2013 - $117,588) which will be settled between the related parties in the normal course of business.

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

	Three-months ended September 30, 2014	Nine-months ended September 30, 2014	Three-months ended September 30, 2013	Nine-months ended September 30, 2013
Salaries and short-term employee benefits	$ 252,180	$ 796,678	$ 255,409	$ 740,786
Share-based payments	29,160	236,054	4,178	12,533
Total	**$ 281,340**	**$ 1,032,732**	**$ 259,587**	**$ 753,319**

Share Capital

As at September 30, 2014, HDX had issued and outstanding 59,374,087 Class A voting common shares, and 4,759,424 options, of which 4,479,174 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at November 13, 2014 HDX had issued and outstanding 59,374,087 Class A voting common shares and 4,759,424 options, of which 4,479,174 were exercisable at an exercise price to purchase common shares ranging from $0.25 to $2.70. As at September 30, 2014 and November 13, 2014 the convertible debenture could have been converted into 3,333,333 and 3,333,333 Common Shares respectively.

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, 2013 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, 2013 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. Throughout 2014, the Company aims to continue to improve process documentation to highlight the controls in place which are addressing the key risks, in addition to developing more formal documentation surrounding management's analysis of monthly and quarterly financial reports.

Recent changes identified relate to the following;

i) The Company completed the acquisition of Zomaron Inc. (“Zomaron”) on December 9th, 2013. During fiscal 2014 the Company anticipates the completion of integrating this business under the Company’s current report processes, procedures and consolidated accounting system; and

No other changes were identified through management’s evaluation of the controls over financial reporting. Throughout the remainder of 2014 the Company aims to improve;

- process documentation to highlight the controls in place which are addressing the key risks;
- developing more formal documentation surrounding management’s analysis of monthly and quarterly financial reports;
- formalize a process for foreign tax reporting and
- integrating all of the acquired entities onto one accounting system platform.

Management of the Company believes in and are committed to establishing rigorous DC&P and ICFR. Our management team will continue to evaluate the effectiveness of our overall control environment and will continue to refine existing controls as they, in conjunction with the Audit Committee, Board of Directors, CEO and CFO, deem necessary. It should be noted that the control deficiencies identified by the Company did not result in adjustment to our annual audited Consolidated Financial Statements for the year ended December 31, 2013.

Period-end Financial Reporting Process

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

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

Limitation of Control Procedures

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

Risks and Uncertainties

The Company is exposed to a variety of risks in the normal course of operations. In the Annual Information Form of the Company which was filed on March 27, 2014, it provided a detailed review of the risks that could affect its financial condition, results of operation or business that could cause actual results to differ materially from those expressed in our forward-looking statements. In management's opinion, there has been no material change in the nature or magnitude of the risks faced by the Company.

Additional Information

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

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