

Posera-HDX Announces Record Sales for Fiscal 2014

TORONTO, March 31, 2015 /CNW/ - Posera-HDX Ltd. (TSX: HDX) (the "Company") announced today its financial results for the three-months and year ending December 31st, 2014. HDX is listed on the TSX under the symbol "HDX".

Paul Howell, Chief Executive Officer, reports:

Throughout 2014 Posera-HDX Ltd. focussed on integrating the newly acquired Zomaron business unit, building and acquiring technologies to round out the Company's product and service offering, identifying and negotiating to acquire organizations complimentary to the Company's growth strategy.

On December 31st 2014 the Company completed the acquisition of Terminal Management Services Ltd. ("TMC"). TMC provides wireless EMV Chip and PIN "pay-at-the-table" ("PATT") credit and debit card processing software and hardware solutions to Canadian merchants nationwide. Based in Markham, Ontario, TMC has deployed its payment software solutions through direct sales and strategic partnerships with 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 will 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. The credit card / merchant liability shift due to take place in October of 2015 will result in merchants needing to upgrade their current payment terminals that are currently purely magnetic stripe readers. There are over 900,000 restaurants in the United States and very few offer pay-at-the-table today.

TMC's product offering will be marketed through Posera-HDX Ltd.'s direct sales team, through the Company's 95 software reseller partners, and through Zomaron's 175 sales agents. Furthermore, the Company intends to offer licence agreements for TMC pay-at-the-table products to large American payment processors as the vast majority currently do not have a PATT solution to offer to their merchant base.

On October 1st 2014 the Company announced that it had signed a letter of intent to acquire Premier Payments Systems Inc. ("Premier") of Oak Brook, Illinois, USA. Founded in 2010, Premier Payment Systems Inc. provides payment processing solutions for debit and credit transactions to clients throughout the United States. Based in the Western Suburbs of Chicago, Illinois Premier is superbly situated to fuel HDX's growth strategy in the United States. The combined company will ramp quickly to offer merchants best-in-breed payment and point-of-sale solutions in time for the upcoming Liability Shift for EMV Chip and PIN slated for October 2015. HDX has developed and deployed EMV Chip and PIN enabled solutions at thousands of merchant locations throughout Europe and Canada over many years and is well prepared to scale the combined organization for the coming opportunity in the USA. Premier has established its own BIN ("Bank Identification Number"), maintains multiple front-end authorization network agreements, holds its payment processing agreements directly with its merchants, performs its own ongoing risk monitoring and underwriting, and has the ability to transfer its merchant processing base from one back-end settlement network and Sponsor Bank to another if necessary.

Posera-HDX Ltd.'s total revenue was \$20,114,450 for the year-ended December 31, 2014, an increase of \$603,038 (3.1%) from \$19,511,412 for the year-ended December 31, 2013.

The Company achieved a Normalized EBITDA loss of \$12,460, which does not include including amortization of intangible assets, amortization of equipment, stock based compensation, one-time expenses, income taxes and interest charges.

EBITDA loss of (\$788,325), for the year-ended December 31, 2014 a decrease of \$1,731,921 from a profit of \$943,596 for the year-ended December 31, 2013. No Revenue was recognized from the acquisition of TMC in 2014 as the transaction was completed Dec 31st, 2014.

The Company acquired the payment processing entity Zomaron Inc., in December, 2013. The Company has stated its goal to meet the criteria to recognize the gross payment processing fees as payments processing revenue through future acquisitions. Had the Company recorded the gross payment processing fees as payment processing revenue the Company would have achieved adjusted total revenue of \$34,046,519 for the year-ended December 31, 2014 compared to \$20,073,307 for the year-ended December 31, 2013, representing an increase of \$13,973,212 (69.6%).⁽¹⁾

Under IFRS reporting rules, the Company is currently considered a resale ISO that sells payment processing contracts on behalf of third party processors, therefore the Company recorded payment processing revenue of \$1,404,592 for the year-ended December 31, 2014, compared to \$160,615 for the year-ended December 31, 2013, representing an increase of \$1,243,976 (774.5%). For Zomaron, gross payment processing fees 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 achieved revenue of \$5,364,531 for the three-months ended December 31, 2014; a decrease of \$576,210 (9.7%) from a record revenue quarter of \$5,940,741 for the three-months ended December 31, 2013 and revenues are up \$670,826 (14.3%) from \$4,693,705 for the three-months ended September 30, 2014. Normalized EBITDA profit for the three-months ended December 31, 2014, was \$65,014, a decrease of \$592,015 from a profit of \$657,029 for the three-months ended December 31, 2013, and an increase of \$235,903 from an EBITDA loss of (\$170,889) for the three-months ended September 30, 2014.

The Company continues to pursue acquisitions within the point of sale and payments industries although none are specifically named at this time.

Year-ended December 31, 2014 - Highlights and Summary

- Revenues and earnings for the combined entity for the year-ended December 31, 2013 includes twenty-two days of operating results for Zomaron Inc. ("Zomaron") whom was acquired on December 9, 2013, whereas revenues and earnings for the year-ended December 31, 2014 include a full twelve months of operations for Zomaron;
- Net Income / (loss) for the year-ended December 31, 2014 was a loss of \$(1,860,518), down \$868,080 from a loss of \$(992,438) for the year-ended December 31, 2013;
- EBITDA profit / (loss) for the year-ended December 31, 2014 was \$(788,325), down \$1,731,921 from a profit of \$943,596 for the year-ended December 31, 2013;
- Normalized EBITDA profit / (loss) for the year-ended December 31, 2014 was \$(12,460), a decrease of \$556,423 from \$543,963 for the year-ended December 31, 2013;
- Total revenue was \$20,114,450 for the year-ended December 31, 2014, up \$603,038 (3.1%) from \$19,511,412 for the year-ended December 31, 2013;
- Total point-of-sale revenue was \$18,709,858 for the year-ended December 31, 2014, down \$640,938 (3.3%) from \$19,350,796 for the year-ended December 31, 2013;
- Total payment processing revenue was \$1,404,592 for the year-ended December 31, 2014, up \$1,243,976 (774.5%) from \$160,616 for the year-ended December 31, 2013;
- Total gross payment processing fees was \$15,336,661 for the year-ended December 31, 2014, up \$14,614,150 (2,022.7%) from \$722,511 for the year-ended December 31, 2013;

- Gross profit was \$8,674,864 for the year-ended December 31, 2014, up \$741,312 (9.3%) from \$7,933,552 for the year-ended December 31, 2013;
- Operating expenses were \$10,598,116 for the year-ended December 31, 2014, up \$1,932,052 (22.3%) from \$8,666,064 for the year-ended December 31, 2013; and
- Operating expenses were \$10,598,116 for the year-ended December 31, 2014, up \$1,932,052 (22.3%) from \$8,666,064 for the year-ended December 31, 2013.

Three-months ended December 31, 2013 (Unaudited) - Highlights and Summary

- Revenues and earnings for the combined entity for the three months-ended December 31, 2013 includes twenty-two days of operating results for the acquired entity Zomaron Inc. ("Zomaron") which was acquired on December 9, 2013, whereas revenues and earnings for the three-months ended December 31, 2014 and September 30, 2014 includes the operations for the full quarterly reporting period for Zomaron;
- Net income / (loss) for the three-months ended December 31, 2014 was a loss of (\$593,788), down \$954,561 from income of \$360,773, for the three-months ended December 31, 2013, and down \$393,612 from a loss of (\$200,176) for the three-months ended September 30, 2014;
- EBITDA profit / (loss) for the three-months ended December 31, 2014, was a loss of \$(441,076), down \$1,091,759 from income of \$650,683 for the three-months ended December 31, 2013, and down \$(425,253) from an EBITDA loss of (\$15,823) for the three-months ended September 30, 2014;
- Normalized EBITDA profit / (loss) for the three-months ended December 31, 2014 was \$65,014, a decrease of \$592,015 from \$657,029 for the three-months ended December 31, 2013, and an increase of \$235,903 from (\$170,889) for the three-months ended September 30, 2014;
- Total revenue was \$5,364,531 for the three-months ended December 31, 2014, down \$576,210 (9.7%) from \$5,940,741 for the three-months ended December 31, 2013 and up \$670,826 (14.3%) from \$4,693,705 for the three-months ended September 30, 2014;
- Gross profit was \$2,124,805 for the three-months ended December 31, 2014, down \$560,779 (20.9%) from \$2,685,584 for the three-months ended December 31, 2013, and up \$21,747 (1.0%) from \$2,103,058 for the three-months ended September 30, 2014;
- Operating expenses were \$2,853,003 for the three-months ended December 31, 2014, up \$632,238 (28.5%) from \$2,220,765 for the three-months ended December 31, 2013, and up \$452,473 (18.9%) from \$2,400,530 for the three-months ended September 30, 2014;
- Included in cost of sales and operating expenses for the three-months ended December 31, 2014, December 31, 2013 and September 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 \$793,212, \$260,994 and \$126,583 respectively;
- Posera-HDXs cash and cash equivalents totaled \$1,442,686 as at December 31, 2014, a decrease of \$1,511,429 (51.2%) from \$2,954,115 as at December 31, 2013, and a decrease of \$450,406 (23.8%) from \$1,893,092 as at September 30, 2014. Bank indebtedness was \$207,103 as at December 31, 2014, an increase of \$2 (0.0%) compared to \$207,101 as at December 31, 2013, and an increase of \$6 (0.0%) compared to \$207,097 as at September 30, 2014.

(1) The Company's ability to recognize the gross payment processing fees as payment process revenue for the calculation of adjusted total revenue, would have resulted in a similar increase in the Company's costs of sales resulting in a minimal impact to earnings for the comparative periods.

Non-GAAP Reporting Measures:

Management reports on certain non-GAAP measures to evaluate performance of 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 Posera-HDX may not be comparable in all instances to EBITDA as reported by other companies. For definitions of Non-GAAP measures, refer to the Company's annual management discussion and analysis for the fourth quarter and fiscal 2014.

Additional information on HDX fourth quarter 2014 financial results will be available in the financial reports filed by the Company with Sedar at www.sedar.com

About the Company

HDX is in the business of managing merchant transactions with consumers and facilitating payment. The Company develops and deploys touch screen 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 leading edge technology also includes prepaid stored value payments solutions, customer self-serve kiosks and "line buster" mobile POS terminals. These products have been designed to dramatically enhance customer throughput and drastically reduce customer queues. These technologies are especially effective in high foot traffic environments that have limited cash register counter space, limited retail square footage, and the absence of a drive through.

HDX develops, deploys, and supports a restaurant POS software known as "Maitre 'D" which has been deployed in over 20,000 locations worldwide in eight different languages. The Company sells and services its clients directly, as well as through a network of approximately 96 value added reseller partners in 25 countries with approximately 550 reseller representatives selling, supporting & installing its software.

Forward-Looking Statements

This discussion 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, 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 HDX's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under "Risks and Uncertainties" in the Annual Information Form to be filed on March 31st 2015 with the regulatory authorities. HDX assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.

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