Management's Discussion & Analysis

Three and six months ended March 31, 2016 and 2015

General Information

This Management's Discussion and Analysis ("MD&A") contains important information about our business and our performance for the three and six months ended March 31, 2016, as well as forward-looking information about future periods. This MD&A should be read in conjunction with our condensed interim consolidated financial statements for the three and six months ended March 31, 2015 and notes thereto, which have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB); our annual MD&A for the three and twelve months ended September 30, 2015; our consolidated financial statements for the year ended September 30, 2015 and notes thereto, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB; our Annual Information Form ("AIF") for the fiscal year ended September 30, 2015; and our other recent filings with Canadian securities regulatory authorities, which are available on SEDAR at sedar.com.

All dollar amounts within this MD&A are presented in Canadian dollars unless otherwise stated. All percentage changes are calculated using the rounded numbers as they appear in the tables. This MD&A is current as of May 10, 2016 and was approved by the Board of Directors on that date. This MD&A includes forward-looking statements and assumptions. See "About Forward-Looking Information" for more information. We, us, our, BSM and the Company refer to BSM Technologies Inc. and its subsidiaries.

In this MD&A, "this quarter" or "current quarter" refers to the three months ended March 31, 2016, which is the second quarter of our 2016 fiscal year. All results commentary is compared to the equivalent periods in fiscal 2015 or as at September 30, 2015, as applicable, unless otherwise indicated (the "Prior Periods").

This MD&A contains references to certain non-GAAP financial performance measures such as EBITDA, adjusted EBITDA, subscribers and recurring revenue, which do not have any standardized meaning, prescribed by IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, not a substitute for, the Company's results of operations reported under IFRS. These measures are identified and defined in the "Non-GAAP financial performance measures" section of this MD&A.

BSM Technologies Inc. is publicly traded on the Toronto Stock Exchange (TSX: GPS). On September 30, 2015, we acquired all of the outstanding shares of Webtech Wireless Inc. ("Webtech"), a publicly traded corporation headquartered in Vancouver, British Columbia, Canada with a focus on providing GPS fleet management solutions to government and enterprise customers (the "Transaction"). Details of the Transaction are described in the Joint Management Information Circular which is available on SEDAR at sedar.com. The operating results of the Company for the three and six months ended March 31, 2016 are prepared on a consolidated basis and include the operating results of Webtech. The comparable periods in fiscal 2015 do not include the operating results of Webtech. The acquisition of Webtech has led to significant changes in our operating results, which should be considered when comparisons to the Prior Periods are made.

Following the acquisition of Webtech, we re-evaluated the presentation of our financial information. Through this process, we have revised the presentation of certain aspects of financial information disclosed. We consider the current period presentation to be most closely aligned with the organizational structure and operating nature of the Company following the acquisition and provides a more relevant, reliable and understandable presentation of financial information.

Specifically, we have reclassified the following items:

- Certain operating expenses have been reclassified from expenses to cost of revenue within the statement of operations. Comparative disclosure for the Prior Period has been restated for the following reclassification adjustments: a $980 increase in cost of revenue; a $139 increase in general and administrative expenses; a $1,008 decrease in operations expenses; a $147 decrease in research and development expenses; and a $35 increase in sales and marketing expenses. These reclassifications align the comparative period presentation to the current period presentation.

- We have further disaggregated revenue in our revenue categorization disclosure. We have added services revenue as an additional revenue stream. Prior to being separately disclosed, services revenue had been disclosed together with hardware revenue in a line titled "hardware and other revenue". Comparative information for the Prior Period has been restated by decreasing hardware revenue by $331 and by separately disclosing services revenue of $331.

There was no other impact to the financial information presented herein as a result of the change in presentation described above.

Summary of Consolidated Financial Results

Statement of Operations

($ thousands)	Three months ended March 31				Six months ended March 31			
	2016 ($)	2015 ($)	Change ($)	Change (%)	**2016 ($)**	2015 ($)	Change ($)	Change (%)
Revenue	**15,239**	7,645	7,594	99%	**30,940**	15,501	15,439	100%
Cost of revenue	**6,731**	3,625	3,106	86%	**13,761**	7,629	6,132	80%
Impairment of inventories	**-**	-	-	-	**-**	389	(389)	(100%)
Gross profit	**8,508**	4,020	4,488	112%	**17,179**	7,483	9,696	130%
Interest income from finance leases	**51**	30	21	70%	**100**	59	41	69%
General and administrative expenses	**2,542**	1,575	967	61%	**5,369**	3,117	2,252	72%
Research and development expenses	**2,079**	1,427	652	46%	**4,436**	2,640	1,796	68%
Sales and marketing expenses	**3,278**	1,361	1,917	141%	**6,557**	2,865	3,692	129%
Acquisition, integration and restructuring expenses	**344**	264	80	30%	**880**	320	560	175%
Fair value adjustments on contingent consideration	**-**	(1,474)	1,474	100%	**-**	(1,474)	1,474	100%
Foreign exchange (gain)/loss	**661**	(220)	881	nm	**304**	(397)	701	177%
Net interest expense	**136**	182	(46)	(25%)	**255**	356	(101)	(28%)
Total Expenses	**9,040**	3,115	5,925	190%	**17,801**	7,427	10,374	140%
Net income/(loss) before tax	**(481)**	935	(1,416)	(151%)	**(522)**	115	(637)	nm
Current tax expense/(recovery)	**44**	-	44	nm	**52**	-	52	nm
Deferred tax expense/(recovery)	**333**	92	241	262%	**791**	58	733	nm
Net income/(loss) for the period	**(858)**	843	(1,701)	(202%)	**(1,365)**	57	(1,422)	nm
Foreign exchange gain on foreign operations, net of tax	**(175)**	322	(497)	(154%)	**(109)**	385	(494)	(128%)
Total comprehensive income/(loss) for the period	**(1,033)**	1,165	(2,198)	(189%)	**(1,474)**	442	(1,916)	(433%)
EBITDA[(i)]	**1,206**	1,987	(781)	(39%)	**2,903**	2,191	712	32%
Adjusted EBITDA[(i)]	**2,325**	710	1,615	227%	**4,437**	1,321	3,116	236%

(i) EBITDA and Adjusted EBITDA are non-GAAP financial performance measures. See the definition of these terms under "Non-GAAP Financial Performance Measures".

Revenues by Geographical Location (based upon customer location)

	Three months ended March 31				Six months ended March 31			
($ thousands)	**2016**		2015		**2016**		2015	
Canada	**$ 6,633**	*44%*	$ 4,132	*54%*	**$ 13,921**	***45%***	$ 7,863	*51%*
United States	**8,258**	*54%*	3,301	*43%*	**16,308**	***53%***	7,236	*47%*
International	**348**	*2%*	212	*3%*	**711**	***2%***	402	*2%*
Total Revenue	**15,239**	*100%*	7,645	*100%*	**30,940**	*100%*	15,501	*100%*

Key Changes in Financial Results

	Three months ended March 31				Six months ended March 31			
($ thousands)	**2016 ($)**	2015 ($)	Change	Change (%)	**2016 ($)**	2015 ($)	Change	Change (%)
Revenue								
Hardware revenue	**3,892**	2,186	1,706	78%	8,720	4,393	4,327	98%
Recurring revenue(ii)	**9,984**	5,128	4,856	95%	19,860	10,152	9,708	96%
Service revenue	**1,363**	331	1,032	312%	2,360	956	1,404	147%
Total Revenue	**15,239**	7,645	7,594	99%	30,940	15,501	15,439	100%
Cost of revenue								
Hardware cost of revenue (i)	**2,886**	1,284	1,602	125%	6,158	3,070	3,088	101%
Recurring cost of revenue	**2,600**	1,863	737	40%	5,454	3,841	1,613	42%
Service cost of revenue	**1,245**	478	767	160%	2,149	1,107	1,042	94%
Total Cost of Revenue	**6,731**	3,625	3,106	86%	13,761	8,018	5,743	72%
Gross Profit								
Hardware gross profit	**1,006**	902	104	12%	2,562	1,323	1,239	94%
Recurring gross profit	**7,384**	3,265	4,119	126%	14,406	6,311	8,095	128%
Service gross profit	**118**	(147)	265	180%	211	(151)	362	240%
Total Gross Profit	**8,508**	4,020	4,488	112%	17,179	7,483	9,696	130%
Gross Profit Margin								
Hardware gross profit margin (i)	**26%**	41%	(15%)	(37%)	29%	30%	(1%)	(3%)
Recurring gross profit margin	**74%**	64%	10%	16%	73%	62%	11%	18%
Service gross profit margin	**9%**	(44%)	53%	120%	9%	(16%)	25%	156%
Total Gross Profit Margin	**56%**	53%	3%	6%	56%	48%	8%	17%

(i) Hardware cost of revenue for the six months ended March 31, 2015 includes a $389 inventory impairment charge. Gross margin not including the impairment charge would have been 39%.

(ii) Recurring revenue is non-GAAP financial performance measures. See the definition of the term under "Non-GAAP Financial Performance Measures"

Revenue

The Company has identified one operating segment, telematics. Within telematics we have identified hardware revenue, recurring revenue and service revenue as three distinct revenue streams.

Hardware revenue is comprised of revenue recognized for the sale of our proprietary and third party telematics devices. Hardware revenue also includes the hardware portion of multiple element arrangements ("Bundle Sales"). Hardware revenue increased by 78% and 98% for the three and six months ended March 31, 2016 as a result of increased unit sales of our telematics devices primarily as a result of the acquisition of Webtech.

Recurring revenue is comprised of monthly Application Service Provider ("ASP") fees. ASP fees are charged to customers for access to our data portal and for the data reported from their monitored assets. Recurring revenue is typically contract in nature and we enter into services contracts with our customers, most of which are for durations of 36 months or longer. ASP fees are generally charged to customers on a per asset basis where those assets are vehicles, equipment or other types of stationary and mobile equipment. These customer assets are defined by us as "Subscribers" or individually, "a Subscriber". Recurring revenue is typically billed monthly and is recognized as the services are delivered. The acquisition of Webtech led to a significant increase in the number of Subscribers that generate monthly recurring revenue. For the three and six months ended March 31, 2016 we achieved gross subscriber additions of 2,700 and 8,200 and experienced subscriber churn of 3,100 and 7,600 resulting in a March 31, 2016 subscriber base of 150,100, up from 78,500 as at March 31, 2015. The average monthly revenue per unit in the current quarter was $22.14 compared to $21.76 in the Prior Period.

Service revenue includes installation fees, project management fees, custom development fee revenue, cancellation fees and other one-time services provided to our customers. Compared to the prior period, service revenue increased by 312% and 147% for the three and six months ended March 31, 2016 as a result of increased projects and services from the acquisition of Webtech.

Gross Profit and Gross Profit Margin

Gross profit margins vary depending on both the mix of hardware product lines sold and the revenue stream mix in the period. Hardware sales typically generate lower gross margins than recurring revenue. Furthermore, larger volume hardware sales typically generate lower gross margins than smaller volume sales as a result of volume discounts. Total gross profit increased by 112% and 130% for the three and six months ended March 31, 2016 as a result of significant increase in revenue from the combination of our business with Webtech. Gross profit margin on hardware sales for the current quarter and year to date period was 26% and 29% compared to 41% and 30% in the Prior Period. Gross margin on hardware revenue can fluctuate between periods as a result of discounts on large volume sales and due to the sales mix of products sold in the respective periods. Gross Profit margin on recurring revenue increased to 74% from 64% for the current quarter and increased to 73% from 62% for the year to date period compared to the Prior Period. These increases are attributable to the inclusion of higher margin recurring revenue resulting from the acquisition of Webtech.

General and Administrative Expenses

General and administrative ("G&A") expenses consist of employee salaries related to finance and administration personnel, professional fees (legal, audit, tax and consultants), public company expenses (listing fees, compliance and board of director fees and related expenses) and overhead expenses associated with maintaining the Company's premises. General and administrative expenses increased by 61% and 72% in the three and six months ended March 31, 2016 compared to the Prior Periods primarily as a result of the increase in our workforce following the Webtech acquisition. For the three and six months ended March 31, 2016, general and administrative expenses include amortization and stock based compensation expense of $164 and $527.

Research and Development Expenses

Research and development ("R&D") expenses consist of employee salaries and expenses related to product development activities, consultant fees and other expenses associated with software and hardware development. Scientific research and development investment tax credits ("ITCs") are offset as a recovery against R&D expenses. The size of our research and development team increased following the completion of the acquisition of Webtech resulting in an increase in research and development expenses of 46% and 68% in the three and six months ended March 31, 2016.

Sales and Marketing Expenses

Sales and marketing expenses include: employee costs of our pre sales team of solutions engineers, the salaries, benefits and commissions of our direct sales team, advertising, promotions and other costs such as travel and meals. Sales and marketing expenses rose by 141% and 129% as a result of an increase in the size our sales and marketing team resulting from the acquisition of Webtech as well as an increase in sales and marketing amortization from customer contracts and relationships acquired in the Webtech transaction. For the three and six months ended March 31, 2016, sales and marketing expenses include $1,132 and $2,258 of amortization of the customer contracts and relationships acquired in the acquisitions we have completed over the past three years.

Foreign Exchange Gain/(Loss)

Foreign Exchange gains and losses arise from the translation of our foreign currency denominated working capital balances. During the current quarter the strengthening Canadian dollar relative to the US dollar led to a foreign exchange loss of $661 primarily on the revaluation of our US dollar working capital balances. For the fiscal year to date period, the impact of foreign exchange on net income was a foreign exchange loss of $304.

Acquisition, Integration and Restructuring Expenses

Acquisition, integration and restructuring expenses include costs we incur to acquire and integrate the businesses we purchase. The $344 and $880 of costs incurred during the three and six months ended March 31, 2016 include severance costs associated with the reduction of our workforce, office closure costs and other expenditures relating to restructuring the business as a result of the Webtech acquisition.

EBITDA and Adjusted EBITDA

In the three and six months ended March 31, 2016, EBITDA decreased by 39% and increased by 32%. The decrease in EBITDA for the three month period was due to a fair value adjustment which was incurred in the prior period and is not normalized in the EBITDA calculation. In the current quarter and fiscal year to date period, Adjusted EBITDA increased by 227% and 236%. The increase is a result of an increase in revenues and gross profit from the acquisition of Webtech and with relatively lower cash operating expenses as a result of cost synergies achieved. The larger size and scale of our combined business resulting from the acquisition of Webtech has led to an increase in our Adjusted EBITDA margins to 15.2% from 9.3% for the current quarter and 14.3% from 8.5% for the fiscal year to date period.

Summary of Quarterly Data

The following table sets forth certain information for each of the eight most recent quarters, including the current quarter ended March 31, 2016. The quarterly information has been derived from our condensed interim consolidated financial statements which have been prepared on a basis consistent with the annual audited consolidated financial statements (except for any changes in accounting policy and financial presentation in such years) and include all adjustments necessary for the fair presentation of the information presented.

($ thousands, except per share data)	FY 2014		FY 2015				FY 2016	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	**Q2**
Revenue	$ 6,450	$ 9,020	$ 7,857	$ 7,645	$ 7,703	$ 7,486	$ 15,701	**15,239**
Gross profit[1]	3,082	3,544	3,463	4,020	3,947	3,851	8,672	**8,508**
Net income/(loss)	(390)	(225)	(785)	843	(522)	480	(505)	**(858)**
EBITDA[1]	176	725	204	1,987	610	201	1,698	**1,206**
Adjusted EBITDA[1]	618	752	611	710	797	494	2,114	**2,325**
EPS - basic	$ (0.009)	$ (0.005)	$ (0.017)	$ 0.019	$ (0.012)	$ 0.011	$ (0.006)	**$ (0.010)**
EPS - diluted	$ (0.009)	$ (0.005)	$ (0.017)	$ 0.019	$ (0.012)	$ 0.011	$ (0.006)	**$ (0.010)**

[1] *Certain comparative amounts have been restated to conform with current period presentation.*

Managing our Liquidity and Financial Resources

Statement of Cash Flows - Operating, Investing, and Financing Activities

	Three months ended March 31				Six months ended March 31			
($ thousands)	**2016 ($)**	2015 ($)	Change	Change (%)	**2016 ($)**	2015 ($)	Change	Change (%)
Cash and cash equivalents, beginning of period	**29,000**	14,766	14,234	96%	**23,980**	23,621	359	2%
Cash and cash equivalents, end of period	**22,450**	13,979	8,471	61%	**22,450**	13,979	8,471	61%
Increase (decrease) in cash and cash equivalents	**(6,550)**	(787)	(5,763)	nm	**(1,530)**	(9,642)	8,112	84%
Change due to:								
Operating activities	**1,748**	(601)	2,349	nm	**1,947**	1,976	(29)	(1%)
Financing activities	**(7,788)**	(121)	(7,667)	nm	**(2,512)**	(8,572)	6,060	71%
Investing activities	**(274)**	(119)	(155)	(130%)	**(881)**	(3,120)	2,239	72%
Impact of foreign exchange on cash held in foreign currencies	**(236)**	54	(290)	nm	**(84)**	74	(158)	(214%)
Total change in cash and cash equivalents	**(6,550)**	(787)	(5,763)	nm	**(1,530)**	(9,642)	8,112	84%

Operating activities: In the three and six months ended March 31, 2016, $1,748 and $1,947 in cash were generated from operating activities. Operating cash flow before changes in non-cash working capital was $1,646 and $3,379. In the fiscal year to date period, operating cash flow was negatively impacted by a decrease in accrued liabilities of $1,738 due to the payment of transaction costs associated with the Webtech acquisition.

Investing activities: During the three and six months ended March 31, 2016, we invested $268 and $556 in costs paid to third party developers relating to investments we're making to enhance our software platform. We also acquired $6 and $325 of servers and related IT infrastructure to increase and maintain our data processing capacity.

Financing activities: On March 31, 2016, we made principle repayments of $350 CAD and $250 USD against our term credit facilities. During the period, $6,000 in cash equivalents, which were previously assigned to the Company's lender, became unrestricted.

On December 17, 2015 we received approval of our intention to commence a normal course issuer bid (the "Bid"). Under the terms of the Bid, we may acquire up to 8,559,564 common shares from time to time in accordance with TSX procedures, representing approximately 10% of the total public float of common shares. The Bid commenced on December 23, 2015 and will conclude on December 22, 2016, or earlier if the number of common shares sought in the Bid has been purchased. From time to time, the Company may make purchases under the Bid via an automatic securities repurchase plan (a "Plan"), through which the timing for the purchase of common shares, the number of common shares purchased and the price payable for the common shares will be determined by the Company's broker, in its sole discretion. Such purchases are subject to a prescribed maximum price payable, without consultation with the Company, having regard to the price limitations and other terms of the Plan and the rules of the TSX. Other than purchases made in compliance with the provisions of the block purchase exemption of the TSX, daily purchases under the Bid will be limited to a maximum of 51,692 Common Shares which represents 25% of the average daily trading volume on the TSX for the period from October 6, 2015 to November 30, 2015. As at March 31, 2016, the Company did not have an automatic securities repurchase plan in place.

During the three and six months ended March 31, 2016, in accordance with the Bid we repurchased and cancelled 7,470,500 and 7,523,500 common shares at a cost of $7,324 and $7,371.

Credit Facilities

As at March 31, 2016 the Company has $1,990 in principle outstanding on its Canadian Term Facility and $6,250 USD in principle outstanding on its US Term Facility. These debt facilities provide us with financial flexibility to pursue our acquisition strategy and to fund working capital. The credit facilities contain certain financial and other covenants that we are in compliance with as at March 31, 2016. Expected covenant compliance is based upon forward-looking financial information. Changes in such information or actual performance may necessitate an amendment to the financial covenants or result in a requirement to repay a portion or all of the Company's indebtedness.

Contractual Commitments

See our 2015 Annual MD&A for a summary of our material obligations under firm contractual arrangements, including commitments for future payments under long-term debt arrangements and operating lease arrangements. These are also discussed in Notes 11 and 14 of our 2015 Annual Audited Consolidated Financial Statements. There have been no other material changes to our material contractual obligations as identified in our 2015 Annual MD&A since September 30, 2015.

Overview of Financial Position

Condensed Consolidated Statement of Financial Position

Balance	As at March 31, 2016	As at September 30, 2015	Change ($)	Change (%)	Comments
Assets					
Current assets	**41,808**	51,818	(10,010)	(19%)	The largest factors contributing to the decrease was a decrease in total cash of $7,531 and a decrease in inventory of $2,123. See "Managing Liquidity and Financial Resources" section for further explanation of the change in cash.
Long-Term assets	**67,372**	71,216	(3,844)	(5%)	Balance of long-term assets is lower due to amortization of intangible assets in the period and a decrease in the deferred tax asset for non capital losses used for current period tax expense.
Total assets	**109,180**	123,034	(13,854)	(11%)	
Liabilities					
Current liabilities	**12,777**	17,581	(4,804)	(27%)	Current liabilities decreased primarily as a result of a $2,531 decrease in accrued liabilities, of which $1,738 was due to the payment of transaction costs related to the Webtech acquisition.
Long-term liabilities	**12,050**	12,969	(919)	(7%)	

Total liabilities	**24,827**	30,550	(5,723)	(19%)	
Shareholders' equity					
Common shares	**85,620**	92,249	(6,629)	(7%)	Common shares decreased in the period due to $7,371 in common shares repurchased and cancelled under the normal course issuer bid. Common shares issued for stock options exercised partially offset the decrease.
Contributed surplus	**7,739**	7,769	(30)	-	
Accumulated other comprehensive income	**431**	539	(108)	(20%)	The decrease in AOCI is attributable to the impact of the CAD appreciation relative to the US dollar on the Company's net investment in foreign operations.
Deficit	**(9,437)**	(8,073)	(1,364)	(17%)	
Total shareholders' equity	**84,353**	92,484	(8,131)	(9%)	
Total liabilities and shareholders' equity	**$ 109,180**	$ 123,034	(13,854)	(11%)	

Outstanding Share Data

Our authorized share capital consists of an unlimited number of common shares. As at March 31, 2016, there were 83,032,795 issued common shares, including: 54,795 common shares remaining in escrow, the release of which is subject to performance conditions in terms of attaining certain cash flow levels; 714,286 common shares in escrow which are subject to the acquired AWI business attaining certain recurring revenue targets over the third year following the acquisition date; 699,575 common shares in escrow which are subject to JMM attaining certain revenue and EBITDA targets over the five years from the acquisition date; and 500,000 common shares in escrow subject to the acquired Praxis business attaining certain revenue targets over the six years from the acquisition date.

As at March 31, 2016 there were 2,104,875 outstanding stock options, which have been issued to directors, officers and employees of the Company with a weighted average exercise price of $1.33. As at March 31, 2016 there were 909,906 outstanding restricted share units, which have been issued to officers and employees of the Company, and 232,035 outstanding deferred share units, which have been issued to directors of the Company.

Critical Accounting Policies and Estimates

Please see our 2015 Annual MD&A and our 2015 Annual Audited Consolidated Financial Statements and Notes for a discussion of the accounting policies and estimates that are critical to the understanding of our business operations and the results of our operations. There were no changes to these policies nor the nature of items requiring accounting estimates for the three and six months ended March 31, 2016.

Updates to Risks and Uncertainties

Please see our 2015 Annual MD&A and our 2015 AIF for a discussion of the principal risks and uncertainties and legal proceedings that could have a material adverse effect on our business and financial results as at May 10, 2016, which should be reviewed in conjunction with this interim quarterly MD&A. There have been no material changes to the risk factors or ongoing legal proceedings as at May 10, 2016.

Non-GAAP Financial Performance Measures

Identification of non-GAAP Financial Performance Measures

This MD&A contains references to certain financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. These non-GAAP financial performance measures should be viewed as a supplement to, and not a substitute for, the Company's results of operations reported under IFRS. These financial measures are identified and defined below:

“Recurring Revenue” includes monthly fees, monthly monitoring fees, and resale of cellular and satellite data. Recurring revenue is recognized monthly as services are delivered and is derived from the service revenue category within the segmented information note of the Company's financial statements. We believe that Recurring Revenue provides useful information to our investors because it shows the long-term nature of service revenue.

A **“Subscriber”** is defined as a customer's individual asset which is monitored by a telematics device. A Subscriber is an important metric for our investors because it provides an indication of our ability to generate Recurring Revenue from providing recurring service to our customers.

“EBITDA” and **“Adjusted EBITDA”** are measures of our operating profitability. We believe that EBITDA and adjusted EBITDA provide useful information to our investors because they exclude transactions not related to the core cash operating business activities, allowing meaningful analysis of the performance of our core cash operations.

EBITDA is an indicator of the financial results generated by our business activities excluding:

- the impact of any financing activities;
- amortization and depreciation of property, equipment and intangible assets; and
- taxes with respect to various jurisdictions

Adjusted EBITDA is a further refinement of EBITDA to remove the effect of:

- acquisition, integration and restructuring related costs;
- share-based compensation expense;
- write-off of goodwill or other impairments to any financial and non-financial assets;
- fair value adjustments on contingent consideration;
- costs related to certain legal actions:
- gains and losses resulting from the translation of non Canadian dollar working capital balances

As such, adjusted EBITDA provides more meaningful continuity with respect to the comparison of our operating results over time. EBITDA and adjusted EBITDA are derived from the consolidated statements of operations and comprehensive income and statements of cash flows. We believe that using these metrics enhances an overall understanding of the Company’s results and we present them for that purpose.

Reconciliation of non-GAAP Financial Performance Measures

EBITDA and adjusted EBITDA are calculated from net income as follows:

	Three months ended March 31				**Six months ended March 31**			
($ thousands)	**2016 ($)**	2015 ($)	Change	Change (%)	**2016 ($)**	2015 ($)	Change	Change (%)
Net income as reported	**(858)**	843	(1,701)	(202%)	**(1,365)**	57	(1,422)	nm
Interest expense, net of interest received	**136**	182	(46)	(25%)	**255**	356	(101)	(28%)
Tax expense/(recovery)	**378**	92	286	311%	**843**	58	785	nm
Amortization	**1,550**	870	680	78%	**3,170**	1,720	1,450	84%
EBITDA	**1,206**	1,987	(781)	(39%)	**2,903**	2,191	712	32%
Share-based compensation	**114**	153	(39)	(25%)	**350**	292	58	20%
Fair value adjustments on contingent consideration	**-**	(1,474)	1,474	100%	**-**	(1,474)	1,474	100%
Foreign exchange (gain)/loss	**661**	(220)	881	nm	**304**	(397)	701	177%
Impairment of inventories	**-**	-	-	-	**-**	389	(389)	(100%)
Acquisition, integration and restructuring costs	**344**	264	80	30%	**880**	320	560	175%
Adjusted EBITDA	**2,325**	710	1,615	227%	**4,437**	1,321	3,168	236%

Disclosure Controls & Procedures and Internal Control over Financial Reporting

During the interim period, consistent with the Company's listing to the TSX and the securities legislation thereon, the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") conducted a review of the design of its disclosure controls and procedures ("DC&P") as well as its internal controls over financial reporting ("ICFR").

Disclosure controls and procedures are implemented to provide reasonable assurance that: (i) material information relating to the Company is made known to the CEO and CFO by others, particularly during the period in which the interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Under the supervision of the CEO and CFO, the Company has evaluated the design of its disclosure controls and procedures as at March 31, 2016 and have concluded that the DC&P are adequately designed.

Internal controls over financial reporting are implemented to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Under the supervision of the CEO and CFO, the Company conducted a review and evaluation of its ICFR as at March 31, 2016, with the conclusion that the Company's system of ICFR as defined under NI 52-109 is adequately designed.

Off-Balance Sheet Arrangements

As at March 31, 2016, we do not have any off-balance sheet arrangements, other than lease commitments as disclosed in this MD&A.

Subsequent Events

There are no subsequent events to disclose for the Company.

About Forward-Looking Information

Certain statements in this MD&A may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and its subsidiaries, or the industry in which they operate, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, the words "estimate", "believe", "anticipate", "intend", "expect", "plan", "may", "should", "will", the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such forward-looking statements reflect the current expectations of the management of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results, performance or achievements to differ materially from those expressed or implied by those forward-looking statements, such as significant changes in market conditions, the inability of the Company to close sales and the inability of the Company to attract sufficient financing and including the risk factors summarized above under the heading "Risk Factors" and in documents filed with the securities regulatory authorities. New risk factors may arise from time to time and it is not possible for management of the Company to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Although the forward-looking statements contained in this MD&A are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained in this MD&A speak only as of the date hereof. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

Further Information

Additional information relating to the Company, including the Company's most recent Annual Information Form, is available on the Company's SEDAR company profile at www.sedar.com and on the Company's website at www.bsmwireless.com