

Inspira Financial Inc. Announces Letter of Intent for Acquisition of Billing Division; Reports Quarterly Financials

BOCA RATON, FLORIDA--(Marketwired – October 31, 2017) –

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Inspira Financial Inc. (TSX VENTURE:LND) ("Inspira" or the "Company"), a company focused on providing revolving lines of credit, as well as billing and collection services, to the highly fragmented U.S. mental health and addiction services market, announced it has executed a non-binding Letter of Intent ("LOI") with an arms-length party for the acquisition of the billing division of Inspira.

The proposed total consideration is up to \$10 million, payable in cash, \$1.5 million of which would be payable on closing, with the balance payable as an earn-out and subject to certain milestones being achieved, which cannot be guaranteed. Pursuant to the LOI, the initial cash payment of \$1.5 million would be due at the time of closing, subject to final due diligence, negotiation of a definitive purchase agreement and all required approvals. In addition, under the LOI, Inspira would retain its current cash, loan book, and loan servicing technology.

"We've reached a non-exclusive LOI with a party offering cash up front and tremendous upside potential through a healthy earn-out" said Executive Director, Edward Brann. "We've structured this LOI as non-exclusive and continue to negotiate with several other interested parties to find the best deal to maximize the value of our assets. To reiterate, this deal is only for the billing company and its assets, not our cash, loan book, or the technology related to servicing loans. I expect to be updating investors on a final deal soon."

The Company also announced the release of its financial statements for the three and six months ended August 31, 2017 and accompanying Management's Discussion & Analysis (MD&A), which are available at www.sedar.com.

Net income, before stock based compensation and foreign exchange losses for the quarter ending August 31, 2017, was \$11,387. "We continue to focus on preserving our balance sheet and cash flow for the purpose of completing a transaction" continued Mr. Brann.

While Inspira continues to consider its alternatives, there can be no assurance that a viable transaction, including the acquisition announced herein, will result or successfully conclude in a timely manner, or at all. Additional information will be released by Inspira as it occurs.

About Inspira Financial Inc.

The mental health and substance abuse market in the U.S. is a rapidly expanding industry, with current spending exceeding \$35 billion. Within this industry, thousands of businesses have annual revenues in the \$1 million to \$50 million range. Due to the significant increase in addiction treatment as a result of the Parity Act, the large and permanently elevated volumes of claims has

led Payors to impose upon facilities in the mental health sector similarly complex reimbursement requirements as those imposed in the physical healthcare sector. Substance abuse facilities tend to use several software applications and a non-automated billing company to document services provided and bill insurance companies. This cumbersome process slows down the tracking, billing and collection process as the customer's billings increase, and were not designed to handle the volume, or level of detail, now required by Payors for prompt payment. As a result, across the mental health and substance abuse industry there are collection delays and consequently a need for capital.

Non-GAAP Measures

This press release refers to "Net Income before Stock Based Compensation" which is a non-GAAP and non-IFRS financial measure that does not have a standardized meaning prescribed by GAAP or IFRS. The Company's presentation of this financial measure may not be comparable to similarly titled measures used by other companies. This financial measure is intended to provide additional information to investors concerning the Company's performance. Net Income before Stock Based Compensation excludes stock based compensation. Net Income before Stock Based Compensation is a Non-IFRS measure the Company uses as an indicator of financial health, and excludes several items which may be useful in the consideration of the financial condition of the Company, including stock based compensation. The following table shows our Non-IFRS measure reconciled to our net income for the indicated periods:

	Quarter Ending August 31, 2017
Net Income	\$ (41,555)
Add Back:	
Stock-based compensation	\$ 52,942
Net Income before stock-based compensation	\$ 11,387

Management uses these non-GAAP measures as key metrics in the evaluation of the Company's performance and the consolidated financial results. The Company believes these non-GAAP measures are useful to investors in their assessment of the operating performance and the valuation of the Company. In addition, these non-GAAP measures address questions the Company routinely receives from analysts and investors and, in order to assure that all investors have access to similar data, the Company has determined that it is appropriate to make this data available to all investors. However, non-GAAP financial measures are not prepared in accordance with GAAP, and the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Forward-Looking Statements

Certain statements contained in this press release constitute "forward-looking information" as such term is defined in applicable Canadian securities legislation. The words "may", "would", "could", "should", "potential", "will", "seek", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to Inspira, the completion of the acquisition contemplated by the LOI, the earn-out pursuant to the acquisition being achieved in whole or part, Inspira finding other possible parties to complete a transaction with, the results of the strategic alternative process including the results of discussions with potential acquirers and any potential acquisition structure (including the cash and loan book not being included in any sale), if applicable, are intended to identify forward-looking information. All statements other than statements of historical fact may be forward-looking information. There can be no assurances that

the strategic alternative process, will result in one or more transactions or, if one or more transactions are undertaken, that the terms or timing of such transaction(s), including the acquisition contemplated by the LOI, will be acceptable to the Company or its shareholders. Such statements reflect Inspira's current views and intentions with respect to future events, and current information available to Inspira, and are subject to certain risks, uncertainties and assumptions, including: successfully negotiating a definitive agreement with the arm's length party to the acquisition; the conditions to the acquisition being satisfied or waived; finding partners to complete a transaction; applicable board, shareholder, stock exchange, court and regulatory, approval of any proposed transaction, including the acquisition contemplated by the LOI. Material factors or assumptions were applied in providing forward-looking information. Many factors could cause the actual results, performance or achievements that may be expressed or implied by such forward-looking information to vary from those described herein should one or more of these risks or uncertainties materialize. These factors include changes in law, competition, the ability to implement business strategies and pursue business opportunities, state of the capital markets, the availability of funds and resources to pursue operations, dependence on debt markets and interest rates, demand for the lending products Inspira offers at interest rates higher than at which Inspira can borrow, a novel business model, granting of permits and licenses in a highly regulated business, difficulty integrating newly acquired businesses (including the billing company), risks of performance by the target, new technologies, risk of billing irregularities by borrowers, low profit market segments, as well as general economic, market and business conditions, as well as those risk factors discussed or referred to in Inspira's annual Management's Discussion and Analysis for the year ended February 28, 2017, filed with the securities regulatory authorities in certain provinces of Canada and available at www.sedar.com. Should any factor affect Inspira in an unexpected manner, or should assumptions underlying the forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, Inspira does not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this press release is made as of the date of this press release and Inspira undertakes no obligation to publicly update or revise any forward-looking information, other than as required by applicable law. All figures are in Canadian dollars.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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