

## **Syncordia Technologies and Healthcare Solutions, Corp. Reports First Quarter Fiscal 2016 Results**

**Toronto, Ontario. August 28, 2015 – Syncordia Technologies and Healthcare Solutions, Corp. (TSXV: SYN)** ("Syncordia" or the "Company") today reported financial results for the three months ended June 30, 2015.

Reported results reflect three months of operations of Health Services Integration Inc. ("HSI"), which was acquired effective October 31, 2014, and 67 days of operations of Paragon Billing LLC, ("Paragon") which was acquired April 24, 2015. Syncordia had no segment operational activities for the period ended June 30, 2014. All results are reported in US dollars and are prepared in accordance with International Financial Reporting Standards ("IFRS").

### **Financial Highlights**

- Revenue from the RCM segment was \$3.4 million.
- Adjusted EBITDA before Corporate and Syncordia Cloud segment costs were \$1.6 million.
- Adjusted EBITDA was \$0.6 million.
- Cash and cash equivalents were \$10.3 million at June 30, 2015.

### **Business Highlights**

- Hired a seasoned team of software engineers, developers, and designers to support the development of Syncordia Cloud, our cloud-based service offering.
- Acquired Paragon Billing LLC, a leading provider of Behavioural Health medical billing and electronic health records.
- Raised CDN\$10.0 million of equity.
- Signed two contracts with Nevada counties for ground ambulance RCM billing services.

### **Highlights Subsequent to First Quarter Fiscal 2016**

- Commenced trading under the symbol "SYN" on the TSX Venture Exchange July 8, 2015.

### **Management Commentary**

"We are pleased with our performance across both operating entities as we further expanded our customer base," said Michael Franks, Chief Executive Officer at Syncordia. "Of particular note, we signed contracts with Elko and Eureka Counties in Nevada, further expanding our geographic customer base in the State. We are committed to growing our EBITDA and will continue to make measured investments in our business. Additionally, we are actively engaged in negotiations with several acquisition candidates and continue to build a promising pipeline of targets."

### **Q1 2016 Financial Results**

Revenue from the RCM segment was \$3.4 million, segmented between air transportation client billings of \$2.7 million, ground transportation client billings of \$0.1 million, behavioural health client billings of \$0.3 million as well as other RCM related revenue streams of \$0.2 million.

Gross margin was \$2.4 million or 70% of revenue.

Adjusted EBITDA before Corporate costs was \$1.3 million or 37% of revenue, representing \$1.6 million of Adjusted EBITDA from our RCM segment less \$0.3 million of Syncordia Cloud segment costs.

Corporate costs were \$0.6 million, primarily reflecting salaries and benefits and professional fees and increased by \$0.6 million from the prior period due to the scale-up of our operating activities.

Adjusted EBITDA was \$0.6 million, or 18% of revenue.

**Business Outlook**

Our outlook of the business for the remainder of fiscal 2016 remains unchanged from our annual MD&A released on July 28, 2015.

We believe that operating improvements and competitive positioning of our RCM business along with favourable industry trends will allow us to meaningfully grow our RCM business. We also believe that our Syncordia Cloud business will experience growth as a result of introducing a suite of proprietary products that address unique problems being faced by industry participants.

We anticipate continued investment in the development of our Syncordia Cloud business in line with growing market demand for cloud-based service offerings and the profitability of our business.

**Change to Board of Directors**

In addition, Syncordia is announcing the departure of Ken Stults from its Board of Directors. Mr. Stults, the prior owner of HSI, joined the Board of Directors immediately after the acquisition of HSI as part of a post-closing integration strategy. That integration has come to an end and Mr. Stults has decided to leave his position on the Board to pursue other business interests. Mr. Stults says “I wish HSI and team the best of luck into the future.” Michael Franks, the Chief Executive Officer, says “It was a pleasure to spend time with Ken and to build upon a great company he created over many years. The entire Syncordia team would like to thank Ken for his support and commitment.”

**Notice of Conference Call**

Syncordia will hold a conference call on Monday, August 31, 2015, at 8:00 a.m (ET) to discuss its financial results and other corporate developments. To access the conference call by telephone, dial 647-427-7450 or 1-888-231-8191. A live audio webcast will be available through [www.syncordiahealth.com](http://www.syncordiahealth.com) or <http://bit.ly/1KSUN3P>. An archived replay of the webcast will be available for 90 days. A presentation will accompany the conference call and will be available for download from the Investor Relations section of Syncordia's website at <http://www.syncordiahealth.com/company/investor-relations/events-presentations/>.

**Forward Looking Statements**

Certain statements herein may be “forward looking” statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Syncordia or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements. These forward looking statements reflect current assumptions and expectations regarding future events and operating performance and are made as of the date hereof and we assume no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

**Cautionary Note Regarding Non-IFRS Measures**

This press release contains references to “EBITDA,” “Adjusted EBITDA,” and “Adjusted EBITDA before Corporate costs.”

Management defines EBITDA as Earnings before Interest, Taxes, Depreciation and Amortization.

Management defines Adjusted EBITDA as Earnings before Interest, Taxes, Depreciation, Amortization, Transaction Costs, Fair Value Gains / Losses, Stock Based Compensation and Cash based Share Compensation Arrangements. Transaction costs include professional and other fees associated with business transactions.

Management defines Adjusted EBITDA before Corporate costs as Earnings before Interest, Taxes,

Depreciation, Amortization, Transaction Costs, Fair Value Gains / Losses, Stock Based Compensation, Cash based Share Compensation Arrangements and costs of our Corporate segment. This metric is used to assess the performance of RCM and Syncordia cloud segments.

Corporate costs include sales and marketing, general and administrative and research and development, less amortization and depreciation, stock-based compensation expense and stock compensation indexed to our share price.

Management believes that EBITDA and Adjusted EBITDA are useful supplemental measure of our operating performance. However, neither EBITDA nor Adjusted EBITDA are recognized earnings measure under IFRS and neither have a standardized meaning prescribed by IFRS. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Neither EBITDA nor Adjusted EBITDA should be construed as an alternative to net income or loss.

**About Syncordia Technologies and Healthcare Solutions, Corp.**

We are a technology enhanced revenue cycle management (“RCM”) company focused on underserved niche segments of the healthcare industry. Our growth strategy is to acquire RCM businesses with and without software and, improve their profitability by increasing revenues and operating efficiencies using our software, and in time, commercializing the Syncordia Cloud, our cloud-based software offering, to provide customer demanded turn-key solutions from a single provider and to address compelling RCM market opportunities.

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

**For further information:**

Michael Franks  
Chief Executive Officer  
(647) 350-7962  
[mike.franks@syncordiahealth.com](mailto:mike.franks@syncordiahealth.com)

Lawrence Davis  
Chief Financial Officer  
(647) 350-7962  
[lawrence.davis@syncordiahealth.com](mailto:lawrence.davis@syncordiahealth.com)

Nicholas Badder  
Director of Corporate Development and Investor Relations  
(647) 308-1201  
[nicholas.badder@syncordiahealth.com](mailto:nicholas.badder@syncordiahealth.com)

The following is a reconciliation of EBITDA with net loss and comprehensive loss:

| (in thousands of U.S. Dollars)             |                                       |                                       |
|--------------------------------------------|---------------------------------------|---------------------------------------|
|                                            | Three Months<br>ended June 30<br>2015 | Three Months<br>ended June 30<br>2014 |
| Net loss and comprehensive loss            | (1,190)                               | (79)                                  |
| Amortization of operating and other assets | 729                                   | -                                     |
| Interest expense                           | 444                                   | -                                     |
| EBITDA                                     | (17)                                  | (79)                                  |

The following is a reconciliation of Adjusted EBITDA and Adjusted EBITDA before corporate costs with net loss and comprehensive loss:

| (in thousands of U.S. Dollars)             |                                       |                                       |
|--------------------------------------------|---------------------------------------|---------------------------------------|
|                                            | Three Months<br>ended June 30<br>2015 | Three Months<br>ended June 30<br>2014 |
| Net loss and comprehensive loss            | (1,190)                               | (79)                                  |
| Amortization of operating and other assets | 729                                   | -                                     |
| Interest expense                           | 444                                   | -                                     |
| Transaction costs                          | 1,722                                 | -                                     |
| Realized gain on contingent consideration  | (1,111)                               | -                                     |
| Stock based compensation                   | 29                                    | -                                     |
| Adjusted EBITDA                            | 623                                   | (79)                                  |
| Corporate costs <sup>(i)</sup>             | 641                                   | 79                                    |
| Adjusted EBITDA before Corporate costs     | 1,264                                 | -                                     |

Notes:

(i) Non-IFRS measure, Corporate costs excludes stock based compensation, transaction costs and amortization.

# Syncordia Technologies and Healthcare Solutions, Corp.

## Condensed Interim Consolidated Statement of Financial Position

As at June 30, 2015 and March 31, 2015

|                                                | June 30,<br>2015<br>\$ | March 31,<br>2015<br>\$ |
|------------------------------------------------|------------------------|-------------------------|
| (expressed in US dollars)                      |                        |                         |
| <b>Assets</b>                                  |                        |                         |
| <b>Current assets</b>                          |                        |                         |
| Cash and cash equivalents                      | 10,286,259             | 2,842,413               |
| Accounts receivable                            | 2,158,778              | 1,931,076               |
| Other assets                                   | 277,976                | 145,304                 |
|                                                | 12,723,013             | 4,918,793               |
| <b>Property and equipment</b>                  | 223,191                | 168,418                 |
| <b>Intangible assets</b> (notes 4 and 7)       | 18,681,255             | 16,134,626              |
| <b>Goodwill</b> (notes 4 and 7)                | 6,559,493              | 5,836,719               |
|                                                | 38,186,952             | 27,058,556              |
| <b>Liabilities</b>                             |                        |                         |
| <b>Current liabilities</b>                     |                        |                         |
| Accounts payable and accrued liabilities       | 1,812,369              | 1,135,379               |
| Holdback payable (note 4)                      | 500,000                | -                       |
| Contingent consideration payable (note 6)      | -                      | 2,320,000               |
|                                                | 2,312,369              | 3,455,379               |
| <b>Notes payable</b> (note 9)                  | 11,874,364             | 10,483,989              |
| <b>Derivative financial liability</b> (note 8) | 608,987                | -                       |
| <b>Other non-current liabilities</b>           | 40,249                 | -                       |
|                                                | 14,835,969             | 13,939,368              |
| <b>Shareholders' Equity</b>                    |                        |                         |
| <b>Capital stock</b> (note 8)                  | 25,518,248             | 14,387,095              |
| <b>Contributed surplus</b> (notes 8, 9 and 10) | 1,917,320              | 1,626,593               |
| <b>Deficit</b>                                 | (4,084,585)            | (2,894,500)             |
|                                                | 23,350,983             | 13,119,188              |
|                                                | 38,186,952             | 27,058,556              |
| <b>Commitments</b> (note 11)                   |                        |                         |

**Syncordia Technologies and Healthcare Solutions, Corp.**  
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss  
For the three-month periods ended June 30, 2015 and 2014

|                                                                | <b>June 30,<br/>2015<br/>\$</b> | <b>June 30,<br/>2014<br/>\$</b> |
|----------------------------------------------------------------|---------------------------------|---------------------------------|
| (expressed in US dollars)                                      |                                 |                                 |
| <b>Revenue</b>                                                 | 3,392,795                       | -                               |
| <b>Gain on settlement of contingent consideration</b> (note 6) | 1,111,342                       | -                               |
|                                                                | 4,504,137                       | -                               |
| <b>Cost of sales</b> (note 12)                                 | 1,012,732                       | -                               |
| <b>Amortization of operating assets</b> (note 7)               | 664,331                         | -                               |
| <b>Gross profit</b>                                            | 2,827,074                       | -                               |
| <b>Operating expenses</b> (notes 10 and 12)                    | 1,785,923                       | 78,995                          |
| <b>Transaction costs</b> (note 12)                             | 1,722,050                       | 23,000                          |
| <b>Other amortization</b>                                      | 65,300                          | -                               |
| <b>Loss before interest expense</b>                            | (746,199)                       | (101,995)                       |
| <b>Interest expense</b>                                        | 443,886                         | -                               |
| <b>Net loss and comprehensive loss for the period</b>          | (1,190,085)                     | (101,995)                       |
| <b>Net loss per share</b>                                      |                                 |                                 |
| Basic and diluted earnings per share                           | (0.08)                          | (0.03)                          |
| <b>Weighted average number of shares outstanding</b>           |                                 |                                 |
| Basic                                                          | 15,556,014                      | 4,063,242                       |
| Diluted                                                        | 18,227,387                      | 4,063,242                       |

# Syncordia Technologies and Healthcare Solutions, Corp.

## Condensed Interim Consolidated Statement of Cash Flows

For the three-month periods ended June 30, 2015 and 2014

| (expressed in US dollars)                                            | 2015<br>\$               | 2014<br>\$              |
|----------------------------------------------------------------------|--------------------------|-------------------------|
| <b>Cash provided by (used in)</b>                                    |                          |                         |
| <b>Operating activities</b>                                          |                          |                         |
| Net loss for the period                                              | (1,190,085)              | (101,995)               |
| Items not affecting cash                                             |                          |                         |
| Gain on settlement of contingent consideration (note 6)              | (1,111,342)              | -                       |
| Reverse Takeover transaction costs (note 5)                          | 1,068,920                | -                       |
| Amortization                                                         | 729,631                  | -                       |
| Non-cash interest on notes payable (note 9)                          | 157,759                  | -                       |
| Share-based compensation and awards (note 10)                        | 29,084                   | -                       |
| Changes in non-cash working capital items                            |                          |                         |
| Accounts receivable                                                  | (141,390)                | (702,617)               |
| Other assets                                                         | (84,405)                 | -                       |
| Accounts payable and accrued liabilities                             | 370,833                  | 136,527                 |
| Other non-current liabilities                                        | 40,249                   | -                       |
|                                                                      | <u>(130,746)</u>         | <u>(668,085)</u>        |
| <b>Investing activities</b>                                          |                          |                         |
| Purchase of property, equipment and intangible assets (note 7)       | (68,674)                 | -                       |
| Acquisition of Paragon (note 4)                                      | (3,479,929)              | -                       |
| Settlement of contingent consideration (note 6)                      | <u>(1,208,658)</u>       | <u>-</u>                |
|                                                                      | <u>(4,757,261)</u>       | <u>-</u>                |
| <b>Financing activities</b>                                          |                          |                         |
| Issuance of Class A preferred shares                                 | -                        | 1,775,000               |
| Issuance of Class B Series 2 preferred shares (note 8)               | 3,405,000                | -                       |
| Issuance of private placement (note 8)                               | 8,052,460                | -                       |
| Cash consideration from issuance of Reverse Takeover shares (note 5) | 402,605                  | -                       |
| Share issuance costs (note 8)                                        | (830,640)                | (37,000)                |
| Proceeds from long-term notes (note 9)                               | 1,332,388                | -                       |
| Deferred financing costs (note 9)                                    | <u>(29,960)</u>          | <u>-</u>                |
|                                                                      | <u>12,331,853</u>        | <u>1,738,000</u>        |
| <b>Increase in cash and cash equivalents during the period</b>       | <b>7,443,846</b>         | <b>1,069,915</b>        |
| <b>Cash and cash equivalents - Beginning of period</b>               | <u><b>2,842,413</b></u>  | <u><b>3</b></u>         |
| <b>Cash and cash equivalents - End of period</b>                     | <u><b>10,286,259</b></u> | <u><b>1,069,918</b></u> |
| Cash interest paid                                                   | 286,127                  | -                       |