

## Second Quarter 2016: Financial Results

November 25, 2015

TSX-V: SYN

### Conference Call Details:

Date: Wednesday, November 25, 2015 at 8:00 a.m. ET

Dial In Number: (647) 427-7450 or 1-888-231-8191

Live Webcast: <http://event.on24.com/r.htm?e=1089388&s=1&k=52305D325B9839EBF4D2B868022AAA14>



# Syncordia

Technologies and Healthcare Solutions

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# Q2 FY 2016 Highlights



## Q2 FY 2016 Financial Highlights

- Revenue from the RCM segment grew 15% to \$3,899 from \$3,393 in Q1 FY 2016
- Adjusted EBITDA before Corporate and Syncordia Cloud segment costs grew 10% to \$1,713 from \$1,562 in Q1 FY 2016
- Adjusted EBITDA grew 4% to \$676 from \$651 in Q1 FY 2016
- As at September 30, 2015 the Company had Cash and cash equivalents of \$10,044 compared to \$10,286 as at June 30, 2015

## Year-to-Date FY 2016 Financial Highlights

- Revenue from the RCM segment was \$7,292
- Adjusted EBITDA before Corporate and Syncordia Cloud segment costs was \$3,275
- Adjusted EBITDA was \$1,327

## Business Highlights

- Established ground billing operations in Maryland targeting a significantly lower cost structure
- Secured a three year contract with Air Medical for air ambulance RCM billing services
- Commenced a number of lean initiatives to improve HSI's operating efficiencies

### Notes:

- All dollar figures are in thousands of US Dollars.





## RCM Segment

- Commenced a number of lean initiatives to improve HSI's operating efficiencies
  - To help support our growth, a key lean initiative is streamlining our new client on-boarding process
- Signed one new contract with Air Medical, a Texas based operator of fixed wing ambulance transportation, for air ambulance RCM billing services
- Opened a new ground billing hub in Pocomoke City, Maryland



## Syncordia Cloud Segment

- The core technology team is assembled with technical leads in Ireland
- The team performs three functions: Global IT Network Support, Software Development, and Web Presence
- *Software:*
- We are planning to build the following subsystems that will form the foundation of Syncordia Cloud:
  - Medical billing
  - Operators' activity stream
  - Document stream



## Corporate Segment

- Relocated our Corporate head office from 185 the West Mall to 95 King Street East
- Active negotiations with several acquisition candidates
- We elected not to pursue three acquisition targets in our pipeline due to items discovered during due diligence





# Q2 2016 Financial Results



# Q2 2016 Results



(in thousands of US Dollars)

	Three months ended			Six months ended
	September 30, 2015	June 30, 2015	Change %	September 30, 2015
<b>Revenue</b>	<b>3,899</b>	<b>3,393</b>	15%	<b>7,292</b>
<b>Gross Margin</b>	<b>2,819</b>	<b>2,380</b>	18%	<b>5,199</b>
<i>Percentage of Revenue</i>	72%	70%	217 bps	71%
<b>Operating Expenses</b>				
General and administrative	1,797	1,501	20%	3,298
Sales and marketing	165	145	14%	310
Research and development	181	83	118%	264
<b>Total Operating Expenses</b>	<b>2,143</b>	<b>1,729</b>	24%	<b>3,872</b>
<b>Adjusted EBITDA</b>	<b>676</b>	<b>651</b>	4%	<b>1,327</b>
<i>Percentage of Revenue</i>	17%	19%	(184 bps)	18%



# Q2 2016 RCM Segment



(in thousands of US Dollars)

	Three months ended			Six months ended
	September 30, 2015	June 30, 2015	Change %	September 30, 2015
<b>Revenue</b>				
HSI	3,403	3,066	11%	6,469
Paragon	496	327	52%	823
<b>Total Revenue</b>	<b>3,899</b>	<b>3,393</b>	15%	<b>7,292</b>
<b>Gross Margin</b>	<b>2,819</b>	<b>2,380</b>	18%	<b>5,199</b>
<i>Percentage of Revenue</i>	72%	70%	216 bps	71%
<b>Operating Expenses</b>				
General and administrative	941	673	40%	1,614
Sales and marketing	165	145	14%	310
Research and development	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,106</b>	<b>818</b>	35%	<b>1,924</b>
<b>Adjusted EBITDA</b>	<b>1,713</b>	<b>1,562</b>	10%	<b>3,275</b>
<i>Percentage of Revenue</i>	44%	46%	(210 bps)	45%



# Key Performance Indicator: Encounters

- We are introducing Encounters as a key performance indicator (“KPI”) to assist readers in better evaluating our performance. We have defined an Encounter as a discrete business activity for which we would submit a claim. We believe this metric provides investors with a better proxy for measuring the level of business activity than revenue as encounters measure the number of distinct services provided in the period whereas revenue reflects the amount of services recognized for accounting purposes and is typically a lagging indicator of business activity

	Quarter			Change	
	Q1	Q2	Total	#	%
HSI	12,539	14,901	27,440	2,362	19%
Paragon	81,244	73,834	155,078	(7,410)	(9%)

## Notes:

- Paragon encounters for Q1 FY 2016 reflect a full three months of operations. Syncordia acquired Paragon on April 24, 2015. Encounters are being provided for this historical period to assist readers in better evaluating our performance.





# Q2 2016 Syncordia Cloud Segment



(in thousands of US Dollars)

	Three months ended			Six months ended
	September 30, 2015	June 30, 2015	Change %	September 30, 2015
<b>Operating Expenses</b>				
General and administrative	213	217	(2%)	430
Sales and marketing	-	-	-	-
Research and development	181	83	118%	264
<b>Adjusted EBITDA</b>	<b>(394)</b>	<b>(300)</b>	31%	<b>(694)</b>
<i>Percentage of Revenue</i>	10%	9%	126 bps	10%



# Q2 2016 Corporate Segment



(in thousands of US Dollars)

	Three months ended			Six months ended
	September 30, 2015	June 30, 2015	Change %	September 30, 2015
<b>Operating Expenses</b>				
General and administrative	643	611	5%	1,254
Sales and marketing	-	-	-	-
Research and development	-	-	-	-
<b>Adjusted EBITDA</b>	<b>(643)</b>	<b>(611)</b>	5%	<b>(1,254)</b>
<i>Percentage of Revenue</i>	16%	18%	(152 bps)	17%



# Summary Consolidated Balance Sheet Highlights



(in thousands of US Dollars)

	As at September 30, 2015	As at March 31, 2015	Change	Change %
Cash and cash equivalents	10,044	2,842	7,202	253%
Current assets	12,433	4,919	7,514	153%
Total Assets	37,054	27,059	9,995	37%
Trade accounts payable and accrued liabilities	1,632	1,135	497	44%
Long-term notes payable	12,104	10,484	1,620	15%
Total Equity	23,233	13,119	10,114	77%



# Liquidity Reconciliation



(in thousands of US Dollars)

	Three months ended		Six months ended
	September 30, 2015	June 30, 2015	September 30, 2015
<b>Adjusted EBITDA</b>	<b>676</b>	<b>651</b>	<b>1,327</b>
Changes in non-cash working capital items	(154)	185	31
Cash Interest	(306)	(286)	(592)
Transaction costs	(47)	(653)	(701)
Foreign exchange (gains) and losses	(106)	(28)	(134)
	<b>(613)</b>	<b>(782)</b>	<b>(1,395)</b>
<b>Cash provided by (used in) operating activities</b>	<b>64</b>	<b>(131)</b>	<b>(67)</b>
<b>Cash provided by (used in) investing activities</b>	<b>(305)</b>	<b>(4,757)</b>	<b>(5,062)</b>
<b>Cash provided by (used in) financing activities</b>	<b>(1)</b>	<b>12,332</b>	<b>12,331</b>
<b>Increase/(decrease) in cash and cash equivalents during the period</b>	<b>(242)</b>	<b>7,444</b>	<b>7,202</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>10,286</b>	<b>2,842</b>	<b>2,842</b>
<b>Cash and cash equivalents - End of period</b>	<b>10,045</b>	<b>10,286</b>	<b>10,045</b>

Notes:

- Amount may not equal 100% because of rounding when comparing to the reported Condensed Interim Consolidated Statements of Cash Flows.





# Appendix



# Reconciliation of Non-IFRS Measures – EBITDA



(in thousands of US Dollars)

	Three months ended		Six months ended
	September 30, 2015	June 30, 2015	September 30, 2015
Net loss and comprehensive loss	(138)	(1,190)	(1,328)
Amortization of operating and other assets	772	729	1,501
Interest expense	476	444	920
<b>EBITDA</b>	<b>1,110</b>	<b>(17)</b>	<b>1,093</b>



# Reconciliation of Non-IFRS Measures – Adjusted EBITDA before Syncordia Cloud and Corporate costs



(in thousands of US Dollars)

	Three months ended		Six months ended
	September 30, 2015	June 30, 2015	September 30, 2015
Net loss and comprehensive loss	(138)	(1,190)	(1,328)
Amortization of operating and other assets	772	729	1,501
Interest expense	476	444	920
Transaction costs	47	1,722	1,769
Foreign exchange (gains) and losses	106	28	134
Unrealized (gains) and losses on derivative financial liability	(608)	-	(608)
Realized gain on contingent consideration	-	(1,111)	(1,111)
Stock based compensation	21	29	50
<b>Adjusted EBITDA</b>	<b>676</b>	<b>651</b>	<b>1,327</b>
Syncordia Cloud costs	394	300	694
Corporate costs	643	611	1,254
<b>Adjusted EBITDA before Syncordia Cloud and Corporate costs</b>	<b>1,713</b>	<b>1,562</b>	<b>3,275</b>

