# Syncordia Technologies and Healthcare Solutions, Corp.

First Quarter 2016 Management's Discussion and Analysis of
Financial Condition and Results of Operations

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and the Condensed Interim Consolidated Financial Statements have been prepared by management and approved by the Board of Directors of Syncordia Technologies and Healthcare Solutions, Corp. (the "Company"). The Condensed Interim Consolidated Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS") and, where appropriate, reflect management's best estimates and judgments. Where alternative accounting methods exist, management has chosen those methods considered most appropriate in the circumstances. Management is responsible for the accuracy, integrity and objectivity of the Condensed Interim Consolidated Financial Statements within reasonable limits of materiality, and for maintaining a system of internal controls over financial reporting. The Audit Committee, which is appointed annually by the Board of Directors and comprised exclusively of independent directors, meets with management as well as with the independent auditors to satisfy itself that management is properly discharging its financial reporting responsibilities and to review the Condensed Interim Consolidated Financial Statements and the independent auditor's report. The Audit Committee reports its findings to the Board of Directors for consideration in approving the Condensed Interim Consolidated Financial Statements for presentation to the shareholders. The Audit Committee considers, for review by the Board of Directors and approval by the shareholders, the engagement or reappointment of the independent auditors.

## BASIS OF PRESENTATION

The following MD&A should be read in conjunction with the Company's Condensed Consolidated Interim Financial Statements and related notes for the three month period ended June 30, 2015 and the audited Consolidated Financial Statements for the year ended March 31, 2015 of Syncordia Technologies and Healthcare Solutions, Inc. Unless otherwise noted, the descriptions in this MD&A relate to the three month period ended June 30, 2015.

The Company prepares its Condensed Consolidated Interim Financial Statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The policies applied in the Company's Condensed Interim Consolidated Financial Statements are based on IFRS policies effective as at August 28, 2015, the date of this MD&A and the date the Audit Committee and Board of Directors approved our Condensed Interim Consolidated Financial Statements.

We use certain non-IFRS financial performance measures in this MD&A For a detailed reconciliation of each non-IFRS measure used in this MD&A, please see the discussion in Section 10 of this MD&A. In this MD&A, all currency amounts (except per unit amounts) are in thousands and, unless otherwise stated, are in thousands of United States dollars ("US Dollars").

Additional information about Syncordia, including an overview of our business and growth strategy, is included in the 2015 annual Management Discussion and Analysis of Financial Condition and Results of Operations of Syncordia Technologies and Healthcare Solutions, Inc. available under the Syncordia profile on SEDAR at www.sedar.com.

This document contains forward-looking statements, which are qualified by reference to, and should be read together with, the Forward-looking Statements section of this MD&A.

Unless the context otherwise requires, all references to "Syncordia", "Company", "our", "us", and "we" refers to Syncordia Technologies and Healthcare Solutions, Corp. and its subsidiaries. For readability, unless the context otherwise requires, "Syncordia", "Company", "our", "us", and "we" also refers to the activities of Syncordia Technologies and Healthcare Solutions, Inc. prior to the Qualifying Transaction.

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## 1. OVERALL PERFORMANCE

*A discussion of our overall performance for the first quarter of 2016*

This section provides a discussion of our financial performance based on our consolidated financial statements. All references in per share amounts pertain to net income (loss) per share and are presented on a consolidated basis.

## Syncordia Technologies and Healthcare Solutions, Corp.

**Summary Financial Analysis**

| (in thousands of U.S. Dollars, except per share amounts) | Three Months ended June 30 2015 | Three Months ended June 30 2014 |
|---|---|---|
| Revenue | 3,393 | - |
| Gain on settlement of contingent consideration | 1,111 | - |
| | 4,504 | - |
| Gross margin (i) | 2,380 | - |
| *% of revenue* | *70%* | - |
| Adjusted EBITDA before Corporate costs (ii) | 1,264 | - |
| *% of revenue* | *37%* | |
| Corporate costs (iii) | 641 | 79 |
| Adjusted EBITDA (iv) | 623 | (79) |
| *% of revenue* | *18%* | - |
| per share - Basic | 0.04 | (0.02) |
| per share - Diluted | 0.03 | (0.02) |
| Cash and cash equivalents | 10,286 | 1,070 |
| Debt/Equity Ratio | 0.64:1 | 0:1 |

*Notes:*

*(i) Non-IFRS measure, gross margin above excludes amortization of intellectual property, customer lists, other amortizations and fair value gains/losses.*

*(ii) Non-IFRS measure, Adjusted EBITDA before Corporate costs, see Section 10.*

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

*(iv) Non-IFRS measure, Adjusted EBITDA, see Section 10.*

**Highlights for the quarter compared to the prior year quarter:**

Revenue was $3,393, segmented between air transportation client billings of $2,729, ground transportation client billings of $136, behavioural health client billings of $327 and other RCM related revenue streams of $201. The gain of $1,111 related to the realized fair value change on contingent consideration settled during the quarter.

Gross margin was $2,380, or 70% of revenue. Our Gross margin improved by four percentage points reflecting operating efficiencies and payor mix.

Adjusted EBITDA before Corporate costs was $1,264 or 37% of revenue, representing $1,562 Adjusted EBITDA from our RCM segment less $298 of Syncordia Cloud segment costs.

Corporate costs were $641, primarily reflecting salaries and benefits and professional fees and increased by $562 from the prior period due to the scale-up of our operating activities.

Adjusted EBITDA was $623, or 18% of revenue.

***Activity during the First Quarter***

***Qualifying Transaction***

On June 18, 2015, we entered into an amalgamation agreement and completed our qualifying transaction (the "Qualifying Transaction"). The Qualifying Transaction proceeded by way of a "three-cornered" amalgamation among LL Capital Corp. ("LL Capital") (a capital pool company listed on the TSX Venture Exchange), a wholly-owned subsidiary of LL Capital, and Syncordia Technologies and Healthcare Solutions, Inc. Each Syncordia shareholder received one post-Consolidation common share in the capital of LL Capital for every Syncordia share held by them.

The Qualifying Transaction resulted in a reverse takeover of LL Capital by the shareholders of Syncordia (the "Reverse Takeover"). Upon closing of the transaction, the shareholders of Syncordia held 97.7% of the outstanding shares in the capital of LL Capital. Subsequent to the Qualifying Transaction, LL Capital changed its name to Syncordia Technologies and Healthcare Solutions, Corp.

Syncordia Technologies and Healthcare Solutions, Corp.'s shares were listed for trading on the TSX Venture Exchange under the symbol "SYN" on July 8, 2015.

***Paragon Acquisition***

On April 24, 2015, we acquired all of the issued and outstanding membership units of Paragon Billing LLC ("Paragon"), a leading provider of claims management solution to the behavioural health healthcare segment, pursuant to a membership interest purchase agreement. The Paragon acquisition enabled our entry into the behavioural health market and proprietary electronic health record software.

The purchase price of $4.0 million consisted of $3.5 million due on closing of the transaction and $0.5 million of deferred payments whereby $0.25 million is due each of 1. The second quarter of fiscal 2016 and 2. One year after the transaction close date of April 24, 2015. We funded the acquisition by raising $3.3 million in equity, issuing $0.5 million of notes payable and assuming deferred payments of $0.5 million. Total funds raised were $0.3 million in excess of the purchase price in order to fund transaction costs.

The estimated initial allocation fair value of assets acquired and liabilities assumed at the date of the Paragon acquisition are as follows:

| (in thousands of US Dollars) | |
|---|---|
| Net working capital | 77 |
| Intellectual property | 2,900 |
| Customer relationships | 300 |
| Goodwill | 723 |
| Total purchase price | 4,000 |

***Financings and Acquisitions***

*Equity Financing*

On June 29, 2015, we closed a private placement (the "Private Placement") of 3,334,000 subscription receipts ("Syncordia Subscription Receipts"), comprised of: (i) 2,667,000 Syncordia Subscription Receipts at a price of $2.36 (CDN$3.00) per Syncordia Subscription Receipt for gross proceeds of $6,300 (CDN$8,001); and (ii) an additional 667,000 Syncordia Subscription Receipts at the same price for gross proceeds of $1,568 (CDN$2,001), issued pursuant to the full exercise of an option granted to National Bank Financial, Inc. and Mackie Research Capital Corporation (collectively, the "Underwriters") by Syncordia (the "Underwriters' Option"). Given the full exercise of the Underwriters' Option, the total gross proceeds to us from the Private Placement was $7,868 (CDN$10,002).

Between April 24, 2015 and May 1, 2015, we issued 1,702,500 Class B, series 2 preferred shares at $2.00 per share for gross proceeds of $3,405. In connection with the Class B, Series 2 Equity offering, we incurred $284 of share issuance costs and issued 52,100 warrants to a broker between April 24, 2015 and May 1, 2015. Each warrant entitles the holder thereof to purchase one Class B, series 2 preferred share at a price of $2.00 per share at any time on or before November 5, 2016.

*Debt Financing*

On April 24, 2015, we secured $500 of additional long-term notes payable as part of the financing structure for the acquisition of Paragon. On June 10, 2015, $832 of notes were secured to fund the remaining portion of the payment for the Health Services Integration ("HSI") acquisition. The notes have terms consistent with our original note issuance on November 5, 2014 with interest at 11% per annum, whereby 9% interest is payable in cash at the end of each calendar quarter and the remaining 2% of interest is capitalized with the loan principal on a quarterly basis on the subsequent day after quarter-end. An aggregate of 166,548 common share purchase warrants were issued in conjunction with the notes at an exercise price of $2.00 per share having an expiration date of November 5, 2019. Pursuant to the terms of the warrants, if the price of the underlying common shares listed on certain stock exchanges is greater than $5.00 for five consecutive trading days, we may provide notice to the holders of such warrants that the warrants will expire between 30 and 60 days after the date on which such notice is given. Any warrants remaining unexercised after the expiration of such accelerated expiry time will be cancelled and of no further force or effect. The fair value of the warrants, was determined using an adjusted binomial pricing model and has reduced the carrying value of the notes with accretion recorded over the term of the debt. The notes are subject to certain non-financial covenants related to continuous reporting requirements of financial results of the Company. In the event of a loss of a principal significant customer contract, certain financial metrics would become effective as defined in the note purchase agreement. We incurred $30 of financing costs associated with the note issuance and these costs are being amortized over the remaining term of the notes.

Additional principal repayments of $222 are due on November 5, 2016 and May 5, 2017 with the remaining principal repayment due on maturity of the notes on November 5, 2017.

## 2. OPERATING RESULTS

*A discussion of our segmented performance for first quarter 2016*

Management monitors the business and reports its results in the following business segments: 1. Revenue Cycle Management or RCM; 2. Syncordia Cloud; and 3. Corporate. Our reporting structure reflects the way we manage our business and how we classify our operations for planning and performance.

### Revenue Cycle Management

**Selected Financial Information**

| (in thousands of U.S. Dollars) | Three Months ended June 30, 2015 | Three Months ended June 30, 2014 |
|---|---|---|
| Revenues | 3,393 | - |
| Gain on settlement of contingent consideration | 1,111 | - |
| | 4,504 | - |
| Gross margin (i) | 2,380 | - |
| *% of revenues* | *70%* | - |
| Operating Expenses | | |
| General and Administrative (ii) | 673 | - |
| Sales and Marketing | 145 | - |
| Research and Development | - | - |
| Total Operating Expenses | 818 | - |
| Adjusted EBITDA (iii) | 1,562 | - |
| *% of Revenues* | *46%* | - |

*Notes:*

*(i) Non-IFRS measure, gross margin above excludes amortization of intellectual property, customer lists, other amortizations and fair value gains/losses.*

*(ii) Non-IFRS measure, general and administrative expenses excludes stock based compensation and amortization.*

*(iii) Non-IFRS measure, Adjusted EBITDA, see Section 10.*

Our RCM business segment consisting of HSI and Paragon focuses on the acquisition and management of RCM service providers, primarily medical billings companies serving niche markets of the healthcare industry.

Revenue was $3,393, segmented between air transportation client billings of $2,729, ground transportation client billings of $136, behavioural health client billings of $327 and other RCM related revenue streams of $201. The gain of $1,111 related to the realized fair value change on contingent consideration settled during the quarter.

Gross margin was $2,380, or 70% of revenue. Our Gross margin improved by four percentage points reflecting operating efficiencies and payor mix.

Operating expenses were $818 related to three months of operating expenses of HSI and the operating expenses of Paragon subsequent to its acquisition on April 24, 2015. RCM operating expenses are segmented between $673 of general and administrative expenses and $145 of sales and marketing activities.

Adjusted EBITDA was $1,562 or 46% of revenues.

## Syncordia Cloud

**Selected Financial Information**

| (in thousands of U.S. Dollars) | Three Months ended June 30 2015 | Three Months ended June 30 2014 |
|---|---|---|
| Operating Expenses | | |
| General and Administrative (i) | 215 | - |
| Sales and Marketing | - | - |
| Research and Development | 83 | - |
| Total Operating Expenses | 298 | - |
| Adjusted EBITDA (ii) | (298) | - |
| *% of Consolidated Revenues* | *9%* | - |

*Notes:*

*(i) Non-IFRS measure, general and administrative expenses excludes stock based compensation and amortization.*

*(ii) Non-IFRS measure, Adjusted EBITDA, see Section 10.*

Our Syncordia Cloud business segments maintains our existing software and is developing a turn-key suite of cloud based RCM software modules to address a number of RCM segment opportunities.

We incurred $298 in operating costs. These costs relate mainly to salaries and benefits of individuals who support our existing software included in $215 general and administrative and $83 costs incurred on research and development activities.

Research and development activities related to the Syncordia Cloud are being expensed reflecting a conservative approach by management. However management believes the research and development costs associated with the Syncordia Cloud will have future value.

## Corporate

**Selected Financial Information**

| (in thousands of U.S. Dollars) | Three Months ended June 30 2015 | Three Months ended June 30 2014 |
|---|---|---|
| Operating Expenses | | |
| General and Administrative (i) | 641 | 79 |
| Sales and Marketing | - | - |
| Research and Development | - | - |
| Total Operating Expenses | 641 | 79 |
| Adjusted EBITDA (ii) | (641) | (79) |
| *% of Consolidated Revenues* | *19%* | - |

*Notes:*

*(i) Non-IFRS measure, general and administrative expenses excludes transaction costs, stock based compensation and amortization.*

*(ii) Non-IFRS measure, Adjusted EBITDA, see Section 10.*

Our Corporate business segment is comprised of our executive management offices based in Toronto, Ontario and Wilmington, North Carolina and oversees our corporate development, acquisition strategy, investor relations and corporate finance activities.

Corporate costs were $641, primarily reflecting salaries and benefits and professional fees and increased by $562 from the prior period reflecting the scale-up of our operating activities.

We operate under a lean philosophy and expect our Corporate costs to decline as a total percentage of RCM segment revenues in future periods.

## 3. FINANCIAL CONDITION

*A discussion of the significant changes in our Consolidated Balance Sheets*

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

**Summary Consolidated Balance Sheets**

(in thousands of U.S. Dollars)

| | As at June 30 2015 | As at March 31 2015 | Change | % Change |
|---|---|---|---|---|
| Cash and cash equivalents | 10,286 | 2,842 | 7,444 | 262 |
| Current Assets | 12,723 | 4,919 | 7,804 | 159 |
| Total Assets | 38,187 | 27,059 | 11,128 | 41 |
| Trade accounts payable and accrued liabilities | 1,812 | 1,135 | 677 | 60 |
| Long term notes payable | 11,874 | 10,484 | 1,390 | 13 |
| Total Equity | 23,351 | 13,119 | 10,232 | 78 |

Cash and cash equivalents increased $7,444 reflecting $7,868 from the Private Placement partially offset by $653 of cash transactions costs incurred as part of the Qualifying Transaction and $229 of net cash inflows from operating activities and other items.

Current assets at June 30, 2015 reflect cash and cash equivalents of $10,286, trade accounts receivable of $2,159 and other assets of $278. The increase of $7,804 reflects the increase in cash and cash equivalents noted above and the acquisition of Paragon accounts receivable and other current asset working capital accounts.

Total assets increased $11,128 due to the current asset increase noted above, $3,923 of intangible assets acquired with Paragon and $77 of other working capital account balances acquired with Paragon.

Trade accounts payable and accrued liabilities increased $677 reflecting acquired Paragon liabilities and increased accrued liabilities associated with the Qualifying Transaction.

Long-term notes payable increased $1,390 due to $1,332 of debt issued to fund the Paragon acquisition and HSI earn out settlement described in detail in section 1 of the MD&A, offset by amortization of debt issuance costs and associated accretion expense during the quarter

Total equity increased $10,232 reflecting $11,273 of gross proceeds from equity raises in connection with the Paragon acquisition and bought deal equity raises described in detail in section 1 of the MD&A, partially offset by $964 in share issuance costs and by $1,190 of net losses.

## 4. BUSINESS OUTLOOK

*The outlook for our business*

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.

## 5. LIQUIDITY AND CAPITAL RESOURCES

*A discussion of our cash flow, liquidity, credit facilities and other disclosures*

As at June 30, 2015, we had cash and cash equivalents of $10,286 and $10,411 of working capital.

As at June 30, 2015, we had $11,874 of notes payable, consisting of principal and accrued interest capitalized during 2015. Principal repayments of $2,222 are due on each of November 5, 2016 and May 5, 2017 with the remaining principal repayment due on maturity of the notes on November 5, 2017. Interest is paid quarterly on the notes. In addition to positive cash flows earned from our RCM segment, we will consider re-financing our notes payable to satisfy our growth strategy.

Substantially all of our assets are pledged as security for notes payable balances, however, we are currently not subject to any financial performance debt covenants.

As at June 30, 2015, we had various operating leases with remaining terms of more than one year, primarily for office space at our subsidiaries. These leases have minimum annual commitments as follows:

**Minimum Annual Commitments**

| (in thousands of U.S. Dollars) | |
|---|---|
| 2015 | 108 |
| 2016 | 331 |
| 2017 | 314 |
| 2018 | 315 |
| 2019 | 324 |
| 2020 and thereafter | 606 |

## 6. OFF BALANCE SHEET ARRANGEMENTS

*A discussion of off balance sheet arrangements*

The Company has no off balance sheet arrangements.

## 7. RELATED PARTY TRANSACTIONS

*A discussion of related party transactions and their relationship to our business*

**Directors and Executive Compensation**

| (in thousands of U.S. Dollars) | Three months ended June 30, 2015 | Three months ended June 30, 2014 |
|---|---|---|
| Salaries and short-term employee benefits | 177 | 6 |
| Stock-based compensation | 9 | - |
| | 186 | 6 |

## 8. CRITICAL ACCOUNTING ESTIMATES

*A description of our accounting estimates that are critical to determining our financial results, and changes to accounting policies*

Preparing the consolidated interim financial statements in conformity with IFRS, requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from those estimates.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Such estimates and judgments have been applied and there are no known trends, commitments, events or uncertainties we believe will materially affect the methodology or assumptions in making these estimates and judgments in these financial statements.

The critical judgements, estimates and assumptions applied in preparation of the Company's financial information are reflected in Note 3 of the Company's annual audited consolidated financial statements.

## 9. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

*A discussion of generally accepted accounting principle developments that have, will or might affect us*

Our accounting policies and information on our adoption and the impact of new and revised accounting standards impacting the Company are disclosed in Note 3 of our Condensed Consolidated Interim Financial Statements for the three months ended June 30, 2015.

## 10. RECONCILIATION AND DEFINITION OF NON-IFRS MEASURES

*A description, calculation and reconciliation of certain measures used by management*

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") and Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") are non-IFRS measures used by management to provide additional insight into our performance and financial condition. We believe that these non-IFRS measures are important as they provide an indication of the results generated by our RCM business prior to taking into consideration how those activities are financed as well as the other items listed in their respective definitions. Accordingly, we are presenting EBITDA, Adjusted EBITDA and Adjusted EBITDA before Corporate costs in this MD&A to enhance the usefulness of our MD&A. We have provided below a reconciliation of EBITDA, Adjusted EBITDA and Adjusted EBITDA before Corporate costs to the most directly comparable IFRS figures, disclosure of the purpose of the non-IFRS measure, and how the non-IFRS measures is used in managing the business.

EBITDA, Adjusted EBITDA and Adjusted EBITDA before Corporate costs are not calculations based on IFRS and should not be considered an alternative to operating income or net income (loss) in measuring the our performance, nor should it be used as an exclusive measure of cash flow, because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in the consolidated statements of cash flows. Investors should carefully consider the specific items included in our computation of these measures.

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 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 indexed to our share price.

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

| (in thousands of U.S. Dollars) | Three Months ended June 30 2015 | Three Months ended June 30 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 ended June 30 2015 | Three Months ended June 30 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 (i) | 641 | 79 |
| Adjusted EBITDA before Corporate costs | 1,264 | - |

*Notes:*

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

## 11. RISKS AND UNCERTAINTIES

*Risks and uncertainties facing Syncordia*

An investment in our common shares involves risk. Investors should carefully consider the risks and uncertainties described below and in the 2015 annual MD&A of Financial Condition and Results of Operations of Syncordia Technologies and Healthcare Solutions, Inc. available on SEDAR at www.sedar.com **under the profile of Syncordia**. The risks and uncertainties described below and in the 2015 annual MD&A of Financial Condition and Results of Operations of Syncordia Technologies and Healthcare Solutions, Inc. are not the only ones we face. Additional risks and uncertainties, including those that we do not know about now or that we currently deem immaterial, may also adversely affect our business. For a more complete discussion of the risks and uncertainties which apply to our business and our operating results, please see the 2015 annual MD&A of Financial Condition and Results of Operations of Syncordia Technologies and Healthcare Solutions, Inc. available on SEDAR at www.sedar.com under the Syncordia profile**.**

**RISKS RELATED TO OUR BUSINESS — GENERAL**

•We have a limited operating history.

•We are a holding company and do not have any operating assets.

**RISKS RELATED TO OUR BUSINESS — OPERATIONS**

•We are subject to the risks associated with the industry in which we operate.

•The market for cloud-based services for health care information technology may not develop substantially further or develop more slowly than we expect, harming the growth of our business.

•Changes in the health care industry could affect the demand for our services, cause our existing contracts to terminate, and negatively impact the process of negotiating future contracts.

•We are subject to the effect of payer and provider conduct that we cannot control and that could damage our reputation with clients and result in liability claims that increase our expenses.

•Our business could be adversely affected if our clients are not satisfied with our services.

•Complications may arise during the implementation of technologies or services by customers.

•Our proprietary software or our services may not operate properly, which could damage our reputation, give rise to claims against us, or divert application of our resources from other purposes, any of which could harm our business and operating results.

•If our security measures are breached or fail or unauthorized access is obtained to a client's data, our services may be perceived as not being secure, clients may curtail or stop using our services, and we may incur significant liabilities.

•Failure by our clients to obtain proper permissions and waivers may result in claims against us or may limit or prevent our use of data, which could harm our business.

•Various events could interrupt users' access to our systems, exposing us to significant costs.

•If we do not continue to innovate and provide services that are useful to clients, we may not remain competitive, and our revenues and operating results could suffer.

•We depend upon third-party service providers for important functions of our services. If these third-party service providers do not fulfill their contractual obligations or choose to discontinue their services, our business and operations could be disrupted and our operating results would be harmed.

•Various risks could affect our worldwide operations, exposing us to significant costs.

•We may be unable to identify, acquire, close or integrate acquisition targets successfully.

•We rely on Internet infrastructure, bandwidth providers, data center providers, other third parties, and our own systems for providing services to our clients, and any failure or interruption in the services provided by these third parties or our own systems could expose us to litigation and negatively impact our relationships with users or clients, adversely affecting our brand and our business.

•We rely on third-party computer hardware and software that may be difficult to replace or that could cause errors or failures of our services, which could damage our reputation, harm our ability to attract and maintain clients and members, and decrease our revenue.

•Future litigation against us could be costly and time-consuming to defend and could result in additional liabilities.

•We are currently subject to risks associated with the reliance on two key customers**.**

•If we are unable to retain customers and attract new customers our revenue will decline and our business will suffer**.**

•We operate in a highly competitive industry, and if we are not able to compete effectively, our business and operating results will be harmed.

•Government regulation of health care creates risks and challenges with respect to our compliance efforts and our business strategies.

•Potential health care reform and new regulatory requirements placed on our software, services, and content could impose increased costs on us, delay or prevent our introduction of new service types, and impair the function or value of our existing service types.

•Potential additional regulation of the disclosure of health information outside the United States may adversely affect our operations and may increase our costs.

•Due to the particular nature of certain services we provide or the manner in which we provide them, we may be subject to government regulation unrelated to health care.

•We may be unable to adequately protect, and we may incur significant costs in enforcing, our intellectual property and other proprietary rights.

•We may be sued by third parties for alleged infringement of their proprietary rights.

•Our intellectual property may be at risk due to a lack of formal protection.

•Uncertainty can arise regarding the applicability of our proprietary information.

•Because competition for our target employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our planned growth.

**RISKS RELATED TO OUR BUSINESS — FINANCIALS**

•Access to capital may limit our ability to pursue growth opportunities and may impact our ability to cover expenses or liabilities.

•Fluctuations in foreign currency exchange rates may have a negative impact on our business.

•Estimates or Judgments Relating to Critical Accounting Policies.

•Our operations in multiple tax jurisdictions exposes our business to fluctuations and changes in tax rates and laws.

•Our operating results may fluctuate significantly, and if we fail to meet the expectations of analysts or investors, our stock price and the value of an investment in our common stock could decline substantially.

•If the revenue of our clients decreases, or if our clients cancel or elect not to renew their contracts, our revenue will decrease.

•If we are required to collect sales and use taxes on the services we sell in additional jurisdictions, we may be subject to liability for past sales and incur additional related costs and expenses, and our future sales may decrease.

•As a result of our variable sales and implementation cycles for our services, and the uncertainty as to the timing of the fulfillment of our services, we may be unable to recognize revenue to offset expenditures, which could result in fluctuations in our quarterly results of operations or otherwise harm our future operating results.

•If we fail to meet our current credit agreement's financial covenants, our business and financial condition could be adversely affected.

**RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK**

•The price of our common stock may continue to be volatile.

•If a substantial number of shares become available for sale and are sold in a short period of time, the market price of our common stock could decline.

•We do not currently intend to pay dividends on our common stock, and, consequently, stockholders' ability to achieve a return on their investment will depend on appreciation in the price of our common stock.

## 12. OUTSTANDING SHARE DATA

*A discussion of our outstanding share capital and related earnings per share information*

Basic and fully diluted net loss per common share for the quarter ended June 30, 2015 was $0.08 per share. Certain options granted under our stock option plan and outstanding warrants have not been included in the calculation of the diluted loss per share as the effect would be anti-dilutive.

The basic and fully diluted weighted average number of common shares used in calculating the net income per share was 15,556,014 and 18,227,387 each respectively for the quarter ended June 30, 2015. The number of common shares outstanding as at June 30, 2015 was 19,643,635 (March 31, 2015 – 14,247,135). This information is prepared on the basis of combining the shares of Syncordia prior to and post Qualifying Transaction.

## 13. FORWARD-LOOKING STATEMENTS

*Caution regarding forward-looking statements*

This MD&A contains forward-looking statements about our achievements, the future success of our business and technology strategies, performance, goals and other future events. Management's assessment of future plans and operations, cash flows, methods of financing and the ability to fund financial liabilities, and the timing of and impact of adoption of IFRS and other accounting policies may constitute forward-looking statements under applicable securities laws and necessarily involve risks including, without limitation, the risks identified above. As a consequence, our actual results may differ materially from those expressed in, or implied by, the forward-looking statements. Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although Syncordia believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because we can give no assurance that such expectations will prove to be correct.

In addition to other factors and assumptions which may be identified in this document and other documents filed by Syncordia, assumptions have been made regarding, among other considerations. Readers are cautioned that the foregoing list of factors is not exhaustive.

The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding our first quarter financial performance and may not be appropriate for other purposes. Readers are encouraged to read the section entitled "Risks and Uncertainties" in this MD&A for a broader discussion of the factors that could affect our future performance. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Syncordia does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.