Syncordia
Technologies and Healthcare Solutions

Syncordia Technologies and Healthcare Solutions, Corp.

Second 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 Interim Consolidated Financial Statements and related notes for the three and six month periods ended September 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 and six month periods ended September 30, 2015.

The Company prepares its Condensed Interim 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 November 24, 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 wholly-owned subsidiaries, Health Services Integration, Inc. ("HSI") and Paragon Billing, LLC ("Paragon"). 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 three and six months ended September 30, 2015

This section provides a discussion of our financial performance as reported in our consolidated financial statements. All references in per share amounts pertain to Adjusted EBITDA per share and are presented on a consolidated basis.

Summary Financial Analysis
(in thousands of US Dollars, except per share amounts)

	Three Months ended			**Three Months ended**			**Six Months ended**		
	Sep 30 2015	**Jun 30 2015**	%	**Sep 30 2015**	**Sep 30 2014**	%	**Sep 30 2015**	**Sep 30 2014**	%
Revenue									
HSI	3,403	3,066	11%	3,403	-	NM	6,469	-	NM
Paragon	496	327	52%	496	-	NM	823	-	NM
	3,899	3,393	15%	3,899	-	NM	7,292	-	NM
Gross margin (i)	2,819	2,380	18%	2,819	-	NM	5,199	-	NM
% of revenue	*72%*	*70%*		*72%*	-	*NM*	*71%*	-	NM
RCM Operating expenses (i)	1,106	818	35%	1,106	-	NM	1,924	-	NM
% of revenue	*28%*	*24%*		*28%*	-		*26%*	-	
Adjusted EBITDA before Syncordia Cloud and Corporate costs (i)	1,713	1,562	10%	1,713	-	NM	3,275	-	NM
% of revenue	*44%*	*46%*		-	-		*45%*	-	
Syncordia Cloud costs(i)	394	300	31%	394	-	NM	694	-	NM
% of revenue	*10%*	*9%*		*10%*	-		*10%*	-	
Corporate costs (i)	643	611	5%	643	221	191%	1,254	300	318%
% of revenue	*16%*	*18%*		*16%*	-		*17%*	-	
Adjusted EBITDA (i)	676	651	4%	676	(221)	NM	1,327	(300)	NM
% of revenue	*17%*	*19%*		*17%*	-		*18%*	-	
per share – Basic	0.03	0.04		0.04	(0.04)		0.08	(0.06)	
per share – Diluted	0.03	0.04		0.04	(0.04)		0.07	(0.06)	
Cash and cash equivalents	10,044	10,286	(2%)	10,044	3,080	226%	10,044	3,080	226%
Long-term Debt/Equity Ratio	0.52:1	0.51:1		0.52:1	-		0.52:1	-	

Notes:

(i) Non-IFRS measures. Refer to Section 10 – Reconciliation and Definition of Non-IFRS Measures.

(ii) NM - Not Meaningful

Financial and Operational Highlights

Three months ended September 30, 2015 compared to three months ended June 30, 2015

Financial Highlights

- Revenue increased $506 or 15% reflecting $169 attributed to reporting Paragon's results for an additional month and $337 of incremental revenue from existing and new customers.
- Gross margin increased $439 and was 72% of revenue, an increase of two percentage points reflecting the Paragon acquisition and payor mix.
- Adjusted EBITDA before Syncordia Cloud and Corporate costs increased $151 or 10% primarily reflecting the higher gross margin as noted above.
- Syncordia Cloud costs increased $94 or 31% reflecting the ramp up of our development efforts which are focused on a proprietary billing platform.
- Corporate costs increased $32 or 5% reflecting additional costs associated with our becoming a reporting issuer.
- Adjusted EBITDA increased $25 or 4%.

Operational Highlights

- *Loss of key customer.* We received notice of termination from one of two significant customer groups in the RCM business segment. Pursuant to the notice, HSI will continue to process new claims for this customer group until November 30, 2015, after which HSI will only process the billing and collection of then-existing claims until May 30, 2016. Revenue from this customer group in the second quarter of 2016 was $1,543, a $178 or 13% increase from the first quarter of 2016. Management expects this loss to impact revenue beginning in the fourth fiscal quarter of 2016, with cessation of revenue associated with this customer group by June 2016.
- *Established ground billing operations in Maryland targeting a significantly lower cost structure.* We entered into a five year lease for 2,030 sq. ft. of office space with the capacity to accommodate a team of up to approximately 20 medical billers. As at September 30, 2015, an initial team of seven billers were processing ground claims at this new Maryland facility. Additionally, we believe that our Maryland ground billing operations will enhance HSI's marketability in the East Coast and Midwest markets, and support the ongoing growth and expansion of our ground billing services across the United States, while enhancing our ongoing operational contingency efforts in the event of a natural disaster or other general business disruptions.
- *Secured a three year contract with Air Medical for air ambulance RCM billing services*. HSI was awarded a contract with Air Medical which is expected to contribute $250,000 of annual revenue. Air Medical provides fixed wing air ambulance transportation for individuals, families, insurance companies and providers of medical care throughout the United States, Canada, Mexico, the Caribbean Islands and Central America. HSI commenced RCM billing services on behalf of Air Medical effective October 1, 2015.
- *Commenced lean initiatives*. We 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. To that end, we have reviewed our current state process and have created a future state process that will be incorporated into a web-based portal that helps shorten our on-boarding process.

Three and six months ended September 30, 2015 compared to three and six months ended September 30, 2014

Financial Highlights

- Revenue increased $3,899 and $7,292 reflecting the acquisition of HSI and Paragon.
- Gross margin increased $2,819 and $5,199 and was 72% and 71% of revenue respectively, reflecting the above noted acquisitions.
- Adjusted EBITDA before Syncordia Cloud and Corporate costs increased $1,713 and $3,275 reflecting the commencement of RCM operations.
- Syncordia Cloud costs increased $394 and $694 reflecting the establishment of our development efforts.

- Corporate costs increased $422 and $954 reflecting the scale-up of our Corporate office.
- Adjusted EBITDA increased $897 and $1,627.

2. OPERATING RESULTS

A discussion of our segmented performance for the three and six months ended September 30, 2015

We report our results in three business segments, being Revenue Cycle Management ("RCM"), Syncordia Cloud and Corporate. Our reporting structure reflects the way we manage our business and how we classify our operations for planning and performance.

Revenue Cycle Management

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

Selected Financial Information

	Three Months ended			**Three Months ended**			**Six Months ended**		
	Sep 30 2015	**Jun 30 2015**	%	**Sep 30 2015**	**Sep 30 2014**	%	**Sep 30 2015**	**Sep 30 2014**	%
Revenue									
HSI	3,403	3,066	11%	3,403	-	NM	6,469	-	NM
Paragon	496	327	52%	496	-	NM	823	-	NM
	3,899	3,393	15%	3,899	-	NM	7,292	-	NM
Gross margin (i)	2,819	2,380	18%	2,819	-	NM	5,199	-	NM
% of revenue	*72%*	*70%*		*72%*	-		*71%*	-	
Operating expenses									
General and Administrative (i)	941	673	40%	941	-	NM	1,614	-	NM
Sales and Marketing	165	145	14%	165	-	NM	310	-	NM
Research and Development	-	-	-	-	-	NM	-	-	NM
Total Operating Expenses	1,106	818	35%	1,106	-	NM	1,924	-	NM
% of revenue									
Adjusted EBITDA (i)	1,713	1,562	10%	1,713	-	NM	3,275	-	NM
% of revenue	*44%*	*46%*		*44%*	-		*45%*		

Note:

(i) Non-IFRS measures. Refer to Section 10 – Reconciliation and Definition of Non-IFRS Measures.

(ii) NM – Not meaningful

Three months ended September 30, 2015 compared to three months ended June 30, 2015

Revenues increased $506 or 15% reflecting $169 attributed to capturing Paragon's results for an additional month in the second quarter of 2016 and $337 of growth from existing and new customers.

During the second quarter, we received notice of termination from one of two significant customer groups in the RCM business segment. Pursuant to the notice, HSI will continue to process new claims for this customer group until November 30, 2015, after which HSI will only process the billing and collection of then-existing claims until May 30, 2016. Revenue from this customer group in the second quarter of 2016 was $1,543, a $178 or 13% increase from the first quarter of 2016. Management expects this loss to impact revenue beginning in the fourth fiscal quarter of 2016, with cessation of revenue associated with this customer group by June 2016.

Revenue is segmented by line of RCM service, as follows:

	Three Months ended			Three Months ended			Six Months ended		
	Sep 30 2015	**Jun 30 2015**	%	**Sep 30 2015**	**Sep 30 2014**	%	**Sep 30 2015**	**Sep 30 2014**	%
Air transportation	3,025	2,729	11%	3,025	-	NM	5,754	-	NM
Ground transportation	178	136	31%	178	-	NM	314	-	NM
Behavioural health	496	327	52%	496	-	NM	823	-	NM
Other	200	201	0%	200	-	NM	401	-	NM
	3,899	3,393	15%	3,899	-	NM	7,292	-	NM

Gross margin increased by $439 from 70% to 72% of revenue primarily reflecting payor mix.

Operating expenses increased $288 or 35% reflecting the following more significant items:

- $150 as a reserve against two legacy HSI accounts representing 7% of our accounts receivable, which we are in discussions with on repayment terms; and
- $69 primarily associated with higher sales and marketing and higher staff costs.
- $53 attributed to the Paragon acqusition;
- $16 attributed to establishing HSI’s ground billing operations centre in Maryland and various lean initiatives which we believe will increase our operating efficiency over time;

Adjusted EBITDA increased $151 or 10% reflecting the above noted items.

Three and six months ended September 30, 2015 compared to the three and six months ended September 30, 2014

Revenues increased $506 reflecting the acquisitions of HSI and Paragon on October 31, 2014 and April 24, 2015 respectively. For the six months ended September 30, 2015, revenues increased $7,292.

Gross margin increased by $439 reflecting the acquisitions noted above. For the six months ended September 30, 2015, gross margin increased $5,199.

Operating expenses increased $288 or 35% reflecting $150 in accounts receivable reserves charged to operating expenses and a full quarter of Paragon operating expenses compared to a partial quarter subsequent to our acquisition of Paragon during the first quarter of 2016. For the six months ended September 30, 2015, revenues increased $7,292.

Adjusted EBITDA increased $151 or 10% reflecting the above noted items. For the six months ended September 30, 2015, Adjusted EBITDA increased $3,275.

Key Performance Indicator

We are introducing Encounters as a key performance indicator (KPI) to assist readers to better evaluate our performance. We define 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.

Set forth below is a summary of encounters for each of our RCM businesses.

	Encounters					Change	
Quarter	Q1	Q2	Q3	Q4	Total	#	%
HSI	12,539	14,901			27,440	2,362	19%
Paragon	81,244	73,834			155,078	(7,410)	(9%)

Note: The above noted Paragon Encounters include pre-acquisition Encounters prior to April 24, 2015.

Syncordia Cloud

Our Syncordia Cloud business segment maintains our existing software and is developing a suite of RCM software modules to address a number of market opportunities.

Selected Financial Information

	Three Months ended			Three Months ended			Six Months ended		
	Sep 30 2015	Jun 30 2014	%	Sep 30 2015	Sep 30 2014	%	Sep 30 2015	Sep 30 2014	%
Operating expenses									
General and Administrative [(i)]	213	217	(2%)	213	-	NM	430	-	NM
Sales and Marketing	-	-	-	-	-	NM	-	-	NM
Research and Development	181	83	118%	181	-	NM	264	-	NM
Total Operating Expenses	394	300	31%	394	-	NM	694	-	NM

Notes:

(i) Non-IFRS measures. Refer to Section 10 – Reconciliation and Definition of Non-IFRS Measures.

Our operating expenses increased $94 or 31% for the three months ended September 30, 2015 compared to the three months ended June 30, 2015, reflecting a ramp-up of personnel costs to address our development plans.

Our operating expenses increased $394 for the three months ended September 30, 2015 compared to the three months ended September 30, 2014 and $694 for the six months ended September 30, 2015 compared to the six months ended September 30, 2014 as a result of the commencement of our operating activities.

Corporate

Our Corporate business segment is comprised of our executive management offices based in Toronto, Ontario and Wilmington, North Carolina and oversees our corporate development, acquisitions, investor relations and corporate finance activities and assist both RCM and Syncordia Cloud objectives.

Selected Financial Information

	Three Months ended			Three Months ended			Six Months ended		
	Sep 30 2015	Jun 30 2015	%	Sep 30 2015	Sep 30 2014	%	Sep 30 2015	Sep 30 2014	%
Operating expenses									
General and Administrative [(i)]	643	611	5%	643	221	190%	1,254	300	318%
Sales and Marketing	-	-	-	-	-	-	-	-	-
Research and Development	-	-	-	-	-	-	-	-	-
Total Operating Expenses	643	611	5%	643	221	190%	1,254	300	318%

Notes:

(i) Non-IFRS measures. Refer to Section 10 – Reconciliation and Definition of Non-IFRS Measures.

Our operating expenses increased $32 or 5% for the three months ended September 30, 2015 compared to the three months ended June 30, 2015 reflecting costs incurred to become a reporting issuer on June 29, 2015.

Our operating expenses increased $422 or 190% for the three months ended September 30, 2015 compared to the three months ended September 30, 2014 and $954 or 318% for the six months ended September 30, 2015 compared to the six months ended September 30, 2014 as a result of the commencement of our operating activities.

3. FINANCIAL CONDITION

A discussion of the significant changes in our Consolidated Balance Sheet

Summary Consolidated Balance Sheets
(in thousands of US Dollars)

	September 30 2015	March 31 2015	Increase/(decrease) $	%
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	467	44
Long term notes payable	12,104	10,484	1,620	15
Total Equity	23,233	13,119	10,114	77

Cash and cash equivalents increased $7,202 reflecting:

- $67 of cash used in operating activities inclusive of $590 of cash interest paid and $522 of Transaction costs primarily related to becoming a reporting issuer and costs associated with the Paragon acquisition;
- $5,062 of investing activities reflecting $3,730 for the acquisition of Paragon, $1,208 for the remaining amount of the HSI acquisition and $124 for the acquisition of property, equipment and intangible assets; and
- $12,331 reflecting the net proceeds from our various debt and equity financings.

Current assets other than Cash and cash equivalents increased $312 primarily reflecting $306 of accounts receivable and other current asset working capital accounts associated with the acquisition of Paragon, partially offset by $150 of allowances for doubtful accounts charged in the current period.

Total assets increased $9,995 substantially reflecting the above noted items.

Trade accounts payable and accrued liabilities increased $467 reflecting $235 in connection with the winding down of a legacy HSI pension plan for which we have received an equal offsetting amount of cash, $56 in connection with acquired Paragon liabilities and $176 related to the timing of disbursements.

Long-term notes payable increased $1,620 reflecting $1,332 of debt issued to fund the Paragon acquisition and HSI earn out settlement, $123 of capitalized interest, and $165 of amortization of debt issuance costs and associated accretion expense, net of debt issuance costs and warrants issued with notes payable in the period.

Total equity increased $10,114 reflecting $11,273 of gross proceeds from equity raises, partially offset by $965 of share issuance costs and a net loss of $1,328.

4. BUSINESS OUTLOOK

The outlook for our business

We believe that favourable industry trends, along with operating improvements and competitive positioning of our RCM business will allow us to meaningfully grow our revenues. However, as a result of our wholly-owned subsidiary, HSI, receiving a notice of termination of a customer contract which will begin to impact revenue in the fourth fiscal quarter of 2016, our near term outlook is more cautious. While this loss will begin to impact revenue in calendar year 2016, we believe that a combination of new contract wins and operating efficiencies will offset the loss of this contract. However, our ability to predict the actual time at which the impact of the loss of this contract will be fully offset is not possible at this time.

We remain confident that we are taking appropriate measures at this time and with $10.0 million of cash and cash equivalents, have adequate liquidity to implement our business strategy.

5. LIQUIDITY AND CAPITAL RESOURCES

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

As at September 30, 2015, we had cash and cash equivalents of $10,044 and $10,801 of working capital.

As at September 30, 2015, we had $12,104 of notes payable, consisting of principal and accrued interest capitalized net of amortized debt financing costs and discounts. 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 use our cash resources to fund our Syncordia Cloud and Corporate costs, and support our growth strategy. Additionally, we anticipate using $4,444 to satisfy principal repayment obligations of our notes payable along with quarterly interest obligations.

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 September 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:

Contractual Obligations

(in thousands of US Dollars)	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Notes payable principal repayments	14,703	-	14,073	-	-
Holdback payable	250	250	-	-	-
Operating leases	2,174	107	1,107	676	284
Total contractual obligations	16,497	3577	15,180	676	284

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

For the three and six months ended September 30, the Company paid compensation to key management personnel which are recognized as an expense during the applicable reporting periods, as follows:

Directors and Executive Compensation
(in thousands of US Dollars)

	Three Months ended September 30			**Six Months ended September 30**		
	2015	**2014**	**% Change**	**2015**	**2014**	**% Change**
Salaries and short-term employee benefits	186	93	100%	363	112	224%
Stock-based compensation	7	4	75%	16	4	300%
	193	97	99%	379	116	227%

On April 24, 2015, the Company acquired 100% of the shares of Paragon, a company previously controlled by two directors and employees of the Company, namely, the Chief Executive Officer and Chief Strategy Officer. During the second quarter of 2016, the Company made one of two deferred payments of $250 related to the purchase price to the former owners of Paragon. The final deferred payment of $250 is due on the one-year anniversary of the transaction close date, April 24, 2016.

Of the $500 notes payable and related warrants issued on April 24, 2015 in connection with financing the Paragon acquisition, $250 of the notes payable and 31,250 warrants are held by a company controlled by a member of the Board of Directors of Syncordia.

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 2015 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 Interim Consolidated Financial Statements for the three months ended September 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") and Gross margin 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 Syncordia Cloud and 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 Syncordia Cloud 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 Syncordia Cloud and 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, Foreign Exchange 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 Syncordia Cloud and Corporate costs as Earnings before Interest, Taxes, Depreciation, Amortization, Transaction Costs, Fair Value Gains/Losses, Foreign Exchange Gains/Losses, Stock Based Compensation, Cash based Share Compensation Arrangements and costs of our Syncordia Cloud and Corporate segment. This metric is used to assess the performance of RCM and Syncordia Cloud segments.

Gross margin is a non-IFRS measure defined by management to reflect revenue less direct costs of sale, excluding amortization of intellectual property, customer lists, other amortizations and fair value gains/losses.

Syncordia Cloud and Corporate costs include sales and marketing, general and administrative and research and development, less amortization and depreciation, foreign exchange gains and losses, and stock-based compensation expense indexed to our share price. The following is a reconciliation of EBITDA with Net loss and comprehensive loss:

EBITDA Reconciliation
(in thousands of US Dollars)

	Three Months ended		Three Months ended		Six Months ended	
	Sep 30 2015	Jun 30 2015	Sep 30 2015	Sep 30 2014	Sep 30 2015	Sep 30 2014
Net loss and comprehensive loss	(138)	(1,190)	(138)	(478)	(1,328)	(580)
Amortization of operating and other assets	772	729	772	1	1,501	1
Interest expense	476	444	476	-	920	-
EBITDA	1,110	(17)	1,110	(17)	1,093	(579)

The following is a reconciliation of Adjusted EBITDA and Adjusted EBITDA before Syncordia Cloud and Corporate costs with Net loss and comprehensive loss:

Adjusted EBITDA Reconciliation
(in thousands of US Dollars)

	Three Months ended		Three Months ended		Six Months ended	
	Sep 30 2015	Jun 30 2015	Sep 30 2015	Sep 30 2014	Sep 30 2015	Sep 30 2014
Net loss and comprehensive loss	(138)	(1,190)	(138)	(478)	(1,328)	(580)
Amortization of operating and other assets	772	729	772	1	1,501	1
Interest expense	476	444	476	-	920	-
Transaction costs	47	1,722	47	250	1,769	273
Foreign exchange (gains) and losses	106	28	106	-	134	-
Unrealized (gains) and losses on derivative financial liability	(608)	-	(608)	-	(608)	-
Realized gain on contingent consideration	-	(1,111)	-	-	(1,111)	-
Stock based compensation	21	29	21	6	50	6
Adjusted EBITDA (i)	676	651	676	(221)	1,327	(300)
Syncordia Cloud costs (i)	394	300	394	-	694	-
Corporate costs (i)	643	611	643	221	1,254	300
Adjusted EBITDA before Syncordia Cloud and Corporate costs (i)	1,713	1,562	1,713	-	3,275	-

Notes:

(i) Non-IFRS measure, Syncordia Cloud and Corporate costs exclude stock based compensation, transaction costs, foreign exchange gains and loss, and amortization.

11. 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 September 30, 2015 was $0.01 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 19,643,635 and 19,799,804 each respectively for the quarter ended September 30, 2015. The number of common shares outstanding as at September 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.

12. RISKS AND UNCERTAINTIES

Risks and uncertainties facing us

An investment in our common shares involves risk. Investors should carefully consider the risks and uncertainties described below and in our 2015 annual MD&A available on SEDAR at www.sedar.com under the profile of Syncordia. The risks and uncertainties described below and in our 2015 annual MD&A 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 currently subject to risks associated with the reliance on two key customers.
- 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.
- 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.

We note there is an update to the above noted risk relating to reliance on two key customers since the Company's 2015 annual audited consolidated financial statements. One of the two current key customers issued a notice of contract termination on September 1, 2015. The Company will continue to process new claims until November 30, 2015, after which it will only process the billing and collection of then-existing claims until May 30, 2016.

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.

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, new contract wins, acquisitions, operational efficiencies, 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.