

Syncordia Technologies and Healthcare Solutions, Corp. Reports Third Quarter Fiscal 2016 Results

Sequential 4% growth of Adjusted EBITDA

Subsequent to quarter end, HSI awarded two new contracts for ground ambulance RCM billing services

Toronto, Ontario. February 11, 2016 – Syncordia Technologies and Healthcare Solutions, Corp. (TSXV: SYN) (“Syncordia” or the “Company”) today reported financial results for the three and nine months ended December 31, 2015.

Reported results reflect nine months of operations of Health Services Integration Inc. (“HSI”), which was acquired effective October 31, 2014, and 251 days of operations of Paragon Billing LLC, (“Paragon”) which was acquired April 24, 2015. Syncordia’s Revenue Cycle Management (“RCM”) segment had operational activities for 61 days during the three month period ended December 31, 2014. All results are reported in thousands of US dollars and are prepared in accordance with International Financial Reporting Standards (“IFRS”).

Q3 FY 2016 Financial Highlights

- Adjusted EBITDA increased \$28 or 4%.
- Cash and cash equivalents increased \$240 to \$10,285 reflecting stronger cash flow from operations.

Q3 FY 2016 Operational Highlights

- Completed the onboarding of Air Medical and began billing operations in October 2015. This three year contract was signed in September 2015.
- Previously announced HSI customer contract wins have all completed onboarding and continue to perform in-line with management’s expectations.
- Subsequent to quarter end, HSI was awarded two new contracts for ground ambulance RCM billing services. Both of the contracts have terms beyond 18 months.

Management Commentary

Michael Franks, Chief Executive Officer of Syncordia, said “I am pleased to report sequential growth of Adjusted EBITDA. In the quarter we successfully on boarded Air Medical and began billing operations for them. Since acquiring HSI in October 2014 we have signed a number of new contracts. All of these contracts have been on boarded and are performing at or above of management’s expectations in terms of volume and revenue. One of the two new contracts that we have announced concurrently with this press release was procured through the Request for Proposal process that has been a focus of our sales and operations teams since acquisition of HSI. We are excited about our pipeline in FY 2017 and look forward to continued contract wins. Lastly, we are continuing to reduce Corporate costs. We have lowered head-count and have reduced expenditure. Further reductions to Corporate costs are under review and an update will be provided when we report our Q4 FY 2016 results following our March 31, 2016 fiscal year end.”

Q3 FY 2016 Financial Results

Revenue from the RCM segment was \$3,678, segmented between air transportation client billings of \$2,808, ground transportation client billings of \$154, behavioural health client billings of \$505 as well as other RCM related revenue streams of \$211.

Gross margin was \$2,683 or 73% of revenue.

Adjusted EBITDA before Syncordia Cloud and Corporate costs was \$1,674 or 46% of revenue.

Syncordia Cloud costs were \$420 reflecting the ramp up of our development efforts which are focused on the

Syncordia Cloud Billing Module.

Corporate costs were \$550 reflecting reduced staff and other costs reduction initiatives as previously announced.

Grant of Stock Options

The independent members of the Board of Directors, in conjunction with its compensation consultant have approved the granting of 625,000 stock options in accordance with Syncordia's Stock Option Plan. This grant represents 31.8% of the option pool. Prior to the issuance of this grant, Syncordia's President and Chief Executive Officer, Chief Strategy Officer, Chief Financial Officer or any Vice President have not participated in the Syncordia Stock Option Plan.

The exercise price of these newly issued stock options will be the greater of CAD \$1.50 or the closing price of the Company's common shares on February 16, 2016. The granted stock options will be vested over a period of 3 years with 1/3 vesting 12 months after the date of grant and the remainder vesting in equal amounts each 3 months thereafter. Additionally, the independent members of the Board of Directors anticipate reducing the option expiry term of all previously issued options from 10 years to 5 years to ensure better alignment with shareholders and are seeking the necessary approvals required in connection with the foregoing, including the approval of the TSXV. Therefore, all options previously issued and any new issuances will expire after 5 years from grant date if not exercised.

Notice of Conference Call

Syncordia will hold a conference call on Friday, February 12, 2016, 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 or <http://event.on24.com/r.htm?e=1122639&s=1&k=4056DF45B4D9E7685F822FF92EA8F46E>. 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," "Gross margin," and "Adjusted EBITDA before Syncordia Cloud and Corporate costs."

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 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.

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. We are building a diversified software and services business by consolidating healthcare billing providers. 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 the 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.

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The following is a reconciliation of EBITDA with net loss and comprehensive loss:
(in thousands of US Dollars)

	Three Months ended		Three Months ended		Nine Months ended	
	Dec 31 2015	Sep 30 2015	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014
Net loss and comprehensive loss	(601)	(138)	(601)	(1,261)	(1,929)	(1,840)
Amortization of operating and other assets	774	772	774	439	2,275	440
Interest expense	478	476	478	261	1,397	261
EBITDA	651	1,110	651	(561)	1,743	(1,139)

The following is a reconciliation of Adjusted EBITDA and Adjusted EBITDA before Corporate costs with Net loss and comprehensive loss:
(in thousands of US Dollars)

	Three Months ended		Three Months ended		Nine Months ended	
	Dec 31 2015	Sep 30 2015	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014
Net loss and comprehensive loss	(601)	(138)	(601)	(1,261)	(1,929)	(1,841)
Amortization of operating and other assets	774	772	774	439	2,275	440
Interest expense	478	476	478	261	1,397	261
Transaction costs	17	47	17	545	1,786	818
Foreign exchange (gains) and losses	12	106	12	-	146	-
Unrealized (gains) and losses on derivative financial liability	(1)	(608)	(1)	-	(608)	-
Realized gain on contingent consideration	-	-	-	-	(1,111)	-
Stock based compensation	25	21	25	8	75	13
Adjusted EBITDA ⁽ⁱ⁾	704	676	704	(8)	2,031	(309)
Syncordia Cloud costs ⁽ⁱ⁾	420	394	420	107	1,114	107
Corporate costs ⁽ⁱ⁾	550	643	550	556	1,804	857
Adjusted EBITDA before Syncordia Cloud and Corporate costs ⁽ⁱ⁾	1,674	1,713	1,674	655	4,949	655

Notes:

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

Syncordia Technologies and Healthcare Solutions, Corp.
Condensed Interim Consolidated Statement of Financial Position
As at December 31, 2015 and March 31, 2015

(expressed in US dollars)	December 31 2015	March 31 2015
Assets		
Current assets		
Cash and cash equivalents	10,285,018	2,842,413
Accounts receivable	1,876,903	1,931,076
Other assets	373,830	145,304
	<u>12,535,751</u>	<u>4,918,793</u>
Property and equipment	283,175	168,418
Intangible assets	17,293,181	16,134,626
Goodwill	<u>6,370,291</u>	<u>5,836,719</u>
	<u>36,482,398</u>	<u>27,058,556</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,119,067	1,135,379
Holdback payable	250,000	-
Contingent consideration payable	-	2,320,000
Current portion of notes payable	<u>2,222,065</u>	<u>-</u>
	3,591,132	3,455,379
Notes payable	10,117,106	10,483,989
Other non-current liabilities	<u>127,428</u>	<u>-</u>
	<u>13,835,666</u>	<u>13,939,368</u>
Shareholders' Equity		
Share capital	25,517,330	14,387,095
Contributed surplus	1,952,958	1,626,593
Deficit	<u>(4,823,556)</u>	<u>(2,894,500)</u>
	<u>22,646,732</u>	<u>13,119,188</u>
	<u>36,482,398</u>	<u>27,058,556</u>

Syncordia Technologies and Healthcare Solutions, Corp.
 Condensed Interim Consolidated Statement of Loss and Comprehensive Loss
 For the three and nine months ended December 31, 2015 and 2014

(Expressed in US dollars)	Three months ended December 31		Nine months Ended December 31	
	2015	2014	2015	2014
Revenue	3,678,236	1,690,552	10,969,933	1,690,552
Gain on settlement of contingent consideration	-	-	1,111,342	-
	3,678,236	1,690,552	12,081,275	1,690,552
Cost of sales	996,161	549,976	3,088,326	549,976
Amortization of operating assets	708,368	394,093	2,077,351	394,093
Gross profit	1,973,707	746,483	6,915,598	746,483
Operating expenses	2,016,429	1,157,236	6,072,616	1,462,996
Transaction costs	16,742	544,493	1,786,170	817,550
Other amortization	65,332	45,005	197,618	45,702
Loss before financing expenses	(124,796)	(1,000,251)	(1,140,806)	(1,579,765)
Interest expense	477,594	260,922	1,397,237	260,922
Net loss	(602,390)	(1,261,173)	(2,538,043)	(1,840,687)
Unrealized non-cash gain on fair value of derivative financial liability	(1,026)	-	(608,987)	-
Net loss and comprehensive loss for the period	(601,364)	(1,261,173)	(1,929,056)	(1,840,687)
Net loss per share				
Basic and diluted earnings per share	(0.03)	(0.08)	(0.11)	(0.26)
Weighted average number of shares outstanding				
Basic	19,643,635	10,995,141	18,291,004	7,118,738
Diluted	19,673,670	11,007,256	18,321,039	7,130,853

Syncordia Technologies and Healthcare Solutions, Corp.

Condensed Interim Consolidated Statement of Cash Flows

For the three and six month periods ended December 31, 2015 and 2014

(Expressed in US dollars)	Three months ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
Cash provided by (used in)				
Operating activities				
Net loss for the period	(601,364)	(1,261,173)	(1,929,056)	(1,840,687)
Items not affecting cash				
Gain on settlement of contingent consideration	-	-	(1,111,342)	-
Reverse Takeover transaction costs	-	-	1,068,920	-
(Gain)/loss on derivative liability	(1,026)	-	(608,987)	-
Amortization	773,700	439,097	2,274,969	439,794
Non-cash interest on notes payable	171,473	92,290	500,361	92,290
Share-based compensation and awards	25,231	8,137	75,239	13,498
Changes in non-cash working capital items				
Accounts receivable	246,123	(483,881)	329,687	(483,881)
Other assets	(108,198)	(45,668)	(180,260)	(69,443)
Accounts payable and accrued liabilities	(274,184)	96,250	(338,205)	482,731
Other non-current liabilities	43,590	249,954	127,429	-
	<u>275,345</u>	<u>(1,001,244)</u>	<u>208,755</u>	<u>(1,365,698)</u>
Investing activities				
Purchase of property, equipment and intangible assets	(34,966)	(12,713)	(158,496)	(30,753)
Acquisition of Health Services Integration	-	(21,413,474)	-	(21,413,474)
Acquisition of Paragon	-	-	(3,479,929)	-
Settlement of Paragon holdback	-	-	(250,000)	-
Settlement of contingent consideration	-	-	(1,208,658)	-
	<u>(34,966)</u>	<u>(21,426,187)</u>	<u>(5,097,083)</u>	<u>(21,444,227)</u>
Financing activities				
Issuance of Class A preferred shares	-	-	-	3,500,000
Issuance of Class B Series 2 preferred shares	-	12,181,442	3,405,000	12,181,442
Issuance of private placement	-	-	8,052,460	-
Cash consideration from issuance of Reverse Takeover shares	-	-	402,605	-
Share issuance costs	-	(829,685)	(831,560)	(867,344)
Proceeds from long-term notes	-	12,000,000	1,332,388	12,000,000
Deferred financing costs	-	(725,237)	(29,960)	(725,237)
	<u>-</u>	<u>22,688,200</u>	<u>12,330,933</u>	<u>26,088,861</u>
Increase/(decrease) in cash and cash equivalents during the period	240,379	199,089	7,442,605	3,278,936
Cash and cash equivalents - Beginning of period	10,044,639	3,079,850	2,842,413	3
Cash and cash equivalents - End of period	<u>10,285,018</u>	<u>3,278,939</u>	<u>10,285,018</u>	<u>3,278,939</u>
Cash interest paid	307,616	168,658	899,816	168,658