

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

- Recent Contract Wins and Billing Solutions Acquisition Provide Growth Catalysts -

Toronto, Ontario. July 28, 2016 – Syncordia Technologies and Healthcare Solutions, Corp. (TSXV: SYN) (“Syncordia” or the “Company”) today reported financial results for the three and twelve months ended March 31, 2016.

Reported results reflect twelve months of operations of Health Services Integration Inc. (“HSI”), acquired October 31, 2014, 342 days of operations of Paragon Billing, LLC (“Paragon”) acquired April 24, 2015 and 10 days of operations of Billing Solutions, LLC (“Billing Solutions”) acquired March 22, 2016. References to 2015 and 2016 reflect the fiscal years ended March 31, 2015 and 2016 respectively. References to the first, second, third and fourth quarter refer to the three months ended June 30th, September 30th, December 31st and March 31st, respectively. All results are reported in thousands of US dollars and are prepared in accordance with International Financial Reporting Standards (“IFRS”).

We have made a significant number of operational and management changes over the last few quarters, which we believe will be reflected in our operating results in the future quarters. Within our RCM segment, we are ahead of our cost per claim objectives as shared at the Investor Day December 3rd 2015, which exceeds the operational mandate. We have established second operational billing centers for both HSI and Paragon to support organic growth and have made significant process and structural changes at Billing Solutions to improve gross and operating profit margin and service standards, since the acquisition closing in late March. We introduced various Platform Syncordia products at Billing Solutions and HSI, specifically Claim Editor and Coordinet.

Additionally, between the third and fourth quarter of 2016 ending March 31, we reduced our Corporate and Syncordia Cloud (Platform Syncordia). expenses, while adding another acquisition, which is consistent with our previous messaging of growing the enterprise without growing the Corporate expenses.

We have realigned our sales organization with the closing of Billing Solutions to more effectively align our strategic objectives and the advancements of Platform Syncordia with our organic growth plans. Our sales pipeline remains robust and we look forward to welcoming new clients.

Fourth Quarter 2016 Compared to Third Quarter 2016

- Revenue from the Revenue Cycle Management (“RCM”) segment was \$2,918, a 20% sequential decrease reflecting the impact of the previously announced REACH Medical Holdings contract termination, winter month seasonality and a less favourable payor mix, partially offset by \$167 of revenue from Billing Solutions.
- Adjusted EBITDA before Corporate and Syncordia Cloud segment costs was \$806 compared to \$1,674, reflecting lower revenue as noted above.
- Adjusted EBITDA was negative \$120 compared to \$704.
- As at March 31, 2016 Cash and cash equivalents were \$4,436 compared to \$10,285 as at December 31, 2015 reflecting \$5,871 to fund the acquisition of Billing Solutions and routine capital expenditures, \$306 for interest payments, \$160 for transaction costs and \$489 for operating activities.

2016 Financial Highlights

- Revenue was \$13,888 and is segmented by RCM business as follows - \$11,901 HSI, \$1,820 Paragon Billing and \$167 Billing Solutions.
- Adjusted EBITDA before Corporate and Syncordia Cloud segment costs was \$5,755.
- Adjusted EBITDA was \$1,907 inclusive of \$16 attributable to our 80% interest in Billing Solutions.

Business Highlights

- Completed the acquisition of an 80% interest in Billing Solutions, LLC, a full-service third-party billing solutions company based in Prescott, Arizona, dedicated to the mental and behavioral health industry.
- Secured a three year contract with Air Medical for air ambulance RCM billing services.
- Subsequent to the fourth quarter, secured several new contracts including:
 - Multi-year contracts with Mercy Health North LLC and LACP/St Rita's Medical Center, of Toledo, Ohio ("Mercy") both of whom are the affiliated EMS units of Mercy St. Vincent Medical Center for RCM services focused on Mercy's rotary wing EMS, mobile intensive care unit.
 - Five year contract with five year automatic renewals, with Jet 911 of Kew Gardens, New York, a fixed wing air ambulance service.
 - Two year contract with The Bridges Network, LLC/ Cornerstone Recovery Center, LLC effective June 1, 2016 for an initial two year term, with automatic annual renewals thereafter.
 - Contract extension with REACH Medical Holdings, LLC ("Reach"), a wholly owned subsidiary of Air Medical Group Holdings, Inc. pursuant to which, HSI will continue to provide RCM services for claims in existence at November 30, 2015 until May 31, 2017.
- Announced the implementation of our proprietary Claim Editor, a workflow automation tool designed to minimize errors while maximizing payment rates in submitting medical billing claims and decreasing the time to input claims by more than 2.5 times. We also unveiled Coordinet, a cloud-based application designed to assist hospital systems in the coordination of care for high risk patients with the goal of minimizing inappropriate readmissions and the resulting associated fines from CMS (Centers for Medicare and Medicaid).
- Hired Chief Technology Officer Andy Tran, a 21 year veteran in the technology industry with vertical experiences including software-as-a-service (SaaS), print-and-fulfillment, healthcare, and financial services.

Key Performance Indicators

We report Encounters as a key performance indicator to assist readers in better evaluating 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.

Quarter	Encounters				Sequential Quarterly Change		Total
	Q1	Q2	Q3	Q4	#	%	
Air	4,891	5,894	4,656	2,767	(1,889)	(41%)	18,208
Ground	7,648	9,007	6,908	5,821	(1,087)	(16%)	29,384
HSI	12,539	14,901	11,564	8,588	(2,976)	(26%)	47,592
Paragon	81,244	73,834	76,053	82,345	6,292	8%	313,476
Billing Solutions ⁽ⁱ⁾	-	-	-	50,690	-	-	50,690

(i) Encounters for Billing Solutions are for the period January 1 to March 31, 2016.

HSI Encounters decreased 26% primarily reflecting the provision of RCM services to REACH Medical Holdings, LLC for claims in existence until November 30, 2015. HSI incurred 2,864 Encounters (1,843 Air Encounters and 1,021 Ground Encounters) attributed to REACH in the third quarter of fiscal 2016 compared to nil Encounters in the fourth quarter of fiscal 2016.

Paragon Encounters increased 8% primarily reflecting a growth in the number of customers in the fourth quarter of fiscal 2016.

Billing Solutions Encounters for fourth quarter of fiscal 2016 reflect a full three months of operations. Syncordia acquired an 80% interest in Billing Solutions on March 22, 2016.

Paragon Encounters for first quarter of fiscal 2016 reflect a full three months of operations. Syncordia acquired Paragon on April 24, 2015.

Management Commentary

“This past quarter was transformative for Syncordia. We completed the acquisition of Billing Solutions, a full-service third-party billing solutions company based in Prescott, Arizona, dedicated to the mental and behavioral health industry to our expanding portfolio of revenue cycle management companies. We were awarded several contracts subsequent to quarter end which will bolster revenue growth in the coming year. We accomplished a considerable amount this year including becoming a reporting issuer, acquiring Billing Solutions, and strengthening our management team. We are well positioned to execute on our business strategy of acquiring niche revenue cycle management companies and developing Syncordia Cloud, a suite of software as a service solution for the healthcare industry”, said Michael Franks, Chief Executive Officer.

Notice of Conference Call

Syncordia will hold a conference call on Friday, July 29, 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=1218947&s=1&k=FDCE3FC30DB2762E79EB29D359E50CC1>. 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 cost 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.

For further information:

Michael Franks
Chief Executive Officer
(647) 949-2663
mike.franks@syncordiahealth.com

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

	Three Months ended		Twelve Months ended	
	Mar 31 2016	Mar 31 2015	Mar 31 2016	Mar 31 2015
Net loss and comprehensive loss	(1,186)	(1,055)	(3,115)	(2,895)
Amortization of operating and other assets	809	642	3,084	1,082
Interest expense	477	414	1,874	675
Income tax expense (recovery)	(391)	-	(391)	-
EBITDA	(291)	1	1,452	(1,138)

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		Twelve Months ended	
	Mar 31 2016	Mar 31 2015	Mar 31 2016	Mar 31 2015
Net loss and comprehensive loss	(1,186)	(1,055)	(3,115)	(2,895)
Amortization of operating and other assets	809	642	3,084	1,082
Interest expense	477	414	1,874	261
Income tax expense (recovery)	(391)	-	(391)	-
Transaction costs	160	4	1,874	822
Foreign exchange (gains) and losses	(3)	-	143	-
Unrealized (gains) and losses on derivative financial liability	(1)	-	(609)	-
Realized gain on contingent consideration	-	-	(1,111)	-
Stock based compensation	15	15	90	28
Adjusted EBITDA ⁽ⁱ⁾	(120)	21	1,911	(288)
Syncordia Cloud costs ⁽ⁱ⁾	371	158	1,485	265
Corporate costs ⁽ⁱ⁾	555	701	2,359	1,577
Adjusted EBITDA before Syncordia Cloud and Corporate costs ⁽ⁱ⁾	806	880	5,755	1,554

Notes:

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

Syncordia Technologies and Healthcare Solutions, Corp.
Consolidated Statements of Financial Position
As at March 31, 2016 and 2015

	March 31 2016	March 31 2015
Assets		
Current assets		
Cash and cash equivalents	4,436,844	2,842,413
Accounts receivable	2,226,715	1,931,076
Other assets	377,185	145,304
	<u>7,040,744</u>	<u>4,918,793</u>
Property and equipment	338,622	168,418
Intangible assets	22,694,613	16,134,626
Goodwill	<u>10,781,769</u>	<u>5,836,719</u>
	<u>40,855,748</u>	<u>27,058,556</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,584,735	1,135,379
Holdback payable	250,000	-
Contingent consideration payable	-	2,320,000
Current portion of notes payable	2,222,065	-
	<u>4,056,800</u>	<u>3,455,379</u>
Notes payable	12,350,631	10,483,989
Deferred tax liabilities	1,932,097	-
Other non-current liabilities	<u>133,076</u>	<u>-</u>
	<u>18,472,604</u>	<u>13,939,368</u>
Shareholders' Equity		
Share capital	25,517,330	14,387,095
Contributed surplus	1,963,529	1,626,593
Deficit	<u>(6,010,506)</u>	<u>(2,894,500)</u>
Equity attributable to shareholders of Syncordia	21,470,353	13,119,188
Non-controlling interests	912,791	-
	<u>22,383,144</u>	<u>13,119,188</u>
	<u>40,855,748</u>	<u>27,058,556</u>

Syncordia Technologies and Healthcare Solutions, Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the three and twelve months ended March 31, 2016 and 2015

	Three months ended March 31		Year Ended March 31	
	2016	2015	2016	2015
Revenue	2,918,361	2,701,260	13,888,294	4,391,812
Gain on settlement of contingent consideration	-	-	1,111,342	-
	2,918,361	2,701,260	14,999,636	4,391,812
Cost of sales	1,024,050	957,678	4,112,376	1,507,654
Amortization of operating assets	715,077	568,577	2,792,428	962,670
	1,179,234	1,175,005	8,094,832	1,921,488
Operating expenses	2,025,767	1,736,446	8,098,383	3,199,442
Transaction costs	159,839	4,255	1,946,009	821,805
Other amortization	94,380	73,822	291,998	119,524
	(1,100,752)	(639,518)	(2,241,558)	(2,219,283)
Loss before financing expenses and tax				
Change in fair value of derivative liability	-	-	(608,987)	-
Interest expense	476,676	414,295	1,873,913	675,217
	(1,577,428)	(1,053,813)	(3,506,484)	(2,894,500)
Net loss before tax				
Income tax expense (recovery)	(391,139)	-	(391,139)	-
	(1,186,289)	(1,053,813)	(3,115,345)	(2,984,500)
Net Loss and comprehensive loss for the period				
Net loss and comprehensive loss attributable to:				
Shareholders of Syncordia	(1,186,950)	(1,053,813)	(3,116,006)	(2,894,500)
Non-controlling interests	661	-	661	-
Net loss per share				
Basic and diluted earnings per share	(0.06)	(0.07)	(0.17)	(0.33)
Weighted average number of shares outstanding				
Basic	19,643,635	14,218,663	18,627,314	8,869,404
Diluted	19,672,056	14,243,041	18,655,735	8,893,782

Syncordia Technologies and Healthcare Solutions, Corp.
Consolidated Statements of Cash Flows
For the three and twelve month periods ended March 31, 2016 and 2015

	Three months ended		Twelve months ended	
	March 31		March 31	
	2016	2015	2016	2015
Cash provided by (used in)				
Operating activities				
Net loss for the period	(1,186,289)	(1,053,813)	(3,115,345)	(2,894,500)
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	-	-	(608,987)	-
Income tax expense (recovery)	(450,563)	-	(450,563)	-
Amortization	809,457	642,400	3,084,426	1,082,194
Non-cash interest on notes payable	169,950	147,322	670,311	239,612
Share-based compensation and awards	14,598	14,026	89,837	27,524
Changes in non-cash working capital items				
Accounts receivable	448,996	(395,019)	778,683	(878,900)
Other assets	107,646	17,674	(72,614)	(51,769)
Accounts payable and accrued liabilities	103,775	161,875	(234,432)	644,606
Other non-current liabilities	5,648	-	133,077	-
	<u>23,218</u>	<u>(465,535)</u>	<u>231,973</u>	<u>(1,831,233)</u>
Investing activities				
Purchase of property, equipment and intangible assets	(13,302)	(71,303)	(171,797)	(102,056)
Acquisition of Health Services Integration	-	-	-	(21,413,474)
Acquisition of Paragon	-	-	(3,479,929)	-
Acquisition of Billing Solutions	(5,858,091)	-	(5,858,091)	-
Settlement of Paragon holdback	-	-	(250,000)	-
Settlement of contingent consideration	-	-	(1,208,658)	-
	<u>(5,871,393)</u>	<u>(71,303)</u>	<u>(10,968,475)</u>	<u>(21,515,530)</u>
Financing activities				
Issuance of Class A preferred shares	-	-	-	3,500,000
Issuance of Class B Series 2 preferred shares	-	100,000	3,405,000	12,281,442
Issuance of private placement	-	-	8,052,460	-
Cash consideration from issuance of Reverse Takeover shares	-	-	402,605	-
Share issuance costs	-	312	(831,560)	(867,342)
Proceeds from long-term notes	-	-	1,332,388	12,000,000
Deferred financing costs	-	-	(29,960)	(725,237)
	<u>-</u>	<u>100,312</u>	<u>12,330,933</u>	<u>26,189,173</u>
Increase/(decrease) in cash and cash equivalents during the period	(5,848,175)	(436,526)	1,594,431	2,842,410
Cash and cash equivalents - Beginning of period	10,285,018	3,278,939	2,842,413	3
Cash and cash equivalents - End of period	<u>4,436,844</u>	<u>2,842,413</u>	<u>4,436,844</u>	<u>2,482,413</u>
Cash interest paid	306,427	266,947	1,206,243	435,605