

## **Syncordia Technologies and Healthcare Solutions, Corp. Reports First Quarter Fiscal 2017 Results**

**Toronto, Ontario. August 25, 2016 – Syncordia Technologies and Healthcare Solutions, Corp. (TSXV: SYN)** (“Syncordia” or the “Company”) today reported financial results for the three months ended June 30, 2016.

Reported results reflect three months of operations of Health Services Integration Inc. (“HSI”), which was acquired effective October 31, 2014, Paragon Billing LLC, (“Paragon”) which was acquired April 24, 2015, and Billing Solutions LLC (“Billing Solutions”), which was acquired March 22, 2016. All results are reported in thousands of US dollars and are prepared in accordance with International Financial Reporting Standards (“IFRS”).

### **Management Commentary**

We have improved operating margins at Billing Solutions to position the business for good growth over the coming years and have begun to combine this, with the Syncordia software suite. Syncordia NECTAR press released August 23<sup>rd</sup>, will be a significant presence in the market place initially attracting new customers to the Billing Solutions offering when it comes to market in late September, early October of this year. NECTAR is a customer facing business intelligence dashboard showing key medical practice performance indicators.

Subsequent to when we reported our fourth quarter 2016 results, we have been further testing our Syncordia Account Status Solution with some potential clients (which was mentioned in our quarterly call remarks on July 29<sup>th</sup>). Since then we have 39 leads, who we are following up with. Claim sizes can range from as small as a few hundred to hundreds of thousands claims per month. We anticipate the margins to be similar to SaaS style activity. This product, assuming successful testing outcomes, will join other Syncordia software products such Syncordia Claim Editor and Syncordia Coordinet, which we press released on July 6<sup>th</sup> and 7<sup>th</sup> of this year and our new upcoming Syncordia NECTAR software product.

Additionally, we have taken approximately \$1 million out of our Corporate and Platform Syncordia costs, which we will see materialize in the income statements in the coming quarters.

We are in the process of signing up 5 new, but small, 911 emergency ground clients at HSI, which will contribute approximately \$200 thousand in revenue per year. These are affiliates of “Mercy” previously press released on April 14<sup>th</sup> 2016. They will be on-boarded in the coming months.

### **First Quarter 2017 Compared to First Quarter 2016**

- Revenue increased \$717 or 21%, \$1,637 of which was attributable to the acquisition of Billing Solutions offset by a \$1,086 decrease attributable to REACH Air Medical Holdings and affiliated entities as we wind down the provision of billing services to this customer group.
- Gross margin decreased from 70% to 59% of revenue primarily reflecting a lower portion of our revenue from higher margin air transports
- Adjusted EBITDA before Syncordia Cloud and Corporate costs decreased \$726 or 46% primarily reflecting lower revenues at HSI.
- Adjusted EBITDA was negative \$136, before accounting for non-controlling interests.

### First Quarter 2017 Financial Highlights

- Revenue was \$4,110 and is segmented by RCM business as follows - \$1,924 HSI, \$549 Paragon and \$1,637 Billing Solutions
- Adjusted EBITDA was negative \$180, reflecting our 80% interest in Billing Solutions.
- Cash and cash equivalents of \$3,663.

### Business Highlights

- Completed the onboarding of Mercy Health North LLC and LACP/St. Rita’s Medical Center and began billing operation. This three-year contract was signed in April 2016.
- Five-year contract with five year automatic renewals, with Jet 911 of Kew Gardens, New York, a fixed wing air ambulance service.
- 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
- Billing Solutions signed and began billing services for The Bridges Network, LLC/The Cornerstone Recovery Center, LLC. This two-year contract was signed in June 2016.
- Announced Claim Editor, a proprietary 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.
- Announced Coordinet, a proprietary 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 fines from Centers for Medicare and Medicaid.

### 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	Q1 2017	Q4 2016	Sequential Quarterly Change	
			#	%
Air	2,744	2,767	(23)	(1%)
Ground	7,202	5,821	1,381	24%
HSI	9,946	8,588	1,358	16%
Paragon	82,430	82,345	85	0%
Billing Solutions	46,697	50,690	(3,993)	(8%)

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

HSI encounters increased 16% reflecting the on-boarding of Mercy Health North LLC and LACP/St. Rita's Medical Center. Paragon encounters were substantially unchanged. Billing Solutions encounters decreased 8% due to seasonality, customer churn, and a decrease in treatment activity associated with certain insurers.

### **Notice of Annual General and Special Meeting**

We would like to remind shareholders of Syncordia that our annual general and special meeting will be held at the offices of Norton Rose Fulbright Canada LLP located at Suite 3800, 200 Bay Street, Royal Bank Plaza, South Tower, Toronto, Ontario, Canada on Friday, August 26<sup>th</sup>, 2016 at 10:00 am (ET).

### **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](http://www.syncordiahealth.com) or <http://event.on24.com/r.htm?e=1246234&s=1&k=49C8B2FCA7CA6F9BBEDB9E67C57B3DD0>. 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.

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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	
	Jun 30 2016	June 30 2015	Jun 30 2016	Mar 31 2016
Net loss and comprehensive loss	(1,576)	(1,190)	(1,576)	(1,186)
Amortization of operating and other assets	930	729	930	809
Interest expense	523	444	523	477
Income tax expense (recovery)	(28)	-	(28)	(391)
<b>EBITDA</b>	<b>(151)</b>	<b>(17)</b>	<b>(151)</b>	<b>(291)</b>

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	
	Jun 30 2016	Jun 30 2015	Jun 30 2016	Mar 31 2016
Net loss and comprehensive loss	(1,576)	(1,190)	(1,576)	(1,186)
Amortization of operating and other assets	930	729	930	809
Interest expense	523	444	523	477
Income tax expense (recovery)	(28)	-	(28)	(391)
Transaction costs	1	1,722	1	160
Foreign exchange (gains) and losses	3	28	3	(3)
Unrealized (gains) and losses on derivative financial liability	-	-	-	(1)
Realized gain on contingent consideration	-	(1,111)	-	-
Stock based compensation	11	29	11	15
Adjusted EBITDA <sup>(i)</sup>	(136)	651	(136)	(120)
Syncordia Cloud costs <sup>(i)</sup>	487	300	487	371
Corporate costs <sup>(i)</sup>	485	611	485	555
Adjusted EBITDA before Syncordia Cloud and Corporate costs <sup>(i)</sup>	836	1,562	836	806

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.**  
**Condensed Interim Consolidated Statements of Financial Position**  
As at June 30, 2016 and March 31, 2016

	<b>June 30 2016</b>	<b>March 31 2016</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,663,376	4,436,844
Accounts receivable	2,250,441	2,226,715
Other assets	258,302	377,185
	<u>6,172,119</u>	<u>7,040,744</u>
<b>Property and equipment</b>	300,054	338,622
<b>Intangible assets</b>	21,887,572	22,694,613
<b>Goodwill</b>	10,781,769	10,781,769
	<u>39,141,513</u>	<u>40,855,748</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	1,496,125	1,584,735
Holdback payable	-	250,000
Current portion of notes payable	4,444,129	2,222,065
	<u>5,940,254</u>	<u>4,056,800</u>
<b>Notes payable</b>	10,361,689	12,350,631
<b>Deferred tax liabilities</b>	1,866,166	1,932,097
<b>Other non-current liabilities</b>	179,165	133,076
	<u>12,407,020</u>	<u>18,472,604</u>
<b>Shareholders' Equity</b>		
<b>Share capital</b>	25,517,330	25,517,330
<b>Contributed surplus</b>	1,970,428	1,963,529
<b>Deficit</b>	(7,612,145)	(6,010,506)
Equity attributable to shareholders of Syncordia	19,875,613	21,470,353
Non-controlling interests	918,626	912,791
	<u>20,794,239</u>	<u>22,383,144</u>
	<u>39,141,513</u>	<u>40,855,748</u>

**Syncordia Technologies and Healthcare Solutions, Corp.**  
**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
For the three months ended June 30, 2016 and 2015

	<b>June 30 2016</b>	<b>June 30 2015</b>
<b>Revenue</b>	4,109,582	3,392,795
<b>Gain on settlement of contingent consideration</b>	-	1,111,342
	4,109,582	4,504,137
<b>Cost of sales</b>	1,681,220	1,012,732
<b>Amortization of operating assets</b>	844,910	664,331
	1,583,452	2,827,024
<b>Operating expenses</b>	2,578,938	1,785,923
<b>Transaction costs</b>	916	1,722,050
<b>Other amortization</b>	85,157	65,300
<b>Loss before financing expenses and tax</b>	(1,081,560)	(746,199)
<b>Interest expense</b>	522,668	443,886
<b>Net loss before tax</b>	(1,604,228)	(1,190,085)
<b>Income tax expense (recovery)</b>	(28,424)	-
<b>Net loss and comprehensive loss for the period</b>	(1,575,804)	(1,190,085)
<b>Net loss and comprehensive loss attributable to:</b>		
Shareholders of Syncordia	(1,601,639)	(1,190,085)
Non-controlling interests	25,835	-
<b>Net loss per share</b>		
Basic and diluted earnings per share	(0.08)	(0.08)
<b>Weighted average number of shares outstanding</b>		
Basic	19,643,635	15,556,014
Diluted	19,643,635	18,227,387

**Syncordia Technologies and Healthcare Solutions, Corp.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
For the three month periods ended June 30, 2016 and 2015

	<b>June 30 2016</b>	<b>June 30 2015</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	(1,575,804)	(1,190,085)
Items not affecting cash		
Gain on settlement of contingent consideration	-	(1,111,342)
Reverse Takeover transaction costs	-	1,068,920
Income tax expense (recovery)	(65,931)	729,631
Amortization	930,067	1,082,194
Non-cash interest on notes payable	215,164	157,759
Share-based compensation and awards	10,533	29,084
Changes in non-cash working capital items		
Accounts receivable	(23,726)	(141,390)
Other assets	118,883	(84,405)
Accounts payable and accrued liabilities	(92,583)	370,833
Other non-current liabilities	1,211	40,249
	<u>(482,184)</u>	<u>(130,746)</u>
<b>Investing activities</b>		
Purchase of property, equipment and intangible assets	(21,284)	(68,674)
Acquisition of Paragon (net of cash acquired)	-	3,479,929
Settlement of Paragon holdback	(250,000)	-
Settlement of contingent consideration	-	(1,208,658)
	<u>(271,284)</u>	<u>(4,757,261)</u>
<b>Financing activities</b>		
Issuance of Class B Series 2 preferred shares	-	3,405,000
Issuance of private placement	-	8,052,460
Cash consideration from issuance of Reverse Takeover shares	-	402,065
Share issuance costs	-	(830,640)
Proceeds from long-term notes	-	1,332,388
Deferred financing costs	-	(29,960)
Distributions to non-controlling interest	(20,000)	-
	<u>(20,000)</u>	<u>12,331,853</u>
<b>Increase/(decrease) in cash and cash equivalents during the period</b>	<b>(773,468)</b>	<b>7,443,846</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>4,436,844</b>	<b>2,842,413</b>
<b>Cash and cash equivalents - End of period</b>	<b>3,663,376</b>	<b>10,286,259</b>
<b>Cash interest paid</b>	<b>307,331</b>	<b>286,127</b>