

## Solium Releases 2016 Third Quarter Financial Results

- **Revenue increased by 16%**
- **Adjusted EBITDA increased by 26%**
- **Cash position strong at \$79.7 million**

**CALGARY, November 8, 2016** — Solium Capital Inc. (TSX: SUM) (“Solium” or the “Company”) today announced its financial results for the third quarter ended September 30, 2016.

### Financial and operating highlights for the three and nine month periods ended September 30, 2016:

- Revenue increased by 16% to \$26.0 million in the third quarter of 2016 and by 10% to \$77.0 million for the nine month period ended September 30, 2016;
- Adjusted EBITDA<sup>1</sup> increased by 26% to \$4.9 million in the third quarter of 2016 and decreased by 4% to \$14.2 million in the nine month period ended September 30, 2016;
- Earnings from operations increased by 5% to \$2.8 million in the third quarter of 2016 and decreased by 33% to \$7.5 million for the nine month period ended September 30, 2016;
- Net earnings increased by 9% to \$2.5 million in the third quarter of 2016 and decreased by 51% to \$4.3 million in the nine month period ended September 30, 2016; and
- Cash on hand as at September 30, 2016 totaled \$79.7 million.

### Key factors affecting financial results in the three and nine month periods ended September 30, 2016:

- **Organic growth in license revenue** – The Company experienced increased license and subscription fees during the three and nine months ended September 30, 2016 as compared to the same periods in 2015. Based on local currencies, the growth was 1% during the third quarter of 2016, and 5% during the nine months ended September 30, 2016 as compared to the same periods in 2015. With the fluctuation in foreign exchange rates to convert US and international currencies to CAD, license and subscription fee revenue was flat during the third quarter of 2016. It increased by \$3.9 million or 8% during the nine months ended September 30, 2016 as compared to the same periods in 2015, primarily driven by organic growth in the U.K. and Europe.
- **Transaction activity** – In addition to the recurring license revenue that Solium collects for the use of its Shareworks platform, the Company also collects re-occurring transaction based revenue. Transaction based revenue increased by \$2.9 million or 56% in the third quarter of 2016, and increased by \$2.8 million or 14% during the nine months ended September 30, 2016 as compared to the same periods in 2015. The average number of trading participants was 15% higher in both the third quarter and first nine months of the year as compared to 2015. The per participant trading activity was 49% higher than the third quarter of 2015, and 12% higher than the first nine months of 2015. The year-to-date per participant trading activity in 2016 was 6% higher than the historical five-year rolling average.
- **Global expansion** – Operating expenses (excluding a change in estimate to SRED claims) increased when compared to the same periods in 2015. Operating expenses increased by \$2.6 million during the third quarter of 2016, and by \$7.9 million for the nine months ended September 30, 2016 as a result of the Company’s continued buildout of its global platform and operations, including the opening of its Barcelona client service center in July 2016. The increase compared to 2015 is primarily driven by growth in headcount and other costs required to support the Company’s international expansion. The Company had 502 full-time equivalent employees (FTEs) at the end of the third quarter of 2016 compared to 455 FTEs at the end of the third quarter of 2015 and 474 at the end of the second quarter of 2016.
- **Scientific Research and Experimental Development Investment Tax Credits** – During the quarter, the Canada Revenue Agency (“CRA”) completed its audit of the Company's 2013 claim for scientific research

and experimental development (“SRED”) credits and has denied the full amount of the claim. Accordingly, the Company decreased its accrual for estimated 2013 to 2015 SRED claims receivable to zero, resulting in a charge to operating expenses of \$0.8 million and \$2.8 million for the three and nine months ended September 30, 2016, respectively. The Company will continue to actively pursue SRED tax credits.

- **Foreign exchange** – The Canadian dollar (CAD) strengthened against international currencies during the third quarter of 2016, and weakened during the nine months ended September 30, 2016 compared to the same periods in 2015. This had a minimal impact on the third quarter of 2016, and a positive impact on the Company’s overall net financial results primarily due to the translation of U.S. dollar (USD) financial results into CAD for consolidated financial reporting purposes for the nine months ended September 30, 2016.

**Selected financial information for the third quarter and nine month period ended September 30, 2016:**

*(Expressed in thousands of Canadian dollars except per share amounts)*

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Revenue	\$26,013	\$22,451	16%	\$76,975	\$69,984	10%
Operating Expenses	\$23,188	\$19,772	17%	\$69,453	\$58,764	18%
Adjusted EBITDA <sup>1</sup>	\$4,897	\$3,875	26%	\$14,160	\$14,699	(4%)
Earnings from operations	\$2,825	\$2,679	5%	\$7,522	\$11,220	(33%)
Net earnings <sup>2</sup>	\$2,491	\$2,286	9%	\$4,342	\$8,877	(51%)
Net earnings per share <sup>3</sup>						
Basic	\$0.050	\$0.047	6%	\$0.088	\$0.184	(52%)
Diluted	\$0.049	\$0.045	9%	\$0.086	\$0.177	(51%)
Issued and outstanding Common shares				50,148,742	48,928,364	2%
Diluted <sup>4</sup>				53,637,231	53,050,502	1%

**Regional breakdown of results** (expressed in thousands of Canadian dollars):

	Three Months Ended September 30,							
	Canada		U.S.		International		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	<b>9,366</b>	7,015	<b>11,838</b>	11,448	<b>4,809</b>	3,988	<b>26,013</b>	22,451
Adjusted EBITDA <sup>(1)</sup>	<b>2,532</b>	1,773	<b>2,482</b>	2,125	<b>(117)</b>	(23)	<b>4,897</b>	3,875
Adjusted EBITDA % <sup>(1)</sup>	<b>27%</b>	25%	<b>21%</b>	19%	<b>(2%)</b>	(1%)	<b>19%</b>	17%
Earnings (loss) from operations <sup>(2)</sup>	<b>1,417</b>	1,522	<b>1,690</b>	1,322	<b>(282)</b>	(165)	<b>2,825</b>	2,679

  

	Nine Months Ended September 30,							
	Canada		U.S.		International		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues	<b>27,676</b>	24,023	<b>35,783</b>	34,184	<b>13,516</b>	11,777	<b>76,975</b>	69,984
Adjusted EBITDA <sup>(1)</sup>	<b>8,454</b>	8,182	<b>6,806</b>	5,907	<b>(1,100)</b>	610	<b>14,160</b>	14,699
Adjusted EBITDA % <sup>(1)</sup>	<b>31%</b>	34%	<b>19%</b>	17%	<b>(8%)</b>	5%	<b>18%</b>	21%
Earnings (loss) from operations <sup>(2)</sup>	<b>4,661</b>	7,436	<b>4,411</b>	3,583	<b>(1,550)</b>	201	<b>7,522</b>	11,220

Impacted by the change in estimate for the SRED claims, basic net earnings per share was \$0.050 in the third quarter of 2016 (2015: \$0.047) and \$0.088 for the nine month period ended September 30, 2016 (2015: \$0.184).

During the nine months ended September 30, 2016, the Company had an overall net cash inflow of \$6.6 million (2015: \$14.7 million). Including the impact of the charge for the reduction in estimated SRED claims receivable, funds generated from operations were \$12.6 million during the nine month period ended September 30, 2016 (2015: \$18.9 million). Changes in working capital and cash tax payments brought total cash inflow from operations to \$6.9 million during the nine month period ended September 30, 2016 (2015: \$6.9 million).

Working capital as at September 30, 2016 was \$83.2 million (December 31, 2015: \$73.9 million). Included in working capital was trade and other receivables of \$19.8 million (December 31, 2015: \$20.0 million).

**Outlook**

Solium will continue to invest significantly in Shareworks, the first and only equity administration platform with end-to-end global capabilities on a single platform, and, as a result of strong global client and revenue growth, will continue to build out the Company's international operations. Throughout 2016, Solium has strategically invested in the business to best position itself for the long-term, despite some downward pressures on margins in the short term. Looking ahead to the remainder of the fiscal year, and into 2017, Solium is seeing strong opportunities globally. The Company needs to have the right infrastructure and capabilities in place which requires continued thoughtful and measured investment for long term shareholder returns.

Notes:

1. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) and Adjusted EBITDA are non-IFRS financial measures which do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. EBITDA and Adjusted EBITDA provide useful information to users as they reflect the net earnings prior to the effect of non-operating expenses such as finance costs, income tax, amortization, foreign exchange gain or loss (on translation of working capital), gain on derecognition of liability, and change in estimate of SRED investment tax credits. Management uses Adjusted EBITDA in measuring the financial performance of the Company. Management monitors Adjusted EBITDA against budget and past results on a regular basis. The measure is a component in determining the annual bonus pool for staff and management.

The following is a reconciliation of Adjusted EBITDA to net earnings:

	Three months ended		Nine months ended	
	September 30		September 30	
	2016	2015	2016	2015
Adjusted EBITDA	4,897	3,875	14,160	14,699
Foreign exchange gain (loss)	509	702	(1,153)	1,536
Gain on derecognition of liability	-	-	587	-
SRED investment tax credits	(770)	-	(2,819)	-
EBITDA	4,636	4,577	10,775	16,235
Finance income	216	160	631	611
Amortization	(1,302)	(1,196)	(3,819)	(3,479)
Income tax	(1,059)	(1,255)	(3,245)	(4,490)
Net earnings	2,491	2,286	4,342	8,877

2. Included in Net earnings and Net earnings per share is the change in estimate of SRED credits receivable for the three and nine months ended September 30, 2016 and the gain on derecognition of liability for the nine months ended September 30, 2016. The change in SRED credits receivable impacted earnings from operations of the Canadian segment, while the gain from derecognition of liability impacted the U.S. segment.
3. Diluted net earnings per share is calculated using the treasury stock method.
4. Diluted shares as presented equals issued and outstanding common shares plus common shares issuable pursuant to outstanding stock options and restricted share units.

## About Solium Capital Inc.

Solium Capital Inc. (TSX: SUM) provides cloud-enabled services for global equity administration, financial reporting and compliance. From offices in the United States, Canada, the United Kingdom, Europe and Australia, our innovative software-as-a-service (SaaS) technology powers share plan administration and equity transactions for more than 3,000 corporate clients with employee participants in more than 100 countries. Follow us @Solium and visit us at [solium.com](http://solium.com).

*Certain statements included or incorporated by reference in this press release constitute forward-looking statements or forward-looking information under applicable securities legislation. Forward-looking statements or information typically contain statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. Specific forward-looking statements in this press release include statements with respect to continued investment in Shareworks, and the growth of international operations and international markets. Such forward-looking statements or information are based on a number of assumptions which may prove to be incorrect, including assumptions with respect to the ability of the Company to identify, hire, train, motivate and retain qualified personnel, the Company's ability to maintain or accurately forecast revenue from its products and services, and the competitive environment in which the Company operates. Although Solium believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements or information because Solium can give no assurance that such expectations will prove to be correct. The forward-looking statements and information are based on Solium's current expectations, estimates and projections, and are subject to a number of significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including general business and economic conditions, actions of competitors and partners, the regulatory environment and product capability and acceptance. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.*

*The Management's Discussion and Analysis and the condensed consolidated interim financial statements for the three and nine months ended September 30, 2016 referred to herein will be available on SEDAR at [www.sedar.com](http://www.sedar.com) under Solium Capital Inc., or at [www.solium.com](http://www.solium.com).*

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