

## QHR Technologies Inc. Reports 2013 First Quarter Financial Results

### EMR DIVISION REPORTS 38% YEAR OVER YEAR Q1 REVENUE INCREASE

**KELOWNA, BC, May 16, 2013 – (TSX-V: QHR)** QHR Technologies Inc. (“QHR” or the “Company”), a leader in the Healthcare Information Technology sector, announced financial results for its 2013 first quarter ended March 31, 2013.

The Company is reporting record consolidated 2013 first quarter revenues of \$8.4 million, a 14% increase as compared to Q1 2012 and also reporting Q1 EBITDA<sup>(1)</sup> of \$1.1 million.

#### Q1 2013 Highlights

- The Company reported a record consolidated Q1 2013 revenues of \$8.4 million, a 14% increase over revenues of \$7.4 million during Q1 2012.
- The Electronic Medical Records (“EMR”) division reported a new quarterly revenue record of \$5.3 million, an increase of \$1.5 million or 38% over the \$3.9 million in revenue reported during Q1 of 2012.
- EBITDA<sup>(1)</sup> margin on a consolidated basis improved by 18%, from Q4 2012 margin of 11.1% to Q1 2013 margin of 13.1%.
- EBITDA<sup>(1)</sup> on a consolidated basis improved by 23.5%, to \$1.1 million in Q1 compared to \$0.9 million in Q4 2012.
- Recurring revenue for Q1 was a record 72% of total revenue compared to 59% for Q1 2012. Recurring revenue is now at a \$24 million run rate annually as at March 31, 2013.
- Cash flow from operations for the quarter was \$1.1 million as compared to \$0.3 million during Q1 2012.

“We are pleased to report continued improvement in both our EBITDA<sup>(1)</sup> and EBITDA<sup>(1)</sup> margin, quarter over quarter. Our recurring revenue is now at 72% of total revenue. Delivering this solid gain in recurring revenue will continue to give QHR a strong base for growth. The investments being made in our Revenue Cycle Management (“RCM”) division (the Open EC acquisition) are gaining traction and delivering the results that we anticipated.” said Al Hildebrandt, President and CEO of QHR Technologies Inc.

#### Revenue

Consolidated revenue for the quarter increased by \$1,048,689 to \$8,441,933 or 14.2%, from \$7,393,244 in Q1 2012. EMR division revenue achieved solid growth of 38% in Q1 2013 to \$5,318,137 compared to Q1 2012 revenue of \$3,848,014. This is the 9<sup>th</sup> consecutive quarterly revenue increase for EMR. Enterprise Management Solutions (“EMS”) division revenue decreased by \$1,024,242 in Q1 2013 as compared to Q1 2012 due to license revenue included in Q1 2012 that was not present in Q1 2013. Our Revenue Cycle Management (“RCM”) division (the Open EC acquisition) contributed revenues of \$602,808 for Q1 2013, the first full quarter since the Open EC acquisition.

<b>Three months ended March 31, 2013</b>	EMR	EMS	RCM	Total
Revenues	\$ 5,318,137	\$ 2,520,988	\$ 602,808	\$ 8,441,933
Operating expenses	4,148,774	2,383,540	799,713	7,332,027
EBITDA <sup>(1)</sup>	1,169,363	137,448	(196,905)	1,109,906
EBITDA <sup>(1)</sup> Margin	22.0%	5.5%	not measured	13.1%

<sup>(1)</sup> EBITDA (earnings before interest, depreciation, taxes, amortization, stock-based compensation and foreign exchange) is a non-IFRS measure. Management believes that, in addition to net earnings, EBITDA is a useful complementary measure of pre-tax profitability and is commonly used by the financial and investment community for valuation purposes. However, EBITDA does not have a standardized meaning prescribed by IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. QHR’s method of calculating EBITDA may differ from the methods used by other entities and, accordingly, our EBITDA may not be comparable to similarly titled measures used by other entities

## Recurring Revenue

Recurring Revenue on a consolidated basis grew from a run rate of \$22.0 million at the end of 2012, to \$24.0 million as at March 31, 2013, an increase of \$2.0 million or 9% during Q1 2013. Recurring revenue is now 72% of total revenue.

## EBITDA<sup>(1)</sup>

EBITDA<sup>(1)</sup> and EBITDA<sup>(1)</sup> margin continued to improve during Q1. We continue to improve efficiency and build better scalability in our systems. Consolidated EBITDA<sup>(1)</sup> has improved during each of Q3 (6.3%) and Q4 (11.1%) in 2012 and also Q1(13.1%) 2013. EBITDA per share (diluted) was \$0.023.

## Comprehensive Net Earnings

The comprehensive net earnings for the three months ended March 31, 2013 was \$182,445, compared to comprehensive net earnings of \$264,454 for the same period in 2012. The Company continues to be profitable and strengthen its balance sheet.

## Cash Flow

For the quarter ended March 31, 2013, operating activities resulted in net cash inflows of \$1,112,570, compared to \$323,408 for the same period in 2012. Debt was reduced by \$620,914 during the quarter. Working capital improved from \$(182,092) at December 31, 2012 to \$2,767,543 at March 31, 2013.

At March 31, 2013, the Company had cash and cash equivalents in the amount of \$1,981,092 compared to \$1,592,896 at December 31, 2012. The Company has an available operating line of credit with the Royal Bank of up to \$1.5 million, subject to margining calculations against trade account receivables. At March 31, 2013, the Company had drawn \$875,000 of the operating line. As at May 15, 2013 the Company is not using any of this operating line.

Full financial statements, together with Management's Discussion and Analysis are available on SEDAR.

**Conference Call - The Company executives will host a conference call at 11:00 AM EDT (8:00 AM PST) Thursday, May 16, 2013, to discuss the Company's 2013 first quarter financial results. To join the conference call, please dial Toll Free 1-888-390-0546, Conference ID: 15916137**

**On behalf of the Board of Directors**

Al Hildebrandt  
President and CEO

## About QHR Technologies Inc.

QHR is a leader in quality and technology, providing software and services in the following markets:

In the Electronic Medical Records (“EMR”) market, QHR offers a suite of medical software modules that provide computer-based medical records for family physicians, medical specialists, and surgeons, as well as administrative modules for billing and patient scheduling, that is a key component in the move throughout Canada to provide electronic healthcare records for all Canadians. QHR also provides on-site and off-site (ASP) hosting capabilities for the EMR market.

In the Revenue Cycle Management (“RCM”) market, QHR provides best in class clearinghouse services, with over 1500 payers, which assist US healthcare providers to exchange claim information that ensures accurate revenue management. QHR provides a progressive medical billing service that outsources coding, payer reconciliation and revenue reporting. QHR’s software also supports employer health plan enrolment, employee health plan eligibility and health care interoperability through a 5010 standard based EDI gateway. The RCM markets QHR services are primarily in the US.

In the Enterprise Management Solutions (“EMS”) market, QHR specializes in workforce management software, which consists of integrated payroll, staff scheduling and human resource software, and in customized financial management software built on the Microsoft Dynamics GP platform. These products are targeted at complex healthcare, social services and public safety environments.

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