

**QHR Technologies Inc. Reports 2012 Fourth Quarter and Annual Financial Results**

**38% RECURRING REVENUE GROWTH POWERS RECORD ANNUAL REVENUES TO \$29.5 MILLION**

**KELOWNA, BC, April 16, 2013** – (TSX-V: **QHR**) QHR Technologies Inc. (“QHR” or the “Company”), a leader in the Healthcare Information Technology sector, announced its financial results for its 2012 fourth quarter and year ended December 31, 2012.

The Company is reporting 2012 annual revenues of \$29.5 million, a 23.5% increase as compared to 2011 and a record recurring revenue run rate of \$22.0 million annually as at December 31, 2012, a 38% increase compared to December 31, 2011.

**Q4 2012 and Annual 2012 Highlights**

- The Company reported 2012 revenues of \$29.5 million, a 23.5% increase over revenues of \$23.9 million in 2011.
- The Company reported a new consolidated quarterly revenue record of \$8,117,095 an increase of \$1,469,151 or 22% over the \$6,647,944 in revenue reported in the fourth quarter of 2011.
- The Company reported a consolidated sequential quarterly revenue increase of \$1,107,222 or 16% over the third quarter revenue in 2012 of \$7,009,873.
- The Electronic Medical Records (“EMR”) division reported a new annual revenue record of \$17,416,685 an increase of \$5,801,616 or 50% over the \$11,615,069 in revenue reported during 2011.
- The EMR division reported a new quarterly revenue record of \$5,008,614 an increase of \$1,164,015 or 30% over the \$3,844,599 in revenue reported in the fourth quarter of 2011.
- EBITDA<sup>(1)</sup> margin on a consolidated basis improved by 118%, from Q2 2012 margin of 5.1% to Q4 2012 margin of 11.1%.
- The integration of the October 11, 2011 acquisition of Healthscreen assets was completed and the Company is focusing on the transitioning of client’s on Healthscreen’s EMR and billings software to QHR’s Accuro EMR platform.
- The acquisition of Open EC Solutions Inc. was concluded on October 24, 2012. This acquisition gives the Company a strategically important opportunity to penetrate the US market and capitalize on the massive healthcare spending in the US.

“2012 was a significant revenue growth year for QHR. Our #1 goal was to integrate the new Healthscreen assets acquired in October 2011, into the Company and prove out our ability to be scalable with acquisition growth opportunities. Although we did have integration costs effecting Q1, Q2 and Q3 margins, we returned to stronger margins in Q4. We are excited about 2013 and look forward to both top and bottom line growth during the year.” said Al Hildebrandt, President and CEO of QHR Technologies Inc.

<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

## Revenue

Revenue growth during 2012 was driven by significant growth in our EMR division. Our consolidated revenue increased by \$5,599,168 or 23.5% from \$23,857,147 in 2011 to \$29,456,315 in 2012. EMR contributed a significant increase going from \$11,615,069 in 2011 to \$17,416,685 in 2012 an increase of \$5,801,616 or 50%. Our Enterprise Management Solutions (“EMS”) division was steady year over year and our Revenue Cycle Management (“RCM”) division (the Open EC acquisition) contributed revenues of \$407,454 from October 25 to December 31, 2012.

| <b>Year ended December 31, 2012</b> | <b>EMR</b>    | <b>EMS</b>    | <b>RCM</b> | <b>Total</b>  |
|-------------------------------------|---------------|---------------|------------|---------------|
| Revenues                            | \$ 17,416,685 | \$ 11,632,176 | \$ 407,454 | \$ 29,456,315 |
| Operating expenses                  | 15,396,496    | 10,756,809    | 567,787    | 26,721,092    |
| EBITDA <sup>(1)</sup>               | 2,020,189     | 875,367       | (160,333)  | 2,735,223     |

  

| <b>Year ended December 31, 2011</b> | <b>EMR</b>    | <b>EMS</b>    | <b>RCM</b> | <b>Total</b>  |
|-------------------------------------|---------------|---------------|------------|---------------|
| Revenues                            | \$ 11,615,069 | \$ 12,242,078 | \$ -       | \$ 23,857,147 |
| Operating expenses                  | 11,112,948    | 9,469,140     | -          | 20,582,088    |
| EBITDA <sup>(1)</sup>               | 502,121       | 2,772,938     | -          | 3,275,059     |

## Recurring Revenue

Recurring Revenue on a consolidated basis grew from a run rate of \$16.0 million at the end of 2011, to \$22.0 million at the end of 2012, an increase of \$6.0 million or 38%.

“Growth of our recurring revenue is what continues to strengthen our Company’s ability to enjoy a strong and stable base of revenue and cash flow. Our current recurring revenue run rate of \$22.0 million as at December 31, 2012, which is 75% of our total 2012 revenue and 82% of our total 2012 operating expenses.” said Jerry Diener, VP Finance and CFO of QHR.

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

Although during 2012 EBITDA<sup>(1)</sup> did decline in Q2, due to integration of acquisition costs and expanding of operational costs incurred during ramp up to increase implementation volumes. Consolidated EBITDA<sup>(1)</sup> improved during each of Q3 and Q4, with Q4 at 11.1%.

The Company achieved significant improvements for its EMR division with its EBITDA<sup>(1)</sup> for Q4 2012 at 26.1% compared to Q4 2011 at 9.7%. Annual EMR EBITDA<sup>(1)</sup> for 2012 was 11.6% an improvement from 4.3% in 2011.

## Net Earnings

The net earnings for the three months ended December 31, 2012 was \$391,732, compared to net earnings of \$230,834 for the same period in 2011, an increase of \$160,898 or 70%. Net earnings (total comprehensive income) for 2012 were \$431,640 compared to \$1,469,952 for 2011. Basic and diluted earnings per share were \$0.01 for 2012, compared to \$0.03 for 2011.

## Cash Flow

For the year ended December 31, 2012, operating activities resulted in net cash inflows of \$1,511,064, compared to \$2,583,169 for the same period in 2011. The variance between the cash inflows is driven by a decrease in net earnings for the year and changes in its non-cash operating assets and liabilities which impacted the Company’s operating cash activity related to the Open EC acquisition.

At December 31, 2012, the Company had cash and cash equivalents in the amount of \$1,592,896. During the year, the Company secured a further \$2,000,000 non-revolving term loan from the Bank, specifically for the Open EC acquisition dated October 24, 2012, repayable in 36 monthly installments of \$55,556 plus interest at prime plus 2% per annum. 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 December 31, 2012, the Company had drawn \$975,000 of the operating line. As at April 12, 2013 the Company is not drawing 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 EST (8:00 AM PST) Tuesday, April 16, 2013, to discuss the Company's 2012 annual and fourth quarter financial results. To join the conference call, please dial Toll Free 1-888-390-0546, Conference ID: 84869079**

**On behalf of the Board of Directors**

Al Hildebrandt

### **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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**For further information, please contact:**

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