



QHR Corporation Reports 2013 Third Quarter Financial Results

QHR CORPORATION REPORTS A 22% YEAR OVER YEAR Q3 REVENUE INCREASE AND A 168% YEAR OVER YEAR Q3 EBITDA⁽¹⁾ INCREASE

KELOWNA, BC, November 20, 2013 – (TSX-V: QHR) QHR Corporation (“QHR” or the “Company”), a leader in the Healthcare Information Technology sector, announced financial results for its 2013 third quarter ended September 30, 2013.

The Company is reporting its third consecutive quarterly EBITDA⁽¹⁾ in excess of \$1 million. The Company is also reporting record 2013 third quarter revenues of \$8.5 million, a 22% increase as compared to Q3 2012 and Q3 EBITDA⁽¹⁾ of \$1.2 million, a 168% increase as compared to Q3 2012.

Q3 2013 Highlights

- The Company on a consolidated basis reported a record quarterly revenue of \$8,544,854 for Q3 2013, an increase of \$1,534,981 or 22% over the \$7,009,873 in revenue recorded in the third quarter of 2012. This increase includes a contribution of \$658,043 from the RCM division and the balance from organic growth.
- EBITDA⁽¹⁾ on a consolidated basis improved by 168%, to \$1,187,445 in Q3 2013, compared to \$442,338 in Q3 of 2012. This is the third consecutive quarter of EBITDA greater than \$1,000,000.
- EBITDA⁽¹⁾ margin on a consolidated basis improved to 13.9% in Q3 2013 compared to 6.3% in Q3 2012.
- The EMR division recorded record revenue of \$5,446,094 an increase of \$1,086,629 or 25% over the \$4,359,465 in revenue recorded in Q3 2012.
- Consolidated recurring revenue for Q3 2013 was 76% of total revenue, which compares to 67% for Q3 2012.

“We are pleased to report continued stable results quarter over quarter and significant improvements in our Q3 year over year results in revenue and also in both our EBITDA⁽¹⁾ \$’s and EBITDA⁽¹⁾ margin. This most recently completed quarter is our third consecutive quarter with greater than \$1.0 million of EBITDA⁽¹⁾. We continue to focus on developing our strong and stable business model around recurring revenue. Our recurring revenue was 76% of total revenue for the quarter and 88% of total expenses for the quarter.” said Al Hildebrandt, President and CEO of QHR Corporation.

Revenue

Consolidated revenue for the quarter increased by \$1,534,981 to \$8,544,854 or 22%, from \$7,009,873 in Q3 2012. The Electronic Medical Record (“EMR”) division revenue achieved solid growth of 25% in Q3 2013 to report a new record revenue of \$5,446,094 compared to Q3 2012 revenue of \$4,359,465. The Enterprise Management Solutions (“EMS”) division revenue decreased by \$209,691 in Q3 2013 as compared to Q3 2012 due to additional one-time revenue included in Q3 2012 that was not present in Q3 2013. Our Revenue Cycle Management (“RCM”) division (the Open EC acquisition) contributed revenues of \$658,043 for Q3 2013.

Recurring Revenue

Recurring Revenue on a consolidated basis grew to a run rate of \$25.0 million at September 30, 2013, compared to \$18.3 million at the end of Q3 2012. Q3 2013 recurring revenue was 76% of total revenue.

⁽¹⁾ 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

EBITDA⁽¹⁾

EBITDA⁽¹⁾ \$'s and EBITDA⁽¹⁾ margin significantly improved during Q3 2013 as compared to Q3 2012. We continue to increase efficiencies and build better scalability into delivery of our products. Consolidated EBITDA⁽¹⁾ improved from 6.3% in Q3 2012 to 13.9% in Q3 2013. EBITDA per share (diluted) was \$0.024.

Comprehensive Net Earnings

The comprehensive net earnings for the three months ended September 30, 2013 was \$23,674, compared to a comprehensive net loss of \$116,212 for the same period in 2012. Comprehensive net earnings for the nine months ended September 30, 2013 were \$462,032, compared to \$43,645 for the same period last year. The Company continues to be profitable and to strengthen its balance sheet.

Cash Flow

For the nine months ended September 30, 2013, operating activities resulted in net cash inflows of \$3,035,474, compared to \$1,879,871 for the same period in 2012. Debt was reduced by \$2,254,389 during the nine month period. Working capital improved from (\$182,092) at December 31, 2012 to \$1,035,640 at September 30, 2013.

At September 30, 2013, the Company had cash and cash equivalents in the amount of \$1,468,211 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 September 30, 2013, the Company had drawn \$680,000 of the operating line. As at November 19, 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 EST (8:00 AM PST) Wednesday, November 20, 2013, to discuss the Company's 2013 third quarter financial results. To join the conference call, please dial Toll Free 1-888-390-0605, Conference ID #: 81580924

On behalf of the Board of Directors

Al Hildebrandt
President and CEO

About QHR Corporation

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 1,500 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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This news release may contain “forward looking statements” within the meaning of applicable Canadian securities legislation. These statements are subject to risks that may cause the actual results to be materially different in future periods from those expressed or implied by such forward looking statement. Risks that may prevent or delay the forward looking statements from coming to fruition include that we may not offer products that are acceptable to industry regulators or customers; competitors may offer better or cheaper products; we may not be able to raise sufficient capital to improve products to remain competitive; changing regulatory requirements may prevent our products from being sold as expected; we may not be able to attract or retain key personnel; our technology may become obsolete; orders could be cancelled or delayed and market factors may increase our costs more than expected. QHR is a technology business development enterprise where investment and product enhancements must be carefully managed to achieve long-term revenue growth and profitability. It is our policy not to update forward looking statements except to the extent required under applicable securities laws. Further information on the Company is available at www.sedar.com or at the Company’s website, www.QHRtechnologies.com.

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