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QHR Reports 2013 Revenue of $23.7 Million (35% Increase) with 80% now Recurring

KELOWNA, BC, April 24, 2014 – (TSX-V: QHR) QHR Corporation ("QHR" or the "Company"), a leader in the Healthcare Information Technology sector, announced financial results for its 2013 fourth quarter and year ended December 31, 2013.

The Company reported a year over year revenue growth of 35% to $23.7 million for 2013 compared to $17.5 million in 2012. The Company also reported 2013 Net Earnings of $6.5 million, driven by the significant gain on the sale of its EMS division during December of 2013.

Selected Financial Information:

- The Company completed the sale of its Enterprise Management Solutions ("EMS") division for $20 million in cash less working capital adjustments and customary expenses during December 2013.
- The Company reported 2013 revenues of $23.7 million; a 35% increase over revenues of $17.5 million in 2012 (not including the EMS division).
- The Company realized a pre-tax gain of $11.2 million on the sale of its EMS division ($8.2 million after non cash deferred income tax expense).
- The Company reported EBITDA of $1.8 million for 2013; an 18.5% increase over $1.5 million in 2012 (not including the EMS division).
- The Company reported an EBITDA loss of $0.5 million during Q4 due to one-time year-end adjustments and restructuring expenses.
- Completed the year with recurring revenue run rate of $19 million, 80% of total revenue, up from 67% at the end of 2012.
- The Company recognized an impairment of goodwill and intangible assets on the Company's RCM Softcare unit totaling $1,215,834. Management identified through cash flow projections that the carrying value of this part of the RCM division was in excess of the recoverable amount. The impairment is attributed to the cessation of the Company's relationship with its RCM channel partners and lower than projected sales of the Tradelink software.
- The Company reported Basic Earnings per Share of $0.13 for the year compared to $0.00 for 2012.
- The Company completed the year with $17.4 million of cash and receivables after repaying all bank debt.

"2013 was a significant year of transformation and the beginning of a restructuring for QHR. For strategic reasons, QHR divested its EMS division for $20 million to Logibec. The EMS business unit no longer fit strategically with QHR's growth plans in the Healthcare market," said Al Hildebrandt, President and CEO of QHR Corporation. "Focusing our efforts in the appropriate Healthcare markets will provide the greatest amount of value in the long run for QHR's shareholders. As we look to 2014, QHR is well capitalized with a strong balance sheet; we are focused on expanding our services to our current client base, and focused on new opportunities to expand in the Healthcare market."

"More importantly, with the recent divestiture of the EMS division, the Company has made restructuring investments during Q4 2013 which will have a positive impact in Q1 2014 and subsequent quarters." said Owen Haley, Chief Commercial Officer of QHR Corporation.

Revenue

Revenue growth during 2013 (without EMS) was driven by growth in both our EMR and RCM divisions. Our consolidated revenue increased by $6,187,623 or 35% from $17,465,755 in 2012 to $23,653,378 in 2013. EMR contributed $3,990,772 of the increase and RCM contributed $2,196,851.

EBITDA[1]

EBITDA[1] declined in Q4, due to year-end adjustments and restructuring costs as the Company began to make changes in its cost structure going forward due to the sale of its EMS division. The Company reported an 18.5% increase in consolidated EBITDA from $1,497,366 in 2012 to $1,773,841 in 2013 for its remaining EMR and RCM divisions.

Impairment

The Company recognized an impairment of goodwill and intangible assets on the Company's RCM Softcare unit. Management identified through cash flow projections that the carrying value of this part of the RCM division was in excess of the recoverable amount. The impairment is attributed to the cessation of the Company's relationship with its RCM channel partners and lower than projected sales of the Tradelink software.

Earnings from discontinued operations

On December 18, 2013, the Company sold the assets and liabilities of its EMS division for cash consideration of $20,000,000 less working capital adjustments and deferred revenue. The Company realized a pre-tax gain of $11,154,653, and after a deferred tax expense of $2,601,990, a net gain of $8,196,067. No cash taxes will be paid as a result of this transaction.

Net Earnings

The net earnings for the year ended December 31, 2013 were $6,521,360, driven by the gain on the sale of the EMS division, compared to net earnings of $166,598 for the year ended December 31, 2012. Basic and diluted earnings per share were $0.13 and $0.14 for 2013, compared to $0.00 for 2012.

Cash Flow

For the year ended December 31, 2013, operating activities resulted in net cash inflows of $2,003,837, compared to $1,456,098 for the same period in 2012. The variance between the cash inflows is driven primarily by changes in working capital year over year.

At December 31, 2013, the Company had cash and cash equivalents in the amount of $12,633,844 and trade and other receivables of $4,784,325. The Company repaid its operating line and bank debt with the proceeds from the sale of its EMS in December of 2013.

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 PDT) Thursday, April 24, 2014, to discuss the Company's 2013 financial results. To join the conference call, please dial Toll Free 1-888-390-0546, Conference ID# 83749024

On behalf of the Board of Directors

Al Hildebrandt

[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

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 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 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.

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