

## VitalHub Corp. Reports First Quarter 2023 Results

**Toronto, Ontario** (GLOBE NEWSWIRE – May 11, 2023) VitalHub Corp. (the “Company” or “VitalHub”) (TSX:VHI) (OTCQX:VHIBF) announced today it has filed its Interim Condensed Consolidated Financial Statements and Management's Discussion and Analysis report for the three months ended March 31, 2023, with the Canadian securities authorities. These documents may be viewed under the Company's profile at [www.sedar.com](http://www.sedar.com).

“We began 2023 with record first-quarter revenue with continued robust positive year-over-year and sequential momentum,” said Dan Matlow, Chief Executive Officer of VitalHub. “Positive organic growth (17%) and accretive inorganic growth contributed to our 34% Q1 2023 revenue increase. Strong double-digit year-over-year growth in term licences, maintenance and support, and triple digit growth in services and hardware, more than offset the year-over-year decline in perpetual licenses. We announced the acquisition of Coyote Software Corporation, our sixteenth acquisition since 2017. ARR<sup>(1,2)</sup> benefited from positive organic and inorganic growth and benefited from a gain due to the increase in the value of the GBP pound relative to the CAD dollar from Q4 2022. ARR<sup>(1,2)</sup> increased 65% or \$15.6 million to \$39.6 million from Q1 2022. Adjusted EBITDA<sup>(2)</sup> was strong at \$2.9 million, representing 23% of revenue. We closed the quarter with \$17.2 million in cash on hand and, combined with the availability of a Bank of Nova Scotia Facility, we currently have \$50.2 million at our disposal for operations and to continue progressing our acquisition strategy. As evidenced by recent announcements (relating to SHREWD, TREAT and College of Optometrists), we are penetrating deeper into core accounts and expanding horizontally into adjacent markets and look forward to continuing this momentum in 2023.”

VitalHub Corp's quarterly investor conference call will take place on Friday, May 12, 2023, at 9:00AM EST.

**To register for the call, please visit:**

[https://us02web.zoom.us/webinar/register/WN\\_bMoJBht7Qs-pE3QBPf0QxQ](https://us02web.zoom.us/webinar/register/WN_bMoJBht7Qs-pE3QBPf0QxQ)

### First Quarter 2023 Highlights

- Revenue of \$12,595,174, an increase of \$3,171,983 or 34% from the Q1 2022.
- Gross profit as a percentage of revenue for Q1 2023 was 80% as compared to 84% in Q1 2022 (Q4 2022 - 82%). The decrease in Q1 2023 was due to the unusual volume of high margin perpetual license sales of \$2,767,253 in Q1 2022, as compared to \$310,398 in Q1 2023.
- ARR<sup>(1, 2)</sup> at the end of Q1 2023 was \$39,634,517.
  - ARR<sup>(1, 2)</sup> for Q1 2023 grew by \$15,619,427 or 65% from Q1 2022, and \$3,489,367 or 10% from Q4 2022.
  - ARR<sup>(1, 2)</sup> growth consists of \$1,462,727 or 4% organic growth, \$1,100,000 or 3% from acquisitions (Coyote Software Corporation), and \$926,600 or 3% of foreign exchange changes from Q4 2022.
- EBITDA<sup>(2)</sup> of \$1,987,747 compared to \$2,367,044 in the prior comparative quarter (Q4 2022 - \$470,220).
- Adjusted EBITDA<sup>(2)</sup> of \$2,923,780, or 23% of revenue, compared to \$3,051,015, or 32% of revenue, in the prior comparative quarter. (Q4 2022 - \$1,306,717 or 22% of revenue)
  - The decrease was primarily attributable to the aforementioned unusual volume of high margin perpetual license sales in Q1 2022.
- Cash on hand at March 31, 2023, was \$17,167,716 compared to \$17,452,210 as at December 31, 2022.
- Cash from operations before changes in working capital was \$1,476,785 for the period as compared to \$2,498,320 for the same period last year.
- Net income before income taxes of \$780,428 for Q1 2023 compared to \$1,563,512 in Q1 2022 (Q4 2022 - \$1,306,717).
  - The decrease was primarily attributable to the aforementioned unusual volume of high margin perpetual license sales in Q1 2022.

(1) The Company defines annual recurring revenue (“ARR”) as the recurring revenue expected based on yearly subscriptions.

(2) Non-IFRS measure.

## Q1 2023 Results

|                                                           | Three months ended |           |                |           |        |
|-----------------------------------------------------------|--------------------|-----------|----------------|-----------|--------|
|                                                           | March 31, 2023     | % Revenue | March 31, 2022 | % Revenue | Change |
|                                                           | \$                 |           | \$             |           | %      |
| <b>Revenue</b>                                            | 12,595,174         | 100%      | 9,423,191      | 100%      | 34%    |
| <b>Cost of sales</b>                                      | 2,471,877          | 20%       | 1,474,579      | 16%       | (68%)  |
| <b>Gross profit</b>                                       | 10,123,297         | 80%       | 7,948,612      | 84%       | 27%    |
| <b>Operating expenses</b>                                 |                    |           |                |           |        |
| General and administrative                                | 3,611,092          | 29%       | 1,845,516      | 20%       | (96%)  |
| Sales and marketing                                       | 1,281,665          | 10%       | 1,048,389      | 11%       | (22%)  |
| Research and development                                  | 2,520,021          | 20%       | 2,024,367      | 21%       | (24%)  |
| Depreciation of property and equipment                    | 75,283             | 1%        | 43,317         | 0%        | (74%)  |
| Depreciation of right-of-use assets                       | 95,907             | 1%        | 63,389         | 1%        | (51%)  |
| Stock based compensation                                  | 277,684            | 2%        | 269,244        | 3%        | (3%)   |
| Foreign currency gain                                     | (213,261)          | (2%)      | (20,675)       | (0%)      | (931%) |
| <b>Other income and expenses</b>                          |                    |           |                |           |        |
| Amortization of intangible assets                         | 1,054,247          | 8%        | 683,928        | 7%        | (54%)  |
| Business acquisition, restructuring and integration costs | 658,349            | 5%        | 414,727        | 4%        | (59%)  |
| Interest expense and accretion (net of interest income)   | (38,987)           | (0%)      | (4,720)        | (0%)      | (726%) |
| Interest expense from lease liabilities                   | 20,869             | 0%        | 17,618         | 0%        | (18%)  |
| <b>Current and deferred income taxes</b>                  | 618,260            | 5%        | 125,901        | 1%        | (391%) |
| <b>Net income</b>                                         | 162,168            | 1%        | 1,437,611      | 15%       | (89%)  |
| <b>EBITDA</b> (Non-IFRS measure)                          | 1,987,747          | 16%       | 2,367,044      | 25%       | (16%)  |
| <b>Adjusted EBITDA</b> (Non-IFRS measure)                 | 2,923,780          | 23%       | 3,051,015      | 32%       | (4%)   |
| <b>Annual recurring revenue</b> (Non-IFRS measure)        | 39,634,517         |           | 24,015,090     |           | 65%    |
| <b>Term licences, maintenance and support revenue</b>     | 9,997,484          | 79%       | 5,732,891      | 61%       | 74%    |

|                         | As at          |                   |
|-------------------------|----------------|-------------------|
|                         | March 31, 2023 | December 31, 2022 |
|                         | \$             | \$                |
| <b>Deferred revenue</b> | 16,671,903     | 15,495,461        |
| <b>Cash balance</b>     | 17,167,716     | 17,452,210        |

## ABOUT VITALHUB

Software for Health and Human Services providers designed to simplify the user experience and optimize outcomes.

VitalHub provides technology to Health and Human Services providers including; Hospitals, Regional Health Authorities, Mental Health, Long Term Care, Home Health, Community and Social Services. VitalHub solutions span the categories of Electronic Health Record (EHR), Case Management, Care Coordination, Patient Flow & Operational Visibility, and DOCit Mobile Apps. The Company has a robust two-pronged growth strategy, targeting organic growth opportunities within its product suite, and pursuing an aggressive M&A plan. Currently, VitalHub serves 600+ clients across Canada, USA, UK, Australia, Qatar, and Latvia. VitalHub is based in Toronto, Canada, with an offshore development hub in Sri Lanka. The Company is publicly traded on the TSX Venture Exchange under the symbol "VHI".

## **CAUTIONARY STATEMENT**

*Certain statements contained in this news release may constitute "forward-looking information" or "financial outlook" within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information or financial outlook. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "is expected", "expects", "scheduled", "intends", "contemplates", "anticipates", "believes", "proposes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Such statements are based on the current expectations of the management of each entity and are based on assumptions and subject to risks and uncertainties. Although the management of each entity believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

## **CONTACT INFORMATION**

Dan Matlow  
Chief Executive Officer, Director  
(416) 727-9061  
dan.matlow@VitalHub.com