



For Immediate Release

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Quorum Announces Q3 2019 Results Posting Record SaaS, Total Revenue and EBITDA

Calgary, AB, November 14, 2019 – Quorum Information Technologies Inc. (“Quorum” or the “Company”), a leading provider of dealership and customer management software and value-added services to the automotive industry, released its results for Q3 2019 today.

“This is Quorum’s third quarter as a combined Company following our recent acquisitions,” stated Maury Marks, President and CEO. “I am pleased to report our strong combined results from the XSELLERATOR, DealerMine, Autovance and Advantage¹ divisions.”

- Q3 2019 was the highest SaaS revenue and total revenue quarter in the Corporation’s history.
- Gross revenue increased by 151% to \$8,574K in Q3 2019 from \$3,418K in Q3 2018.
- SaaS revenue increased to \$5,550K in Q3 2019 compared to \$2,863K in Q3 2018, an increase of \$2,687K or 94%.
- Q3 2019 was the highest EBITDA quarter in the Corporation’s history. EBITDA was \$1,422K in Q3 2019 as compared to \$391K in Q3 2018, an increase of \$1,031K.

In Q3 2019, we collectively posted both a record total revenue amount and a record Software as a Service (“SaaS”) revenue amount from 1,020 customers, compared to 466 customers in Q3 2018. SaaS revenue in the quarter was \$5.55 million, or 65% of total revenue, and Business Development Centre (“BDC”) revenue was \$2.02 million, or 24% of total revenue. Quorum’s annual run rate based on September 2019 is now \$22.6 million for its SaaS revenue and \$7.8 million for its BDC revenue, and 89% of Quorum’s revenues are under long-term or evergreen contracts. Quorum also posted record Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) of \$1.4 million during Q3 2019, an increase of \$1.0 million over Q3 2018 EBITDA of \$0.4 million.

Looking more specifically to our divisions, our XSELLERATOR division had a 9% increase in SaaS revenue over Q3 2018 based on growth in its customer base and growth in average recurring revenue per unit (“ARRPU”). The XSELLERATOR team completed the release of two new products in Q3 2019, which should help drive future ARRPU growth.

Both DealerMine and Autovance had good quarterly revenue growth in Q3 2019. As mentioned in previous Quorum disclosure, DealerMine, Autovance and Advantage are high-growth, cloud-based SaaS businesses that can show immediate returns when adopted, as they do not require OEM integration and require significantly less training and support to transition dealerships to their

¹ Oasis Auto Complete Systems Limited has been renamed as Advantage.

solutions. DealerMine had a strong quarter fueled by the completed roll out of their Service CRM software and BDC services for the previously announced AutoCanada Canadian dealerships contract. Autovance had a 35% increase in SaaS revenue over Q3 2018 from growth of their Desk product and released their new Menu product. The Advantage product should be ready to sell to (used) Independent dealerships in Q4 2019.

Quorum successfully closed its oversubscribed bought deal private placement offering of common shares as announced on November 7, 2019. Pursuant to the offering, Quorum issued 10,574,825 shares at a price of \$0.87 per share for aggregate gross proceeds of \$9,200,098. The net proceeds of the offering will be used for growth initiatives, working capital, general corporate purposes and future potential acquisition opportunities.

As we look forward, Quorum's priorities remain to grow its SaaS revenues while showing operating leverage from its increased scale. The opportunity set remains as large as ever and we are working hard to capitalize on it.

Q3 2019 Financial Highlights

(\$000's except per share amounts)

	Nine Months Ended Sept 30, 2019	Nine Months Ended Sept 30, 2018	Q3 Ended Sept 30, 2019	Q3 Ended Sept 30, 2018	Q2 Ended June 30, 2019	Q2 Ended June 30, 2018	Q1 Ended March 31, 2019	Q1 Ended March 31, 2018
SaaS revenue	\$16,271	\$ 8,407	\$ 5,550	\$ 2,863	\$ 5,437	\$ 2,811	\$ 5,284	\$ 2,733
BDC revenue	5,337	-	2,017	-	1,984	-	1,336	-
Services and one-time revenue	2,530	2,104	1,007	555	795	760	728	789
Gross revenue	24,138	10,511	8,574	3,418	8,216	3,571	7,348	3,522
Gross margin ²	11,464	5,599	4,182	1,768	3,831	1,913	3,451	1,918
SaaS revenue gross margin percentage	64%	71%	66%	70%	65%	71%	64%	71%
BDC revenue gross margin percentage	19%	-	19%	-	19%	-	17%	-
Gross margin percentage	47%	53%	49%	52%	47%	53%	47%	54%
EBITDA expenses ³	7,932	4,458	2,760	1,377	2,479	1,351	2,693	1,730
Operating income before interest, taxes, depreciation and amortization (EBITDA)	3,532	1,141	1,422	391	1,353	562	757	188
EBITDA percentage of revenue	15%	11%	17%	11%	16%	16%	10%	5%
Adjusted cash income (loss)	1,461	(407)	655	(176)	768	174	38	(405)
Income (loss) before deferred income tax expense	(450)	(408)	53	(56)	118	46	(621)	(398)
Net income (loss)	374	(513)	620	(52)	309	(216)	(556)	(245)
Comprehensive income (loss)	315	(470)	630	(91)	292	(189)	(606)	(189)
Net income (loss) per share	\$ 0.0061	\$ (0.0097)	\$ 0.0102	\$ (0.0010)	\$ 0.0051	\$ (0.0041)	\$ (0.0091)	\$ (0.0047)

- Q3 2019 was the highest SaaS revenue and total revenue quarter in the Corporation's history. Gross revenue increased by 151% to \$8,574K in Q3 2019 from \$3,418K in Q3 2018. The increase in revenue is due to:

² Research and development expense was previously included in direct costs – salaries and benefits. Comparative periods have been restated.

³ EBITDA Expenses include salaries and benefits, research and development, general and administrative, and sales and marketing.

- An increase of \$2,687K during Q3 2019 in SaaS revenue as a result of the DealerMine and Oasis acquisitions and as a result of organic growth of both XSELLERATOR and Autovance; and
 - An increase of \$2,007K during Q3 2019 in services revenue primarily attributable to the DealerMine acquisition.
- SaaS revenue increased to \$5,550K in Q3 2019 compared to \$2,863K in Q3 2018, an increase of \$2,687K or 94%. Quorum’s Q3 2019 SaaS revenue of \$5,550K translates into a yearly run rate of \$22,200K. SaaS revenue was 65% of total revenue for Q3 2019 as compared to 84% for Q3 2018. The decrease in SaaS revenue as a percentage of total revenue is due to significant BDC revenue in Q3 2019 for which there was no comparable revenue in Q3 2018. At the end of Q3 2019, Quorum had 1,020 unique customers compared to 466 customers at the end of Q3 2018.
 - As noted above, as part of the DealerMine acquisition, Quorum acquired a Business Development Centre (“BDC”). BDC revenue was \$2,017K in Q3 2019 for which there was no comparable revenue in Q3 2018 as the DealerMine acquisition was completed in Q4 2018. This translates into a yearly run rate of \$8,068K. BDC revenue was 24% of total revenue for Q3 2019.
 - 89% of the Corporation’s revenue is contracted revenue. Contracted revenue is calculated by combining SaaS and BDC revenue.
 - Gross margin increased to \$4,182K or 49% in Q3 2019 compared to \$1,768K or 52% for Q3 2018. As of Q3 2019, cost of goods sold, “direct costs – salaries and benefits”, no longer includes research and development salaries and benefits expense. Research and development salaries and benefits expense were reclassified from costs of goods sold to operating expenses to better align Quorum’s financial statements with other technology company’s financial statements. Comparable periods have been updated. While gross margin increased by \$2,414K, gross margin percentage decreased by 3% during Q3 2019. The increase in gross margin is primarily due to additional revenue of \$5,156K associated with DealerMine and Oasis offset by the additional third party costs and salaries and benefits for the two divisions during Q3 2019.
 - Q3 2019 was the highest EBITDA quarter in the Corporation’s history. EBITDA was \$1,422K in Q3 2019 as compared to \$391K in Q3 2018, an increase of \$1,031K. An increase in gross margin was offset by an increase in salaries and benefits, research and development, and sales and marketing expense primarily due to the DealerMine and Oasis acquisitions.

Adjusted Cash Income

(\$000's)

	Nine Months Ended Sept 30, 2019	Nine Months Ended Sept 30, 2018	Q3 Ended Sept 30, 2019	Q3 Ended Sept 30, 2018	Q2 Ended June 30, 2019	Q2 Ended June 30, 2018	Q1 Ended March 31, 2019	Q1 Ended March 31, 2018
EBITDA	\$ 3,533	\$ 1,141	\$ 1,422	\$ 391	\$ 1,353	\$ 562	\$ 757	\$ 188
Capitalized salaries and overhead	(2,074)	(1,600)	(767)	(619)	(585)	(388)	(721)	(593)
Acquisition and financing expense	2	52	-	52	-	-	2	-
Adjusted cash income (loss)	\$ 1,461	\$ (407)	\$ 655	\$ (176)	\$ 768	\$ 174	\$ 38	\$ (405)

- Adjusted cash income was \$655K for Q3 2019 as compared to negative \$176K for Q3 2018, an increase of \$831K. The total of capitalized salaries and overhead was \$767K for Q3 2019 as compared to \$619K in Q3 2018.
- Income before deferred income tax expense increased to \$53K for Q3 2019 compared to loss before deferred income tax expense of \$56K in Q3 2018. The increase in income before deferred income tax expense is primarily due to the \$1,031K increase in EBITDA, offset by an increase in interest on long-term debt expense of \$433K as well as increases in non-cash expenses during Q3 2019.
- Including cash of \$622K, total net working capital at September 30, 2019 was \$1,354K with a current ratio of 1.34, compared to \$1,538K at June 30, 2019, with a current ratio of 1.42, a decrease of \$184K.

Strategy and Outlook

Quorum’s vision is to build a single, integrated, end-to-end business process solution for North American automotive dealerships that covers all of their business-critical processes. To deliver on this vision, Quorum has initiated a build, resell and acquire strategy, which combines continued development of Quorum’s flagship XSELLERATOR Dealer Management System (“DMS”) product, partnering with complementary third-party service providers to resell value-added services to Quorum’s existing customer base, and acquiring strategic companies that provide innovative solutions that augment Quorum’s existing suite of product offerings.

The genesis of this vision was a recognition of the changing landscape in the automotive dealer market as well as an in-depth understanding of the numerous disparate products that Quorum’s customers purchase from a variety of third-party providers. With many Quorum customers spending approximately \$7,000 per month on other third-party products, there is opportunity to consolidate these products under one offering. For a dealer group, Quorum can currently displace up to six different products, allowing Quorum to capture part of this third-party spend while providing cost savings to customers and streamlining business processes.

Delivering on this vision, Quorum acquired Autovance Technologies Inc. (“Autovance”) in August 2017, which provides sales desk solutions to help salespeople seamlessly present payment, lease and financing information to customers. Quorum has continued to market the Autovance Desk product to both new customers as well as its existing XSELLERATOR customers, and has recently made the Autovance Desk product available to US-based XSELLERATOR dealerships. Quorum believes that this additional value-added product will accelerate US growth opportunities by providing a more fulsome solution for US-based dealers and dealer groups. Autovance has recently added Autovance Menu to its suite of products. Currently, Autovance Menu is in pilot and Quorum plans to market the Autovance Menu product in Q4 2019. At the time of acquisition, 63 XSELLERATOR customers utilized the Autovance Desk product. As of September 30, 2019, 114 XSELLERATOR customers utilize Autovance Desk.

In October 2018, Quorum completed the transformative acquisition of DealerMine Inc. (“DealerMine”). The deal significantly accelerates Quorum’s strategic vision to be a full-service provider to automotive dealerships by adding DealerMine’s Customer Relationship Management (CRM) Service, Sales CRM and call centre services known as the Business Development Centre

("BDC"). The deal also significantly increases Quorum's scale resulting in a combined company customer base of over 860 dealership rooftop customers at the time of acquisition, up from 447 prior to the acquisition. With only 15 XSELLERATOR customers at the time of acquisition utilizing the DealerMine Service CRM product and BDC services, Quorum believes there is a significant growth opportunity for DealerMine within Quorum's existing customer base. On January 25, 2019, DealerMine and AutoCanada entered into a strategic partnership with respect to the establishment of a dedicated BDC for AutoCanada's Canadian dealerships. As of September 30, 2019, DealerMine has 476 customers and 33 XSELLERATOR customers that utilize DealerMine's products.

At an industry level, the automotive dealer market is seeing increased consolidation into larger dealer groups, which creates opportunities for DMS providers like Quorum that can integrate multiple dealer rooftops under one solution. Auto manufacturers are also increasing the requirements for DMS providers to integrate with their own OEM back-end systems, and de-certifying those DMS providers that are unable to connect their solutions with these systems. In January 2019, XSELLERATOR completed certification with Volkswagen (VW) and Audi. Those certifications allow XSELLERATOR to be sold to VW and Audi dealerships which increase XSELLERATOR's total available market, particularly to those dealer groups which house a variety of different vehicle brands. The XSELLERATOR division has completed integration with OEM's representing 18 different brands in Canada and 12 different brands in the US. To complete Quorum's all makes certification strategy, the XSELLERATOR division still needs to complete integrations with the remaining OEM manufacturers being Honda/Acura, Mazda, BMW, Mercedes and Volvo and complete additional integrations with the US OEM manufacturers including Toyota/Lexus, Hyundai, Kia and Subaru.

In addition, as smaller DMS providers struggle with the increased development and licensing fees associated with increased OEM integration, Quorum believes there is an opportunity to consolidate these providers under one platform to achieve economies of scale and spread these costs over a larger customer base. To this end, Quorum completed the acquisition of Oasis Auto Complete Systems Limited ("Oasis") in January 2019, which will allow for existing Oasis franchised dealerships to transition to the XSELLERATOR platform, and the Oasis Advantage Product Suite will form the basis for a new system targeted at the independent dealership market. As of September 30, 2019, a total of 19 Oasis Advantage customer conversions to XSELLERATOR have been sold and nine have been converted or installed.

In Q1 2019, Quorum successfully closed a \$15 million debt financing facility with BDC Capital Inc. Quorum drew \$8.125 million immediately to retire a bridge financing facility that was used to acquire DealerMine Inc. and pay the cash consideration of the Oasis acquisition. The balance of the BDC Capital Inc. facility remains available for potential future acquisitions.

As Quorum moves forward, it has never had a more exciting set of growth opportunities. These opportunities include growing the core XSELLERATOR DMS business, cross-selling products and services to our DMS customers, growing acquired assets, and continuing to assess other strategic acquisitions. DealerMine, Autovance and Advantage are high-growth, cloud-based Software as a Service ("SaaS") businesses that can show immediate leverage in that they do not require OEM integration and require significantly less training and support to transition dealerships to their solutions. Continuing to build out the XSELLERATOR base is the foundation on which the Corporation can offer solutions from our recent acquisitions and third party reseller arrangements.

Quorum Q3 2019 Results Conference Call Details and Investor Presentation

Quorum will host a conference call at 11:00 MT (13:00 ET) on Friday, November 15, 2019. Anyone wishing to participate in the call is asked to dial-in using the following numbers and ask for the Quorum Information Technologies Inc. Q3 2019 Results Conference Call:

Local:	1 (403) 451-9838
Toll-Free North America:	1 (888) 231-8191
Conference ID#:	7359532

Quorum's Q3 2019 Earnings Results investor presentation is also available for download under the Investors section on the Company's website at www.quorumdms.com.

Forward Looking Information

This report contains certain forward-looking information and statements within the meaning of applicable securities laws. All statements in this report, other than statements of historical fact, which address events or developments concerning Quorum Information Technologies Inc. ("Quorum" or the "Corporation") that Quorum expects to occur are "forward-looking information and statements". The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "potential", "could", "scheduled", "believe", "plans", "intends", "might" and similar expressions are intended to identify forward-looking information or statements.

In particular, but without limiting the foregoing, this document may contain forward-looking information and statements pertaining to the following business plan of Quorum including its plans for targeting new Original Equipment Manufacturer ("OEM") Integration, new dealership roof top sales, and increasing Automotive Group Partnerships; the timing for completion and cost of OEM Integration; estimates of return on assets and EBITDA; potential merger and acquisition ("M&A") opportunities; the timing of adoption of new accounting standards and the potential impact of new accounting standards on the Corporation's financial statement; the effect of acquisitions on the Corporation including the effect of the Autovance, DealerMine and Oasis acquisitions; the effect of the BDC Capital facility; the effect of the Cormark Securities Inc., Beacon Securities Limited and PI Financial Corp private placement; various industry activity forecasts; growth opportunities including those in the United States; anticipated requirements by OEM manufactures relating to integrations and certifications; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance. Various assumptions were used in drawing the conclusions or making the forecasts and projections contained in the forward-looking statements throughout this report. The forward-looking information and statements contained in this report reflect several material factors, expectations and assumptions including, without limitation: (i) capital expenditures by dealers; (ii) market availability of current and future dealership rooftops; (iii) schedules and timing of certain projects and Quorum's strategy for growth; (iv) Quorum's future operating and financial results; and (v) treatment under governmental regulatory regimes and tax and other laws. The forward-looking information and statements included in this report are not guarantees of future performance and should not be unduly relied upon.

Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking information and statements. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: (i) volatility in exchange rates for the Canadian dollar relative to the US dollar; (ii) liabilities and risks inherent in the software services industry; (iii) competition for, among other things, capital and skilled personnel; (iv) changes in general economic, market and business conditions in Canada and the United States; and (v) actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws. Quorum cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking information and statements contained in this document speak only as of the date of this document, and Quorum assumes no obligation to update or revise them to reflect news events or circumstances, except as may be required pursuant to applicable laws. Any financial outlook or future oriented financial information in this document, as defined by applicable securities legislation, has been approved by management of Quorum. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

About Quorum Information Technologies Inc.

Quorum is a North American company focused on developing, marketing, implementing and supporting its portfolio of software and services for automotive dealerships that includes:

- XSELLERATOR™, a Dealership Management System (DMS) that automates, integrates and streamlines key processes across departments in a dealership, and emphasizes revenue generation and customer satisfaction.
- DealerMine CRM, a sales and service Customer Relationship Management system and set of Business Development Center services that drives revenue into the critical sales and service departments in a dealership.
- Autovance, a sales desk system that increases sales department gross margins and improves customer satisfaction for dealerships.
- Advantage, a full showroom system for both franchised and independent dealerships and a comprehensive operating system that includes accounting for the independent market.

Quorum has filed its Q3 2019 unaudited condensed consolidated financial statements and notes thereto as at and for the three months ended September 30, 2019, and accompanying management and discussion and analysis in accordance with National Instrument 51-102 - *Continuous Disclosure Obligations* adopted by the Canadian securities regulatory authorities.

Quorum Information Technologies Inc. is traded on the Toronto Venture Exchange (TSX-V) under the symbol QIS. For additional information please go to www.QuorumDMS.com.

Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) has reviewed this release and neither accepts responsibility for the adequacy or accuracy of this release.

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