



Quorum Announces Q4 and Year End 2022 Results

Adjusted Cash Income and Free Cash Flow Increasing as Company Focusses on Profitable Growth

CALGARY, Alberta, April 19, 2023 - Quorum Information Technologies Inc. (TSX-V: QIS) (OTC Pink: QITF) ("Quorum"), a North American SaaS Software and Services company providing essential enterprise solutions that automotive dealerships and Original Equipment Manufacturers ("OEMs") rely on for their operations, released its results today for the fourth quarter and fiscal year ended December 31, 2022. Financial references are expressed in Canadian dollars unless otherwise indicated. Please refer to the MD&A and Financial Statements posted onto SEDAR related to non-IFRS measures and risk factors.

"In 2022, we transitioned to a more balanced profitable growth strategy, a more efficient sales strategy prioritizing cross selling and a \$2.0 million annual cost reduction plan to drive Free Cash Flow¹ ("FCF")," stated Maury Marks, President and CEO. "The result was that our Adjusted EBITDA² for the 1st half of 2022 was \$2.3 million and for the 2nd half of 2022, it was \$3.3 million - an increase of \$1.0 million or 43%. In addition, our cash conversion on Adjusted EBITDA improved substantially, with Adjusted Cash Income³ ("ACI") up 150%. FCF was \$0.1 million for the 1st half of 2022 and \$1.4 million for the 2nd half of 2022. Cash conversion is something we are very focussed on and expect to build on these initial successes throughout 2023."

"Through a combination of purposeful product investment and four strategic acquisitions in the last five years Quorum now has a uniquely integrated product suite of 12 essential software solutions and services that we can sell to dealers to drive their business during these difficult economic conditions," continued Mr. Marks. "In 2022 dealerships managed through vehicle inventory shortages that improved during the year and are now managing through higher interest rates and some difficult economic conditions. We will remain focussed on executing our profitable growth strategy in 2023, despite the macro-economic environment. I would also like to sincerely thank our employees who are the driving force behind our positive 2022 results; their continued innovation ensures Quorum has a product suite prepared for the future of automotive."

¹ Free Cash Flow – Adjusted Cash Income less interest on long term debt and bank charges and IFRS 16 lease cash expense not included in Adjusted EBITDA

² Adjusted EBITDA – Net income (loss) before interest and financing costs, taxes, depreciation, amortization, stock-based compensation, foreign exchange gains and losses, one-time acquisition-related expenses and restructuring expenses.

³ Adjusted Cash Income ("ACI") (non-GAAP) – Adjusted EBITDA less capitalized salaries and overhead.

Consolidated Results for Q4 2022 and Fiscal Year 2022

	Q4 2022	% Change	Q4 2021	2022	% Change	2021
Total Revenue	\$ 9,850,916	7%	\$ 9,220,623	\$ 38,803,539	8%	\$ 36,051,217
SaaS Revenue	\$ 7,023,005	6%	\$ 6,600,497	\$ 27,658,155	8%	\$ 25,680,564
BDC Revenue	\$ 2,637,001	8%	\$ 2,442,502	\$ 10,412,232	10%	\$ 9,441,602
Recurring Revenue	\$ 9,660,006	7%	\$ 9,042,999	\$ 38,070,387	8%	\$ 35,122,166
Gross Margin	\$ 4,681,865	8%	\$ 4,315,665	\$ 18,662,386	14%	\$ 16,409,098
Gross Margin %	48%		47%	48%		46%
EPS (Loss)	-\$ 0.002		-\$ 0.028	-\$ 0.190		-\$ 0.037
Net Loss	-\$ 166,331	92%	-\$ 2,015,162	-\$ 1,412,783	48%	-\$ 2,711,265
Adjusted Net Loss ⁴	-\$ 166,331	52%	-\$ 347,068	-\$ 1,412,783	-35%	-\$ 1,043,171
Adjusted EBITDA	\$ 1,595,543	40%	\$ 1,142,424	\$ 5,601,284	12%	\$ 4,988,389
Adjusted EBITDA Margin	16%		12%	14%		14%
Adjusted Cash Income	\$ 1,049,389	80%	\$ 583,027	\$ 3,050,049	30%	\$ 2,348,928

Fourth Quarter Results

- Adjusted EBITDA margin was 16% for Q4 2022 as compared to 12% for Q4 2021.
- Adjusted Cash Income was over \$1 million for the second consecutive quarter.
- Total revenue increased by 7% to \$9.9 million in Q4 2022 compared to \$9.2 million in Q4 2021.
- Recurring SaaS revenue increased by 6% to \$7.0 million in Q4 2022 compared to \$6.6 million in Q4 2021.
- Recurring BDC services revenue increased by 8% to \$2.6 million in Q4 2022 compared to \$2.4 million in Q4 2021.
- Gross margin increased to \$4.7 million and 48% of total revenue in Q4 2022 compared to \$4.3 million and 47% of total revenue for Q4 2021. Gross margin increased by 8% as compared to Q4 2021.
- Including cash of \$4.9 million, total net working capital increased to \$6.2 million from \$5.5 million as of September 30, 2022.

Fiscal Year 2022 Results

- Adjusted EBITDA margin was 14% for 2022 and consistent with 14% reported in 2021.
- Adjusted Cash Income increased by 30% to \$3.1 million compared to \$2.3 million in 2021.
- Total revenue increased by 8% to \$38.8 million in 2022 compared to \$36.1 million in 2021.
- Recurring SaaS revenue increased by 8% to \$27.7 million as compared to \$25.7 million in 2021.
- Recurring BDC services revenue increased by 10% to \$10.4 million as compared to \$9.4 million in 2021.
- Gross margin increased to \$18.7 million and 48% of total revenue in 2022 compared to \$16.4 million and 46% of total revenue for 2021. Gross margin increased by 14% as compared to 2021.
- Including cash of \$4.9 million, total net working capital decreased to \$6.2 million from \$7.6 million as of December 31, 2021, a decrease of \$1.4 million that is due to the \$1.1 million repayment of the BDC Capital Loan Facility in February 2022 and \$0.4 million of contingent consideration related to the acquisition of Accessible Accessories Limited.

⁴ Adjusted Net Loss – Net income (loss) before impairment.

SaaS-based operational KPIs are as follows:

	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Dealer Rooftop Count - Canada	920	923	1,343	1,350	1,322
Dealer Rooftop Count - US	125	116	116	114	118
Dealer Rooftop Count - Total	1,045	1,039	1,459	1,464	1,440
MRRPU	\$2,105	\$2,124	\$1,600	\$1,597	\$1,626 ⁵

Monthly recurring revenue per unit ("MRRPU") implies that, as of the end of Q4 2022, each dealership ("Dealer Rooftop") represents approximately \$19.5K of SaaS annual recurring revenue ("ARR").

2022 Business Highlights

- In February 2022, Quorum restructured its credit facility with BDC Capital Inc. The new facilities move interest rates from a fixed interest rate to a variable rate and extends the maturity date from January 15, 2025 to August 15, 2027.
- In March 2022, Quorum announced new OEM integrated functionality for its PowerLane product. PowerLane is a mobile Service Lane tool that provides customers with a touchless, transparent customer experience that includes media capture capabilities that allow dealership customers to review a video of any necessary repairs.
- In April 2022, Quorum completed the acquisition of Accessible Accessories Ltd. ("Accessible"). Accessible develops, implements, and supports its web-based platform that allows franchised dealership to sell accessories more effectively. Accessible is Quorum's fourth acquisition since 2017 and marks another step forward in Quorum's strategy to be a full-service provider to automotive dealerships.
- In May 2022, Quorum announced the retention of Red Cloud Securities Inc. to provide market making services for the purposes of maintaining an orderly market.
- In June 2022, Quorum announced the appointment of Bruce Atkinson as Vice President Operations.
- In October 2022, Quorum presented at [VirtualInvestorConferences.com](https://www.virtuallinvestorconferences.com).

Subsequent event

In April 2023, the Board of Directors of the Corporation approved the grant of 320,000 RSUs to the Board of Directors. 120,000 RSUs will vest in Q2 2023 with the remaining RSUs vesting in Q3 2023.

Quorum 2022 Annual Results Conference Call Details and Investor Presentation

Maury Marks, President and Chief Executive Officer and Marilyn Bown, Chief Financial Officer will present the Year End 2022 Annual Results at a conference call with concurrent audio webcast, scheduled for:

Date: Thursday, April 20th, 2023
Time: 11:00 am MT (1:00 pm ET)

⁵ In Q4 2022, as part of the Advantage wind down, eight Advantage rooftops moved to new service providers. The additional reduction in rooftops was due to a reduction in Accessible Accessories and Autovance brands' rooftops which have lower demand in a market where dealerships are struggling with low vehicle inventories. Both DealerMine and Quorum DMS brands increased their rooftop count in Q4 2022.

Dial-In #: Toll-Free North America: 1 (888) 660-6411
Webcast Link: [Quorum Year End 2022 Annual Results Conference Call \(Webcast\)](#)

An updated Investor Presentation, replay of the results conference call, and transcripts of the conference call, will also be available at www.QuorumInformationSystems.com.

About Quorum Information Technologies Inc.

[Quorum](#) is a North American SaaS Software and Services company providing essential enterprise solutions that automotive dealerships and Original Equipment Manufacturers (“OEMs”) rely on for their operations, including:

- [Quorum’s Dealership Management System \(DMS\)](#), which 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 (“CRM”) system and set of Business Development Centre services that drives revenue into the critical sales and service departments in a dealership.
- [Autovance](#), a modern retailing platform that helps dealerships attract more business through Digital Retailing, improve in-store profits and closing rates through its desking tool and maximize their efficiency and CSI through Autovance’s F&I menu solution.
- [Accessible Accessories](#), a digital retailing platform that allows franchised dealerships to efficiently increase their vehicle accessories revenue.

Quorum Information Technologies Inc. is traded on the TSX Venture Exchange (“TSX-V”) under the symbol QIS. For additional investor information, please visit www.QuorumInformationSystems.com.

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Forward-Looking Information

This press release may contain certain forward-looking statements and forward-looking information (“forward-looking information”) within the meaning of applicable Canadian securities laws. Forward-looking information is often, but not always, identified by the use of words such as “anticipate”, “believe”, “plan”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “expect”, “may”, “will”, “project”, “should” or similar words suggesting future outcomes. Quorum believes the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties some of which are described herein. Such forward-looking information necessarily involves known and unknown risks and uncertainties, which may cause Quorum’s actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking information.

Quorum has filed its 2022 audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2022, 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.QuorumInformationSystems.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.