



For Immediate Release

Quorum Contact: Maury Marks
 403-777-0036
MarksM@QuorumDMS.com

Quorum Announces Q2 2020 Results

Total revenue decreased 28% due to April and May COVID-19 discounts

June revenue returns to near pre-COVID-19 SaaS and BDC annual revenue run rates

Calgary, AB, August 19, 2020 – 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 Q2 2020 today.

“I’m very proud of our people who rose to the challenge created by COVID-19 in Q2 and delivered a strong quarter.” stated Maury Marks, President and CEO. “During the quarter we effectively preserved our SaaS and BDC annual run rates, increased our cash position and re-prioritized our key development projects to provide our dealership customers with software tools to assist them during these challenging times.”

“With our dealership customers facing an extremely difficult business environment in the quarter, we proactively addressed these concerns by providing a monthly discount for April and May. Strategically, this short-term discount protected long-term SaaS and BDC revenue. This strategy was effective and our normalized Q2 2020 revenue run rates, before \$1.8 million in discounts, for SaaS and BDC revenue were \$5.8 and \$1.8 million respectively. Our SaaS and BDC quarterly run rates based on June 2020 revenue were \$5.8 and \$2.0 million respectively, which translates to annual run rates of \$23.4 and \$8.0 million.”

Revenue Type (all numbers in million \$)	Reported Q2 2019	Reported Q2 2020	Q2 Discounts	Normalized Q2 2020 Revenue	Q2 Run Rate based on June 2020	Annual Run Rate based on June 2020
SaaS Revenue	\$ 5.5	\$ 4.3	\$ 1.5	\$ 5.8	\$ 5.8	\$ 23.4
BDC Revenue	\$ 1.9	\$ 1.5	\$ 0.3	\$ 1.8	\$ 2.0	\$ 8.0

“During the quarter we tightly managed our cost structure and balance sheet. We also realized additional cost synergies from our One Quorum strategy which leveraged the economies of scale from our three acquisitions. Finally, during the quarter Quorum received \$1.8 million from the Canadian federal government’s CEWS program, which offset our April and May revenue decline. The result is that Quorum produced an adjusted EBITDA of \$1.1 million in Q2 2020 or 14% of normalized revenue.”

“We have noted recently a trend toward re-opening the economy in both Canada and the US which should allow for increased activity for our dealerships and Quorum. While the COVID-19 pandemic will impact our 2020 results, we are extremely well capitalized and have a strong plan to emerge healthier than ever as we move through 2020, just as we did in the last recession in 2009.”

Second Quarter Results

- SaaS revenue was \$4.3 million, a decrease of 23% compared to Q2 2019.
- June SaaS revenue was \$1.94 million, or a quarterly run rate of \$5.8 million.
- BDC revenue was \$1.5 million, a decrease of 18%.
- June BDC revenue was \$0.66 million, or a quarterly run rate of \$2.0 million.
- Total revenue was \$5.9 million, a decrease of 28%.
- Gross margin was \$2.4 million, a decrease of 36%.
- Adjusted EBTIDA was \$1.1 million, a decrease of 22%.

Financial Summary

Three months ended (\$000's)	June 30, 2020	June 30, 2019
SaaS revenue	\$4,262	\$5,540
BDC revenue	1,541	1,882
Services and one-time revenue	136	794
Total revenue	5,939	8,216
Cost of revenue	3,493	4,385
Gross margin	2,446	3,831
Gross margin percentage	41%	47%
Adjusted EBITDA	1,063	1,353
Adjusted cash income	645	768
Net loss	\$(65)	\$(960)

Recent Business Highlights

- In April 2020, Autovance announced its MyDeal Digital Retailing System to allow dealers and customers to interact online for vehicle sales.
- In May 2020, XSellerator launched its DMS Service Performance Pack, a set of integrated tools designed to help dealerships provide a more touchless service experience and to help maximize the performance of their service departments.
- In June 2020, Mr. William Nurthen was appointed to Quorum's Board of Directors and Mr. Craig Nieboer retired from the Board of Directors.

Novel Coronavirus ("COVID-19")

Due to the concerns over the COVID-19 pandemic, the Corporation transitioned all staff to work from home and all onsite training and installation activities were put on hold by March 20, 2020.

In April 2020, dealerships' sales departments were shut down or operating on minimal staff, while service and parts departments operations slowed down considerably. With its dealership customers

facing an extremely difficult business environment, the Corporation proactively addressed these concerns by providing a monthly support discount for April and May in order to protect long-term SaaS revenue. During the pandemic, Quorum also worked with both the US and the Canadian governments and was successful in its applications for the Canadian Emergency Wage Subsidy (“CEWS”) program and the US Paycheck Protection Program (“PPP”).

Desrosiers Automotive consultants has reported that Canadian monthly light vehicle year-over-year sales declined by 47% in March, 75% in April, 44% in May and rebounded to only a 15% decline in June 2020. While there are indications that dealership’s business is returning in Canada, there remains some uncertainty regarding the duration and depth of the disruption to dealerships’ businesses from COVID-19. Despite this uncertainty, the Corporation is confident that the combination of the actions taken to stem cash outflow, the proceeds raised from the November 2019 financing and government financial support provides the Corporation with sufficient resources to regain growth momentum through the recovery. Quorum’s solutions are critical to dealership operations and should be highly valued in helping dealers recover from the COVID-19 shutdown. Furthermore, the management team guided Quorum through similar challenges in 2008-09 where the Corporation emerged from the global financial crisis stronger than it entered.

Quorum Q2 2020 Results Conference Call Details and Investor Presentation

A conference call has been scheduled for Thursday, August 20 beginning at 11:00 MT (13:00 ET), at which time Maury Marks, President and Chief Executive Officer and Marilyn Bown, Chief Financial Officer will provide a presentation of the results followed by a question and answer period.

Anyone wishing to participate in the call is asked to dial-in using the following numbers and ask for the Quorum Information Technologies Inc. Q2 2020 Quarterly Results Conference Call. Callers are asked to dial-in 5 minutes before the scheduled start time.

Details for anyone wishing to participate in the conference call are:

Local: 1 (403) 451-9838

Toll-Free North America: 1 (888) 231-8191

A replay of the conference call will be available beginning at approximately 14:00 MT on Thursday August 20, 2020 until 21:59 MT on September 3, 2020, and can be accessed by dialing:

Local: 1 (403) 451-9481

Toll-Free North America: 1 (855) 859-2056

Password#: 2381554

A replay of the conference call will also be available for at least 30 days following the call on Quorum’s website, under the Investors section, at www.quorumdms.com.

Quorum’s Q2 2020 Quarterly Results investor presentation will also available for download after the press release has been issued 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 rooftop 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 Corporation's private placement financing; the effect of the COVID-19 pandemic on industry activity and economic activity in North America as a whole; various industry activity forecasts; growth opportunities including those in the United States; anticipated requirements by OEM manufacturers 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 and menuing 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 Q2 2020 unaudited condensed consolidated financial statements and notes thereto as at and period ended June 30, 2020, 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.

#