



## For Immediate Release

Contact: Maury Marks

403-777-0036

[Investors@QuorumDMS.com](mailto:Investors@QuorumDMS.com)

## Quorum Announces Q3 2020 Results

**SaaS revenue increased by 5% over prior year and record Adjusted EBITDA of \$1.5 million**

**Calgary, AB, November 18, 2020** – Quorum Information Technologies Inc. (“Quorum”), a leading provider of innovative and robust technology solutions and services to traditional and electric vehicle dealerships and Original Equipment Manufacturers (“OEM”) across North America, released its results for Q3 2020 today.

Q3 2020 total revenue of \$8.1 million was a 36% increase over Q2 2020 as one-time \$1.8 million SaaS and BDC COVID-19 discounts Quorum provided to its dealerships were discontinued. Normalized SaaS revenue and BDC revenue without the Q2 COVID-19 discounts would have shown an increase of 2.4% and 4.3% respectively in Q3 over Q2 and puts Quorum back to 9.6% SaaS and 17.2% BDC annual revenue growth rates respectively. Quorum’s SaaS and BDC recurring revenue streams represented 96% of its total Q3 revenue.

“We’d like to acknowledge all our employees and customers who rose to the challenge of COVID-19 and were the driving force behind the recovery of our business,” stated Maury Marks, President and CEO. “In spite of these challenges, we were able to drive SaaS and BDC revenue growth in the quarter and tightly managed our cost structure to produce a record Adjusted EBITDA of \$1.5 million, or 18% of total revenue. Quorum’s new Chief Operating Officer, Mike Herenberg, is focusing on our One Quorum strategy and optimizing operations to drive stronger organic growth and allow for more seamless acquisition integration.”

“Our development team continues to provide innovative solutions including Autovance MyDeal and PowerLane for our customers which will help increase our ‘share of wallet’ in the future,” continued Marks. “Both MyDeal, a Digital Retailing solution that helps dealership customers purchase a vehicle on-line and PowerLane, a service lane inspection tool that also provides videos and pictures to dealership customers of possible repairs to their vehicles, have had strong initial sales to date. Our BDC revenue will also see additional long-term growth as we deploy a comprehensive electronic message handling solution for AutoCanada.”

### Third Quarter Results

- SaaS revenue was \$5.9 million, an increase of 5% compared to Q3 2019.
- September SaaS revenue was \$2.0 million, or a quarterly run rate of \$6.0 million.
- BDC revenue was \$1.9 million, a decrease of 1%.
- Total revenue was \$8.1 million, a decrease of 6%.
- Gross margin was \$3.7 million, a decrease of 12%.
- Adjusted EBITDA was \$1.5 million, an increase of 3%.

## Financial Summary

Three months ended (\$000's)	September 30, 2020	September 30, 2019
SaaS revenue	\$5,914	\$5,643
BDC revenue	1,865	1,884
Services and one-time revenue	306	1,047
Total revenue	8,085	8,574
Cost of revenue	4,425	4,392
Gross margin	3,660	4,182
Gross margin percentage	45%	49%
Adjusted EBITDA	1,465	1,422
Adjusted cash income	962	656
Net income (loss)	\$(358)	\$620

## Recent Business Highlights

- In September 2020, DealerMine expanded its BDC to a second location in St. John's, NL to support accelerated growth and improved customer satisfaction.
- In Q3 2020, Quorum launched remote installation and training services for most of the Corporation's products.

## Outlook

“Quorum has seen recovery of new vehicle sales at its customer dealerships and in September 2020 new light vehicle sales were up 2.4% over September 2019 in Canada<sup>1</sup>. We have experienced good sales momentum working through the headwinds dealerships struggle with in obtaining new vehicle inventory from OEMs and managing COVID-19 economics,” said Maury Marks. “Quorum is extremely well capitalized to support our strategy of growing organically and through acquisitions to ensure our product suite is highly relevant for dealerships as they navigate these difficult times.”

## Quorum Q3 2020 Results Webcast, Conference Call Details and Investor Presentation

Webcast Link: [Quorum Q3 2020 Results Webcast  
https://quoruminformationssystem.com/#presentations-events](https://quoruminformationssystem.com/#presentations-events)

Date: Thursday, November 19, 2020

Time: 11:00 am MST (*please dial-in by 10:55 am*)

Dial-In #: Local: 1 (403) 451-9838

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

---

<sup>1</sup> As per Desrosiers automotive consultants Provincial Sales report.

A replay of the conference call will be available:

Date:	Thursday November 19, 2020, after 2:00 pm MST		
Replay Dial-In #:	Local:	1 (403) 451-9481	
	Toll-Free North America:	1 (855) 859-2056	
	Password#:	1675468	

The Q3 2020 Quarterly Results Investor Presentation and a replay of the conference call will also be available at [www.QuorumInformationSystems.com](http://www.QuorumInformationSystems.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 of the Corporation's private placement financing; the effect of COVID-19 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 (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 (DR), improve in-store profits and closing rates through its desking tool and maximize their efficiency and CSI through Autovance's F&I menu solutions fee.
- Advantage, a full showroom system for both franchised and independent dealerships and a comprehensive management system that includes accounting for the independent market.

Quorum has filed its Q3 2020 unaudited condensed consolidated financial statements and notes thereto for the period ended September 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.QuorumInformationSystems.com](http://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.*

# # #