



For Immediate Release

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Quorum Announces 2017 Results
2017 SaaS-based Support revenue increased 15% over 2016

Calgary, AB, April 23, 2018 – Quorum Information Technologies Inc., a leading provider of dealership and customer management software and value-added services to the automotive industry, today released its 2017 fourth quarter and year end results.

Maury Marks, Quorum’s President and CEO provided the following comments on the Company’s 2017 year end operational and financial results:

- Recurring SaaS support revenue for FY2017 increased by \$1,352,697¹ over FY2016, which represents a 15% increase. Both added installations of new customers and sales of added

Revenue Type	FY2017	FY2016	Growth
Support revenue	\$ 10,283,681	\$ 8,930,984	15%
Add-on revenue	1,189,158	1,452,067	-18%
New installations revenue	1,039,486	1,544,205	-33%
Core revenue subtotal	12,512,325	11,927,256	5%
Transitions revenue	231,301	251,194	-8%
Gross revenue	\$ 12,743,626	\$ 12,178,450	5%

Quorum-developed and strategic 3rd party products (for which Quorum is a reseller) to our existing customer base contributed to this growth.

- Quorum’s annual SaaS support revenue run rate is now \$10,906,104 based on December 2017 Support revenue of \$908,842.
- Support revenue now represents 81% of total revenue for FY2017 compared to 73% for FY2016.
- Support revenue growth drivers include:
 - o Sales to existing customers of Quorum-developed products, strategic 3rd party products, XSELLERATOR user license sales and annual support increases represent 78% of the FY2017 support revenue growth. Included in the above is Autovance revenue and Autovance has been a strategic 3rd party partner for Quorum. In September 2017, Quorum acquired all of the issued and outstanding shares of Autovance Technologies Inc. Additional support revenue in FY2017 from Autovance’s proprietary product, Autovance Desk, for Quorum

¹ In previous years, Communicator revenue was included in add-on revenue. In FY2017, Communicator revenue has been included with support revenue as it is truly recurring revenue and comparative periods have been updated. A detailed description of the changes is included in the MD&A.

customers was \$92,000 (7% of support revenue growth) and Autovance revenue for non-Quorum customers since the date of acquisition was \$106,000 (8% of support revenue growth). The run rate as of December 31, 2017 of Quorum's revenue associated with Autovance's annual SaaS support revenue is \$706,000 based on December support revenue of \$58,835.

- The remaining 22% of the FY2017 support revenue growth comes from increases in our customer base. In FY2017 Quorum completed 26 new XSELLERATOR rooftop installations and had 10 rooftop losses (for an annual churn of 3.1 %) and ended the year with a total of 341 active installed dealership rooftops. The primary reason for any rooftop losses (or churn) is that our dealership customers can be acquired by dealer groups and the group may already be using a competitor's system. In FY2016, Quorum had 27 new rooftop installations, however, new installation one-time revenue declined in FY2017 because of Quorum's focus on SaaS support revenue with each new sale and because of increased competitive pressure on installation costs which drove down install prices in 2017.
- Sales Backlog – not all dealership rooftops sold in FY2017 were able to be installed during that year and Quorum had 23 sold dealership rooftops planned to be installed in FY2018 and Q1 FY2019 compared to 20 at the end of FY2016 that were installed in FY2017 and Q1 FY2018.
- Canadian and US Market – Quorum has continued to expand our Total Addressable Market (TAM) in Canada over the last five years. In order to increase our TAM, Quorum must complete multi-month projects with vehicle manufacturers (OEMs) to integrate to their systems. In FY2017, we completed two significant projects to allow future US market growth as follows:
 - In FY2017 we completed Ford US integration development and in February of 2018 we piloted our first Ford dealership in the US. The result is that Quorum can now sell our software to Ford dealerships in the US which increases our TAM in the US by 35%.
 - In Q4 FY2017 Quorum completed the “Platinum” certification under the GM US DTAP Service Lane program. Under this program the dealerships recover their training costs through the GM co-op funds. The dealerships also receive significant monthly incentives for utilizing Quorum's “Platinum” level certified inspection and quoting tools under the DTAP Service Lane program.

Quorum plans to continue to invest in significant projects in the US market to accelerate growth in this market. Additionally, we plan to further invest in manufacturer integration in both Canada and the US.

- Add-on revenue and Dealership Utilization - Quorum continues to enhance three high value components of our software - Communicator, VIP and Sales CRM. We track key dealership utilization metrics related to these areas in a Dealership Success Scorecard (shown below). Getting our dealerships to utilize these areas has the following benefits to Quorum:

- Drives training revenue – training visits were down 31% for FY2017 compared to FY2016. Training revenue represents 64% of Quorum’s total add-on revenue and add-on revenue was down 18% in FY2017 over FY2016. Training visits were down in FY2017 due to rule changes for specific provinces under the Canada Job Grant. Quorum has adjusted our quoting process and reset customer expectations to match the status of the province which should result in increased future training visits.
- Increased customer satisfaction and reference-ability of our customers.
- Core Revenue – Core revenue is comprised of support, add-on and new installations revenue. Transitions revenue pertains to conversion of dealerships to new server hardware and/or the latest version of Microsoft operating system and database software. Core revenue increased by 5% in FY2017 as compared to FY2016.

Dealership Success Scorecard²

<ul style="list-style-type: none"> - <u>Communicator</u> – Dealerships utilizing Communicator: 250 <ul style="list-style-type: none"> - Messages in FY2017: 10,179,463 - Year over year message growth: 146% - <u>M3 (VIP only)</u> – Dealerships utilizing VIP: 150 - Total FY2017 incremental Customer Pay revenue: \$103,587,869 <ul style="list-style-type: none"> - Year over year revenue growth: 51% - <u>Sales CRM</u> – Dealerships trained: 100 <ul style="list-style-type: none"> - Average Q4 FY2017 utilization of Sales CRM 66% - Total # of dealerships that have moved away from 3rd party CRM systems: 22

- Areas of the Dealer Scorecard
 - Communicator features text, email and instant message functionality that is integrated into the XSELLERATOR workflow.
 - Make More Money (“M3”) is an initiative which focuses on ten XSELLERATOR processes that drive incremental revenue into our dealership customers’ operations. Aggregate data from the Vehicle Inspection Process (“VIP”), which is just one of the ten M3 processes, is shown above.
 - Sales CRM - Quorum continues to make significant enhancements to sales Customer Relationship Management (CRM) features within XSELLERATOR.
- Customer Satisfaction metrics are as follows:
 - Each year we conduct Customer Satisfaction Index (“CSI”) surveys. The results of our Q3 FY2017 survey compared to our Q1 FY2017 survey showed strong customer satisfaction as follows:

² The numbers and dollar figures included in the Dealership Success Scorecard are based on dealership results.

- Q3 FY2017 reported 86% of dealer principals as “satisfied” or “very satisfied” and 96% of end users as “somewhat satisfied”, “satisfied” or “very satisfied” overall.
 - Q1 FY2017 reported 85% of dealer principals as “satisfied” or “very satisfied” and 98% of end users as “somewhat satisfied”, “satisfied” or “very satisfied” overall.
 - Our monthly Support Center CSI survey continues to report approximately 95% “very satisfied” with the service received from our support team.
- Employees – none of the Company’s accomplishments are possible without highly motivated, engaged people. Our sincere thanks to the people that drive Quorum. Every year we measure our staff engagement and we actively work towards improving our job satisfaction and engagement throughout the Company.

Other key financial results highlights for FY2017 are as follows:

- Gross revenue increased to \$12,744K in FY2017 from \$12,178K in FY2016, a 5% increase.
- Gross margin increased to \$6,510K in FY2017, from \$6,368K in FY2016, a 2% increase. Gross margin as a percentage of gross revenue decreased to 51% in FY2017 from 52% in FY2016.
- Earnings before interest, taxes, depreciation, amortization, stock-based compensation and foreign exchange (EBITDA) decreased to \$1,894K in FY2017 from \$1,917K in FY2016. EBITDA as a percent of gross revenue was 15% in FY2017, a slight decrease from 16% in FY2016. Increased gross margin was offset by:
 - Higher salaries and benefits expense due to increased staffing levels.
 - Increased general and administrative costs due to higher office rental expense and an increase in consulting services.
- Income before deferred income tax expense increased to \$1,500K for FY2017 compared to \$664K in FY2016 mainly due to an impairment reversal of \$937K.
- Net income decreased to \$474K for FY2017 compared to \$493K in FY2016. The increase in income before deferred income tax expense was offset by an increase in deferred income tax expense due to a reduction in the US Corporate Tax rate for 2018 and beyond.
- Net working capital at December 31, 2017 was \$5,154K with a current ratio of 4.86, compared to \$5,622K at December 31, 2016, with a current ratio of 5.42, a decrease of \$468K. The decrease in net working capital from the prior year is mainly due to the decrease in cash and offset by an increase in accounts receivable during FY2017. The decrease in cash was largely due to the \$875,000 in cash consideration paid for the acquisition of Autovance.

Quorum has generated seventeen consecutive quarters of revenue growth (over the prior year quarters) and we continue to increase our staffing levels in anticipation of future growth. Our strategy to focus on product

innovations, improving product utilization and superior levels of customer service has increased the market demand for our product and services.

Quorum has filed its 2017 consolidated financial statements and notes thereto as at and for the period ended December 31, 2017 and accompanying management's discussion and analysis in accordance with National Instrument 51-102 - Continuous Disclosure Obligations adopted by the Canadian securities regulatory authorities. Additional information about Quorum will be available on Quorum's SEDAR profile at www.sedar.com and Quorum's website at www.QuorumDMS.com.

Financial Highlights

	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Gross revenue	\$ 12,743,626	\$ 12,178,450	\$ 10,744,478
Direct costs	6,233,132	5,810,362	5,173,396
Gross margin	6,510,494	6,368,088	5,571,082
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1,894,463	1,916,765	1,716,184
Income before deferred income tax	1,499,537	663,709	593,586
Net income	474,411	493,059	451,714
Comprehensive income	382,525	448,886	709,727
Basic net income per share	\$ 0.0091	\$ 0.0096	\$ 0.0107
Fully diluted net income per share	\$ 0.0091	\$ 0.0096	\$ 0.0107
Weighted average number of common shares			
Basic	52,074,361	51,485,200	42,318,803
Diluted	52,074,361	51,485,200	42,318,803

About Quorum

Quorum is a North American company focused on developing, marketing, implementing and supporting its automotive dealership and customer management system, XSELLERATOR. Quorum offers the system to franchised, independent and some non-automotive dealerships in Canada and the United States. XSELLERATOR automates, integrates and streamlines every process across departments in a dealership. The system includes tools designed to maximize revenue opportunities for dealerships such as Customer Relationship Management and service inspection and quoting processes. Quorum is a Microsoft partner and XSELLERATOR is developed with modern mobile-enabled technology. Quorum Information Technologies Inc. is traded on the Toronto Venture

Exchange (TSX-V) under the symbol QIS and in 2016 was selected to the TSX Venture 50[®], an annual ranking of the strongest performing companies on the TSX Venture Exchange. For additional information, please go to www.QuorumDMS.com.

Forward-Looking Information

This press release contains 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. In particular, this press release includes forward-looking information relating to results of operations, plans and objectives, projected costs and business strategy. 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. These risks and uncertainties include but are not limited to the risks identified in Quorum's Management's Discussion and Analysis for the period ended December 31, 2017. Any forward-looking information is made as of the date hereof and, except as required by law, Quorum assumes no obligation to publicly update or revise such information to reflect new information, subsequent or otherwise.

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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