



For Immediate Release

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Quorum Announces Q2 FY2017 Results
Recurring SaaS support revenue increases 15% over Q2 FY2016

Calgary, AB, August 21, 2017 – 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 second quarter results.

Maury Marks, Quorum’s President and CEO provided the following comments on the Company’s Q2 FY2017 operational and financial results:

- Customer base – growth in our customer base is a key driver to revenue growth because it increases new installations revenue and recurring Software as a Service “SaaS” support revenue. In Q2

Revenue Type	Q2 2017	Q2 2016	Growth
Support revenue	\$2,463,888	\$2,140,660	15%
Add-on revenue	364,809	524,847	-30%
New installations revenue	283,332	342,176	-17%
Core revenue subtotal	3,112,029	3,007,683	3%
Transitions revenue	75,673	36,720	106%
Gross revenue	\$3,187,702	\$3,044,403	5%

FY2017 Quorum completed nine new rooftop installations and had four rooftop losses. The primary reason for losses continues to be from industry consolidation among dealer groups, where the new ownership group is utilizing competitor’s software. Our long-term plan is to have integration to all manufacturers where we become a viable option to the new ownership group and we become a net beneficiary of the industry consolidation taking place. Quorum had a quarterly churn of 1.2% and a trailing 12-month churn of 2.4%. Quorum ended the quarter with a total of 336 active installed dealership rooftops. The nine installations in Q2 FY2017 were smaller in size than the installations in Q2 FY2016 and therefore new installations revenue decreased by 17%.

- Recurring SaaS support revenue for Q2 FY2017 increased by 15% over Q2 FY2016 and represented 77% of total revenue for Q2 FY2017. In Q2 FY2016 recurring SaaS support revenue increased by 11% over Q2 FY2015 and represented 70% of total revenue for Q2 FY2016. Increases in support revenue are driven by:
 - o Increasing dealership rooftop counts,

- Add-on revenue that includes a recurring charge (for example; XSELLERATOR user licenses), and
- Recurring revenues from sales of integrated 3rd party products, especially those that are part of our integrated end-to-end business process strategy.
- To further explain, Quorum has strategically always focused on providing an integrated end-to-end business process for automotive dealerships.
 - To fully realize on this strategy we have learned that we need to work with strategic 3rd party companies that share our integrated vision, that allow Quorum to be a reseller of their product, and that add significant value to our customers. As examples, we previously announced partnerships with Autovance and Warranty Finder.
 - From a dealership's perspective, dealers are paying for multiple, non or partially integrated solutions and if Quorum, with strategic partners, can deliver one integrated solution, it solves a significant problem for the dealer and dramatically improves their efficiency.
 - From a shareholder's perspective, dealerships are already paying for these 3rd party products. If Quorum can deliver more value with truly integrated 3rd parties, with good reseller arrangements, Quorum can translate this into growth in our revenue and margins.
- Add-on revenue to existing customers decreased because we conducted fewer on-site training visits in Q2 FY2017 compared to Q2 FY2016, however, Add-on revenue did increase over Q1 FY2017 by 19%. In the western provinces, approvals for the Canada Job Grant were delayed by government departments, resulting in dealerships putting their training plans on hold pending their Canada Job Grant approval.
- 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 3% in Q2 FY2017 vs Q2 FY2016.
- Sales Backlog – not all dealership rooftops sold in Q1 & Q2 FY2017 were able to be installed by June 30, 2017 and Quorum has 15 sold dealership rooftops that plan to be installed later in FY2017 and in FY2018.
- Total Addressable Market (TAM) – in order to increase our TAM, Quorum must complete multi-month projects with vehicle manufacturers (OEMs) to integrate to their systems. In December of FY2016 we piloted our first Nissan dealership in Canada and through Q1 & Q2 FY2017 we continue to work with Nissan to allow our system to be available to Nissan US dealerships.
- Dealership Utilization - Quorum continues to enhance Communicator, VIP and Sales CRM and we track key dealership utilization metrics related to these areas in a Dealership Success Scorecard

below. Getting our dealerships to utilize these areas increases Add-on revenue, customer satisfaction and reference-ability of our customers.

Dealership Success Scorecard¹

<p style="text-align: center;"><u>Communicator</u> – Dealerships utilizing Communicator: 235 Messages in Q2 FY2017: 2,762,977 Year over year message growth: 158%</p> <p style="text-align: center;"><u>M3 (VIP only)</u> – Dealerships utilizing VIP: 135 Total Q2 FY2017 incremental Customer Pay revenue: \$26,772,823 Q2 FY2017 average dealer monthly revenue \$66,106 Year over year quarterly revenue growth: 57%</p> <p style="text-align: center;"><u>Sales CRM</u> – Dealerships trained: 89 Average Q2 FY2017 utilization of Sales CRM 70% Total # of dealerships that have moved away from 3rd party CRM systems: 22</p>

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.
- Average Recurring Revenue per Rooftop (ARRPR) – this is an annual number that is calculated by taking the trailing twelve month revenues of the two core revenue streams, Support revenue and Add-on revenue, divided by the number of rooftops at the end of that period. For the trailing twelve month period ending June 30, 2017 the ARRPR was \$32,390, compared to \$30,849 for the trailing twelve month period ended June 30, 2016, a year over year increase of 5%.
- Customer Satisfaction metrics are as follows:

¹ The numbers and dollar figures included in the Dealership Success Scorecard are based on dealership results.

- Each year we conduct one Customer Satisfaction Index (“CSI”) surveys. The results, based on the last survey results which were in Q1 FY2017 compared to the average 2016, were as follows:
 - Q1 FY2017 reported 85% of dealer principals as “satisfied” or “very satisfied” and 94% of end users as “satisfied” or “very satisfied” overall.
 - 2016 reported 87% of dealer principals as “satisfied” or “very satisfied” and 86% of end users as “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 Q2 FY2017 are as follows:

- Gross margin increased to \$1,682K in Q2 FY2017 from \$1,607K in Q2 FY2016, a 5% increase. Gross margin as a percentage of gross revenue was 53%.
- Earnings before interest, taxes, depreciation, amortization, stock-based compensation and foreign exchange (EBITDA) increased to \$554K in Q2 FY2017 from \$436K in Q2 FY2016. The increase was mainly due to an increase in revenue and a decrease in sales and marketing expense, offset by an increase in salaries and benefits expense. Q2 FY2016 included expenses associated with the 2016 National Automobile Dealers Association (“NADA”) convention, which was held from April 1-3, 2016. The 2017 NADA convention was held from January 26-29, 2017. The one-time cost of NADA was \$nil during Q2 FY2017 as compared to \$127K during Q2 FY2016.
- Income before deferred income tax expense was \$259K in Q2 FY2017 compared to \$180K in Q2 FY2016.
- Comprehensive income increased to \$218K in Q2 FY2017 from \$179K in Q2 FY2016.
- Net working capital at June 30, 2017 was \$5,813K with a current ratio of 5.41, compared to \$5,622K at December 31, 2016, with a current ratio of 5.42, an increase of \$191K.

Quorum has seen fifteen 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 Q2 2017 consolidated financial statements and notes thereto as at and for the period ended June 30, 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

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	Q2 Ended June 30, 2017	Q2 Ended June 30, 2016	Q1 Ended March 31, 2017	Q1 Ended March 31, 2016
Gross revenue	\$6,459,689	\$5,991,602	\$3,187,702	\$3,044,403	\$3,271,987	\$2,947,199
Direct costs	3,073,402	2,870,002	1,505,301	1,436,926	1,568,101	1,433,076
Gross margin	3,386,287	3,121,600	1,682,401	1,607,477	1,703,886	1,514,123
Earnings before interest, taxes, depreciation and amortization (EBITDA)	923,116	945,793	553,847	435,999	369,269	509,794
Income before deferred income tax expense	335,622	431,056	258,829	179,963	76,793	251,093
Net income	308,853	302,929	266,212	174,234	42,641	128,695
Comprehensive income	249,868	186,471	217,681	178,649	32,187	7,822
Basic income per share	\$ 0.0059	\$ 0.0059	\$ 0.0051	\$ 0.0034	\$ 0.0008	\$ 0.0025
Fully diluted income per share	\$ 0.0059	\$ 0.0059	\$ 0.0051	\$ 0.0034	\$ 0.0008	\$ 0.0025
Weighted average number of common shares						
Basic	52,045,594	51,296,294	52,045,594	51,296,294	52,045,594	51,296,294
Diluted	52,045,594	51,296,294	52,045,594	51,296,294	52,045,594	51,296,294

A conference call has been scheduled for Tuesday, August 22, 2017, beginning at 11:00 a.m. MT (13:00 p.m. ET). Anyone wishing to participate in the call is asked to dial-in using the following numbers and ask for the Quorum Information Technologies Inc. First Quarter 2017 Results Conference Call.

Local: 1 (403) 451-9838

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

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 June 30, 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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