



For Immediate Release

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Quorum Announces Q3 FY2017 Results
Recurring SaaS support revenue increases 15% over Q3 FY2016

Calgary, AB, November 16, 2017 – Quorum Information Technologies Inc., a leading provider of dealership and customer management software and value-added services to the automotive industry, released its 2017 third quarter results today.

Maury Marks, Quorum’s President and CEO provided the following comments on the Company’s Q3 FY2017 operational and financial results:

- **Recurring Software as a Service “SaaS” support revenue increased by 15% in Q3 FY2017 compared to Q3 FY2016 and represented 83% of Quorum’s total revenue for Q3 FY2017. Increases in support revenue are driven by:**

Revenue Type	Q3 2017	Q3 2016	Growth
Support revenue	\$2,560,594	\$ 2,217,010	15%
Add-on revenue	307,508	403,585	-24%
New installations revenue	201,756	389,359	-48%
Core revenue subtotal	3,069,858	3,009,954	2%
Transitions revenue	-	49,169	-100%
Gross revenue	\$3,069,858	\$ 3,059,123	0.4%

- o Additional support revenue for new dealership rooftops (net of losses),
- o Add-on revenue that includes a recurring support charge (for example; XSELLERATOR user licenses, eQUIP web training subscriptions and annual support price increases),
- o Recurring support revenues from Quorum-developed products such as Communicator
- o Recurring support revenues from sales of 3rd party products, especially those that are part of our integrated end-to-end business process strategy, and
- o Consolidated recurring support revenue from the September 1, 2017 acquisition of Autovance. Included in support revenue for Q3 FY2017 is Autovance’s September 2017 monthly support revenue of \$26K for non-Quorum customers. Including charges to Quorum, Autovance’s total support revenue for their 151 customers for September 2017 was \$40K. Additionally, for comparative purposes, Quorum charged our 60 customers that use Autovance \$23K in support revenue for September 2017.

- To further explain, Quorum has always strategically focused on providing an integrated end-to-end business process for automotive dealerships.
 - o To fully realize on this strategy we have learned that we need to work with select 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 and recently announced a new partnership with AutoTextDriver. The partnership with Autovance and the integration of their web-based desking product was a very strategic fit for Quorum and our customers and that partnership ultimately led to the acquisition.
 - o 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 improves their efficiency.
 - o 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 attractive reseller arrangements, Quorum can translate this into growth in our recurring revenue and margins.
- Customer base – In Q3 FY2017 Quorum completed three new rooftop installations and had one rooftop loss. Quorum had a quarterly churn of 0.3% and a trailing 12-month churn of 2.7%. The primary reason for losses continues to be from industry consolidation among dealer groups, where the new ownership group is already utilizing a competitor's software in its other dealerships. Our long-term plan is to have integration to all manufacturers where we become a viable option for virtually all dealer groups and, thus, become the beneficiary of such industry consolidation more often. Quorum ended the quarter with a total of 338 active installed dealership rooftops. New install revenue decreased by 48% because the three Q3 FY2017 installs were smaller in size as compared to the four Q3 FY2016 installs.
- Sales Backlog – not all dealership rooftops sold in FY2017 were able to be installed by September 30, 2017 and **Quorum has 18 sold dealership rooftops that plan to be installed in future quarters.**
- 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 2017, we have **worked with both Nissan to allow our system to be available to Nissan US dealerships and Ford to allow our system to be available to Ford US dealerships.**
- On-Site training accounts for 60% of our add-on revenue and the remainder of add-on revenue is a result of up-front charges for items like network options, XSELLERATOR user licenses, and integrated 3rd party products. Add-on revenue decreased because we conducted fewer on-site training visits in Q3 FY2017 compared to Q3 FY2016. Training is key to Quorum's success because it drives

increased Dealership Success Scorecard metrics, results in increased customer satisfaction and reference-ability of our customers. For Q3 FY2017 we:

- Continued to experience delays or rule changes for specific provinces for the Canada Job Grant, resulting in dealerships putting their training plans on hold pending their Canada Job Grant approval. For Q4 FY2017, we have adjusted our quoting process and reset customer expectations to match the status of the province which should result in increased future training visits.
- Completed the on-site setup and training for five GM US pilot dealerships under the GM 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. This is an exciting opportunity because once final approval is received by GM, Quorum's "Platinum" certified tools and GM's financial incentives should drive significant training and support revenue.

- 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:
 - 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.

- 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

Communicator – Dealerships utilizing Communicator: 240

Messages in Q3 FY2017: 2,622,916

Year over year quarterly message growth: 159%

M3 (VIP only) – Dealerships utilizing VIP: 145

Total Q3 FY2017 incremental Customer Pay revenue: \$27,361,117

Q3 FY2017 average dealer monthly revenue \$62,899

Year over year quarterly revenue growth: 56%

Sales CRM – Dealerships trained: 95

Average Q3 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.
- 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 Q3 FY2017 are as follows:

- Gross revenue increased to \$3,070K in Q3 FY2017 from \$3,059K in Q3 FY2016.
- Gross margin decreased to \$1,462K in Q3 FY2017 from \$1,586K in Q3 FY2016. Gross margin as a percentage of gross revenue decreased to 48% from 52% due to increased staff levels that were underutilized during the quarter because there were fewer new installations and fewer training visits than planned.
- Earnings before interest, taxes, depreciation, amortization, stock-based compensation and foreign exchange (EBITDA) decreased to \$478K in Q3 FY2017 from \$582K in Q3 FY2016. The decrease was mainly due to an increase in cost of goods sold and general and administrative expenses, offset by a decrease in indirect salaries and benefits expense.

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

- Income before deferred income tax expense was \$175K in Q3 FY2017 compared to \$224K in Q3 FY2016.
- Including cash of \$4,268K, total net working capital at September 30, 2017 was \$4,989K with a current ratio of 4.76, compared to \$5,622K at December 31, 2016, with a current ratio of 5.42, a decrease of \$633K. The decrease is largely due to the \$875K in cash consideration paid for the acquisition of Autovance (for more information on the Autovance transaction please see Note 3 to the financial statements).

Quorum has seen sixteen consecutive quarters of revenue growth (over the prior year quarters). In this quarter we had smaller growth, however, the fundamentals behind future revenue growth are still very strong as follows:

- Our SaaS based recurring revenue continued to grow, and by an impressive 15% in Q3 2017 year over year.
- Our pipeline has 18 sold rooftops that will be installed in future quarters.
- Our dealership 12 month churn is low at 2.7% and the primary reason for any churn is industry consolidation.
- We continue to sign new 3rd party partnership deals and dealers continue to utilize more of our existing 3rd party partners.
- The Dealer Success Scorecard continues to show improving results, which indicates higher utilization of critical areas of XSellerator by our customers.
- Dealership customers' satisfaction remains high.
- We continue to increase our total addressable market with new OEM integration planned in the US with both Nissan and Ford and with continue certifications for added integration like our GM "Platinum" Service Lane certification for our VIP and quoting process.

Quorum has filed its Q3 2017 consolidated financial statements and notes thereto as at and for the period ended September 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

	Nine Months Ended Sept 30, 2017	Nine Months Ended Sept 30, 2016	Q3 Ended Sept 30, 2017	Q3 Ended Sept 30, 2016	Q2 Ended June 30, 2017	Q2 Ended June 30, 2016	Q1 Ended March 31, 2017	Q1 Ended March 31, 2016
Gross revenue	\$9,529,547	\$9,050,725	\$3,069,858	\$3,059,123	\$3,187,702	\$3,044,403	\$3,271,987	\$2,947,199
Direct costs	4,681,630	4,343,503	1,608,228	1,473,501	1,505,301	1,436,926	1,568,101	1,433,076
Gross margin	4,847,917	4,707,222	1,461,630	1,585,622	1,682,401	1,607,477	1,703,886	1,514,123
Earnings before interest, taxes, depreciation and amortization (EBITDA)	1,400,783	1,527,806	477,667	582,013	553,847	435,999	369,269	509,794
Income before deferred income tax expense	510,690	655,540	175,068	224,484	258,829	179,963	76,793	251,093
Net income	408,633	363,069	99,780	60,140	266,212	174,234	42,641	128,695
Comprehensive income	302,636	288,091	52,768	101,620	217,681	178,649	32,187	7,822
Basic income per share	\$ 0.0079	\$ 0.0071	\$ 0.0019	\$ 0.0012	\$ 0.0051	\$ 0.0034	\$ 0.0008	\$ 0.0025
Fully diluted income per share	\$ 0.0079	\$ 0.0071	\$ 0.0019	\$ 0.0012	\$ 0.0051	\$ 0.0034	\$ 0.0008	\$ 0.0025
Weighted average number of common shares								
Basic	52,045,594	51,454,611	52,045,594	51,454,611	52,045,594	51,296,294	52,045,594	51,296,294
Diluted	52,045,594	51,454,611	52,045,594	51,454,611	52,045,594	51,296,294	52,045,594	51,296,294

A conference call has been scheduled for Friday, November 17, 2017, beginning at 8:00 a.m. MT (10:00 a.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. Third 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 September 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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