



**TSX Venture: QIS**

# **Annual General Meeting**

**August 25, 2017**

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# What We Do

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- Quorum Information Technologies Inc. develops, markets, sells (SaaS pricing model), implements and supports its proprietary enterprise management software solution for auto dealerships called XSELLERATOR™.
- XSELLERATOR is a comprehensive dealership and customer management solution (DMS) that automates, integrates and streamlines every department in a dealership.
- Quorum continues to grow market share installing XSELLERATOR in auto dealerships across North America.



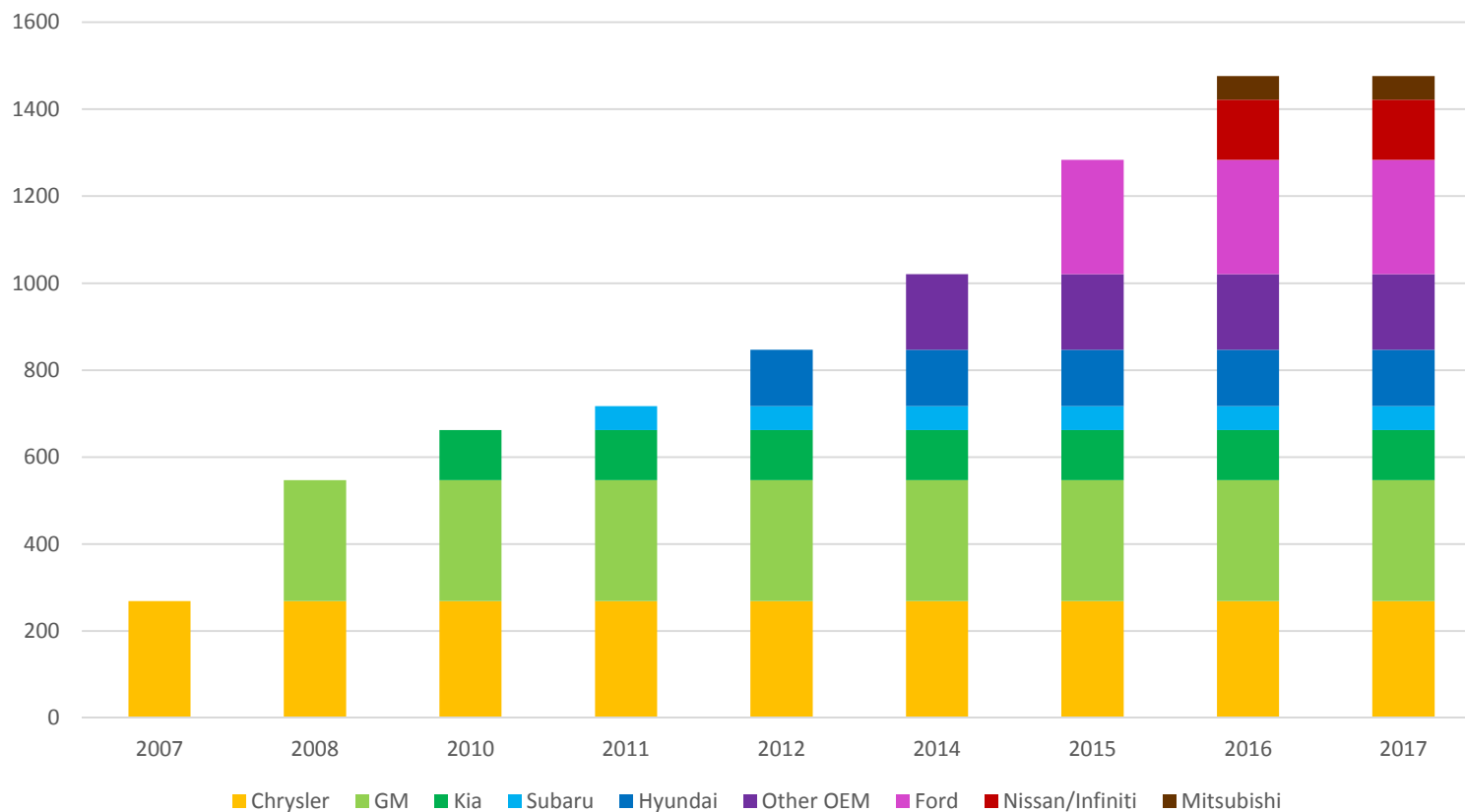
# About Quorum

- Canadian company with over 18 years of experience providing auto dealer management systems (DMS).
- Four member executive team brings over 80 years of technology and auto industry experience and our Board members represent another 130 years experience.
- 115 employees, 112 in Canada, 3 employees in the US (13% in Sales and Marketing; 20% in Service Delivery; 30% in Development, 30% in Support, 7% in Corporate).
- XSELLERATOR is installed in **336 dealership rooftops** (to end of Q2 2017) across North America (78% CAN; 22% USA).
- Dealership **OEM franchises** supported include:

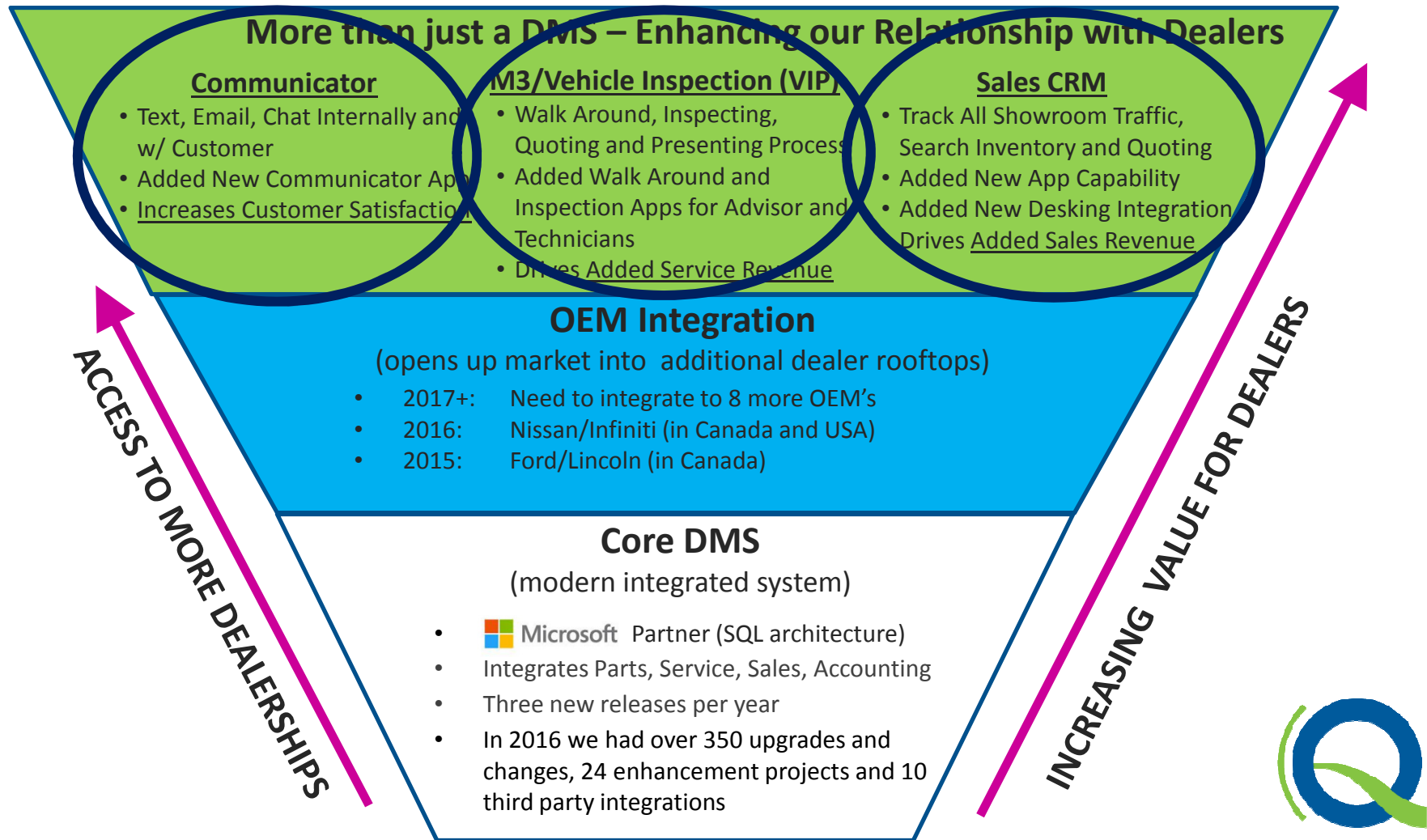


# Canadian TAM Expansion

On-going strategic integration with additional OEMs has expanded TAM by **449% from 269 to 1476 rooftops.**



# XSELLERATOR: Expanding Value



# Accelerating Install and Support Revenue

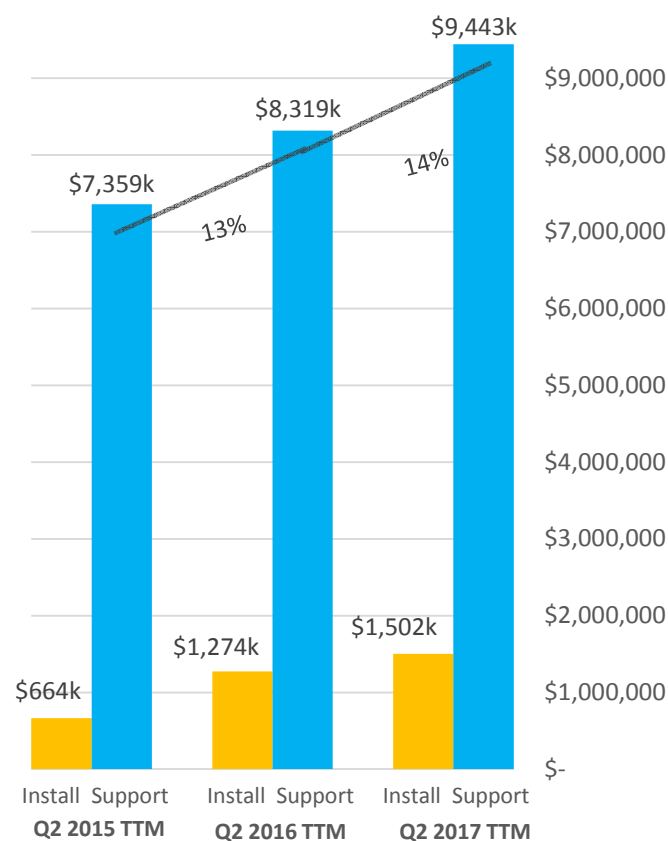
## TWO REVENUE COMPONENTS:

### NEW INSTALL REVENUE

- One time charge driven by size of dealership
- Q2 2017 Average New Install Revenue: \$46,500
- Q1 2017 Average New Install Revenue: \$42,000
- 2017 YTD New Installs: 18
- Q2 2017 TTM Y/Y Growth: 18%
- Q2 2016 TTM Y/Y Growth: 92%

### RECURRING SUPPORT REVENUE

- SaaS pricing model
- Dealership churn 1.2% in Q2 2017 and 2.4% TTM
- Q2 2017 Average New Monthly Support Revenue: \$2,924/month
- Q1 2017 Average New Monthly Support Revenue: \$2,380/month
- Q2 2017 TTM Y/Y Growth: 14%
- Q2 2016 TTM Y/Y Growth: 13%



# Support Revenue: Third Party Products

- As part of our **integrated end-to-end business process strategy**, Quorum is selecting specific third party vendors to help us collectively provide a complete solution to dealerships. We recently added solutions in the areas of:

## **Third Party Warranty**

- 4 dealership rooftops sold in Q2 2017 for a total of 64 at an average of \$299 per month
- Available market of 120 rooftops

## **Third Party Desking**

- 9 dealership rooftops sold in Q2 2017 for a total of 50 at an average of \$395 per month
- Available market of 194 rooftops

- In addition, we replaced Microsoft Lync with a Quorum developed solution so that the money dealers paid to Microsoft is now paid to Quorum:

## **Communicator**

- 14 dealership rooftops sold in Q2 2017 for a total of 75 at an average of \$115 per month
- Available market of 336 rooftops





# Acquisition of Autovance Technologies

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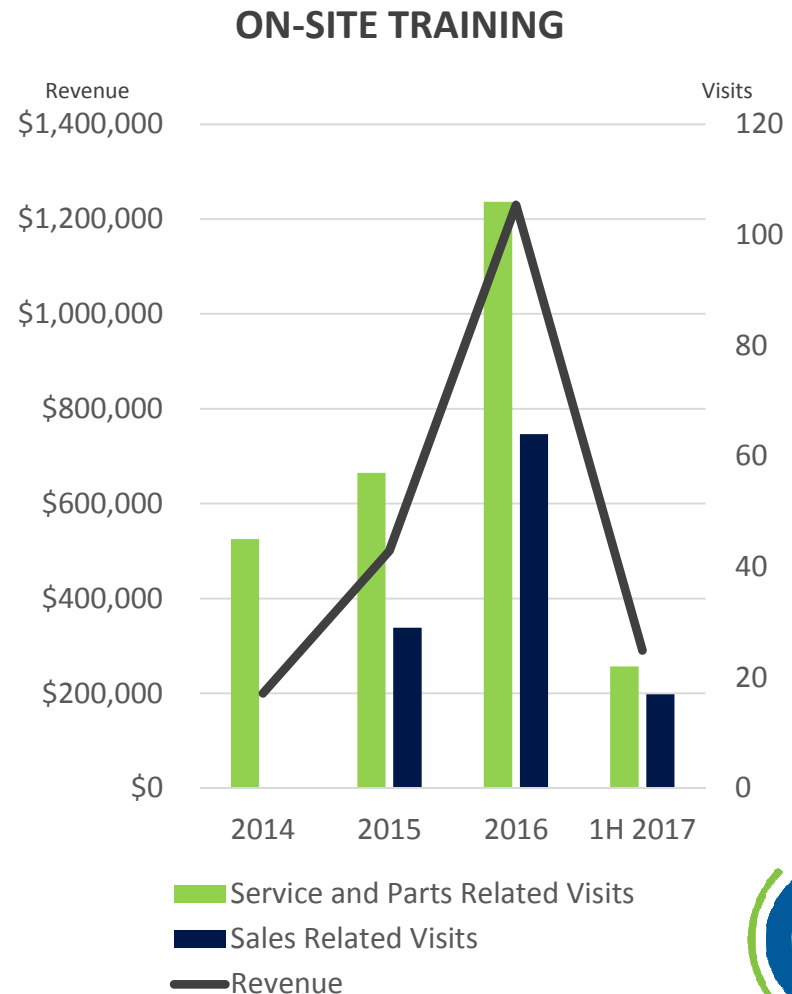
On August 22, 2017 (Close Date of September 1<sup>st</sup>) Quorum announced an Agreement to acquire the shares of Autovance Technologies:

- Autovance develops an unparalleled Desking product for the Canadian market
- 63 of 148 automotive dealerships utilizing Autovance are Quorum's dealerships
- Acquisition supports Quorum's strategic integrated end-to-end business process direction for its dealership customers
- Strong Autovance product and growth path in place in Canada and the US
- Rick Johnston, President and Founder, will join Quorum senior management



# Add-On Revenue: On-Site Training

- Our “More than a DMS” product strategy drives the need for Dealerships to continuously train on Sales CRM, VIP and Communicator.
- On-Site Training also increases customer satisfaction and reference quality.
- On-Site Training was 38% of Add-On Revenue in Q2 2017 and 49% in Q2 2017. The Q2 decrease is attributed to fewer training visits made due to a delay in distribution of Canada job grants to those dealers applying them to their training programs.
- Other Add-On Revenue comes from XSELLERATOR Licenses, Forms and the QStore (online catalogue).



# GM DTAP Service Lane Certification

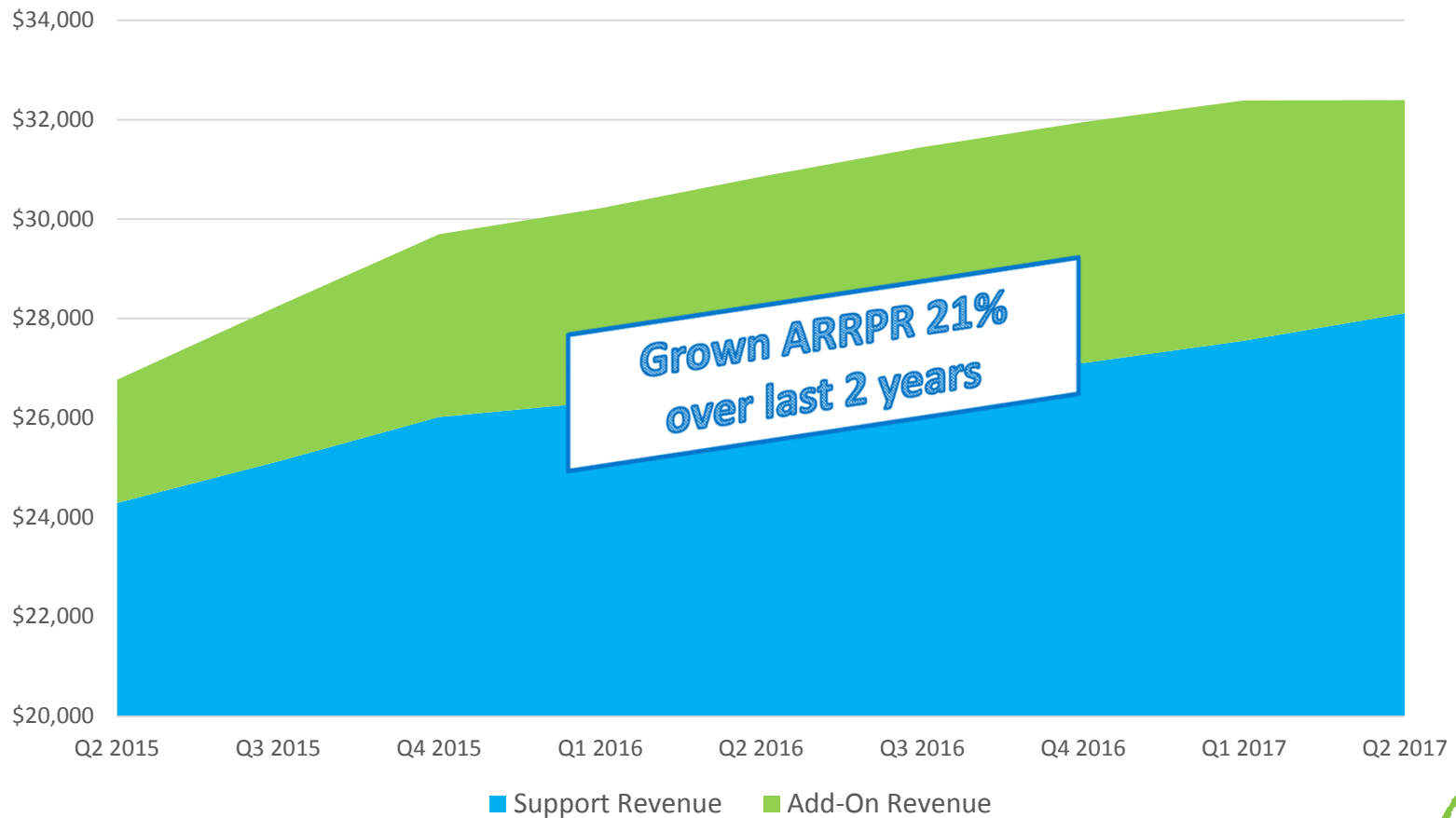
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On August 24, 2017 Quorum announced **XSELLERATOR VIP certified at “Platinum” level for use by GM dealerships:**

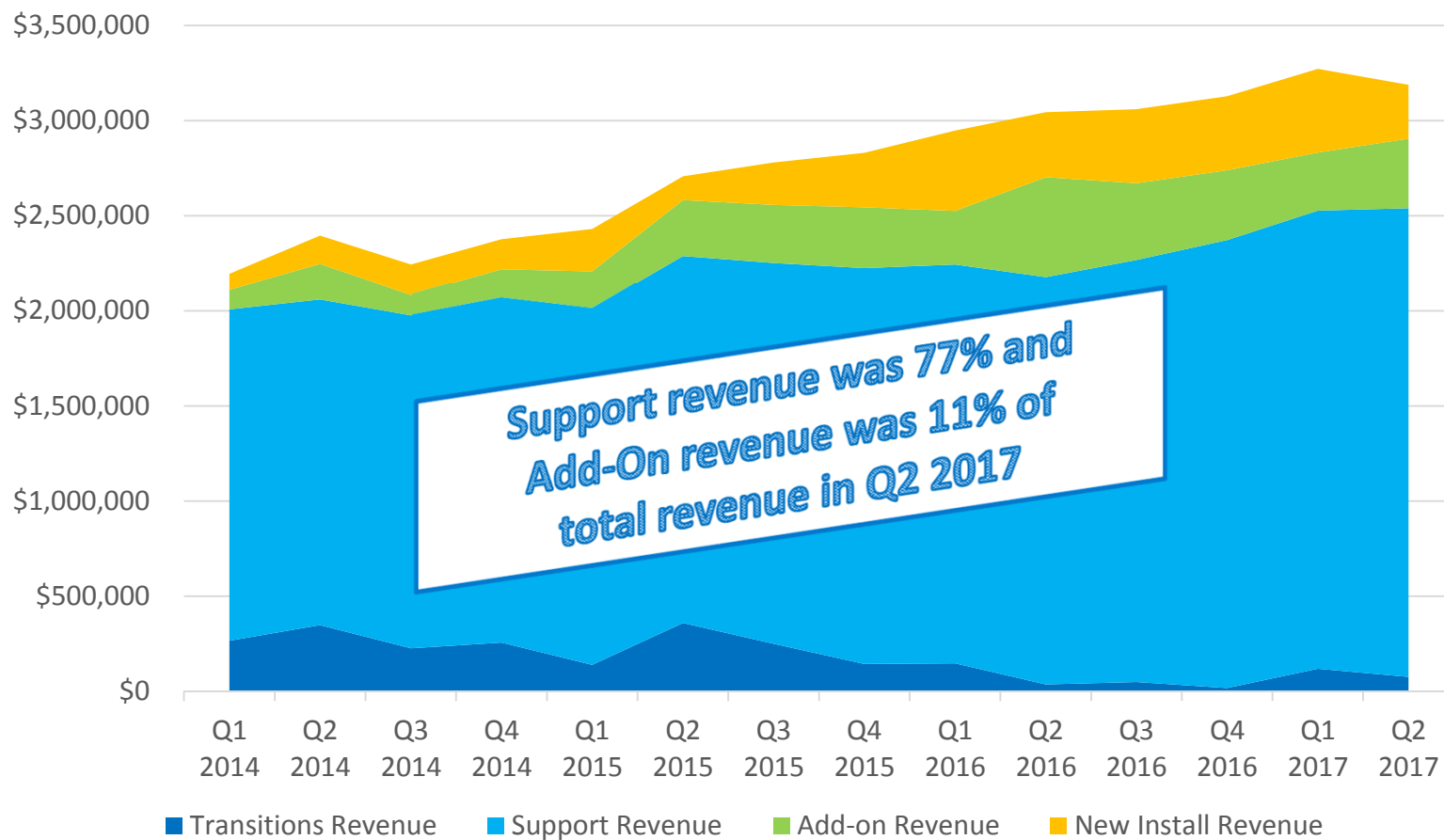
- General Motors recommends Quorum’s service lane tools and integration with GM’s Service Workbench for its dealerships
- XSELLERATOR is only one in four DMS systems certified at this level
- GM currently offering incentives to its dealerships in the US for using these tools
- Currently the initial set-up cost is eligible for reimbursement under the GM IMR program for its dealerships
- GM also offering an additional monthly cash incentive for adoption and use of Quorum’s tools
- Quorum will benefit as dealerships take advantage of these tools



# Average Recurring Revenue per Rooftop (ARRPR)

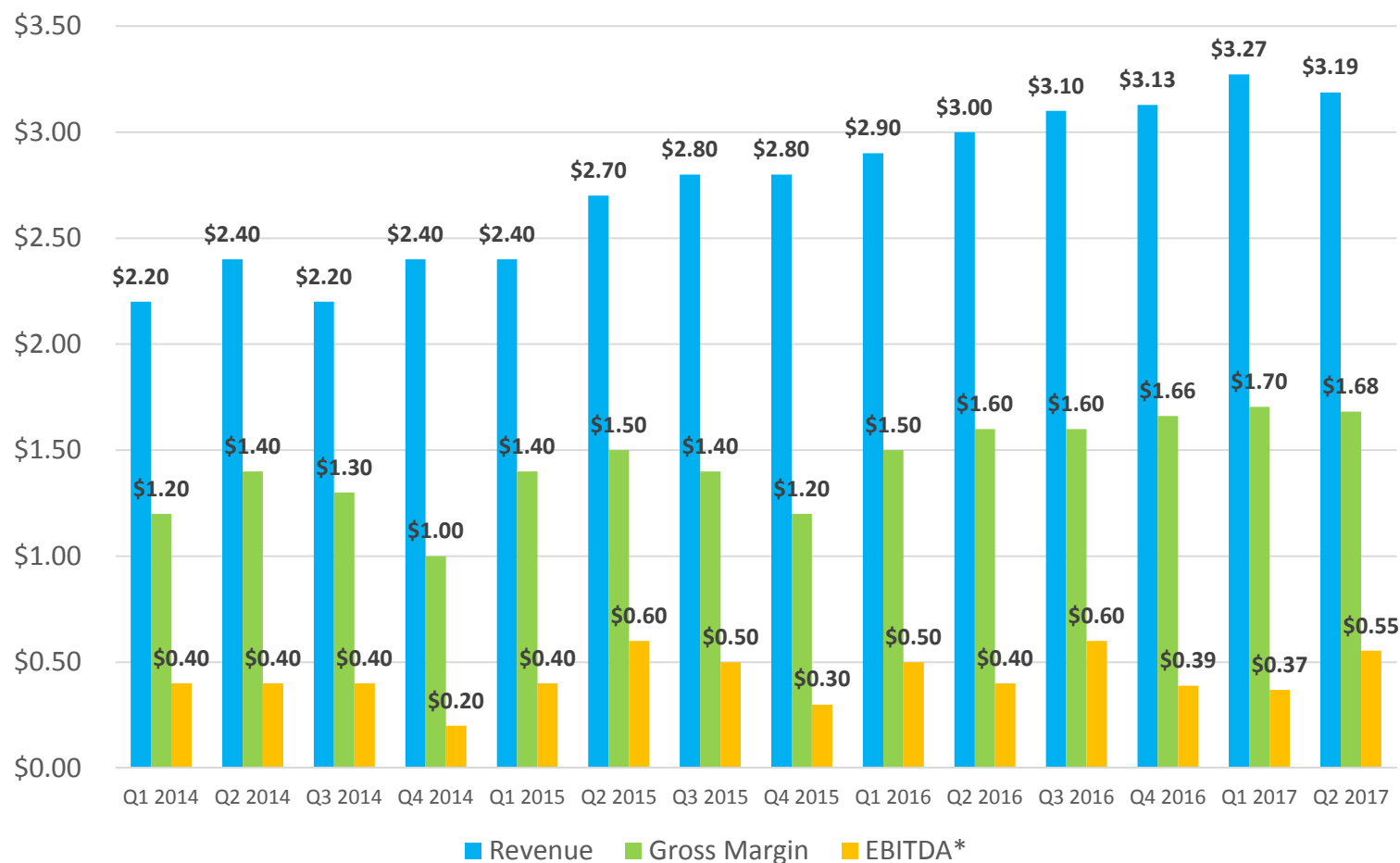


# All Revenues by Quarter



# Revenue, Gross Margin and EBITDA

All figures are in Canadian dollars, \$000,000s.



\*EBITDA refers to earnings before interest, taxes, depreciation, amortization, foreign exchange gains and losses and stock-based compensation.



# Strategic Plan

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- **Short-Term (2017)**
  - Grow revenue with minimum 10% revenue (year over year) growth target.
  - Increase installation capacity.
  - Expand current solution through partnerships/ & developing functionality to provide a single end to end business process (continue to grow ARRPR).
  - Grow Canadian TAM market (integration dependent on OEM preparedness – if Canadian OEM are not ready in 2017 we will expand existing Canadian OEM integration into the US).
- **Mid-Term (2 to 3 years)**
  - Grow revenue with a minimum 10% revenue (year over year) growth target and strengthen gross margin and EBITDA.
  - Increase installation capacity.
  - Continue to improve on end-to-end business process and grow ARRPR.
  - Grow Canadian TAM - finish 3 more core Canadian OEMs (Honda, VW, Mazda, BMW and Mercedes) and 2 US OEMs.
  - Start to expand sales in the US with a focus on specific US states.





**TSX Venture: QIS**

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