QUORUM

THIRD QUARTER REPORT

2023

QuorumInformationSystems.com

Our Product Vision

To modernize how the automotive industry delivers an exceptional consumer experience through innovative technology and services that drives our customers' profitability.

Our Mission

By providing a complete suite of seamlessly integrated products and services to our customers, we deliver innovative solutions that close the gap between consumer and industry needs.

Our Values

Integrity & Transparency

Operating with integrity, accountability & transparency in everything we do.

Wellbeing & Success

Promoting employee health and wellbeing and fostering growth.

Quality & Efficiency

Executing with a balance of quality and speed to continually deliver value for our stakeholders.

Innovation & Improvement

Focusing on continuous improvement and innovation.

Support & Teamwork

Consistently nurturing and encouraging collaborative relationships and providing support where needed.

Caring & Commitment

Maintaining an unwavering commitment to customer success and providing an exceptional customer experience.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

November 29, 2023

Basis of Presentation

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of the Corporation's consolidated results of operations and financial condition. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Corporation and the notes thereto for the periods ended September 30, 2023 and 2022. Comparisons made to prior periods are to the corresponding period in the preceding year unless otherwise indicated.

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; cross selling initiatives across Quorum's customer base; estimates of return on assets and Adjusted EBITDA[1]; improvements in gross margins, operating margins, and Adjusted Cash Income[2]; 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 statements; the effect of acquisitions on the Corporation including the effect of the VINN acquisition; the effect of the BDC Capital facility; the effect of the conflicts in Ukraine, Israel and Gaza 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) market availability of new and used vehicles and vehicle replacement parts; (iv) consumer vehicle trade-in and vehicle purchasing drivers and behaviour; (v) schedules and timing of certain projects and Quorum's strategy for growth; (vi) Quorum's future operating and financial results; and (vii) treatment under governmental regulatory regimes and tax and other laws. The forward-

[1] Adjusted EBITDA (non-GAAP) – Net income (loss) before interest and financing costs, taxes, depreciation, amortization, stock-based compensation, foreign exchange gains and losses, one-time acquisition-related expenses and restructuring expenses.
[2] Adjusted Cash Income (non-GAAP) – Adjusted EBITDA less capitalized salaries and overhead.

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 new 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.

Key Performance Indicators and Non-GAAP Measures

The accompanying unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain supplementary information in this MD&A do not have any standardized meaning as prescribed by IFRS and are therefore considered non-GAAP measures. These measures, which are derived from information reported in the Corporation's financial statements, may not be comparable to similar measures presented by other companies and are provided where management believes they assist the reader in understanding Quorum's results. These measures are calculated by Quorum on a consistent basis unless otherwise specifically explained.

The table below summarizes the most relevant key performance indicators and these non-GAAP measures.

Growth	• Software as a Service ("SaaS") revenue, year-over-year growth rate and % of revenue - SaaS revenue includes all recurring subscription and support fees from dealership customers. Each month, every active dealership rooftop that utilizes Quorum DMS, Autovance Desk, Menu and MyDeal, DealerMine CRM, Accessible Accessories, and VINN receives an invoice that covers charges for support services. • Business Development Centre ("BDC") revenue, year-over-year growth rate and % of revenue – DealerMine provides, on a subscription basis, a cloud-based solution that drives revenue into the critical service departments in a dealership. *Management believes disclosing both SaaS and BDC revenue is useful to investors as it best reflects the performance of its activities and allows for better comparability from period to period as well as to trend analysis.* • Annual recurring revenue (non-GAAP) – current reported quarter revenue multiplied by four for both SaaS and BDC revenue. • Monthly recurring revenue per unit ("MRRPU") (non-GAAP) – current reported quarter SaaS revenue, divided by three and divided by the number of dealership rooftops at the end of the quarter. *Management believes annual recurring revenue and monthly recurring revenue per unit provide a good measure of determining performance of the Corporation.* • Dealer count ("rooftops") – period end rooftops for both Canada and the United States. *Management believes this metric provides a good measure of the growth of the Corporation.*
Profitability	• Gross margin – revenue less cost of revenue, which includes costs directly related to the activities from which the Corporation generates revenue. *Management believes this metric provides a good measure of profitability with respect to SaaS and BDC revenue.* • Adjusted Net Loss ("ANL") (non-GAAP) – Net income (loss) before impairment and gain on bargain purchase. • Adjusted EBITDA (non-GAAP) – Net income (loss) before interest and financing costs, taxes, depreciation, amortization, stock-based compensation, foreign exchange gains and losses, one-time acquisition-related expenses and restructuring expenses. • Adjusted Cash Income ("ACI") (non-GAAP) – Adjusted EBITDA less capitalized salaries and overhead. *Management believes ANL, Adjusted EBITDA and ACI are useful to investors as they best reflect the performance of the Corporation's activities and allow for better comparability from period to period. A reconciliation of Adjusted EBITDA and ACI to its closest IFRS measure can be found in section 4 (iv) of the present document.*
Liquidity and Financial Resources	• Net debt (non-GAAP) – total debt less cash. • Net debt/Adjusted EBITDA (non-GAAP) – net debt divided by Last Twelve Months ("LTM") Adjusted EBITDA. *Management uses the net debt and net debt/adjusted EBITDA metrics to monitor the Corporation's financial leverage and believes that this metric is useful to investors as it provides insight into its financial strength.*

MD&A Objectives and Contents

In this document, the Corporation:

- Provides a narrative explanation of the unaudited condensed interim consolidated financial statements through the eyes of management;
- Provides the context within which the unaudited condensed interim consolidated financial statements should be analyzed, by giving enhanced disclosure about the dynamics and trends of the Corporation's business; and
- Provides information to assist the reader in ascertaining the likelihood that past performance may be indicative of future performance.

In order to achieve these objectives, this MD&A is presented in the following main sections:

Section	Contents
1. Corporate Overview	(i) About Quorum and Total Available Market (ii) Growth Opportunities (iii) Financing
2. Highlights and Key Performance Indicators	(i) Q3 2023 Financial Highlights (ii) Selected Quarterly Information and Key Performance Indicators (iii) Stock Performance
3. Summary of Quarterly Results	A summary of the past eight quarters' results and key performance indicators
4. Third Quarter Results	(i) Operating Results (ii) Revenue and Gross Margin (iii) Operating Expenses (iv) Net Loss, Adjusted EBITDA, Adjusted Cash Income and Net Loss per Share
5. Year-to-Date Results	(i) Operating Results (ii) Revenue and Gross Margin (iii) Operating Expenses (iv) Net Loss, Adjusted Net Loss, Adjusted EBITDA, Adjusted Cash Income and Net Loss per Share
6. Liquidity and Financial Resources	(i) Cash Flows (ii) Net Working Capital (iii) Capitalization and Amortization (iv) Long-term Debt and Loan Receivable (v) Government Grants and Assistance (vi) Share Capital (vii) Material Contracts & Commitments
7. Significant Accounting Estimates and Judgments	A discussion of critical accounting estimates made in the preparation of the unaudited condensed consolidated financial statements
8. Future Accounting Pronouncements	A summary of proposed accounting standard changes which may affect Quorum
9. Risk Environment	(i) Risks and Uncertainties (ii) Legal proceedings

Corporate Overview

About Quorum and Total Available Market

Quorum offers innovative and robust technology solutions and services to traditional and electric vehicle dealerships and Original Equipment Manufacturers ("OEM") across North America. The total North American franchised dealership market value for software solutions is $6.0 billion annually[3]. A key problem for dealerships is that they typically use many disparate solutions across 25 categories of software solutions and 700 vendors' software[3] within those categories to run their business. Quorum's solutions help solve this major problem. Quorum's integrated product suite drives efficiencies into the dealership, leverages a single enterprise reporting solution, and provides measurable Return on Investment ("ROI") with the cost of Quorum's solution typically 50% less than competing disparate products. Dealerships typically start with a single product from Quorum's product suite and experience increased synergy and value as additional Quorum solutions are deployed to their dealerships. Quorum's product suite currently covers 13 of the 25 most common categories and Quorum has the opportunity to develop, partner or acquire products for the remaining categories.

The Total Available Market ("TAM") for Quorum's products is 3,235 franchised dealers in Canada and 19,575 franchised dealerships in the United States ("US"). Dealerships pay $21,800[3] per month on average for the solutions they utilize. Quorum's product suite covers $14,500 of that $21,800 spend, but its price point is approximately $7,000 per month. This is approximately one-half the price that a dealership would pay to multiple software vendors for disparate systems, where each system needs to be separately managed, and reporting must be patched together by dealership management. There remains $7,300[4] of dealership wallet per month for which Quorum does not currently have software solutions.

On June 23, 2023, Quorum acquired VINN Automotive Technologies Limited ("VINN") and marks Quorum's fifth acquisition in six years. VINN is a premier automotive marketplace that streamlines the vehicle research and purchase process for vehicle shoppers while helping retailers sell more efficiently.

As of September 30, 2023, Quorum had 1,428 dealership rooftops at an average SaaS revenue per month of $1,651 per rooftop. For more information regarding rooftop count, please refer to the table located on page 8 of this MD&A. Of the Total Available Market, Quorum now has a 40% penetration in Canada and minimal penetration in the United States.

Quorum sells its solutions to both dealer groups (single ownership of multiple dealerships) and single dealership customers. Initially, dealerships do not typically install Quorum's complete suite of products and tend to purchase the Enterprise Resource Planning system ("ERP"), often referred to as a Dealership Management System ("DMS") in the automotive industry, Customer Relationship Management

[3] Based on research from Empiritas Solutions dated September 15, 2020.
[4] Historically Quorum has been able to sell well-established, acquired solutions at full price; however, the Company has also experienced significant price pressure for internally developed products, especially prior to the product being established in the market.

(“CRM”) or Digital Retailing (“DR”) solution as a starting point. Quorum utilizes a beachhead strategy to capture new customers, and then expands the product suite into the dealership.

Each of Quorum’s solutions has a measurable ROI for the dealership. As an illustration, Quorum’s service lane inspection and quoting solution, which is part of the ERP system, drives approximately $60,000[5] of customer revenue per dealership per month. As dealerships utilize more of Quorum’s product suite, both the ROI and the stickiness of Quorum’s solution increase. Additionally, Quorum’s Enterprise Reporting (“ER” or “Q Analytics”) solution provides one reporting tool for the product suite. This allows dealership management to use a single reporting tool that provides dealership-critical metrics and provides the ROI calculations for individual products and the full suite.

Quorum also provides Business Development Centre (“BDC”) or call centre services to help dealerships drive business into their service departments. One such customer is the AutoCanada BDC that is operated by Quorum under a long-standing strategic partnership between the companies. Dealerships that are Service CRM software customers also have the option of outsourcing their BDC needs to Quorum. Such BDC revenues have associated SaaS revenue, which have historically averaged 33% of total BDC revenue.

Growth Opportunities

Quorum has added 1,055 of the 1,428 unique rooftops in the last six years primarily through acquisition, with some organic growth. Consequently, many customers only leverage one solution out of the 13 available Quorum solutions. The result is that Quorum has a $55 million annual SaaS revenue cross-selling opportunity across the existing customer base. That is a 2X growth opportunity based on Quorum’s Q3 2023 $28.3 million annual SaaS revenue run rate just within the current customer base.

In mid-2020, Quorum started the process of integrating its strategic acquisitions, which included moving from a divisional business model to a functional business model with a single "One Quorum” team. This integration also included building product integration between the core ERP product, Quorum DMS, and the other 12 products, six of which were acquired. This work was completed in 2022, including the integration of Quorum’s Q3 2022 acquisition, Accessible Accessories. Quorum plans to integrate the VINN acquisition in the first half of 2024. The result is that there is full integration, not only amongst the products themselves, but an integrated One Quorum team that includes a go-to-market approach whereby the Sales and Marketing and Account Management teams are harmonized[6] and fully incentivized to drive cross-sales. Going forward, Quorum will be able to leverage the power and focus of the One Quorum team to drive its strategic plan.

Based on the above opportunities, the best path for both continued SaaS growth and margin expansion is a focus on:

1. **Balancing Growth and Profitability -** Growth had been prioritized to date, however in the second half of 2022, Quorum transitioned to a more balanced approach to long-term corporate sustainability through a focus on growth with profitability. Tactics to accomplish this include:
    a. Focus on cross-selling Quorum products which generally results in higher gross margin sales;
    b. Ongoing cost efficiencies from a more streamlined sales strategy and better company-wide cost management; and
    c. Company-wide price optimization strategy for key products priced below market along with contractual price escalators.

[5] Based on the last twelve months of results for the over 220 dealerships that utilize the Service Lane inspection and quoting solution within Quorum’s ERP solution
[6] Harmonized sales and account management means the collective teams are working from complete customer data on the same CRM system and having lead management processes well defined with team objectives and variable compensation plans.

2. **Cross Selling Opportunity** - Leveraging the newly integrated One Quorum Team and customer relationships to cross sell additional Quorum solutions to increase share of wallet. Tactics to accomplish this include:
    a. Harmonizing sales and account management teams;
    b. Focusing more marketing efforts on lead generation;
    c. Utilizing Salesforce™ to enable sales and marketing teams to be metrics driven; and
    d. Leveraging additional Quorum solutions from the diverse product suite which are designed to provide customers with improved efficiency through integration at a lower cost than competing solutions that are typically already part of the monthly dealerships' spend.

    Quorum's Monthly Recurring Revenue per Unit ("MRRPU") is currently $1,651 per month and its cross-selling customer spend TAM is $7,000. The cross-selling available customer spend TAM is $4,870 and is lower than the larger cross-selling customer spend TAM primarily because Quorum DMS cannot be sold to all DealerMine, Autovance and Accessible customers due to OEM certifications currently not in place. Also, DealerMine's CRM software cannot be sold to all Autovance, Quorum DMS and Accessible customers because it is not a fit for some smaller franchised dealerships.

    The following table shows Quorum's customer counts and MRRPU for Q3 2022 through to Q3 2023.

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Dealer Rooftop Count - Canada	1,350	1,322	1,315	1,305	1,303
Dealer Rooftop Count - US	114	118	118	120	125
Dealer Rooftop Count - Total	1,464	1,440	1,433	1,425	1,428
MRRPU	$1,597	$1,626	$1,634	$1,655	$1,651

3. **New Customer Acquisitions -** Most of Quorum's products are DMS agnostic, which allows these products to be sold to dealerships that don't utilize Quorum's DMS. These products can be sold to a broader TAM and this allows the Corporation to grow by landing and expanding in new customer rooftops.

    Many of Quorum's products need to be certified with the OEM to be able to be sold to franchised dealerships. As a result, Quorum is continuously pursuing OEM certifications for our product suite as required by the OEM's. For the Quorum DMS, we must be OEM certified to be able to sell to franchised dealerships and therefore, adding OEM certifications enables Quorum to increase the available TAM by expanding both the number of single dealerships and dealer groups to which the Corporation's DMS can be sold. Quorum's DMS is integrated with OEMs representing 18 different brands in Canada and 13 different brands in the US. To complete Quorum's all-makes certification strategy, the Quorum DMS needs to complete integration with the following significant OEM manufacturers in Canada: Honda/Acura, Mazda, BMW, Mercedes and Volvo. Quorum also continues to pursue additional integration with the following OEM manufacturers in the US: Toyota/Lexus, Hyundai, Kia and Subaru.

Quorum's current TAM, by division, is as follows:

Solution	Canadian TAM	% of Canadian TAM	US TAM	% of US TAM
QDMS ERP[7]	1,360	42%	3,959	20%
DM CRM[8]	1,938	60%	9,975	51%
AV DR[9]	2,923	90%	19,573	100%
ACA[10]	1,629	50%	NA	NA

Adding Honda and Mazda would increase the Corporation's Quorum DMS ERP available Canadian TAM to 2,052 dealerships which equates to an increase of 51% from 1,360. Additionally, the percentage of Canadian TAM with respect to the Corporation's Quorum DMS ERP, increases to 63% from the current 42%.

With additional investment, Quorum is also positioned to execute on the following additional growth opportunities:

- **M&A** – Quorum can continue to be a powerful M&A platform in the fragmented automotive dealership software technology landscape.
- **US Growth** – Quorum has a small footprint of customers in the US market and is currently focused on sales of automotive service-related software in specific geographic areas in the US.

Financing

On October 27, 2023, Quorum made a prepayment of $1.6 million in principal and interest, $0.6 million on the Mezzanine loan and $1.0 million on the Cash Flow loan, on its BDC Capital Loan Facility.

As a result of the prepayment, Quorum reduced the outstanding principal amount under the BDC Capital Facility by $1.5 million from $10.7 million to $9.2 million, resulting in $0.2 million in annual interest expense savings. The debt prepayment was funded with excess cash on hand. Quorum continues to have access to $4.0 million in additional funding through the BDC Capital Facility for potential future acquisitions.

On February 8, 2022, Quorum restructured its credit facility with BDC Capital Inc. The original loan was replaced with a Mezzanine loan and a Cash Flow loan. The new facilities moved interest rates from a fixed rate of 11.7% to a variable rate, calculated as BDC Capital's floating rate which moves in conjunction with the Bank of Canada's overnight rate plus 3%, and extends the maturity date from January 15, 2025 to August 15, 2027. As at September 30, 2023, the interest rate on the Mezzanine loan was 12.80% and the interest rate on the Cash Flow loan was 9.80%. The Cash Flow loan was finalized by BDC Capital on October 12, 2022.

[7] Quorum DMS Enterprise Resource Planning System
[8] DealerMine Customer Relationship Management System
[9] Autovance Digital Retailing
[10] Accessible Accessories

Highlights and Key Performance Indicators

Q3 2023 Financial Highlights

- Record total revenue of $10.4 million
- Total revenue increased by 6% as compared to Q3 2022.
- SaaS revenue increased by 1% to $7.1 million in Q3 2023 compared to $7.0 million in Q3 2022.
- BDC revenue increased by 6% to $2.8 million in Q3 2023 compared to $2.6 million in Q3 2022.
- Total annual recurring SaaS revenue was $28.3 million based on the third quarter of 2023 compared to $28.1 million in Q3 2022.
- Total annual recurring BDC revenue was $11.1 million based on the third quarter of 2023 compared to $10.4 million in Q3 2022.
- Adjusted EBITDA increased by 15% to $2.0 million in Q3 2023, compared to $1.7 million for Q3 2022.
- Adjusted EBITDA margin increased by 2% to 19% in Q3 2023, compared to 17% in Q3 2022.
- Q3 2023 Adjusted Cash Income was $1.3 million, compared to $1.1 million for Q3 2022.

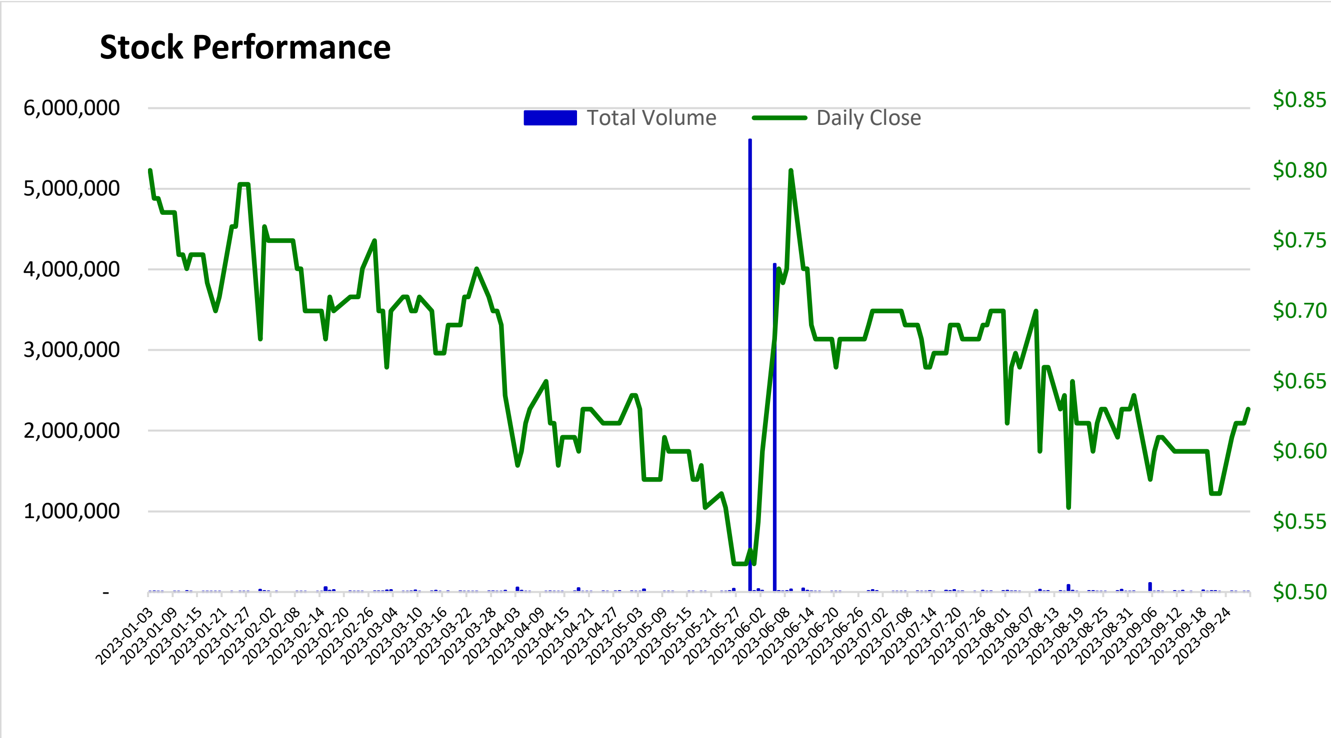
Selected Quarterly Information and Key Performance Indicators

As at and for the three months ended September 30	2023	2022	Change 2023/2022
($000's except % changes, per share amounts and dealer counts)			
Growth			
SaaS revenue	$7,074	$7,013	$61
Year-over-year SaaS revenue growth	1%	7%	(6%)
SaaS revenue as a % of revenue	68%	71%	(3%)
BDC revenue	2,763	2,596	167
Year-over-year BDC revenue growth	6%	7%	(1%)
BDC revenue as a % of revenue	27%	26%	1%
Services and one-time revenue	564	245	319
Revenue - total	10,400	9,854	546
Year-over-year revenue growth	6%	7%	(2%)
Annual recurring revenue - SaaS	28,295	28,053	242
Annual recurring revenue - BDC	11,051	10,384	667
Dealer count/rooftops			
Dealer count - Canada	1,303	1,350	(47)
Dealer count - US	125	114	11
Dealer count - total	1,428	1,464	(36)
Profitability			
SaaS gross margin	$4,714	$4,736	$(22)
Gross margin as a % of SaaS revenue	67%	68%	(1%)
BDC gross margin	547	355	193
Gross margin as a % of BDC revenue	20%	14%	6%
Services and one-time revenue gross margin	(343)	(232)	(110)
Gross margin - total	4,918	4,858	60
Gross margin as a % of revenue	47%	49%	(2%)
Adjusted EBITDA	1,964	1,703	261
Adjusted Cash Income	1,276	1,130	147

As at and for the three months ended September 30	2023	2022	Change 2023/2022
($000's except % changes, per share amounts and dealer counts)			
Financial Results			
Net loss	$(317)	$(393)	76
Net loss per share (basic)	(0.004)	(0.005)	0.001
Net loss per share (diluted)	(0.004)	(0.005)	0.001
Liquidity and Financial Resources			
Net working capital[11]	$5,613	$5,528	$85
Cash flow from operating activities	1,289	687	601
Cash and cash equivalents	5,150	4,888	262
Total assets	47,325	48,136	(810)
Non-current financial liabilities[12]	13,947	14,357	(411)
Total debt (unsecured)	1,564	1,509	55
Total debt (secured)	10,739	10,611	128
Total debt	12,303	12,120	183
Net debt	7,152	7,231	(78)
Net debt/LTM Adjusted EBITDA	109%	140%	(26%)

[11] Net working capital - total current assets less total current liabilities.
[12] Non-current financial liabilities - total non-current liabilities less deferred income tax liability.

Stock Performance



Quorum's shares trade on the TSX Venture Exchange under the symbol QIS.

The following table is the trading history for Q3 2023:

Open:	$0.70
High:	$0.70
Low:	$0.56
Close:	$0.63
Average daily trading volume:	9,792
Total trading volume:	607,079
Total shares outstanding:	73,504,450

Summary of Quarterly Results

The following is a summary of the past eight quarters' key performance indicators and a discussion of the factors that have impacted the quarterly results.

($000's except per share amounts)	2023				2022			2021
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Growth								
SaaS revenue	**$7,074**	**$7,074**	**$7,026**	**$7,023**	$7,013	$7,001	$6,621	$6,600
BDC revenue	**2,763**	**2,765**	**2,765**	**2,637**	2,596	2,683	2,496	2,443
Services and one-time revenue	**564**	**197**	**116**	**191**	245	128	169	178
	10,400	**10,036**	**9,906**	**9,851**	9,854	9,813	9,286	9,221
Year-over year revenue growth	**6%**	**2%**	**7%**	**7%**	7%	8%	9%	11%
Profitability								
SaaS gross margin	**4,714**	**4,792**	**4,712**	**4,751**	4,736	4,775	4,446	4,386
BDC gross margin	**547**	**335**	**274**	**219**	355	406	290	311
Services and one-time gross margin	**(343)**	**(265)**	**(348)**	**(288)**	(232)	(459)	(336)	(381)
Gross margin	**4,918**	**4,862**	**4,638**	**4,682**	4,858	4,722	4,400	4,316
SaaS gross margin %	**67%**	**68%**	**67%**	**68%**	68%	68%	67%	66%
BDC gross margin %	**20%**	**12%**	**10%**	**8%**	14%	15%	12%	13%
Services and one-time gross margin %	**(61%)**	**(134%)**	**(300%)**	**(151%)**	(95%)	(357%)	(198%)	(215%)
Gross margin %	**47%**	**48%**	**47%**	**48%**	49%	48%	47%	47%
Research and development expense	**1,120**	**958**	**997**	**663**	730	639	593	376
Sales and marketing expense	**551**	**563**	**902**	**619**	979	838	983	890
General and administrative	**1,785**	**1,811**	**1,758**	**1,868**	1,960	2,006	2,062	2,091
R&D as a percentage of revenue	**11%**	**10%**	**10%**	**7%**	7%	7%	6%	4%
S&M as a percentage of revenue	**5%**	**6%**	**9%**	**6%**	10%	9%	11%	10%
G&A as a percentage of revenue	**17%**	**18%**	**18%**	**19%**	20%	20%	22%	23%
Adjusted EBITDA	**1,964**	**1,656**	**1,332**	**1,596**	1,703	1,420	882	1,142
Adjusted cash income	**1,276**	**1,045**	**577**	**1,049**	1,130	718	153	583
Net income (loss)	**(317)**	**496**	**(560)**	**(166)**	(393)	(256)	(598)	(2,015)
Adjusted net income (loss)	**(317)**	**379**	**(560)**	**(166)**	(393)	(256)	(598)	(347)
Net income (loss) per share – basic	**(0.004)**	**0.007**	**(0.008)**	**(0.002)**	(0.005)	(0.004)	(0.008)	(0.028)
Net income (loss) per share – diluted	**(0.004)**	**0.007**	**(0.008)**	**(0.002)**	(0.005)	(0.004)	(0.008)	(0.028)
Liquidity and Financial Resources								
Net working capital	**5,613**	**5,586**	**6,166**	**6,220**	5,528	5,683	6,241	7,614
Cash and cash equivalents	**5,150**	**4,910**	**5,120**	**4,870**	4,888	5,216	5,780	6,478
Total assets	**47,325**	**47,569**	**46,603**	**47,128**	48,136	48,426	43,807	45,173
Non-current financial liabilities	**13,947**	**14,229**	**14,391**	**14,329**	14,357	14,569	10,671	11,571
Total debt	**12,303**	**12,446**	**12,321**	**12,268**	12,119	12,143	8,049	8,936
Net debt	**7,152**	**7,536**	**7,201**	**7,398**	7,231	6,927	2,270	2,458
Net debt/LTM Adjusted EBITDA[13]	**109%**	**120%**	**119%**	**132%**	140%	141%	50%	49%

[13] Net debt/LTM Adjusted EBITDA – percentages for past eight quarters have been recalculated using Last Twelve Months Adjusted EBITDA vs Adjusted EBITDA for the quarter. Net debt/Adjusted EBITDA was previously reported as Q1 2022 257%; Q4 2021 215%.

Operating results

In Q3 2023, total revenue reached a record $10.4 million. Revenue increased by 6% to $10.4 million in Q3 2023 compared to $9.9 million in Q3 2022 and increased by 4% compared to $10.0 million in Q2 2023. SaaS and BDC revenue increased by 1% and 6% respectively over Q3 2022. SaaS annual run rate based on Q3 2023 is $28.3 million, an increase over the Q3 2022 SaaS annual run rate of $28.1 million. BDC annual run rate based on Q3 2023 is $11.1 million compared to $10.4 million annual run rate based on Q3 2022. Recurring SaaS and BDC revenue equates to an annual run rate of $39.3 million and represents 95% of Quorum's revenue. Services and one-time revenue increased by $0.3 million or 130% as compared to Q3 2022. The increase in services and one-time revenue is primarily attributable to the Windows 2022 upgrade project, which also includes upgrades to server hardware or a transition to Quorum's cloud-based DMS environment, QCloud.

Gross margin was $4.9 million or 47% of revenue in Q3 2023 as compared to $4.9 million or 49% of revenue in Q3 2022. SaaS gross margin decreased slightly to 67% in Q3 2023 as compared to 68% in Q3 2022. BDC gross margin increased to 20% in Q3 2023 as compared to 14% in Q3 2022. BDC gross margin increased by 8% over Q2 2023, as Quorum continues to work on multiple initiatives to reduce the BDC cost structure.

Adjusted EBITDA and ACI increased by $0.3 million and $0.1 million respectively over Q3 2022. Adjusted EBITDA margin for Q3 2023 was 19% as compared to 17% for Q3 2022 and ACI margin was 12% for Q3 2023 as compared to 11% for Q3 2022. The year-over-year increases in Q3 2023 as compared to Q3 2022, for Adjusted EBITDA and ACI, and Adjusted EBITDA and ACI margin, are due to the actions taken to focus on sustained profitable growth. Q3 2023 also marks the fourth quarter in the last five quarters in which ACI exceeded $1.0 million.

Corporate acquisition

On June 23, 2023, Quorum completed the acquisition of all of the issued and outstanding shares of VINN Automotive Technologies Limited (the "VINN Acquisition"). VINN was a British Columbia-based private company providing marketplace services to the Canadian automotive industry. The acquisition of VINN is intented to support Quorum's strategic integrated end-to-end business process direction. The aggregate purchase price was $670,000 consisting of cash paid on the date of acquisition with a holdback of $453,084 that is expected to be released December 23, 2023, pursuant to the terms of an earn-out structure.

On April 1, 2022, Quorum completed the acquisition of all of the issued and outstanding shares of Accessible Accessories Ltd. (the "Accessible Acquisition"). Accessible was an Alberta-based private company that provides web-based accessories solutions to the Canadian automotive industry. The acquisition of Accessible will support Quorum's strategic integrated end-to-end business process direction. The aggregate purchase price was $4,500,000 consisting of cash paid on the date of acquisition with a 10% holdback and was expected to be released September 30, 2022, pursuant to the terms of an earn-out structure. The actual holdback amount of $414,319, was released on October 12, 2022. The difference between the holdback paid and 10% of purchase price based on the Agreement was due to a working capital adjustment.

Capital transactions

On October 27, 2023, Quorum made a prepayment of $1.6 million in principal and interest on its BDC Capital Loan Facility. On February 8, 2022, Quorum restructured its credit facility with BDC Capital Inc. The original loan was replaced with a Mezzanine loan and a lower interest Cash Flow loan. The new facilities moved interest rates from a fixed rate of 11.7% to a variable rate, calculated as BDC Capital's floating rate which moves in conjunction with the Bank of Canada's overnight rate plus 3%, and extends the maturity date from January 15, 2025, to August 15, 2027. As at September 30, 2023, the interest rate on the Mezzanine loan was 12.80% and the interest rate on the

Cash Flow loan was 9.80%. The Cash Flow loan was finalized by BDC Capital on October 12, 2022. As well, during February 2022, Quorum made a payment of $1.1 million in accrued interest on its BDC Capital Loan Facility.

Third Quarter Results

Operating Results

Quarter ended	September 30, 2023	September 30, 2022
Revenue	**$10,400,269**	$9,854,062
Cost of revenue	**5,482,279**	4,996,217
Gross margin	**4,917,990**	4,857,845
Operating expenses	**5,018,427**	5,332,816
Interest income	**44,702**	6,972
Loss before deferred income taxes	**(55,735)**	(467,999)
Deferred income tax recovery (expense)	**(261,726)**	74,904
Net loss	**(317,461)**	(393,095)
Other comprehensive income (loss):		
Foreign exchange gain (loss)	**(26,358)**	56,453
Comprehensive loss	**$(343,819)**	(336,642)

Revenue and Gross Margin

Quarter ended	September 30, 2023	September 30, 2022
Revenue		
SaaS revenue	**$7,073,830**	$7,013,373
BDC revenue	**2,762,660**	2,595,945
Services and one-time revenue	**563,779**	244,744
	$10,400,269	$9,854,062
Cost of revenue		
SaaS costs	**2,360,287**	2,277,674
BDC costs	**2,215,374**	2,241,313
Services and one-time costs	**906,618**	477,230
	5,482,279	4,996,217
Gross margin	**$4,917,990**	$4,857,845

Revenue

In Q3 2023 revenue increased by $0.5 million or 6% as compared to Q3 2022. SaaS revenue increased by $0.1 million as compared to Q3 2022. BDC revenue increased by $0.2 million as compared to Q3 2022. Services and one-time revenue increased by $0.3 million due to the Windows 2022 upgrade project, which also includes upgrades to server hardware or a transition to Quorum's cloud-based DMS environment, QCloud.

Quorum's Q3 2023 SaaS revenue of $7.1 million translates into an annualized run rate of $28.3 million. SaaS revenue was 68% of revenue for Q3 2023 as compared to 71% for Q3 2022. SaaS revenue as a percentage of total revenue decreased as compared to Q3 2022 due to an increase in services and one-time revenue as a result of the Windows 2022 upgrade project. BDC revenue of $2.8 million in Q3 2023 translates into an annualized run rate of $11.1 million. BDC revenue was 27% of revenue for Q3 2023, as compared to 26% of revenue for Q3 2022.

Gross margin

Quarter ended	**September 30, 2023**	**September 30, 2022**
SaaS gross margin	**$4,713,543**	$4,735,699
BDC gross margin	**547,286**	354,632
Services and one-time gross margin	**(342,839)**	(232,486)
Gross margin	**$4,917,990**	$4,857,845

Gross margin was $4.9 million or 47% of revenue in Q3 2023 as compared to $4.9 million or 49% of revenue in Q3 2022. The decrease in gross margin percentage as compared to Q3 2022 is due to one-time restructuring expenses and an increase in services and one-time revenue which is lower gross margin revenue. Removing one-time restructuring expenses incurred in Q3 2023, gross margin would have been $5.0 million or 48% of revenue. SaaS gross margin decreased slightly to 67% in Q3 2023 as compared to 68% in Q3 2022. BDC gross margin increased to 20% in Q3 2023 as compared to 14% in Q3 2022, as Quorum continues to work on multiple initiatives to reduce the BDC cost structure.

Operating Expenses

Quarter ended	**September 30, 2023**	**September 30, 2022**
Operating expenses		
Research and development	**$1,119,994**	$729,876
Sales and marketing	**550,844**	979,338
General and administrative	**1,785,393**	1,960,118
Stock-based compensation	**87,361**	57,897
Financing costs	**436,888**	494,221
Amortization and depreciation	**1,037,947**	1,111,366
Total operating expenses	**$5,018,427**	$5,332,816

All development costs are expensed as incurred unless they satisfy the IFRS criteria for deferral and subsequent amortization. Research and development expenses for Q3 2023 were 11% of revenue compared to 7% of revenue for Q3 2022. The increase in research and development expenses in Q3 2023 is due to annual salary increases, additional research and development employees and $0.2 million in one-time restructuring expenses. Removing one-time restructuring expenses incurred in Q3 2023, research and development expenses would have been 9% of revenue.

Sales and marketing expenses for Q3 2023 were 5% of revenue compared to 10% of revenue for Q3 2022. The decrease in total sales and marketing expenses as a percentage of revenue is primarily attributable to Quorum's focus on increasing customer share of wallet with cross sales of Quorum products, which results in a more streamlined sales strategy.

General and administrative expenses for Q3 2023 were 17% of revenue compared to 20% of revenue in Q3 2022. The decrease in general and administrative expenses in Q3 2023 is primarily attributable to Quorum's focus on balanced profitable growth. Throughout late 2022 and 2023 to date, Quorum has focused on controlling costs which involved implementing tighter controls on spending and negotiating better contracts with vendors. Included in general and administrative expenses for Q3 2023 is $0.3 million in one-time restructuring expenses and acquisition expenses. Removing one-time restructuring expenses and acquisition expenses incurred in Q3 2023, general and administrative expenses would have been 15% of revenue.

Net Loss, Adjusted EBITDA, Adjusted Cash Income, and Net Loss per Share

Quarter ended	September 30, 2023	September 30, 2022
Net loss	**$(317,461)**	$(393,095)
Financing costs	**436,888**	494,221
Interest income	**(44,702)**	(6,972)
Deferred income tax expense (recovery)	**261,726**	(74,904)
Amortization and depreciation	**1,037,947**	1,111,366
Stock-based compensation	**87,361**	57,897
Acquisition and financing expense	**36,850**	35,000
One-time restructuring expenses	**465,602**	479,907
Adjusted EBITDA	**$1,964,211**	$1,703,420
Capitalized salaries and overhead	**(687,874)**	(573,652)
Adjusted Cash Income	**$1,276,337**	$1,129,768
Net loss per share		
- basic	**$(0.004)**	$(0.005)
- diluted	**$(0.004)**	$(0.005)
Weighted-average number of common shares		
- basic	**73,287,244**	73,133,520
- diluted	**73,576,852**	73,133,520

Net loss for Q3 2023 decreased as compared to Q3 2022. The decrease in net loss is primarily attributable to an increase in gross margin and decreases in sales and marketing and general and administrative expenses, offset by increases in research and development expenses and deferred tax expense.

Adjusted EBITDA for Q3 2023 increased by 15% to $2.0 million compared to Q3 2022. The increase in Adjusted EBITDA is primarily attributable to an increase in gross margin and decreases in sales and marketing and general and administrative expenses, offset by an increase in research and development expenses. Adjusted EBITDA per basic share for Q3 2023 was $0.027 compared to $0.023 for Q3 2022.

Adjusted Cash Income for Q3 2023 increased by $0.1 million as compared to Q3 2022, primarily due to the increase in Adjusted EBITDA. Capitalized salaries and overhead increased by $0.1 million over the same period.

Year-to-Date Results

Operating Results

Nine months ended	September 30, 2023	September 30, 2022
Revenue	**$30,342,596**	$28,952,623
Cost of revenue	**15,924,731**	14,972,102
Gross margin	**14,417,865**	13,980,521
Operating expenses	**14,965,621**	15,147,986
Other income	**211,906**	11,707
Loss before deferred income taxes	**(335,850)**	(1,155,758)
Deferred income tax expense	**45,427**	90,694
Net loss	**(381,277)**	(1,246,452)
Foreign exchange loss	**(3,929)**	(3,879)
Comprehensive loss	**$(385,206)**	$(1,250,331)

Revenue and Gross Margin

Nine months ended	September 30, 2023	September 30, 2022
Revenue		
SaaS revenue	**$21,173,482**	$20,635,150
BDC revenue	**8,292,353**	7,775,231
Services and one-time revenue	**876,761**	542,242
	30,342,596	28,952,623
Cost of revenue		
SaaS costs	**6,955,746**	6,678,085
BDC costs	**7,136,215**	6,724,983
Services and one-time costs	**1,832,770**	1,569,034
	15,924,731	14,972,102
Gross margin	**$14,417,865**	$13,980,521

Revenue

Total revenue for the nine-month period ended September 30, 2023 increased by $1.4 million as compared to the same period in the prior year. The increase in revenue is primarily due to an increase of $0.5 million in SaaS revenue, or 3%, an increase of $0.5 million in BDC revenue, or 7%, and an increase of $0.3 million in services and one-time revenue, or 62%.

Gross margin

Nine months ended	September 30, 2023	September 30, 2022
SaaS gross margin	**$14,217,736**	$13,957,065
BDC gross margin	**1,156,138**	1,050,248
Services and one-time revenue gross margin	**(956,009)**	(1,026,792)
Gross margin	**$14,417,865**	$13,980,521

Gross margin increased to $14.4 million or 48% of revenue for the nine-month period ended September 30, 2023 as compared to $14.0 million or 48% of revenue for the same period in the prior year. The increase in gross margin is primarily due to an increase in SaaS revenue and BDC revenue without a corresponding increase in costs, as well as an increase in operational efficiencies for both SaaS and BDC cost structures, as compared to the same period in the prior year.

Operating Expenses

Nine months ended	September 30, 2023	September 30, 2022
Research and development	**$3,074,816**	$1,961,817
Sales and marketing	**2,015,916**	2,800,263
General and administrative	**5,353,783**	6,028,090
Stock-based compensation	**280,040**	133,512
Financing costs	**1,171,274**	1,116,690
Amortization and depreciation	**3,069,792**	3,107,614
Total operating expenses	**$14,965,621**	$15,147,986

All development costs are expensed as incurred unless they satisfy the IFRS criteria for deferral and subsequent amortization. Research and development expenses for the nine months ended September 30, 2023, were 10% of revenue compared to 7% of revenue for the same period in the prior year. The increase in research and development costs for the nine-month period ended September 30, 2023, is due to annual salary increases, addition of research and development employees and $0.3 million in one-time restructuring expenses. Removing one-time restructuring expenses incurred in 2023, research and development expenses would have been 9% of revenue.

Sales and marketing expenses for the nine months ended September 30, 2023 were 7% of revenue compared to 10% of revenue for the same period in the prior year. The decrease in total sales and marketing expenses as a percentage of revenue is primarily attributable to Quorum's focus on increasing customer share of wallet with cross sales of Quorum products, which results in a more streamlined sales strategy.

General and administrative expenses for the nine months ended September 30, 2023 were 18% of revenue compared to 21% of revenue for the same period in the prior year. The decrease in general and administrative expenses is primarily attributable to Quorum's focus on balanced profitable growth. Throughout late 2022 and 2023 to date, Quorum has focused on controlling costs which involved implementing tighter controls on spending and negotiating better contracts with vendors. Included in general and administrative expenses for the nine-month period ended September 30, 2023 are $0.5 million in one-time restructuring and acquisition expense. Removing one-time restructuring and acquisition expense incurred in 2023, general and administrative expenses would have been 16% of revenue.

Net Loss, Adjusted Net Loss, Adjusted EBITDA, Adjusted Cash Income and Net Loss per Share

Nine months ended	**September 30, 2023**	**September 30, 2022**
Net loss	**$(381,277)**	$(1,246,452)
Gain on bargain purchase[14]	**(116,607)**	-
Adjusted net loss	**(497,884)**	(1,246,452)
Financing costs	**1,171,274**	1,116,690
Interest income	**(95,299)**	(11,707)
Deferred income tax expense	**45,427**	90,694
Amortization and depreciation	**3,069,792**	3,107,614
Stock-based compensation	**280,040**	133,512
Acquisition and financing expense	**120,755**	128,964
One-time restructuring expenses	**858,146**	686,426
Adjusted EBITDA	**$ 4,952,251**	$ 4,005,741
Capitalized salaries and overhead	**(2,053,481)**	(2,005,081)
Adjusted Cash Income	**$ 2,898,770**	$ 2,000,660
Net loss per share		
- basic	**$ (0.005)**	$ (0.017)
- diluted	**$ (0.005)**	$ (0.017)
Weighted-average number of common shares		
- basic	**73,319,905**	73,133,190
- diluted	**73,609,513**	73,133,190

Net loss for the nine months ended September 30, 2023, decreased by $0.9 million as compared to the nine months ended September 30, 2022. The decrease in net loss is primarily due to an increase in gross margin and a decrease in sales and marketing and general and administrative expense offset by an increase in research and development expense. As well, interest income for the nine months ended September 30, 2023 increased as compared to the same period in the prior year due primarily due to higher interest rates.

Adjusted EBITDA for the nine months ended September 30, 2023, was $5.0 million or $0.07 per basic share compared to $4.0 million or $0.05 per basic share for the same period in the prior year. This is an increase of $1.0 million over the nine months ended September 30, 2022. The increase in Adjusted EBITDA is primarily due to an increase in gross margin and a decrease in sales and marketing and general and administrative expense offset by an increase in research and development expense.

Adjusted Cash Income for the nine months ended September 30, 2023 increased by $0.9 million as compared to the same period in the prior year, primarily due to the increase in Adjusted EBITDA. Capitalized salaries and overhead remained consistent over the same period.

[14] Refer to Note 5 – Business Combinations for additional details.

Liquidity and Financial Resources

Cash Flows

Quarter ended	September 30, 2023	September 30, 2022
Cash provided by (used in):		
Operating activities	**$1,288,516**	$ 687,340
Financing activities	**(268,197)**	(433,908)
Investing activities	**(792,298)**	(652,362)
Effect of foreign currency on cash	**12,103**	71,111
Change in cash	**240,124**	(327,819)
Cash, beginning of period	**4,910,095**	5,216,239
Cash, end of period	**$5,150,219**	$4,888,420

Cash flows from operating activities for Q3 2023 increased by $0.6 million compared to Q3 2022. The increase in cash flows from operating activities is primarily attributable to an increase in net income, a decrease in accounts receivable, and an increase in accounts payable and accrued liabilities.

Cash flows used in financing activities decreased by $0.2 million as compared to Q3 2022. The decrease in cash flows used in financing activities is primarily attributable to the $0.2 million in ACOA loan proceeds received in Q3 2023, compared to $0.1 million in Q3 2022.

Cash flows used in investing activities increased by $0.1 million as compared to Q3 2022, due to an increase in software development spend, partially offset by a lower overall cash outlay for capital assets in Q3 2023.

Net Working Capital

As at	September 30, 2023	December 31, 2022
Current assets:		
Cash and cash equivalents	**$5,150,219**	$4,870,023
Accounts receivable	**3,620,551**	3,382,909
Loan receivable	**86,515**	311,033
Inventory	**9,026**	12,894
Prepaid expenses	**631,898**	885,698
Contract assets	**160,323**	96,923
	9,658,532	9,559,480
Current liabilities:		
Accounts payable and accrued liabilities	**2,585,740**	2,453,839
Current portion of long-term debt	**596,305**	463,598
Current portion of lease liability	**410,856**	422,053
Contingent consideration	**453,084**	-
	4,045,985	3,339,490
Net working capital	**$5,612,547**	$6,219,990

Including cash of $5.2 million, total net working capital as of September 30, 2023 decreased by $0.6 million as compared to December 31, 2022. This decrease is primarily due to an increase in contingent consideration related to the VINN acquisition, decreases in prepaid expenses and loan receivable, offset by an increase in accounts receivable.

At the time of the release of this MD&A, management is satisfied that Quorum has sufficient liquidity and capital resources to meet the long-term payment obligations of its outstanding loans. Quorum assesses its requirements for capital on an ongoing basis to ensure future expansion plans can be sufficiently financed. Quorum continues to place emphasis on evaluating credit capacity, credit counterparties, and liquidity to ensure its ability to meet its ongoing commitments and obligations.

Effective April 22, 2021, the Corporation entered into a credit facility agreement with HSBC Bank that allows Quorum to borrow up to $950,000 to meet working capital requirements, subject to the value of certain accounts receivable (“the “Facility”). The Facility is secured by a first priority security interest in all of the Corporation’s present and after-acquired property. As of September 30, 2023, based on eligible accounts receivable, the maximum draw on the Facility was $950,000. Amounts drawn on the Facility incur interest at a rate of prime plus 1.25%. The balance drawn as of September 30, 2023 was $nil (December 31, 2022 - $nil). As required under an amended office lease agreement, the Corporation has provided a $150,000 letter of credit with HSBC for the period covering March 2021 to March 2023, decreasing by $25,000 in March 2023. The $150,000 letter of credit is to remain in place until December 31, 2026 when the lease in Saint John, NB is set to expire.

Capitalization and Amortization

During Q3 2023, the Corporation continued to invest significantly in the further development of its product suite.

Software development costs capitalized and related amortization during the quarter are as follows:

Quarter ended	September 30, 2023	September 30, 2022
Software development costs capitalized	**$687,874**	$573,652
Amortization of software development costs	**$715,288**	$666,313

All development costs are expensed as incurred unless they satisfy the IFRS criteria for deferral and subsequent amortization. The Corporation continues to conduct ongoing research and development towards the improvement of its software development products and has capitalized payroll and overhead costs, net of funding from ACOA and SRED, for a total of $0.7 million in Q3 2023, compared to capitalized payroll costs and direct overheads, for a total of $0.6 million in Q3 2022.

Quorum DMS, Autovance Desk, Menu and MyDeal, DealerMine Service and Sales CRM, Accessible Accessories, and VINN are leading-edge products in the automotive technology field and the Corporation intends to maintain this lead through continued investment in the product. The Corporation has continued its development efforts as it prepares to roll out additional features and functionality, as well as more and improved integration points with existing and new manufacturers.

Amortization of software development costs for Q3 2023 increased by 7% compared to Q3 2022. The amortization policy of the Corporation is ten-year straight line.

Long-term Debt and Loan Receivable

As at	September 30, 2023		December 31, 2022	
	Loan Receivable	**Debt**	Loan Receivable	Debt
ACOA financing 2016 - Quorum DMS	$ -	**$ -**	$ -	$ 187,499
ACOA financing 2018 - Quorum DMS	**-**	**21,767**	-	38,963
ACOA financing 2019 - Quorum DMS	-	**669,797**	-	669,797
ACOA financing 2019 - DealerMine	**-**	**24,030**	-	22,380
BDC Capital Inc. 2022 - Mezzanine	-	**3,838,799**	-	3,755,353
BDC Capital Inc. 2022 - Cash Flow	**-**	**6,900,000**	-	6,900,000
CEBA financing 2020 - Advantage	-	**40,000**	-	40,000
CEBA financing 2020 - Autovance	**-**	**30,000**	-	30,000
CEBA financing 2020 – VINN	**-**	**40,000**	-	-
ACOA financing 2020 - DealerMine	**-**	**180,601**	84,136	190,872
ACOA financing 2021	-	**261,397**	-	304,486
ACOA financing 2022	**86,515**	**296,268**	226,897	128,379
	86,515	**12,302,659**	311,033	12,267,729
Due within one year	-	**596,304**	-	463,598
Total	**$86,515**	**$11,706,354**	$311,033	$11,804,131

ACOA financing – 2019 – Quorum DMS

On June 25, 2019, the Corporation entered into a loan agreement with ACOA to finance the Quorum DMS lead generation data hub project. The maximum amount of loan is $1,542,245 and the amount was released by ACOA when the Corporation incurred the costs eligible for reimbursement under this agreement. The carrying value of the loan is $669,797 and has been computed using a 15% rate of interest over 7 years. The difference between the fair value of the loan on inception and the cash received has been accounted for as a government grant. The loan, which is unsecured and interest-free, matures on November 1, 2029, and is repayable in annual installments. Payments are expected to commence in Q4 2023.

BDC Capital Inc. Facilities (Mezzanine and Cash Flow Loans)

On March 4, 2019, the Corporation closed a loan agreement with BDC Capital Inc. to finance the DealerMine acquisition and to provide additional working capital. The maximum loan amount is $15,000,000 and $12,125,000 has been drawn on as of September 30, 2023.

On February 8, 2022, Quorum restructured its credit facility with BDC Capital Inc. The original loan was replaced with a Mezzanine loan. The Mezzanine loan replaced the fixed interest rate of 11.7% with a variable rate, calculated as BDC Capital's floating rate which moves in conjunction with the Bank of Canada's overnight rate plus 3%, and extends the maturity date from January 15, 2025, to August 15, 2027. On February 28, 2022, Quorum made a payment of $1,080,053 in accrued interest on the loan. On April 1, 2022, the Corporation financed the Accessible Accessories $4,500,000 purchase price with $500,000 from current cash reserves and $4,000,000 from the BDC Mezzanine loan. As at September 30, 2023 the interest rate on the Mezzanine loan was 12.80%. On October 12, 2022, Quorum further restructured its credit facility with BDC Capital Inc and replaced $6,900,000 of the Mezzanine loan with a lower interest Cash Flow loan. As at September 30, 2023, the interest rate on the Cash Flow loan was 9.80%.

The carrying value of the Mezzanine loan as of September 30, 2023, is $3,838,799 using a 12.80% rate of interest over six years. The carrying value of the loan includes accrued interest. The carrying value of the Cash Flow loan as of September 30, 2023, is $6,900,000 using a 9.80% rate of interest over six years. Principal of the Mezzanine loan is repayable on maturity date, August 15, 2027. Principal of the Cash Flow loan is payable in equal monthly installments and matures on August 15, 2027. The first Cash Flow loan payment is due on August 15, 2024.

On October 27, 2023, Quorum made a prepayment of $1.6 million in principal and interest on its BDC Capital Loan Facility.

Both the Mezzanine and Cash Flow loans are secured by a General Security Agreement on all of Quorum's present and after acquired personal property and on all present and future assets of Quorum related to intellectual property. The security interest ranks in first position with respect to intellectual property but subordinated in rank to any other security granted. The Corporation must meet a working capital ratio of at least 1:25:1 and a minimum debt service coverage ratio of 1:25:1. These conditions were met for the period ended September 30, 2023.

Government Grants and Assistance

The Corporation has recorded as long-term debt, government grants and other assistance with respect to the following:

- ACOA financing 2016 – Quorum DMS
- ACOA financing 2018 - Quorum DMS
- ACOA financing 2019 – Quorum DMS
- ACOA financing 2019 – DealerMine
- ACOA financing 2020 - DealerMine
- CEBA financing 2020 – Advantage
- CEBA financing 2020 – Autovance
- CEBA financing 2020 - VINN
- ACOA financing 2021
- ACOA financing 2022

In addition to the above, the Corporation has received approval for additional government grants and other assistance from NRC-IRAP, Government of Newfoundland and Labrador, and ONB totaling $0.3 million, which has been included in net income for the nine months ended September 30, 2023 (Q3 2022 - $0.4 million).

Share Capital

	Number of Common Shares	Number of Restricted Shares Units
Balance January 1, 2022	73,128,720	180,000
RSU’s granted in the period	-	291,587
RSU's vested in the period	108,328	(180,000)
RSU’s forfeited in the period	-	(36,000)
Balance December 31, 2022	73,237,048	255,587
RSU’s granted in the period	-	399,073
RSU's vested in the period	267,402	(394,236)
RSU’s forfeited in the period	-	(32,879)
Balance September 30, 2023	**73,504,450**	**227,545**

Effective June 27, 2014, the Corporation implemented the Restricted Stock Unit (RSU) Plan, which provides incentives to eligible employees, officers and directors of the Corporation through the issuance of Restricted Stock Units. The RSU’s generally vest as follows, subject to the absolute discretion of the Board of Directors: one-third on the date of grant, and one-third on each of the one and two-year anniversaries from the date of grant. The Company, at the discretion of the board of directors, may issue up to a maximum of 7,350,445 combined RSU’s and stock options (September 30, 2022 – 7,313,352). As at September 30, 2023, the Corporation has 227,545 outstanding RSU’s due to vest between 2023 and 2026.

Quorum may provide incentives to employees, officers and directors of the Corporation by issuing options to acquire common shares. The exercise price of the options is determined by the Board of Directors in accordance with the policies of the TSX Venture Exchange (“TSXV”). The options have a maximum term of five years with a hold period of four months from the date of the initial grant, and no more than 1/3 of the stock options granted to any one individual shall vest in any twelve-month period.

There are three stock option plans with grant dates of July 6, 2020, October 2, 2020, and April 1, 2023, respectively. The plans vest over three-year terms, at one-third vesting rights each year. The maximum term of the plans are five years from the date of grant. Stock option transactions for the respective years and the number of stock options outstanding are summarized as follows:

As at	**September 30, 2023**		**December 31, 2022**	
	Number of Stock Options	**Average Exercise Price**	**Number of Stock Options**	**Average Exercise Price**
Balance, beginning of period	**727,700**	**$ 0.90**	911,768	$ 0.91
Granted during the period	**79,073**	**0.59**	-	-
Exercised during the period	**-**	**-**	(2,000)	0.87
Forfeited during the period	**(44,405)**	**0.82**	(182,068)	0.92
Balance, end of period	**762,368**	**$ 0.87**	727,700	$ 0.90

Material Contracts & Commitments

Other than as disclosed elsewhere in this MD&A, the Corporation has no other material contracts or commitments.

Significant Accounting Estimates and Judgments

As a routine element of the financial statement preparation process, management is required to make estimates and assumptions based on information available as at the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the possible disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses for the period.

Although estimates and assumptions must be made during the financial statement preparation process, it is management's opinion that none of the estimates or assumptions were highly uncertain at the time they were made. The most significant estimates in Quorum's consolidated financial statements are the impairment of intangible assets and goodwill, depreciation of property and equipment, amortization of intangible assets, deferred income taxes and stock-based compensation.

Future Accounting Pronouncements

In January 2020, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 "Presentation of Financial Statements" to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. In October, 2022, the IASB has issued standard amendments to IAS 1 Presentation of Financial Statements that aim to improve the information companies provide about long-term debt with covenants. These standard amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, these standard amendments require a Corporation to disclose information about these covenants in the notes to the financial statements. This pronouncement is effective January 1, 2024. The Corporation is assessing the impact of these amendments on its consolidated financial statements.

Risk Environment

Risks and Uncertainties

The Corporation's risk factors and risk management are detailed in the annual MD&A filed on SEDAR at www.sedar.com on April 19, 2023 and have not materially changed since that time.

Legal proceedings

The Corporation may, from time to time, be involved in certain litigation or claims that arise out of the normal course of operations. Currently, the Corporation is not involved in any litigation proceedings which Management considers to be material to the Corporation or would have a material adverse impact on the Corporation's operations or financial position. However, there is no guarantee that any legal proceedings that the Corporation may become involved with will not have a material adverse effect on the Corporation.

2023 3rd Quarter
Condensed Interim Consolidated Financial Statements (unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the unaudited condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Quorum Information Technologies Inc. (the "Corporation") have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of unaudited condensed interim consolidated financial statements by an entity's auditor.

Quorum Information Technologies Inc.

Condensed Interim Consolidated Statements of Financial Position (unaudited)

(stated in Canadian dollars)

As at	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current:			
Cash and cash equivalents		**$5,150,219**	$4,870,023
Accounts receivable		**3,620,551**	3,382,909
Loan receivable	10	**86,515**	311,033
Inventory		**9,026**	12,894
Prepaid expenses		**631,898**	885,698
Contract assets		**160,323**	96,923
		9,658,532	9,559,480
Contract assets		**77,717**	24,841
Property and equipment	6	**561,342**	696,302
Lease assets	8	**1,838,974**	2,138,199
Intangible assets	7	**20,096,455**	20,248,959
Goodwill	7	**8,432,975**	8,432,975
Deferred income tax asset		**2,987,838**	2,422,327
Investment tax credits		**3,671,573**	3,604,793
		$47,325,406	$47,127,876
LIABILITIES			
Current:			
Accounts payable and accrued liabilities		**$2,585,740**	$2,453,839
Current portion of long-term debt	10	**596,305**	463,598
Current portion of lease liability	8	**410,856**	422,053
Contingent consideration	5	**453,084**	-
		4,045,985	3,339,490
Contract liability		**107,500**	84,754
Lease liability	8	**2,132,709**	2,439,844
Long-term debt	10	**11,706,354**	11,804,131
Deferred income tax liability		**2,934,382**	2,882,847
		20,926,930	20,551,066
SHAREHOLDERS' EQUITY			
Share capital	12	**31,771,116**	31,607,928
Contributed surplus		**2,624,730**	2,581,046
Deficit		**(7,997,370)**	(7,612,164)
		26,398,476	26,576,810
		$47,325,406	$47,127,876

See accompanying notes to condensed interim consolidated financial statements.

Approved on behalf of the Board:

________________________ **Director**
Maury Marks
President & CEO

________________________ **Director**
William Nurthen
Chairman of the Board of Directors

Quorum Information Technologies Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (unaudited)

(stated in Canadian dollars)

	Notes	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue	14	**$10,400,269**	$9,854,062	**$30,342,596**	$28,952,623
Cost of revenue	11	**5,482,279**	4,996,217	**15,924,731**	14,972,102
Gross margin		**4,917,990**	4,857,845	**14,417,865**	13,980,521
Operating expenses					
Research and development	11	**1,119,994**	729,876	**3,074,816**	1,961,817
Sales and marketing	11	**550,844**	979,338	**2,015,916**	2,800,263
General and administrative	11	**1,785,393**	1,960,118	**5,353,783**	6,028,090
Stock-based compensation	13	**87,361**	57,897	**280,040**	133,512
Financing costs		**436,888**	494,221	**1,171,274**	1,116,690
Amortization and depreciation	15	**1,037,947**	1,111,366	**3,069,792**	3,107,614
Total operating expenses		**5,018,427**	5,332,816	**14,965,621**	15,147,986
Other income					
Gain on bargain purchase	5	**-**	-	**116,607**	-
Interest Income		**44,702**	6,972	**95,299**	11,707
Total other income		**44,702**	6,972	**211,906**	11,707
Loss before deferred income tax expense		**(55,735)**	(467,999)	**(335,850)**	(1,155,758)
Deferred income tax (expense) recovery		**(261,726)**	74,904	**(45,427)**	(90,694)
Net loss		**(317,461)**	(393,095)	**(381,277)**	(1,246,452)
Other comprehensive gain (loss)					
Foreign exchange gain (loss)		**(26,358)**	56,453	**(3,929)**	(3,879)
Comprehensive loss		**$(343,819)**	$(336,642)	**$(385,206)**	$(1,250,331)
Net loss per share	12				
Basic		**$(0.004)**	$(0.005)	**$(0.005)**	$(0.017)
Diluted		**$(0.004)**	$(0.005)	**$(0.005)**	$(0.017)

See accompanying notes to condensed interim consolidated financial statements.

Quorum Information Technologies Inc.

Condensed Interim Consolidated Statements of Changes in Equity (unaudited)

(stated in Canadian dollars)

	Notes	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Income[15]	Deficit	Total
Balance January 1, 2023		$31,607,928	$2,581,046	$511,478	$(8,123,642)	$26,576,810
Net loss for the period		-	-	-	(381,277)	(381,277)
Accumulated other comprehensive income		-	-	(3,929)	-	(3,929)
Stock-based compensation granted	13	-	280,040	-	-	280,040
Issued pursuant to stock-based compensation	12, 13	163,188	(236,356)	-	-	(73,168)
Balance September 30, 2023		**$31,771,116**	**$2,624,730**	**$507,549**	**$(8,504,919)**	**$26,398,476**
Balance January 1, 2022		$31,526,484	$2,539,868	$411,404	$(6,710,859)	$ 27,766,897
Net loss for the year		-	-	-	(1,412,783)	(1,412,783)
Accumulated other comprehensive income		-	-	100,074	-	100,074
Stock-based compensation granted	13	-	120,551	-	-	120,551
Issued pursuant to stock-based compensation	12, 13	81,444	(79,373)	-	-	2,071
Balance December 31, 2022		**$31,607,928**	**$2,581,046**	**$511,478**	**$(8,123,642)**	**$26,576,810**

See accompanying notes to condensed interim consolidated financial statements.

[15] Accumulated Other Comprehensive Income is presented separately from Deficit in the above statement. Periods/statements prior to 2021 have not been adjusted.

Quorum Information Technologies Inc.

Condensed Interim Consolidated Statements of Cash Flows (unaudited)

(stated in Canadian dollars)

	Notes	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided by (used in):					
Operating activities					
Net loss for the period		**$(317,461)**	$(393,095)	**$(381,277)**	$(1,246,452)
Adjustments for:					
Amortization and depreciation	15	**1,037,947**	1,111,366	**3,069,792**	3,107,614
Stock-based compensation	13	**87,361**	57,897	**280,040**	133,512
Deferred income tax expense (recovery)		**261,726**	(74,904)	**45,427**	(90,694)
Interest expense		**16,993**	258,520	**108,366**	419,838
Gain on bargain purchase	5	**-**	-	**(116,607)**	-
Change in non-cash operating working capital	16	**201,950**	(272,444)	**151,927**	(122,183)
		1,288,516	687,340	**3,157,668**	2,383,023
Financing activities					
Proceeds from long-term debt		**163,270**	72,718	**363,930**	365,089
SR&ED investment tax credits		**-**	(115,792)	**-**	-
Repayment of long-term debt		**(278,946)**	(236,257)	**(358,314)**	(1,345,680)
Repayment of lease liability	8	**(152,521)**	(154,577)	**(475,972)**	(464,445)
		(268,197)	(433,908)	**(470,356)**	(1,445,036)
Investing activities					
Purchase of property and equipment	6	**(4,812)**	(70,756)	**(39,631)**	(179,913)
Software development costs	7	**(720,570)**	(581,606)	**(2,264,113)**	(2,060,243)
Business combination[16]	5	**(66,916)**	-	**(137,761)**	(373,014)
		(792,298)	(652,362)	**(2,441,505)**	(2,613,170)
Effect of foreign currency on cash and cash equivalents		**12,103**	71,111	**34,389**	85,394
Increase (decrease) in cash and cash equivalents		**240,124**	(327,819)	**280,196**	(1,589,789)
Cash and cash equivalents, beginning of period		**4,910,095**	5,216,239	**4,870,023**	6,478,209
Cash and cash equivalents, end of period		**$5,150,219**	$4,888,420	**$5,150,219**	$4,888,420

See accompanying notes to condensed interim consolidated financial statements.

[16] Business combinations are shown net of cash acquired on acquisition of $74,031 for VINN and $76,111 for Accessible Accessories.

1. Nature of Operations

Quorum Information Technologies Inc. ("Quorum" or the "Corporation") is an information technology company that focuses on the automotive retail business in Canada and the U.S. and is incorporated under the Business Corporations Act of Alberta. The address of Quorum's registered office is B28, 6020 2nd Street SE, Calgary AB, Canada.

Quorum develops, markets, implements and supports its own software products for the automotive market: Quorum DMS, a Dealership Management System ("DMS"); Autovance Desk, Menu and MyDeal, a sales desking, menuing and digital retailing system; DealerMine Service and Sales Customer Relationship Management ("CRM") system and Business Development Centre ("BDC"); Accessible Accessories, a digital retailing platform; and VINN, an automotive marketplace.

2. Basis of Presentation

Statement of compliance
These unaudited condensed interim consolidated financial statements have been prepared by management in accordance with IAS 34, Interim Financial Reporting and were authorized for issue by the Board of Directors on November 29, 2023.

These unaudited condensed interim consolidated financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, these condensed interim consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2022.

Basis of measurement
These condensed interim consolidated financial statements have been prepared on a going concern basis using the historical cost convention except certain financial instruments at fair value through profit or loss are measured at fair value.

Functional and presentation currency
These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the statement of financial position date. Gains and losses on translation of monetary items are recognized in net income, except for those foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, which are recognized in other comprehensive income ("OCI") in the cumulative translation account.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction. Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in other comprehensive income.

3. Significant Accounting Policies

The significant accounting policies used in preparing these condensed interim consolidated financial statements remain unchanged from those disclosed in Note 3 of the Corporation's 2022 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

Certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board ("IASB") have been adopted effective January 1, 2023. These are as follows: amendments to IAS 12, "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", IAS 1, "Disclosure of Material Accounting Policy Information", and IAS 8, "Definition of Accounting Estimates". The adoption of these standards and amendments has not had a material impact on the accounting policies, methods of computation or presentation applied by the Corporation.

Recent Accounting Pronouncements

In January 2020, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 "Presentation of Financial Statements" to clarify that liabilities are classified as either current or non-current, depending on the existence of the substantive right at the end of the reporting period for an entity to defer settlement of the liability for at least twelve months after the reporting period. In October, 2022, the IASB issued standard amendments to IAS 1 Presentation of Financial Statements that aim to improve the information companies provide about long-term debt with covenants. These standard amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, these standard amendments require a corporation to disclose information about these covenants in the notes to the financial statements. This pronouncement is effective January 1, 2024.

4. Significant Accounting Judgments and Estimates

The significant accounting judgments and estimates used in preparing these condensed interim consolidated financial statements remain unchanged from those disclosed in Note 4 of the Corporation's 2022 annual consolidated financial statements and have been applied consistently to all periods presented in these condensed interim consolidated financial statements.

(stated in Canadian dollars unless otherwise stated)

5. Business Combinations

On June 23, 2023, Quorum completed the acquisition of all of the issued and outstanding shares of VINN Automotive Technologies Limited (the "VINN acquisition"). VINN was a British Columbia-based private company providing marketplace services to the Canadian automotive industry. The acquisition of VINN is intended to support Quorum's strategic integrated end-to-end business process direction. The initial purchase price was $670,000, consisting of cash paid on the date of acquisition of $150,000, with contingent consideration of $520,000. In conjunction with the VINN acquisition, the Corporation recorded $120,755 in transaction costs to general and administrative expenses during the nine-month period ended September 30, 2023.

Allocation of purchase price	
Current assets[17]	$157,957
Intangible assets	300,000
Deferred income tax asset	486,607
Total assets	**944,564**
Current liabilities	157,957
Total liabilities	157,957
Net assets acquired	**$786,607**

Consideration given	
Cash	$150,000
Contingent consideration	520,000
Total consideration	**$670,000**
Gain on bargain purchase price	**$116,607**

[17] Includes cash acquired on acquisition of $74,031.

(stated in Canadian dollars unless otherwise stated)

5. Business Combinations *(continued)*

On April 1, 2022, Quorum completed the acquisition of all of the issued and outstanding shares of Accessible Accessories Ltd. (the “Accessible acquisition”). Accessible was an Alberta-based private company that provides web-based accessories solutions to the Canadian automotive industry. The acquisition of Accessible will support Quorum’s strategic integrated end-to-end business process direction. The initial purchase price was $4,500,000, consisting of cash paid on the date of acquisition of $4,050,000, with a 10% holdback of $450,000. After adjustment pursuant to the terms of an earn-out structure, the aggregate purchase price was $4,464,414, which was reflected as an adjustment in the payment of the holdback amount ($414,414). In conjunction with the Accessible acquisition, the Corporation recorded $126,305 in transaction costs to general and administrative expenses during the year ended December 31, 2022.

Allocation of purchase price	
Current assets[18]	$130,838
Property and equipment	61,679
Intangible assets	2,400,000
Goodwill	2,546,299
Total assets	**5,138,816**
Current liabilities	93,140
Deferred income tax liability	581,262
Total liabilities	674,402
Net assets acquired	**$4,464,414**

Consideration given	
Cash	$4,050,000
Contingent consideration	414,414
Total consideration	**$4,464,414**

The goodwill recognized on the Accessible acquisition is primarily attributed to the assembled workforce, the synergies existing with the acquired business and the synergies which will contribute to operational efficiencies within the rest of the Corporation. Goodwill upon acquisition is not tax deductible in Canada. The goodwill will be examined annually for impairment.

[18] Includes cash acquired on acquisition of $76,111

(stated in Canadian dollars unless otherwise stated)

6. Property and Equipment

The Corporation's property and equipment comprise computer hardware and software, office equipment and leasehold improvements. The carrying amount can be analyzed as follows:

	Computer Hardware	Computer Software	Office Equipment	Leased Office Equipment	Leasehold Improve-ments	Total
Gross Carrying Amount						
Balance - January 1, 2023	$1,914,192	$1,244,424	$688,639	$185,408	$385,464	$4,418,127
Additions	36,252	-	3,379	-	-	39,631
Additions through business combinations	61,529	-	46,287	-	-	107,816
Adjustments	(52,157)	-	(32,356)	-	-	(84,513)
Balance – September 30, 2023	1,959,816	1,244,424	705,949	185,408	385,464	4,481,061
Accumulated Depreciation						
Balance - January 1, 2023	1,434,956	1,244,424	596,995	111,244	334,206	3,721,825
Adjustments	4,362	-	-	-	-	4,362
Depreciation	115,563	-	51,801	18,540	7,628	193,532
Balance – September 30, 2023	1,554,881	1,244,424	648,796	129,784	341,834	3,919,719
Carrying amount September 30, 2023	**$404,935**	**$ -**	**$57,153**	**$55,624**	**$43,630**	**$561,342**

	Computer Hardware	Computer Software	Office Equipment	Leased Office Equipment	Leasehold Improve-ments	Total
Gross Carrying Amount						
Balance - January 1, 2022	$1,705,195	$1,243,675	$683,412	$185,408	$317,947	$4,135,637
Additions	208,082	-	3,810	-	-	211,892
Additions through business combinations	915	749	1,417	-	67,517	70,598
Balance – December 31, 2022	1,914,192	1,244,424	688,639	185,408	385,464	4,418,127
Accumulated Depreciation						
Balance - January 1, 2022	1,270,816	1,124,425	483,599	49,442	192,403	3,120,685
Adjustments	-	-	(37,082)	37,082	-	-
Disposals	915	6,690	3,933	-	128,677	140,215
Depreciation	163,225	113,309	146,545	24,720	13,126	460,925
Balance – December 31, 2022	1,434,956	1,244,424	596,995	111,244	334,206	3,721,825
Carrying amount December 31, 2022	**$479,236**	**$ -**	**$91,644**	**$74,164**	**$51,258**	**$696,302**

(stated in Canadian dollars unless otherwise stated)

7. Intangible Assets and Goodwill

The Corporation's intangible assets comprise internally generated software development costs, vendor distribution rights and customer relationships. The carrying amounts of intangible assets and goodwill for the reporting periods under review can be analyzed as follows:

	Software Development Costs	Vendor Distribution Rights	Customer Relationships	Total Intangible Assets	Goodwill
Gross Carrying Amount					
Balance - January 1, 2023	$40,864,568	$43,509	$4,269,653	$45,177,730	$8,432,975
Other	(90,415)	-	-	(90,415)	-
ACOA loan proceeds	(89,564)	-	-	(89,564)	-
Additions through business combinations (Note 5)	300,000	-	-	300,000	-
SR&ED ITCs	(75,058)	-	-	(75,058)	-
Additions	2,264,113	-	-	2,264,113	-
Balance – September 30, 2023	43,173,644	43,509	4,269,653	47,486,806	8,432,975
Amortization					
Balance - January 1, 2023	23,564,545	35,408	1,328,818	24,928,771	-
Amortization	2,131,259	321	330,000	2,461,580	-
Balance – September 30, 2023	25,695,804	35,729	1,658,818	27,390,351	-
Carrying amount September 30, 2023	**$17,477,840**	**$7,780**	**$2,610,835**	**$20,096,455**	**$8,432,975**

	Software Development Costs	Vendor Distribution Rights	Customer Relationships	Total Intangible Assets	Goodwill
Gross Carrying Amount					
Balance - January 1, 2022	$36,818,121	$43,509	$2,969,653	$39,831,283	$5,809,116
Other	55,057	-	-	55,057	-
ACOA loan proceeds	(145,729)	-	-	(145,729)	-
Additions through business combinations (Note 5)	1,100,000	-	1,300,000	2,400,000	2,546,299
SR&ED expired ITC's	480,630	-	-	480,630	-
SR&ED ITCs	(141,984)	-	-	(141,984)	-
Additions	2,698,473	-	-	2,698,473	77,560
Balance – December 31, 2022	40,864,568	43,509	4,269,653	45,177,730	8,432,975
Amortization					
Balance - January 1, 2022	20,965,311	34,980	963,818	21,964,109	-
Amortization	2,599,234	428	365,000	2,964,662	-
Balance – December 31, 2022	23,564,545	35,408	1,328,818	24,928,771	-
Carrying amount December 31, 2022	**$17,300,023**	**$8,101**	**$2,940,835**	**$20,248,959**	**$8,432,975**

The carrying value of goodwill for each corporate division is as follows:

As at	**September 30, 2023**	**December 31, 2022**
DealerMine Inc.	**$5,400,911**	$5,400,911
Accessible Accessories Ltd.	**2,546,299**	2,546,299
Autovance Technologies Inc.	**485,765**	485,765
Goodwill	**$8,432,975**	$8,432,975

(stated in Canadian dollars unless otherwise stated)

8. Leases

Information about the leases for which the Corporation is a lessee is presented below:

Lease assets

	Buildings	Office Furniture[19]	Total
Balance, January 1, 2023	$2,138,199	$74,164	$2,212,363
Modifications	(2,257)	-	(2,257)
Depreciation	(296,968)	(18,540)	(315,508)
Balance – September 30, 2023	**$1,838,974**	**$55,624**	**$1,894,598**

	Buildings	Office Furniture[19]	Total
Balance, January 1, 2022	$2,672,232	$135,966	$2,808,198
Modifications	(33,170)	(37,082)	(70,252)
Depreciation	(500,863)	(24,720)	(525,583)
Balance – December 31, 2022	**$2,138,199**	**$ 4,164**	**$2,212,363**

Lease liability

At September 30, 2023, lease liabilities reflected the Corporation's weighted-average incremental borrowing rate of 7.84% (December 31, 2022 – 7.84%).

Balance, January 1, 2023	$2,861,897
Interest	171,942
Lease accretion	(14,049)
Lease payments	(475,972)
Effect of movement in exchange rates	(253)
Balance, September 30, 2023	**$2,543,565**
Current portion of lease liability	$410,856
Long-term portion of lease liability	$2,132,709

Balance, January 1, 2022	$3,303,626
Modifications	(43,790)
Interest	253,230
Lease accretion	(27,358)
Lease payments	(616,409)
Effect of movement in exchange rates	(7,402)
Balance, December 31, 2022	**$2,861,897**
Current portion of lease liability	$422,053
Long-term portion of lease liability	$2,439,844

[19] Office furniture is included in property and equipment in the statement of financial position.

(stated in Canadian dollars unless otherwise stated)

9. Bank Indebtedness

Effective April 22, 2021, the Corporation entered into a credit facility agreement with HSBC Bank that allows Quorum to borrow up to $950,000 to meet working capital requirements, subject to the value of certain accounts receivable ("the "Facility"). The Facility is secured by a first priority security interest in all of the Corporation's present and after-acquired property. The Corporation must meet a working capital ratio of at least 1:25:1. As at September 30, 2023, this condition was met. As of September 30, 2023, based on eligible accounts receivable, the maximum draw on the Facility was $950,000. Amounts drawn on the Facility incur interest at a rate of prime plus 1.25%. The balance drawn as September 30, 2023 was $nil (December 31, 2022 - $nil).

As required under an amended office lease agreement, the Corporation has provided a $150,000 letter of credit with HSBC for the period covering March 2021 to March 2023, decreasing by $25,000 in March 2023. The $150,000 letter of credit is to remain in place until December 31, 2026 when the lease in Saint John, NB is set to expire.

10. Long-term Debt

As at	**September 30, 2023**	December 31, 2022
ACOA financing 2016 - Quorum DMS	**$ -**	$187,499
ACOA financing 2018 - Quorum DMS	**21,767**	38,963
ACOA financing 2019 - Quorum DMS	**669,797**	669,797
ACOA financing 2019 - DealerMine	**24,030**	22,380
BDC Capital Inc. 2022 – Mezzanine	**3,838,799**	3,755,353
BDC Capital Inc. 2022 – Cash Flow	**6,900,000**	6,900,000
CEBA financing 2020 - Advantage	**40,000**	40,000
CEBA financing 2020 - Autovance	**30,000**	30,000
CEBA financing 2020 – VINN	**40,000**	-
ACOA financing 2020 - DealerMine	**180,601**	190,872
ACOA financing 2021	**261,397**	304,486
ACOA financing 2022	**296,268**	128,379
	12,302,659	12,267,729
Due within one year	**596,305**	463,598
Total	**$11,706,354**	$11,804,131

ACOA financing 2016 – Quorum DMS

On July 5, 2016, the Corporation entered into a loan agreement with the Atlantic Canada Opportunities Agency ("ACOA") to finance the Quorum DMS refactoring project. The maximum amount of loan was $1,076,067 and the amount was released by ACOA when the Corporation incurred the costs eligible for reimbursement under this agreement. The difference between the fair value of the loan on inception and the cash received of $1,076,067 has been accounted for as a government grant (refer to Note 11). The loan is unsecured and interest-free and is repayable in annual installments calculated as 1.5% of gross revenues for the fiscal year immediately preceding the due date of the respective payment. Annual repayments commenced on September 1, 2019. The loan was paid in full in September, 2023.

ACOA financing 2018 - Quorum DMS

On March 26, 2018, the Corporation entered into a loan agreement with ACOA to finance the St. John's, NL office expansion project, which included new furniture, hardware and leasehold improvements required for the new office in St. John's, NL. The maximum amount of loan was $175,000. The project has been

10. Long-term Debt *(continued)*

finalized and $145,932 was released by ACOA when Quorum incurred the costs eligible for reimbursement under the agreement. The carrying value of the loan is $21,767, which has been computed using a 15% rate of interest over 5 years. The difference between the fair value of the loan on inception and the cash received has been accounted for as a government grant (refer to Note 11). The loan, which is unsecured and interest-free, matures on September 30, 2024, and is repayable in equal monthly installments. Payments commenced on October 1, 2019.

ACOA financing – 2019 - Quorum DMS

On June 25, 2019, the Corporation entered into a loan agreement with ACOA to finance the Quorum DMS lead generation data hub project. The maximum amount of loan was $1,542,245 and the amount was released by ACOA when the Corporation incurred the costs eligible for reimbursement under this agreement. The carrying value of the loan is $669,797 and has been computed using a 15% rate of interest over 7 years. The difference between the fair value of the loan on inception and the cash received has been accounted for as a government grant (refer to Note 11). The loan, which is unsecured and interest-free, matures on November 1, 2029, and is repayable in annual installments. Payments are expected to commence in Q4 2023.

ACOA financing – 2019 - DealerMine

On July 8, 2019, DealerMine Inc. entered into a loan agreement with ACOA to finance the DealerMine BDC expansion project, which included new furniture, hardware and leasehold improvements required for a partnership agreement with AutoCanada. The maximum amount of the loan was $117,500. The project has been finalized and $79,690 was released by ACOA when DealerMine incurred the costs eligible for reimbursement under the agreement. The carrying value of the loan is $24,030, which has been computed using a 15% rate of interest over 4 years. The difference between the fair value of the loan on inception and the cash received has been accounted for as a government grant (refer to Note 11). The loan, which is unsecured and interest-free, matures on December 31, 2024, and is repayable in equal monthly installments. Payments commenced on July 1, 2021.

BDC Capital Inc. Facilities (Mezzanine and Cash Flow Loans)

On March 4, 2019, the Corporation closed a loan agreement with BDC Capital Inc. to finance the DealerMine acquisition and to provide additional working capital. The maximum loan amount is $15,000,000 and $12,125,000 has been drawn on as of September 30, 2023. On April 26, 2021, Quorum made a prepayment of $1,500,000 in principal and interest on the loan.

On February 8, 2022, Quorum restructured its credit facility with BDC Capital Inc. The original loan was replaced with a Mezzanine loan. The Mezzanine loan replaced the fixed interest rate of 11.7% with a variable rate, calculated as BDC Capital's floating rate which moves in conjunction with the Bank of Canada's overnight rate plus 3%, and extends the maturity date from January 15, 2025, to August 15, 2027. On February 28, 2022, Quorum made a payment of $1,080,053 in accrued interest on the loan. On April 1, 2022, the Corporation financed the Accessible Accessories $4,500,000 purchase price with $500,000 from current cash reserves and $4,000,000 from the BDC Mezzanine loan. As at September 30, 2023 the interest rate on the Mezzanine loan was 12.80%. On October 12, 2022, Quorum further restructured its credit facility with BDC Capital Inc and replaced $6,900,000 of the Mezzanine loan with a lower interest Cash Flow loan. As at September 30, 2023, the interest rate on the Cash Flow loan was 9.80%.

The carrying value of the Mezzanine loan as of September 30, 2023, is $3,838,799 using a 12.80% rate of interest over six years (December 31, 2022 - $3,755,353). The carrying value of the loan includes accrued interest.

10. Long-term Debt *(continued)*

The carrying value of the Cash Flow loan as of September 30, 2023, is $6,900,000 using a 9.80% rate of interest over six years (December 31, 2022 - $6,900,000). Principal of the Mezzanine loan is repayable on maturity date, August 15, 2027. Principal of the Cash Flow loan is payable in equal monthly installments and matures on August 15, 2027. The first Cash Flow loan payment is due on August 15, 2024.

Both the Mezzanine and Cash Flow loans are secured by a General Security Agreement on all of Quorum's present and after acquired personal property and on all present and future assets of Quorum related to intellectual property. The security interest ranks in first position with respect to intellectual property but subordinated in rank to any other security granted.

The Corporation must meet a working capital ratio of at least 1:25:1 and a minimum debt service coverage ratio of 1:25:1. These conditions were met as at September 30, 2023.

Canada Emergency Business Account ("CEBA") – Advantage, Autovance, and VINN

On May 1, 2020 and December 18, 2020, the Corporation's Advantage division was successful in the applications for round 1 and round 2 of the CEBA loan program. On June 8, 2020, the Corporation's Autovance division was successful in the application for a CEBA loan. CEBA provides interest free loans of up to $60,000 per division to help cover operating costs during a period where revenue has been temporarily reduced due to the economic impacts of COVID-19. Repayment of the balance of the loan on or before January 18, 2024 will result in partial loan forgiveness. As of September 30, 2023 $100,000 was received, of which $30,000 has been accounted for as government assistance (refer to Note 11).

Upon acquisition, the Corporation assumed VINN's $40,000 CEBA loan, which was availed of during the pandemic for operational needs. The loan is repayable by January 18, 2024.

ACOA financing 2020 - DealerMine

On October 6, 2020, DealerMine Inc. entered into a loan agreement with ACOA to assist Quorum in adding significant enhancements to DealerMine's Online Scheduling application. The maximum amount of the loan is $500,000 and the amount was released by ACOA when DealerMine incurred the costs eligible for reimbursement under the agreement. As of September 30, 2023, $500,000 was received (December 31, 2022 - $415,864) and $nil was receivable (December 31, 2022 - $84,136). The carrying value of the loan is $180,601 and has been computed using a 15% rate of interest over 15 years. The difference between the fair value of the loan on inception and the cash received and receivable has been accounted for as a government grant (refer to Note 11). The loan is unsecured and interest-free and is repayable in annual installments calculated as 15% of gross revenues from the resulting products for the fiscal year immediately preceding the due date of the respective payment. On December 7, 2021, the project was extended by one year, and was completed in early 2023. The loan is repayable in equal monthly installments and matures when the loan has been repaid or on June 30, 2038, whichever occurs first. The first payment is due on July 1, 2024.

ACOA financing 2021

On January 6, 2021, the Corporation entered into a loan agreement with ACOA to assist Quorum in developing expertise to capitalize on partnership and merger and acquisition opportunities. The maximum amount of the loan is $500,000 and the amount was released by ACOA when the Corporation incurred the costs eligible for reimbursement under this agreement. The carrying value of the loan is $261,397 and has been computed using a 15% rate of interest over 5 years. The difference between the fair value of the loan on inception and the cash received has been accounted for as a government grant (refer to Note 11). The loan, which is unsecured and interest-free, matures on September 1, 2027, and is repayable in

(stated in Canadian dollars unless otherwise stated)

10. Long-term Debt *(continued)*

equal monthly installments. Payments commenced on October 1, 2022.

ACOA financing 2022

On September 16, 2022, the Corporation entered into a loan agreement with ACOA to assist Quorum in developing expertise to capitalize on scale-up and BDC development opportunities. The maximum amount of the loan is $500,000 and the amount will be released by ACOA when the Corporation incurs the costs eligible for reimbursement under this agreement. As of September 30, 2023, $390,170 was received (December 31, 2022 - $nil) and $86,515 was receivable (December 31, 2022 - $226,897). The carrying value of the loan is $296,268 and has been computed using a 15% rate of interest over 5 years. The difference between the fair value of the loan on inception and the cash received and receivable has been accounted for as a government grant (refer to Note 11). The loan, which is unsecured and interest-free, matures on March 1, 2029, and is repayable in equal monthly installments. The first payment is due on April 1, 2024.

Scheduled principal repayments

Scheduled principal repayments at September 30, 2023 are as follows:

2023 – 3 months	$276,550
2024	849,447
2025	1,619,006
2026	1,602,288
2027	7,624,490
2028 & later	330,878
	$12,302,659

(stated in Canadian dollars unless otherwise stated)

11. Government Grants and Assistance

As noted in Note 10 above the Corporation has recorded as long-term debt, government grants and other assistance with respect to the following:

- ACOA financing 2016 – Quorum DMS
- ACOA financing 2018 - Quorum DMS
- ACOA financing 2019 – Quorum DMS
- ACOA financing 2019 – DealerMine
- ACOA financing 2020 - DealerMine
- CEBA financing 2020 – Advantage
- CEBA financing 2020 – Autovance
- CEBA financing 2020 - VINN
- ACOA financing 2021
- ACOA financing 2022

In addition to the above, the Corporation has received approval for the following government grants and other assistance:

Grantor	Maximum funding	Received to September 30, 2023	Purpose and terms	Net income inclusion nine months ended	
				2023	2022
Opportunities New Brunswick ("ONB") (March, 2021)	$820,000	$134,564	• To assist the Quorum group of companies in creating new roles in the province of New Brunswick • Non-repayable	$128,979	$58,994
ACOA (April, 2021)	$50,000	$42,194	• To assist Quorum with recruiting and staffing requirements • Non-repayable	$ -	$23,975
NRC-IRAP (April, 2021)	$170,000	$170,000	• To assist DealerMine with cloud application machine learning capabilities • Non-repayable	$ -	$50,951
NRC-IRAP (June, 2021)	$724,746	$724,746	• To assist Quorum DMS with cloud application machine learning capabilities • Non-repayable	$131,229	$290,050
NRC-IRAP (June, 2021)	$30,000	$30,000	• To assist Quorum DMS with software enhancements and OEM integration. • Non-repayable	$ -	$5,626
ACOA (July, 2021)	$50,000	$32,211	• To assist DealerMine with BDC instructional design and training program improvement. • Non-repayable	$ -	$6,635
Government of Newfoundland and Labrador, Department of Industry, Energy, and Technology ("GNL - DIET") (July, 2022)	$100,000	$41,700	• To assist the Quorum Group of Companies with rebranding and labour market awareness, in order to meet continued growth needs. • Non-repayable	$20,400	$ -
NRC-IRAP (May, 2023)	$18,538	$18,538	• To assist DealerMine's BDC with cloud application machine learning capabilities • Non-repayable	$18,538	$ -
ACOA (July, 2023)	$50,000	$ -	• To assist Quorum in the development of a Diversity Equity Inclusion and Belonging program, with supplemental employee resource programs. • Non-repayable	$3,305	$ -
NRC-IRAP (August, 2023)	$100,000	$ -	• To assist Quorum DMS with PowerLane scalability. • Improving the PowerLane customer experience through machine learning algorithms. • Non-repayable	$23,876	$ -
				$326,327	**$436,231**

(stated in Canadian dollars unless otherwise stated)

12. Share Capital

Authorized
The Corporation is authorized to issue an unlimited number of Common shares and Preferred shares issuable in series.

Issued and Outstanding
A summary of the changes to share capital for the period is presented below:

As at	September 30, 2023		December 31, 2022	
	Number of Shares	Amount	Number of Shares	Amount
Common Shares				
Balance, beginning of period	**73,237,048**	**$31,607,928**	73,128,720	$31,526,484
Issued pursuant to stock-based compensation	**267,402**	**163,188**	108,328	81,444
Balance, end of period	**73,504,450**	**$31,771,116**	73,237,048	$31,607,928

Net loss per share

In calculating the basic and diluted net loss per share for the periods ended September 30, 2023 and September 30, 2022, the weighted average number of shares used in the calculation is shown in the table below.

Nine months ended	September 30, 2023	September 30, 2022
Net loss	**$(381,277)**	**$(1,246,452)**
Weighted Average Common Shares		
Weighted average	**73,319,905**	**73,133,190**
Effect of dilutive shares	**289,608**	**-**
Weighted average diluted shares outstanding	**73,609,513**	**73,133,190**
Net loss per share – basic	**$(0.005)**	**$(0.017)**
Net loss per share – diluted	**$(0.005)**	**$(0.017)**

13. Stock-Based Compensation

As at September 30, 2023, a total of 7,350,445 common shares were reserved for issuance under the Corporation’s Stock Option Plan and Restricted Stock Unit Plan (September 30, 2022 - 7,313,352) of which 6,360,532 common shares remain available for grant (September 30, 2022 – 6,174,765). Pursuant to the Corporation’s stock-based compensation plans, options and restricted share units may be granted up to a maximum of 10% of common shares currently issued and outstanding.

Stock Option Plan

Quorum may provide incentives to employees, officers and directors of the Corporation by issuing options to acquire common shares. The exercise price of the options is determined by the Board of Directors in accordance with the policies of the TSX Venture Exchange (“TSXV”). The options have a maximum term of five years with a hold period of four months from the date of the initial grant, and no more than 1/3 of the stock options granted to any one individual shall vest in any twelve-month period.

(stated in Canadian dollars unless otherwise stated)

13. Stock-Based Compensation *(continued)*

There are three stock option plans with grant dates of July 6, 2020, October 2, 2020, and April 1, 2023, respectively. The plans vest over three-year terms, at one-third vesting rights each year. The maximum term of the plans are five years from the date of grant.

Stock option transactions for the respective periods and the number of stock options outstanding are summarized as follows:

As at	September 30, 2023		December 31, 2022	
	Number of Stock Options	**Average Exercise Price**	**Number of Stock Options**	**Average Exercise Price**
Balance, beginning of period	**727,700**	**$0.90**	911,768	$0.91
Granted during the period	**79,073**	**0.59**	-	-
Exercised during the period	**-**	**-**	(2,000)	0.87
Forfeited during the period	**(44,405)**	**0.82**	(182,068)	0.92
Balance, end of period	**762,368**	**$0.87**	727,700	$0.90

As of September 30 2023, there were 762,368 stock options outstanding (December 31, 2022 – 727,700). For the nine months ended September 30, 2023 stock-based compensation expense of $10,000 was recorded related to the stock option plan (September 30, 2022 - $15,194). The following table summarizes information about stock options outstanding at September 30, 2023:

Exercise price	Number outstanding	Number vested	Number unvested	Weighted average remaining contractual life in years
$0.59	70,568	-	70,568	2.50
$0.87	391,800	391,800	-	-
$0.95	300,000	300,000	-	-
	762,368	691,800	70,568	2.50

The Corporation accounts for its stock-based compensation plan using the fair value method, under which compensation expense for each tranche of an award is measured at the grant date and recognized over the vesting period. Assumptions utilized in the calculation thereof using the Black-Scholes model for option valuation are as follows:

	September 30, 2023	September 30, 2022
Volatility rate range	61%-70%	61%-70%
Stock option holding period range (years)	2.50-3.50	2.50-3.50
Risk free interest rate range	3.95%-5.25%	0.25%-0.33%
Dividend yield	0%	0%

Restricted Stock Unit Plan

Effective June 27, 2014, the Corporation implemented the Restricted Stock Unit (“RSU”) Plan which provides incentives to eligible employees, officers and directors of the Corporation through the issuance of

(stated in Canadian dollars unless otherwise stated)

13. Stock-Based Compensation *(continued)*

RSU's. The RSU's generally vest as follows, subject to the absolute discretion of the Board of Directors: one-third on the date of grant, and one-third on each of the one and two-year anniversaries from the date of grant. As of September 30, 2023, a total of 5,008,236 Restricted Stock Units at an average price of $0.69 since plan inception, have vested.

For the nine months ended September 30, 2023 stock-based compensation expense of $270,040 (September 30, 2022 - $118,318) was recorded related to the RSU compensation plan. Restricted Stock Units for the respective periods and the number of RSU's outstanding are summarized as follows:

As at	**September 30, 2023**		**December 31, 2022**	
	Number of RSU's	**Weighted average price**	**Number of RSU's**	**Weighted average price**
Balance, beginning of period	**255,587**	**$0.89**	180,000	$1.04
Granted during the period	**399,073**	**0.61**	291,587	0.86
Vested during the period	**(394,236)**	**0.68**	(180,000)	0.77
Forfeited during the period	**(32,879)**	**0.82**	(36,000)	0.86
Balance, end of period	**227,545**	**$0.74**	255,587	$0.89

14. Revenue

	Three months ended September 30, 2023	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
SaaS revenue	**$7,073,830**	$7,013,373	**$21,173,482**	$20,635,150
BDC revenue	**2,762,660**	2,595,945	**8,292,353**	7,775,231
Services and one-time revenue	**563,779**	244,744	**876,761**	542,242
	$10,400,269	$9,854,062	**$30,342,596**	$28,952,623

15. Amortization and Depreciation

	Notes	**Three months ended September 30, 2023**	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Amortization of intangible assets	7	**$825,395**	$776,420	**$2,461,580**	$2,252,264
Amortization of contract assets		**47,984**	28,920	**117,712**	82,500
Depreciation of property and equipment	6	**71,029**	181,461	**193,532**	395,645
Depreciation of lease assets	8	**93,539**	124,565	**296,968**	377,205
		$1,037,947	$1,111,366	**$3,069,792**	$3,107,614

(stated in Canadian dollars unless otherwise stated)

16. Supplementary Cash Flow Information

The following table presents the net change in non-cash operating working capital.

	Three months ended September 30, 2023	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Decrease (increase) in accounts receivable	**$62,207**	$(488,655)	**$(237,642)**	$(391,885)
Decrease (increase) in inventory	**3,868**	-	**3,868**	(3,376)
Decrease (increase) in prepaid expenses	**88,410**	63,891	**253,800**	73,742
Increase (decrease) in accounts payable and accrued liabilities	**47,465**	152,320	**131,901**	199,336
Net change in non-cash operating working capital	**$201,950**	$(272,444)	**$151,927**	$(122,183)

17. Segmented Information

The Corporation operates in one segment, the computer network and business software industry. Revenue and long-term assets by geographic area are summarized as follows:

Revenue

	Three months ended September 30, 2023	**Three months ended September 30, 2022**	**Nine months ended September 30, 2023**	**Nine months ended September 30, 2022**
Canada	**$9,198,958**	$8,737,740	**$26,899,935**	$25,659,224
United States	**1,201,311**	1,116,322	**3,442,661**	3,293,399
Total revenue	**$10,400,269**	$9,854,062	**$30,342,596**	$28,952,623

Long-Term Assets[20]

As at	**September 30, 2023**	**December 31, 2022**
Canada	**$31,005,463**	$31,525,868
United States	**2,000**	15,408
Total long-term assets	**$31,007,463**	$31,541,276

18. Subsequent Event

On October 27, 2023, Quorum made a prepayment of $1,623,728 in principal and interest on its BDC Capital Loan Facility.

[20] Includes: Property and equipment, lease assets, intangible assets, goodwill and contract assets.

Corporate Information

BOARD OF DIRECTORS

Maury Marks
President & Chief Executive Officer
Quorum Information Technologies Inc.

William Nurthen
Chief Financial Officer
Research Solutions, Inc

Greg Pollard
Corporate Director

Jon Hook
Senior Analyst
Voss Capital, LLC

Scot Eisenfelder
Managing Director
SERV Holdings

Damien Leonard
President
Pinetree Capital

OFFICERS

William Nurthen
Chairman of Board of Directors

Maury Marks
President & Chief Executive Officer

Marilyn Bown
Chief Financial Officer

Corporate Counsel
McLeod Law LLP
Calgary, Alberta

Bankers
HSBC Bank Canada
Calgary, Alberta

Auditors
Deloitte LLP
Calgary, Alberta

Stock Exchange Listing
TSX Venture Exchange
Trading Symbol: QIS

Registrar And Transfer Agent
Olympia Trust Company of Canada
Calgary, Alberta

Quorum Information Technologies Inc.

Head Office
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Email: Investors@QuorumInfoTech.com
Website: QuorumInformationSystems.com

QIS
LISTED
TSXV

Quorum Information Technologies Inc.
B28, 6020 - 2nd Street SE
Calgary, AB T2H 2L8
Listed on: TSX Venture Exchange | **Stock Symbol:** QIS

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