Information Services (Q3 2020 Earnings)
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Corporate Speakers

- Jonathan Hackshaw; Information Services Corp; Director of Investor Relations & Capital Markets
- Jeff Stusek; Information Services Corp; President & CEO
- Shawn Peters; Information Services Corp; EVP & CFO

Participants

- Stephanie Price; CIBC Capital Markets; Analyst
- Paul Treiber; RBC Capital Markets; Analyst
- Jesse Pytlak; Cormark Securities Inc. ; Analyst
- Stephen Boland; Raymond James ; Analyst
- Trevor Reynolds; Acumen Capital; Analyst

PRESENTATION

Operator^ Ladies and gentlemen, thank you for standing by and welcome to the ISC Q3 2020 Earnings Conference Call and Webcast. (Operator Instructions)

I would now like to hand the call over to your host today, Mr. Jonathan Hackshaw, Director, Investor Relations and Capital Markets. Thank you. Please go ahead.

Jonathan Hackshaw^ Thank you, Jeff. Good morning, ladies and gentlemen. Welcome to ISC's conference call for the quarter ended September 30, 2020. On the call today with me are Jeff Stusek, President and CEO; and Shawn Peters, Executive Vice President and Chief Financial Officer.

Jeff will provide some opening comments about the quarter, this will be followed by a review of operational and financial results for the quarter by Sean. Jeff will then make some closing remarks before we open up the call to the question-and-answer session.

Before we begin, we would like to remind everyone that we will only be summarizing results today. ISC's unaudited, condensed, consolidated interim financial statements and notes and management's discussion and analysis for the period ended September 30, 2020, have been filed on SEDAR and are also available in the Investor Relations section of our website under Financial Reports. We encourage you to review those reports in their entirety.

I would also like to remind you that any statements made today that are not historical facts are considered to be forward-looking statements within the meanings of applicable securities laws. The statements may involve a number of risks and uncertainties that are described in detail in the company's SEDAR filings, in particular, in ISC's Annual

Information Form for the year ended December 31, 2019, and ISC's unaudited, condensed, consolidated interim financial statements and notes and management's discussion and analysis for the three months and nine months ended September 30, 2020. Those risks and uncertainties may cause actual results to differ materially from those stated.

Today's comments are made as of today's date and will not be updated except as required under applicable securities legislation. Today's conference call is being broadcast live over the Internet and will be archived for replay shortly after the call on the Investor Relations section of our website.

I will now hand the call over to Jeff.

Jeff Stusek^ Thank you, Jonathan, and good morning to everyone joining us for today's call.

The third quarter was a productive one for us. Our financial performance remains strong and the resiliency of our business segments is evident in our results. During the quarter, we also completed the acquisition of substantially all of the assets used in the business of Paragon, whose primary focus is the facilitation and coordination of asset recovery on behalf of many of Canada's major banks. The addition of Paragon's assets will strengthen our current service offering. It means that we'll be able to offer our clients a complete solution throughout the credit life cycle.

The integration of these assets and new colleagues into our service business has gone well and I'm excited about this addition. Our services business also continue to enhance its technology offerings, with the completion of a soft launch of our newest technology platform, [Registry Complete], a unified and streamline platform that enables legal organizations to search and register with the various ministries across Canada in a secure cloud-based environment.

This enhanced service allows legal organizations to take advantage of expanded API service offerings, improved tools, faster turnaround and a greater array of services in the pursuit of exceptional and expedient due diligence checks and client service.

With respect to our response to the impacts of COVID-19, we implemented certain measures to reduce operating costs and mitigate the impact of COVID-19 which had a positive impact on our results.

Across our business, from Vernon to Dublin, the seamless transition we made to work-from-home is evident and I'd like to commend all of our employees for their continued professionalism and laser-like customer focus. My thanks also goes out to all of our customers as well, for their continued support and to the new customers we onboarded in services during the quarter for putting their trust in us.

Finally, we also increased our credit facility during the quarter to make sure we are well-positioned to support the needs of our existing business as well as being able to act quickly and execute on any opportunities that may come up in the near term, which supports our growth strategy.

With that, I'll now ask, Shawn to summarize our financial and operating performance for the quarter.

Shawn Peters^ Thank you, Jeff and good morning, everyone. I'll provide you with some of the highlights of the quarter on a consolidated basis and then provide some further commentary about each of our reporting segments and their performance for the reporting period. I will also comment on our expanded reporting for our Services segment.

As Jeff said, our third quarter results were strong, especially considering the economic conditions created by the pandemic. The various restrictions that have been put in place to control the spread of COVID-19 have often negatively affected the ability of our customers and ultimately their customers to transact.

This has had a direct impact on our revenue and EBITDA in our Registry Operations and Services segments and ultimately, our net income. However, we're pleased to report strong results for the third quarter in both our Registry Operations and Services, with services seeing good organic growth and also benefiting from the addition of the assets of Paragon.

On a consolidated basis, revenue was $37.1 million for the quarter, up 15.4% percent compared to the third quarter of 2019, driven by a combination of organic growth and our acquisition of Paragon.

Net income was $5 million or $0.29 per basic and diluted share, compared to $3.3 million or $0.19 per basic and diluted share in the third quarter of 2019, due to our top line growth accentuated by our cost management strategies, with reductions primarily in wages and salaries and occupancy costs.

Our consolidated expenses were $29.7 million, a decrease of $2.8 million compared to the same quarter last year, which combined with our revenue growth, drove EBITDA of $10.9 million compared to $8.6 million in the same quarter last year.

The EBITDA margin for the third quarter was 29.4% compared to 26.7% in the same quarter of 2019. Adjusted EBITDA was $13.2 million for the quarter compared to $8.7 million in the same quarter last year, which is primarily impacted by acquisition and integration costs in the quarter related to Paragon.

Turning to our business segments. Overall, revenue in Registry Operations was $18.4 million for the quarter, up compared to $17.6 million in the same period in 2019.

Consistent with the improvement in activity that began in June, following the phased reopening in Saskatchewan, volumes in the third quarter generally stabilized, albeit at a level below of 2019.

Total transaction volumes across all registries were lower on a year-over-year basis in the third quarter, mainly due to reduced search volumes across all registries. Despite these impacts from the COVID-19 pandemic, revenue increased mainly in the land registry and Personal Property Registry.

Revenue for the land registry was $13 million in the quarter, up 4.9% from Q3 of 2019. The increase was due to an increase in regular land transfers and mortgage registrations during the quarter relative to the same period in 2019. In addition, we saw higher average land values for regular land transfers in the third quarter, which positively impacted the revenue.

High value property registration revenue, where each high value registration generates revenue of $10,000 or more, was down slightly in the quarter at $0.75 million as compared to $0.8 million in the third quarter of 2019.

In the personal property registry, revenue was $2.8 million for the quarter, up 3.8% compared to the same quarter in 2019.

Overall volume was down 5.3% compared to the same period in 2019, as the registry felt the continued impacts related to COVID-19, although not as pronounced as the second quarter. Registration revenue was up by 6.2% in the quarter, while volumes were down 4.1%. Revenue rose because of annual pricing changes, coupled with a higher average term length for personal property security registration setups, which generates greater revenue.

Search revenue was down 2.6% on weaker volumes, which were down 6.1% compared to last year. Maintenance revenue was up 2.3% compared to the same period last year, based on pricing changes as volumes were down 3%.

Revenue in the corporate registry for the quarter was $2.4 million, flat compared to the same period in 2019. Registration and maintenance revenue grew by 6.3% and 0.7%, respectively, compared to the same period last year. Year-over-year increases in the incorporation and registration of new business entities drove registration revenue growth, which was offset by the decline in Search revenue, down 8.9% in the quarter due to lower search volumes.

The net result is that EBITDA for Registry Operations for the quarter was $10.1 million, up from $8.3 million for the same period last year. The increase in the quarter was due to higher revenue and continued cost management.

Year-to-date, EBITDA was $24 million compared to $25.1 million last year, a result of overall year-to-date revenue from the impact of COVID-19, partially offset by the reduction in expenses.

For our Services segment, we've made some changes in this quarter to the way we report our Services revenue. Beginning in Q3, we have re-categorized our reporting into three different divisions following the acquisition of the assets of Paragon which closed on July 31, 2020. Our offerings are now categorized into these three divisions, specifically Corporate Solutions, Regulatory Solutions and Recovery Solutions.

The table in our MD&A sets out the various offerings provided by our Services segment. I encourage you to take a look at it, if you haven't done so already. You will also find descriptions of each of the new reporting divisions in there, as well. We believe this expanded detail will provide readers with a more comprehensive understanding of our Services segment.

With that in mind, Services revenue for the second quarter was $16.4 million, an increase of 27.4% compared to the same period in 2019. Revenue was up in the quarter compared to last year due to organic growth in Regulatory Solutions, as well as additional revenue from the acquisition of Paragon, which is reported as Recovery Solutions.

Revenue year-to-date was also up over last year for the same reasons, though somewhat offset by a reduction in overall volumes in the second quarter from the economic conditions created as a result of COVID-19.

Revenue in Corporate Solutions, which is our smallest division in Services, was $1.1 million for the quarter, flat compared to the same third quarter of 2019. For the first nine months of 2020, revenue was $3.4 million compared to $3.7 million last year, mostly due to the second quarter impact of COVID-19.

Revenue and Regulatory Solutions for the quarter was $13.4 million, an increase of 14% compared to the same period in 2019, due to organic growth as we onboarded multiple new customers and numerous new users in the quarter.

Revenue year-to-date was $35.3 million, up 4.3% compared to $33.9 million for the same period last year, as organic growth and the Paragon acquisition helped to offset the impacts related to COVID-19 felt in the second quarter.

Revenue in Recovery Solutions in the third quarter was $1.9 million, the result of two months of activity after the acquisition of the assets of Paragon.

Expenses in Services for the quarter were $12.8 million, an increase of $1.7 million compared to the same period in 2019, and were $32.6 million year-to-date compared to $32.4 million last year. The increase was due to additional wages and salaries and integration costs related to our acquisition of Paragon and increases in our cost of goods sold, consistent with our higher revenue. These were partially offset by our cost management activities resulting in EBITDA for services of $3.6 million for the quarter, compared to $1.8 million for the same period last year, an $8 million year-to-date compared to $5.2 million last year.

Finally, Technology Solutions saw revenue of $4.8 million for the quarter compared to $5.1 million for the third quarter of 2019.

Revenue from external parties for the quarter was $2.3 million and year-to-date was $7 million, up year-over-year and year-to-date, due to the completion of milestones on current contracts.

Revenue from internal parties was down year-over-year and year-to-date, as we continue to work to service internal requirements as efficiently and effectively as possible. Overall, EBITDA for technology solutions increased $1 million for the quarter, compared to the third quarter of 2019, and increased $2.3 million year-to-date compared to last year, primarily due to reduced expenses, as we continue to work to decrease our cost of delivering information technology solutions overall, as well as some minor pandemic travel and other related cost reductions.

Turning to other items, our capital expenditures were $0.1 million for the quarter compared to $0.8 million for Q3 of 2019, and were $0.8 million year-to-date, versus 2.5 million last year to date. The reductions are due to our current work-from-home environment, which has resulted in the deferral of certain capital expenditures planned in 2020.

With respect to our debt at September 30, 2020, the company had $76.1 million of total debt outstanding compared to $18 million at December 31, 2019.

As reported earlier and as Jeff noted, in August, we announced an increase to our credit facility from $80 million to $150 million with a two-year term. The new facility is available on a revolving basis and was used to refinance amounts under the previous facilities with the balance available for future growth opportunities, capital expenditures and general corporate purposes. Further details on our debt and our credit facilities can be found in our MD&A and financial statements.

From a liquidity perspective, at September 30, 2020, we held $22.5 million in cash, compared to $23.7 million at December 31, 2019. At September 30, working capital was $19.8 million compared to $17.7 million at the end of the last year. The increase in working capital is primarily the result of increased accounts receivable related to revenue growth and the addition of the acquired Paragon business.

Consolidated free cash flow for the quarter was $9.4 million compared to $6.6 million for the same period in 2019. The increase is due to higher operational results and less cash additions to assets this year compared to 2019.

Finally, we also announced yesterday that our Board of Directors approved our quarterly cash dividend of $0.20 per share. The dividend will be payable on or before January 15, 2021, to shareholders of record as of December 31, 2020.

I'll now turn the call back over to Jeff for some concluding remarks.

Jeff Stusek^ Thanks, John. As I said at the start of the call, our financial performance for the third quarter remained strong and the resiliency of our business segments is evident in our results. As such, we remain focused on our long-term strategic objectives, while ensuring the viability of the existing business in the midst of the global pandemic.

The uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic remains for the foreseeable future, and while we position the company to manage through the situation, we continue to be unable at this time to predict the full impact on our financial results going forward.

However, based on our strong results for the year so far and the continued execution of our growth strategy, we remain confident that we have taken the appropriate action to reduce operating costs to remain competitive through the pandemic, to maintain our long-term focus on growth and to do the right thing for our employees, customers, shareholders and other stakeholders, supported by the right team and a strong balance sheet.

And with that, I'll hand the call back to Jonathan.

Jonathan Hackshaw^ Thanks, Jeff. Operator, we'd now like to begin the question-and-answer session please.

QUESTIONS AND ANSWERS

Operator^ Absolutely. (Operator Instructions) Your first question comes from the line of Stephanie Price from CIBC.

Stephanie Price^ Services revenue grew strongly even without the contribution of Paragon, just wonder if you can talk a bit about what you're seeing organically within that Regulatory Solutions group? I think you mentioned there were some new contract wins there and customers onboarded.

Jeff Stusek^ Hey Stephanie, Jeff here. As I've mentioned before, our services business continues to grow organically. We are seeing pressures, general economic pressures, COVID-19-related pressures generally on the business. But I think some of that is -- much of that is being offset by the acquisition of new customers to, what I mentioned on the call was our new platform on Registry Complete, which is resonating very well with new customers and we onboarded a number of new customers in Q3 on that platform alone. So we are seeing organic growth in that space.

Stephanie Price^ Thank you. And then in terms of the registry division, obviously it was an improvement from the prior quarter and Land Registry specifically saw a bit more growth than we were expecting. Can you talk a little bit about the outlook now that we're in the second wave of COVID and what you're thinking about in terms of Q4 and going into next year?

Jeff Stusek^ It's hard to predict what COVID and the impact of the second wave might be in Saskatchewan where this registry -- where we operate this registry there. We are seeing some increases in numbers but not at the same level necessarily that we're seeing across Canada.

I’d say, we remain optimistic about the registry and the continued operation of the registry but we do live in uncertain times and so I'm really careful about getting too far ahead of my [skis], if you will, on that.

But, so far, so good. And Q3 is a bit of a proof of that, and we still see lots of activity in the real estate market and here in Saskatchewan and where our Land Registry is primarily derived.

Stephanie Price^ Great, thanks. And maybe just one more from me on acquisitions. I'm just wondering if you got any update on the pipeline or any change that you think you have in terms the acquisition front, given the recent increase in the credit limit?

Jeff Stusek^ As we've talked about in previous earnings calls, the pipeline -- it's funny times to be doing acquisitions in some ways, and so Shawn and I, we are continually taking a look for opportunities where it makes sense. I'll stand by the premise that we'll be prepared to get all over anything that fits our strategic plan, that's at the right price and at the right time, for the right reasons and we won't step outside of that. We did up the credit facility, as we've talked about it, to be able to take advantage of those opportunities, obviously, we have nothing to announce today.

But as we continue to grow and expand our reach, we come across more opportunities and so I don't think our pace is going to change significantly. We've historically been a one-a-year type company, and some cases it's two, in some cases it’s zero, but we do actively look at a number of opportunities and say no to a lot of things and then take deeper dives with some as well.

So I know that's a fairly generic answer, Stephanie, but we are still active in it but nothing imminent for sure.

Operator^ Your next question comes from the line of Paul Treiber from RBC Capital Markets.

Paul Treiber^ Thanks and good morning. In regards to the land registry business, in particular, the positive revenue growth despite negative volumes, could you speak to why you're seeing land transfers, mortgage registrations improve while search is down and then, do you think this dynamic will persist through Q4 and beyond?

Jeff Stusek^ Sure, I'll take a shot at that. Shawn can correct me, when I'm wrong. One of the aspects -- there is a number of things that make up our revenue in the Land Registry and you've touched on a number of them. I think what has been lacking, if you will, certainly in Q2 was the amount of high-value transactions that were in the system. Those are properties that essentially change hands, that are worth a lot more and we have a threshold that we call high-value transactions.

And what we've seen is a bit of a resumption of normal high-value transaction activity which wasn't there certainly through a lot of COVID. So we're seeing some of that. We are seeing transactions certainly, and a lot of activity in the marketplace.

So Shawn, I don't know, is there more to that?

Shawn Peters^ Yes, the only thing I'd add, Paul, is that we did see a reduction in those volumes in Q2. So we contemplated that we might see a bit of a pickup in Q3, as there was a bit of pent-up demand. Just anecdotally speaking, we know there is a lot of folks at home looking at real estate on their computers and searching that way. So we did see a bit of a pick-up year-over-year -- or we saw a pick-up year-over-year, but year-to-date the transactions are still down, I think it's just partly a factor of timing between Q2 and Q3.

Paul Treiber^ In terms of the impact on your revenue, mathematically speaking, like land transfers and mortgage registrations are higher revenue drivers then search. And so, when you think through to Q4 and your outlook, do you assume a deceleration in land transfers and mortgage registrations, maybe if they were boosted by some of Q2 going into Q3?

Shawn Peters^ We would normally assume that anyways, regardless of -- Q2 and Q3 are our strongest quarters typically in that and we see a reduction in Q4 and Q1 anyways. So, yes, normally we would expect a bit of a reduction anyway.

Paul Treiber^ Okay. Shifting gears to Paragon, the revenue in the quarter was a little bit lighter than what we thought. Was it in line with your expectations or was there anything seasonal with Paragon that we should be aware of?

Shawn Peters^ I wouldn't call it seasonal. We did comment on the acquisition of Paragon that the COVID-19 had impacted the amount of recovery happening in this space, as well as there is a lot of loan deferrals both federally and with the major banks. So I think it's in line with our expectations. We knew where we were in July when we closed the transaction in terms of COVID. And I think it's pretty much played out the way we thought it would. There is certainly potential down the road as some of those loan deferrals stop and the payments start again, that recovery is going to pick up, and that's the long-term value we see in that asset.

Operator^ Your next question comes from the line of Jesse Pytlak from Cormark Securities. Your line is open.

Jesse Pytlak^ Hey, good morning. You've already touched on this, with some of the other questions, but can you maybe give a sense just in terms of the strength that you saw in registry and services, how much of that was maybe just pent-up demand from everything that happened in Q2 as opposed to it was more of a normalized environment?

Shawn Peters^ Thanks for the question. A little bit of it in the land registry we think was pent-up demand. I mean, Q2 and Q3 are our strongest quarters typically, and given that we saw a bit of a reduction in Q2, it was entirely possible that we'd see some of that in Q3, which I think we did. Q3 for us just in Saskatchewan, Jeff has commented earlier that our COVID numbers are not the same as the rest of Canada. Q3 felt fairly normal just out and about. And so, that probably helped.

In the services, I would say there's probably some pent-up demand, a little less. I think most of Q3 is organic growth as a result of the team really pounding the pavement and going after customers and customers seeing the value in our services. So I think it's more about organic growth that we drove as opposed to pent-up demand.

Jesse Pytlak^ Okay, that's helpful, and then just shifting to technology solutions, you continue to call on these implementation delays, which is obviously understandable given everything that's going on more broadly. But do you feel that you're getting closer to being able to execute on some of this work, maybe more so now when you felt three months ago or are these projects being continually pushed out further and further?

Shawn Peters^ No, I don't think they're being pushed out further and further, I think primarily our customers on the technology solution space are governments and government jurisdictions that have, like every government, a multitude of priorities, emergent priorities here as it relates to COVID and the economy and getting things rolling and contact tracing and all the things that government agencies are doing.

This isn't an inevitable -- I mean a push out perennially. Our team continues to work and I think we will see some completions and go lives shortly from the work that's been done through Q2 and Q3. So it's not being pushed out at any length of time that's significant to us, it's really essentially just crossing a quarter or a few months here and there. So it's not problematic in that way. I don't think this is a long-term trend that technology solutions projects are going to get pushed out forever, because they're not, there is work being done. And in many ways, we're very close to go live dates on a few of them for sure.

Operator^ Your next question comes from the line of Stephen Boland from Raymond James, your line is open.

Stephen Boland^ Good morning, everyone. First question just on the services business, this new product, Registry Complete. Can you just give me a little reminder, is this being rolled out to existing customers or is this a new product that's hoping to attract new -- sorry, existing customers or rolling out to new customers?

Jeff Stusek^ Little of both, Stephen. So it's a product that facilitates ease of -- it's really an easy-to-use product that would appeal to our current client base, but I can tell you that Q3 we onboarded a number of new clients that use that tool and will use that tool going forward, so I don't know if it's targeted at any one particular group, other than it is nice to bring on a number of new clients because of the tool, for sure.

Stephen Boland^ And what would you say the revenue potential is for this product alone, if you can segment it if that's possible?

Jeff Stusek^ I'm not sure I could give you a direct answer on that. We see that Regulatory Solutions part of our business as a key area of focus, Recovery Solutions division is running on its own. And so we're focusing hard on that Regulatory Solutions market. I think we'll continue to see growth, but I don't think I can give you a specific number at this point.

Stephen Boland^ Okay. I'm just going to switch to the balance sheet, free cash flows or your dividend as a percent of your free cash flow is maybe at an all-time low. What is the focus going forward here? Is it a possibility of a dividend increase, reducing debt or just stockpiling cash for another acquisition? What would you say your priority is?

Jeff Stusek^ It's a great question. I think one of the aspects of growing the business and increasing that cash flow does give us more options. We have been focused on growth and acquisition for the past number of quarters/years, which then has obviously driven down our payout ratio.

This is something our Board and I talk about fairly regularly. Right now, our focus is on continuing to grow the business, but at some point rewarding shareholders for that growth might be something that's a real issue for us and our Board to contemplate.

For now, it's a good position to be in and we were able to drive through. And I'm not saying we're out of the woods yet on the pandemic, but drive through the pandemic fairly well financially and not have to talk about dividend in a negative way. I think it is a consideration as we move forward, maybe balancing some of this growth with dividends is a consideration, but right now it's not on the table in the imminent future.

Stephen Boland^ And you're comfortable to your debt size compared to your capital on your EBITDA levels?

Jeff Stusek^ Yes, we remain comfortable at that level. That is a use of proceeds that we certainly have considered in the past and drawing down some of that debt as appropriate. But we are not uncomfortable with this debt level at this point relative to our cash flow and EBITDA and more than comfortable to take on more, which is why we took on a greater credit facility as it relates to that. So we are comfortable, generally speaking, at this level is not problematic for us for sure.

Operator^ Your next question comes from the line of Trevor Reynolds from Acumen Capital. Your line is open.

Trevor Reynolds^ You mentioned some deferred CapEx, is that likely to stay deferred until COVID measures are off the table or when do you expect that to come back?

Shawn Peters^ Good question, Trevor. As we're going through, we're just in our budgeting cycle for 2021 and that's a discussion point. Given that we're probably in this pandemic for the next few months anyways or some the foreseeable future, we have revamped how we are looking at these things so we'll be moving forward probably with a number of them.

We are able to work remotely, as Jeff has talked about before both our staff and our IT team. So it was more a bit of getting settled through the COVID period and now that we're done that, I think we'll be starting our CapEx program again.

Trevor Reynolds^ Okay and just the magnitude of what you expect on that front?

Shawn Peters^ Yes, it's not going to be out of the ordinary. We're always in that $2 million to $4 million to $6 million at the top end of CapEx and I would expect that to continue for the foreseeable future.

So it's really more, I don't want to call it maintenance CapEx, because there's improvements that we continually do in our registries, in our software, and those types of things. But certainly, those will continue on, a little bit of the bricks and mortar CapEx that we've had in the past is obviously going away as we've closed three service centers last year and closed our Montreal office this year. So some of those are going away, but the magnitude will stay pretty consistent.

Trevor Reynolds^ Great, thanks. And then on the technology solutions side, are you able to provide any indication of the magnitude of those projects that are currently being pushed out a little bit?

Shawn Peters^ They all relate to projects that we've announced previously. So our client in Nova Scotia, the [IEA] is an ongoing one, so that one is not really being pushed out. But mostly around Nova Scotia, which is one we announced previously.

Trevor Reynolds^ Got it, thanks. And then last one, can you comment on the current COVID measures in Saskatchewan and where they sit and where you have a sense in terms of where they're going?

Jeff Stusek^ Sure. It's the Saskatchewan, like I said, there has been an increase in the number of active daily cases. We're in and around probably 70 to 80 new cases a day, hospitalizations remain at a fairly low. A lot of those cases have stemmed from some nightclubs activity in Saskatoon, so a lot of younger folks actually contracting it, which is not necessarily good or bad, but the likelihood of survival is higher. But what has happened in the past couple of days of Saskatchewan, the health authority has imposed masking in mass and public places and reduced public gatherings to from 15 to 10 for the next 28 days.

So I think it's just more a cautious approach. What we haven't seen is any restrictions economically, so gyms and restaurants stay open. The only thing of fact that we've seen is alcohol serving after 10 in Saskatoon is now not allowed. But I don't think that has a devastating impact on the economy.

So, we're seeing an economy as close to normal, as one could imagine it might be in a pandemic. So it's not what we're seeing in other parts of the country, including Ontario and Manitoba, Quebec, like those are different situations. But this government is taking a fairly cautious approach and added a few measures that I think most will be able to comply with and it's not going to be an issue.

Operator^ (Operator Instructions) I'm showing no further questions at this time, I would now like to turn the conference back to Mr. Hackshaw. Sir, please continue.

Jonathan Hackshaw^ Thank you, Jeff. With no further questions, I would like to once again thank everyone for joining us on today's call and we look forward to speaking you again when we next report. Have a good day. Bye.

Operator^ Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.