Information Services (Q4 2020 Earnings)
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Corporate Speakers:

- Jonathan Hackshaw; Information Services Corporation; Director of IR & Capital Markets
- Jeff Stusek; Information Services Corporation; President & CEO
- Shawn Peters; Information Services Corporation; EVP & CFO

Participants:

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

PRESENTATION

Operator^ Ladies and gentlemen, thank you for standing by, and welcome to the ISC Q4 2020 Earnings Conference Call and Webcast.

(Operator Instructions)

I would now like to hand the conference to your speaker today, Jonathan Hackshaw, Director, Investor Relations and Capital Markets. Please go ahead, sir.

Jonathan Hackshaw^ Thank you, Jewel, and good morning, ladies and gentlemen. Welcome to ISC's conference call for the year ended December 31, 2020. On the call with me today are Jeff Stusek, President and CEO; and Shawn Peters, Executive Vice President and Chief Financial Officer.

Jeff will provide some opening comments followed by a review of our operational, and financial results for the year by Shawn. Jeff will then make some closing remarks before we open the call up for the question-and-answer session.

Before we begin, we would like to remind everyone that we will only be summarizing results today. ISC's audited consolidated financial statements and management's discussion and analysis for the period ended December 31, 2020, have been filed on SEDAR and are also available in the Investors section on 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 meaning 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, 2020, and ISC's audited consolidated financial statements and notes and management's discussion and analysis for the fourth quarter and year ended December 31, 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 section of our website.

I would now like to turn the call over to Jeff Stusek.

Jeff Stusek^ Thank you, Jonathan, and good morning to everyone joining us for today's call. First and foremost, I hope that everyone is safe and well. I'm very pleased to report that we ended the year with some excellent results, in line with our strategy of producing profitable and sustainable growth. I'm especially proud that we delivered nearly $137 million in revenue, and almost $44 million in EBITDA, both new records for us. All of this was achieved with a global pandemic unfolding in the background. Much of this is down to the professionalism and ability of our employees to seamlessly shift in response to an immense challenge that none of us had ever faced before.

Our 2020 first quarter results showed continued growth over last year, but were muted by the impact of COVID-19 in the week -- in the last weeks of the quarter. We experienced an impact from COVID-19 in the second quarter, but again, delivered strong results in the face of the economic conditions created by the pandemic.

For the third quarter, our performance remained strong, partly due to increased transactions in both Registry Operations and Services, combined with the measures implemented to continue to reduce our operating expenditures and mitigate the impact of the pandemic at the start of the second quarter. We also completed several initiatives.

We acquired substantially all of the assets of Paragon, Inc., whose primary focus is the facilitation and coordination of asset recovery on behalf of many of Canada's major banks. The acquisition strengthened our current service offering, and we now offer our clients a complete solution in the credit life cycle.

We also completed a soft launch of our newest technology platform, Registry Complete, a unified and streamlined platform that enables customers to search and register with various ministries across Canada in a secure cloud-based environment. The platform also allows our customers to take advantage of expanded API service offerings, improved tools, faster turnaround and a greater array of services in the legal and due diligence space. And we expanded our credit facility to refinance amounts under the previous facilities and to provide the company with additional room for future growth opportunities, capital expenditures and general corporate purposes.

Performance in the fourth quarter surged as transaction levels continued to improve across much of the Registry Operations segment, which remains a significant part of

ISC's business. We continue to refine the segment's efficiency to preserve EBITDA and free cash flow while still maintaining best-in-class customer service. Our Services segment also saw a strong quarter, up over last year due to organic new customer growth and the additional revenue from our Recovery Services Solutions division following Paragon's acquisition.

Technology Solutions continued well despite the impact on some implementations' timing, during the year from pandemic restrictions. We still completed scheduled implementation for existing clients, while we continue to develop new relationships with prospective clients.

Based on the strength of our existing business, the continued execution of our growth strategy and the actions we took at the start of the pandemic to mitigate the impact on our business, we were able to deliver excellent results in 2020.

Before I look ahead to 2021, I'll ask Shawn to summarize our financial and operating performance for the year.

Shawn Peters^ Thank you, Jeff, and good morning, everyone. I'll provide you with some of the highlights of the full year on a consolidated basis and then provide some further commentary about each of our operating segments and their performance for the reporting period.

On a consolidated basis, revenue was $136.7 million for the year, an increase of $3.7 million compared to the previous year. The increase was due to the higher revenue generated by Services from new customer growth and the new Recovery Solutions revenue.

Net income for the year was up 8% to $20.9 million or $1.19 per basic share and $1.18 per diluted share compared to $19.4 million or $1.11 per basic and diluted share last year. The increase was the result of our increased revenue, combined with savings from expense reduction measures implemented in 2020 in response to the pandemic.

EBITDA for the year was $43.6 million compared to $39 million last year, an increase of 12%. Adjusted EBITDA was $47.5 million for the year compared to $40 million last year, up 19%. Our EBITDA margin for the year was 31.9% compared to 29.3% for 2019, and our adjusted EBITDA margin was 34.7% compared to 30.1% last year.

Free cash flow for the year increased to $36.2 million, up 21% compared to $30 million last year due to higher cash flows provided by our operations, including changes in our working capital.

Turning to our business segments. In Registry Operations, revenue was $69.6 million for the year, flat compared to 2019. Revenue for the Land Registry was $48.7 million, also flat compared to last year. Despite overall revenue-generating transactions in the Land Registry, falling 7.9% for the year due to the impact of COVID-19. The stable revenue on lower transactions was due to the increase in regular land transfers and mortgage registrations, which generate much of the revenue combined with higher average land values for regular land transfers, particularly in the fourth quarter. The volume of regular land transfers and mortgage registrations in 2020 increased by 1% and 6.6%, respectively, while title search volumes declined by 7%.

High-value property registration revenue, where each high-value registration generates revenue of $10,000 or more, was lower in 2020 at $3.8 million compared to $4.3 million in 2019.

Revenue for the Personal Property Registry was steady year-over-year at $10.1 million compared to 2019. Overall volumes declined by 6.6% compared to the previous year with the decline most prevalent in the second quarter when the COVID-19-related restrictions had the greatest impact on the local economy. Registration and search volumes both dropped 6.9%, while maintenance volumes dropped 4.1%. Personal Property security registration setup volumes decreased by 4.4% compared to 2019.

Revenue for the Corporate Registry for the year was $10.5 million, up 3% compared to 2019. In 2020, registration and maintenance revenue improved by 4.2% and 4.1%, respectively, compared to 2019. More specifically, revenue from the incorporation and registration of new business entities, up 5.3%, drove registration revenue growth. While revenue from the filing of annual writtens and renewals up 6.1% drove maintenance revenue growth.

Pricing changes made in the third quarter of 2019 also contributed to revenue increases in both categories, and this growth was somewhat offset by a reduction of search revenue, which was down 4% compared to the previous year.

Looking at the full year's results, overall EBITDA for Registry Operations was $34.6 million for the year compared to $34.1 million last year. The increase was due to decreased expenses overall, including measures implemented to reduce our operating costs, and mitigate the impact of the pandemic at the start of the second quarter. And while the impact of COVID-19 restrictions were evident in 2020, this line of business remains a strong cash flow contributor, and performed extremely well this year.

In Services, revenue for the year was $56.4 million, up 10% compared to $51.2 million in 2019. Revenue in Services continues to grow primarily as the result of generating more business from existing customers through new products and services, such as those from our Paragon acquisition, and attracting new customers because of our improved service and offerings versus our competition. This growth in new customers offset the reduction in overall volumes seen earlier in the year following the implementation of COVID-19 restrictions.

As a reminder, during the year, we recategorized our reporting for our Services segment to include our new Recovery Solutions division of the Paragon acquisition, which closed on July 31. Therefore, our offerings are categorized into 3 divisions, namely Corporate Solutions, Regulatory Solutions and Recovery Solutions.

Revenue in Regulatory Solutions for 2020 was $47.7 million compared to $46 million for the same period last year, an increase of 3.8%, rebounding in the last half of the year from the second quarter impact of COVID-19 restrictions. Recovery Solutions revenue for the year was $3.7 million following the acquisition of Paragon on July 31. Historically, the recovery industry trends lower in the fourth quarter due to temporary pausing of recovery efforts leading up to and during the holidays.

Revenue for Corporate Solutions was $4.9 million, flat compared to last year, with the impact from COVID-19 offsetting new growth. Overall EBITDA for services was $12.1 million for the year compared to $7.1 million last year. The year-over-year increase was due to higher revenue from the organic growth I mentioned earlier, and the acquisition of Paragon in the summer.

Finally, Technology Solutions saw revenue of $20.6 million for the year compared to $24.2 million for the same period in 2019. Revenue from external parties was down slightly at $10.8 million compared to $11.4 million in 2019 due to the timing of revenue milestones in 2020 versus 2019. Internal-related party revenue decreased as we continue to reduce our internal support costs through continuous improvement in providing application maintenance and operations services. Overall EBITDA for Technology Solutions was $4.4 million, well up from the $2.3 million last year due partially to reduced costs to deliver our implementations in 2020 combined with expense reduction measures put in place during the pandemic.

Finally, our Corporate and Other segment, which includes expenses related to our corporate activities and shared services functions, were $7.7 million for the year versus $4.5 million last year, primarily a result of acquisition and integration expenses related to growth initiatives, such as Paragon.

With respect to expenses, our consolidated expenses for the year were flat year-over-year at $106 million. This was due to reductions in wages and salaries from pandemic-related actions, offset by increases in professional and consulting services and depreciation and amortization from our acquisition of Paragon. Capital expenditures for the year were $1.7 million compared to $3.9 million for the same period in 2019. The lower spend was primarily related to the actions we took to reduce spending across our business segments, following the shift to remote working caused by the pandemic, which included deferrals of certain planned initiatives.

With respect to our debt, as at December 31, 2020, the company had $76.3 million of total debt outstanding compared to $18 million at December 31, 2019. As a reminder, on August 5, we entered into a new credit facility. The aggregate amount available under the new facility is $150 million, up from $80 million. The new facility was used to refinance amounts under the previous facilities with a 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 our financial statements.

From a liquidity perspective, as at December 31, 2020, we held $33.9 million in cash compared to $23.7 million as at December 31, 2019. At the end of December 31, working capital was $28.1 million compared to $17.7 million at the end of last year. The increase in working capital is primarily the result of higher results of operations, reduced corporate income tax installments in 2020, the payment of contingent consideration in 2019 associated with our ERS acquisition, and changes in contract liabilities and receivables due to the timing of sales contracts and higher revenue.

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 April 15, 2021, to shareholders of record as of March 31, 2021.

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

Jeff Stusek^ Thanks, Shawn. Before we move to the Q&A session, I'd like to share a few thoughts with you about our outlook for 2021. While we've demonstrated strong results for 2020, and have positioned the company to manage through the global pandemic situation, we continue to be unable at this time to predict the full impact on our financial results in 2021. However, I reiterate that we are well positioned to manage through this in 2021, and I expect our results to reflect that. We've been focused on the years rather than the quarters ahead. Our long-term strategy remains centered on delivering value for shareholders through the consistent performance of our existing business and the execution of appropriate growth opportunities, including acquisition targets that are complementary to or add value to existing lines of business.

To conclude, I'd like to thank all of our stakeholders for their support over the course of the last year. I believe in our strategy and our people. And it is because of this that I remain confident about the future.

With that, I will hand the call back over to Jonathan.

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

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions)

Our first question comes from Stephanie Price with CIBC.

Stephanie Price^ Registry Operations came in above our expectations, both on the revenue and EBITDA line. Just curious if you could talk about what you saw in the quarter, and if there's been any changes to the outlook post quarter end?

Shawn Peters^ Stephanie, this is Shawn. Yes. So we did see an increase in revenue in the fourth quarter. It was a very strong fourth quarter. You'll know that normally, our fourth quarter and our first quarter are the slower quarters for us, but I think the pandemic sort of shifted that timing. We saw the reduction in Q2 and then sort of a return to 2019 levels in Q3 and then a strong Q4.

As I mentioned on the call, the overall number of transactions in the registry were down, but what we saw was some higher average land values. So transactions were strong, but not where I would say that they were exceeding previous years' levels, part of it was just the average land values and the types of transactions we saw. But all that said, it was a good strong quarter and anecdotally, Saskatchewan's real estate market is continuing strong into the first quarter.

Stephanie Price^ That's helpful. And then in terms of the registry margins, can you talk a little bit about the sustainability of kind of the margin that we saw this quarter and maybe also around cost reductions? I know we've talked in the past about permanent versus temporary. I'm just curious if you could give us an update on that.

Shawn Peters^ Yes. So some of the cost reductions, as I said, were related to pandemic measures, shifting employees to working from home. And we've yet to see how that's going to play out over the long term. But we're running full -- really at full ability and capacity as we are right now. So we would expect to see some of those savings continue. I think the Registry Operations team does a good job of using attrition and looking for process efficiencies. We talk about that quite a bit that they continue to focus on that.

And I think they've used the pandemic as another way to optimize the processes. So I think some of those will continue. What we don't -- yet is when we have everybody come back to work what that's going to look like. And certainly, in any recovery in Saskatchewan, there might be some additional expenses associated with that, and the number of transactions. But we're pretty happy with where they are right now.

Stephanie Price^ Okay. Great. And maybe just one last one to me -- for me is kind of the contribution from Paragon in the quarter. Just curious if it was in line with your expectations and what you're seeing from the business at this point?

Shawn Peters^ Yes. So as we talked about once we acquired Paragon, we acquired it in the middle of COVID. And so we were certainly aware of the impact that COVID would have on the volumes in the business. Given that we went into a second wave, those have persisted a little bit longer, not unexpected for us. Obviously, like most businesses, we would have hoped to come out of that a bit sooner across all of our businesses, not just the Recovery Solutions. But yes, I think based on what we expected and what we saw from COVID, it's performing about where we thought.

Operator^ Our next question comes from Paul Treiber with RBC Capital Markets.

Paul Treiber^ I just wanted to follow up on the last question about Paragon. In the MD&A, there's a sort of pro forma revenue contribution, it suggests that revenue for Paragon is -- for 2020 was about in the $11 million range. Is that the run rate that we -- should we expect that run rate going forward? Is that depressed? What's the magnitude that it's lower if it is to price? Can you have -- sort of help give us some direction around where that revenue is relative to 2020?

Shawn Peters^ Yes. So Paul, it -- when we bought Paragon, it had an LTM of about $12 million. So what you've quoted there would be sort of in line with what it had historically performed. Now we expect to see growth in that. Part of the challenge is taking the 2 quarters that we have being Q3 and Q4. Q4, as I mentioned on the call, typically is a lower quarter for Recovery Solutions, again, because they tend to delay any recovery efforts during up to, and during the holidays. So it's not a great quarter to try to do a full run rate on. But you'll notice that it is in line with what the LTM was. And that's probably okay for right now as we work our way through COVID. But we would expect as we come out of that, that will change, and that's what our growth expectations are for the business.

Paul Treiber^ Okay. That's helpful. Just looking at your -- the '21 outlook or directional commentary, I mean you are taking a conservative stance, and you're implying a little bit of a deceleration. Can you just speak to -- as you think over the year, do you think as you lap some of these tougher comps in the second half of the year, that's when you'll see the deceleration? Or does it matter on when there's a reopening or the timing of reopening? Would that necessarily drive the acceleration or a rebound in growth?

Jeff Stusek^ Paul, Jeff here. That's a good question. It's a hard one to answer. I think I would say a few things. One is, COVID has and continues to have an impact on our business. We certainly see it on the Recovery Solutions side. And some of that sort of muted activity in the Recovery Solutions side speaks a little bit to things like federal subsidies in the marketplace, and things like that. And so if we had clear sight on those types of things, we'd be able to more quickly sort of gauge the impact.

I think both our Registry Operations business and our Services business are really reliant on economic activity. And we are seeing some emergence of that, but it's not full yet, certainly nationally. And in the places we operate, and we're seeing some activity, and that's great. I don't know if those are normal yet.

So I think to your point, yes, it sort of depends on when we're kind of out and clear on this, and I'm speaking from an economic standpoint, not a health standpoint necessarily. But it's hard to -- it's really hard to gauge. And so that's why we're uncomfortable about issuing specific guidance just because of the uncertainties that still exist around COVID and the impacts those have on our business.

All being said, 2020 was a pretty remarkable year despite that. And I do think there is COVID impact on our 2020 results, and so we expect strength going forward. We just -- it's hard to pinpoint perfectly what that looks like.

Paul Treiber^ Okay. That makes sense. One last one for me. There's a comment in the MD&A about some pricing changes made, I think, around August or so. What was the magnitude of those price increases and the breadth of those price increases?

Shawn Peters^ Sure, Paul. It's -- the price increases that we do every year in Registry Operations are related to Saskatchewan CPI. So in our master services agreement, that's what's set out. And so those happen in and around that July, August time frame. So it would be across the Saskatchewan registries in various spots equating to roughly Saskatchewan CPI.

In our Services business, we actually -- we normally do price increases as well, but we did pause them out of respect for the companies, that are our clients, for COVID. But that would be normal sort of timing for those as well. Just this year, we didn't do it because of COVID.

Operator^ Our next question comes from Stephen Boland with Raymond James.

Stephen Boland^ Just a couple of questions. First on Paragon. You mentioned you're gaining -- I think you said you're gaining new customers, and part of that was you're offering new services or cross-selling some of your other services. Could you just spend a minute on that, please? And just what services are working for that -- for those customers?

Shawn Peters^ Yes. So thanks for the question, Stephen. More specifically, we're acquiring new customers in Services as the overall segment. So in our Recovery Solutions, our customers are the big banks. So that's not where we're acquiring the new customers right now. We're continuing to service those customers. But where we see it is in our Regulatory Solutions, which is the collateral management and the legal side of the business. Part of it is the improved technology that we have. We talked about Registry Complete, which we launched this summer, which is a new technology for law firms, which is getting a lot of traction. And just our overall collateral management services is really starting to help that new customer acquisition.

The part that ties into Recovery Solutions is that now that we have that full credit life cycle, we're able to acquire new customers that we might not have been able to before, given that we only had parts of the solution. So Recovery Solutions is helping to acquire new customers, even though they may not directly be in the recovery space.

Stephen Boland^ Okay. And then secondly, I think I've asked this a couple of times now. Your dividend as a percent of free cash flow is, I think, near historic levels or after historic levels. You have lots of room on the credit facility, in terms of getting or completing another acquisition. Maybe you just touch on what's the pipeline look for acquisitions? And two, is there any thought in increasing that dividend?

Jeff Stusek^ Thanks, Stephen. Good question. Lots of ways to look at that, and I appreciate you're asking that question again. (inaudible) our money and allocate our funds to date. We came out of the gate, dividend was strong -- it is, continues to be a strong dividend and attracts a certain type of investor and rewards investors for our sort of continued stable operation. I think what we have done, and the Board supports is focused some of that attention, some of our capital allocation intention to growth and through the acquisitions and the reinvestment in the company. To the company it is today, $137 million and almost $40 million in revenue and $44 million in EBITDA.

I suspect going forward, we will continue to balance that between growing our business, continuing to look for opportunities to grow the business because we still think there's growth opportunities in front of us. And at the same time, taking a look at dividend and is it appropriate. I think the good news story in this is we do have options now, and we do have choice. And we've built the business with such a strong cash -- free cash flow that, yes, you're right, it is at probably record low as a percentage of cash flow. And so it is a live conversation with our Board. Right now I don't want to sort of guess or surmise on what that conclusion will be.

We will continue to try to strike that appropriate balance. And Shawn and I said, from the beginning, at the beginning of the IPO, our intent was to grow the business, so we could look for opportunities to increase the dividend. And I think we have grown the business appropriately. And now we have to assess between future growth. Not just -- it's not a binary choice, just growth opportunities or dividend. It's probably striking a balance between the 2.

So that's not a direct answer to your question, although I can't directly answer it because I don't have the answer. But it is a live conversation for us.

Stephen Boland^ Okay. And just on the pipeline of acquisitions? Is there...

Jeff Stusek^ Sorry, pipeline of acquisitions. I apologize. Yes. So we don't sort of specifically talk about what's in the pipeline. We do have a pipeline of acquisitions, and we continue to sort of work them through our process. There's nothing magical about our acquisition history, although we've done 5 in the last 5 years, 5 or so years, 6 years. So 1 a year seems to be a bit of a trend. They've sort of generally got bigger as we've gone, and Paragon was a $70 million acquisition, which was our largest.

So I don't think it would be odd or unusual to expect an acquisition in 2020, but there's no commitments around that. Shawn and I both believe that it has to be the right acquisition, complementary to our business. It helps us grow the business and add value to our customer, and it has to be at the right price. We are not serial acquirers because we think there's danger in that, and we like the resilient, stable cash flow generation businesses that we've built, and we're not going to jeopardize those. So that's our approach to growth. That's not everybody's approach to growth, but that's ours.

Operator^ (Operator Instructions)

I'm not showing any further questions at this time. I will now turn the call back over to Jonathan Hackshaw for closing remarks.

Jonathan Hackshaw^ Sorry, Jewel, I think we've just seen Trevor Reynolds might have a question. I think he's in the queue.

Operator^ And our next question comes from Trevor Reynolds with Acumen Capital.

Trevor Reynolds^ Just noticed in the MD&A, talking about 84% of all land title registry transactions. were submitted online in 2020. Wondering what that looks like in 2019 for comparative?

Shawn Peters^ Yes. Trevor, I don't have the exact number, but that number is actually pretty stable for us. It's been growing at sort of 0.5% or 1% maybe at most a year. Most of the transactions that we see from our large firms do come in online. The ones that aren't coming in online are still areas where they're just not interested in submitting them online. So it's not a functionality, it's just the client base that uses it. So that's remained pretty stable for us over the last number of years.

Trevor Reynolds^ Got it. And then are you able to quantify any more on the new customer growth in Services? And also kind of what that looks like moving forward from here?

Shawn Peters^ What I would say is that we saw the new customer growth, and maybe this isn't really quantifying it, but the new customer growth more than offset what we saw in reductions from the COVID-19. So in the prior years, we've quoted around organic growth. And I think this year was probably pretty close to the same number, just having to take into a path into account the COVID impact of that. We continue to think there's lots of runway for growth for us in that. And so I don't know that the 20% is sustainable over the long term, just on that business, or maybe as we continue to grow. But I think for the next bit, we do see continued runway in organic growth, particularly with the launch of our new Registry Complete and the Recovery Solutions coming on.

Trevor Reynolds^ Perfect. And then just on -- you did touch on the registry side of taking land property bit have remained strong. On the Services side, has -- have transaction levels held in so far, Q1 to date from what you saw in Q4?

Shawn Peters^ Well, I think that what we saw in Q4 was bit of some strength as there was some positive news in the market, even just anecdotally with vaccines, seems to have sort of increased optimism in the economy. And I think that's continuing into Q1. I don't have any specific remarks to make in terms of service levels and -- or sorry, transaction levels in services. But I think what we're seeing anecdotally in both Registry Operations and Services is continuing into Q1, where Q4 left off, and just -- it was -- it will depend on what we see over the next few weeks as vaccines continue to roll out, and if more lockdowns are put in place as to how that changes.

Trevor Reynolds^ Okay. And then just last thing on the technology side. You guys have had a few implementations here, beginning in Q1. Do you see that -- is there a backlog there? Is it -- or are you kind of through what's been on hold from COVID?

Shawn Peters^ Well, we've had a number of contracts that we worked on over the course of 2020, and successfully. So we're able to remotely work on them and deploy them remotely. We work with our clients. Because it is challenging for them to do some of the testing and implementation remotely, which is what has delayed some of the implementations. But that's been pretty steady for us. I think in some ways, the Technology Solutions business was the least impacted from COVID.

And as we move forward, we've still got -- we just announced a new contract that we're working on. We still have the contract in the Irish Aviation Authority. So there's still good work in the queue. And again, there's a little bit of a COVID impact here where we need to see how jurisdictions are going to continue to move forward post COVID on the technology front, but it certainly is probably a positive thing that a lot of jurisdictions are looking at how to improve their online delivery of services to customers.

Operator^ Our next question comes from Jesse Pytlak with Cormark Securities.

Jesse Pytlak^ Just one quick question, coming back to Paragon. I believe in the past, you mentioned some reluctance by clients that kind of move ahead with recoveries. Just wondering if that kind of dynamic has changed at all.

Shawn Peters^ Thanks, Jesse. Yes. A couple of things in that business. As Jeff mentioned, the business was impacted partly because of government subsidies, which has allowed -- well, mortgage deferrals and governments subsidies that have allowed people to maybe remain afloat on some of those loans that otherwise would have went into default. So that, combined with financial institutions being careful during COVID and not wanting to execute on recoveries, which is what you just mentioned, is why I think we're seeing that sort of flat.

As we come out of this, and the wage subsidies end and deferrals end, I think we're going to see a pickup. The business was performing well prior to COVID. I think we're going to see a pickup in that business. And the banks and other institutions are going to restart their programs of recovery, which I think they have continued to differ even through the holidays and into Q1. So again, it will depend on how quickly we come out of the pandemic when all of those things start to return to normal.

Operator^ I'm not showing any further questions at this time. I would now like to turn the call back over to Jonathan Hackshaw for closing remarks.

Jonathan Hackshaw^ Thank you, Jewel. With no further questions, I'd like to once again thank everyone for joining us on today's call. And we look forward to talking with you again when we report our first -- our results for the first quarter of 2021. Have a good day.

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