



NEWS RELEASE

# ISC® Reports 2020 First Quarter Financial Results

5/5/2020

REGINA, Saskatchewan, May 05, 2020 (GLOBE NEWSWIRE) -- Information Services Corporation (TSX:ISV) ("ISC" or the "Company") today reported on the Company's financial results for the first quarter ended March 31, 2020.

## 2020 First Quarter Highlights

- Revenue was \$29.6 million, an increase of \$1.0 million or 3.5 per cent compared to the first quarter of 2019.
- Net income was \$3.5 million or \$0.20 per basic and diluted share, an increase of \$0.5 million compared to the first quarter of 2019 when net income was \$3.0 million or \$0.17 per basic and diluted share.
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) was \$7.8 million compared to \$7.4 million in the same quarter last year, an increase of \$0.4 million or 6.4 per cent.
- The EBITDA margin for the first quarter of 2020 was 26.5 per cent compared to 25.7 per cent in the same quarter in 2019. Adjusted EBITDA was \$7.9 million for the quarter compared to \$7.8 million in the same quarter last year, with an adjusted EBITDA margin of 26.7 per cent for the quarter compared to 27.3 per cent in the first quarter of 2019.
- Free cash flow of \$6.4 million compared to \$5.3 million in Q1 2019.

## Financial Position as at March 31, 2020

- Cash of \$21.2 million compared to \$23.7 million as at December 31, 2019.
- Total debt of \$17.5 million compared to \$18.0 million as at December 31, 2019.

Commenting on ISC's results, Jeff Stusek, President and CEO stated, "Our primary focus, until all restrictions related to COVID-19 are removed, is ensuring the continuity of our services with the health and safety of our employees,

customers and stakeholders a top priority. This pandemic has had a negative impact on the global economy which has made the future uncertain. As such, we have decided to withdraw our guidance for the year.” Stusek continued, “Nevertheless, all of our businesses are operating, with most of our employees working from home, and our results for the quarter were excellent considering the circumstances. My thanks to all our employees for coming together and ensuring we can continue to deliver for our customers.”

#### Management’s Discussion of ISC’s Summary of 2020 First Quarter Financial Results

(thousands of CAD dollars; except earnings per share and where noted)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenue		
Registry Operations	\$ 15,531	\$ 16,270
Services	11,848	11,028
Technology Solutions	4,664	4,403
Corporate and other	(2,447)	(3,094)
Consolidated revenue	\$ 29,596	\$ 28,607
Consolidated expenses	\$ 24,521	\$ 23,838
Consolidated EBITDA <sup>1</sup>	\$ 7,834	\$ 7,366
Consolidated EBITDA margin <sup>1</sup> (% of revenue)	26.5 %	25.7 %
Consolidated adjusted EBITDA <sup>1</sup>	\$ 7,898	\$ 7,803
Consolidated adjusted EBITDA margin <sup>1</sup>	26.7 %	27.3 %
Consolidated net income	\$ 3,470	\$ 3,011
Earnings per share (basic) <sup>1</sup>	\$ 0.20	\$ 0.17
Earnings per share (diluted) <sup>1</sup>	\$ 0.20	\$ 0.17
Free cash flow <sup>1</sup>	\$ 6,370	\$ 5,265

<sup>1</sup> EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. For more information, please refer to section 9.8 “Non-IFRS Financial Measures” and section 2 “Consolidated Financial Analysis” for a reconciliation of EBITDA and adjusted EBITDA to net income in Management’s Discussion and Analysis for the three months ended March 31, 2020. Refer to section 6.1 “Cash Flow” for a reconciliation of free cash flow in Management’s Discussion and Analysis for the three months ended March 31, 2019.

#### 2020 First Quarter Results of Operations

- Total revenue was \$29.6 million, up \$1.0 million compared to Q1 2019.
- Registry Operations segment revenue was \$15.5 million, down compared to \$16.3 million in Q1 2019.

- Land Registry revenue was \$10.4 million, compared to \$11.3 million in Q1 2019.
- Personal Property Registry was \$2.2 million, down \$71 thousand compared to Q1 2019.
- Corporate Registry revenue was \$2.9 million, up \$0.2 million compared to \$2.7 million in Q1 2019.
- Services segment revenue was \$11.8 million, up \$0.8 million compared to Q1 2019.
- Technology Solutions segment revenue was \$4.7 million, compared to \$4.4 million in Q1 2019.
- Consolidated expenses (all segments) were \$24.5 million compared to \$23.8 million in Q1 2019.
- Net income was \$3.5 million or \$0.20 per basic and diluted share, compared to \$3.0 million or \$0.17 per basic and diluted share for Q1 2019.

#### Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities and our future financial position and results. Refer to “Caution Regarding Forward-Looking Information”.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

We have been and continue to monitor the potential impact of COVID-19 on our people, operations and business. The situation continues to evolve, and our corporate Business Continuity Plan has been adapted to address COVID-19. Our primary focus, until all restrictions related to COVID-19 are removed is ensuring the continuity of our services with the health and safety of our employees, customers and stakeholders a top priority. All our employees have been urged to take protective measures, as recommended by government health authorities, to help prevent the spread of infection. We have closed all our physical offices to the public and most of our employees have been working from home since mid-March. Our technology systems are robust and have handled the additional load placed on them with employees working from home. We also expect that as more customers transact business online than normal, they will be able to do so seamlessly.

ISC has built a strong, sustainable and growing business underpinned by our two largest segments, Registry Operations and Services. These two segments deliver consistency and growth, respectively, while our Technology

Solutions segment focuses to become a meaningful contributor to our consolidated results in the years to come.

One factor influencing the outlook for both our Registry Operations and Services segments is the impact on our transaction volumes due to the restrictions put in place to help contain the spread of COVID-19. Despite this, the services offered by both segments have remained available to our customers via our online portal or telephone and without interruption since the spread of COVID-19. Nevertheless, we expect our volumes from existing customers to be lower than normal for the balance of 2020.

For our Technology Solutions segment, several implementations are ongoing. As jurisdictions focus on responding to COVID-19, we expect that the timelines and hence the recognition of our revenues for some of our implementations will be delayed.

Due to the uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic, we are unable, at this time, to predict the overall impact on our operations and financial results for the remainder of the year, but the impact may be material. As a result, we are withdrawing our guidance.

Although we expect COVID-19 to adversely impact transaction volumes, revenue and EBITDA in the short term, the Company is well positioned to manage through this situation and 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.

The Company will also explore appropriate acquisition targets which are complementary to or add value to existing lines of business. The diversification of our business remains a key part of our strategy, which we will continue to pursue.

#### Note to Readers

The Board of Directors (“Board”) carries out its responsibility for review of this disclosure primarily through the Audit Committee, which is comprised exclusively of independent directors. The Audit Committee reviews and approves the fiscal year-end Management’s Discussion and Analysis (“MD&A”) and financial statements and recommends both to the Board for approval. The interim financial statements and MD&A are reviewed and approved by the Audit Committee.

This news release provides a general summary of ISC’s results for the quarters ended March 31, 2020, and 2019. Readers are encouraged to download the Company’s complete financial disclosures. Links to ISC’s financial statements and related notes and MD&A for the period are available on our website in the Investor Relations section at [www.company.isc.ca](http://www.company.isc.ca).

Copies can also be obtained at [www.sedar.com](http://www.sedar.com) by searching Information Services Corporation’s profile or by

contacting Information Services Corporation at [investor.relations@isc.ca](mailto:investor.relations@isc.ca).

All figures are in Canadian dollars unless otherwise noted.

#### Conference Call and Webcast

We will hold an investor conference call on Wednesday, May 6, 2020 at 11:00 a.m. ET (9:00 a.m. MDT) to discuss the results. Participants may join the call by dialing toll-free (844) 419-1765 or (216) 562-0470 for calls outside North America. Simultaneously, an audio webcast of the conference call will also be available at the following link [www.company.isc.ca/investor-relations/events](http://www.company.isc.ca/investor-relations/events). The audio file with a replay of the webcast will be available about 24 hours after the event on our website at the link above. We invite media to attend on a listen-only basis.

#### About ISC

Headquartered in Canada, ISC is the leading provider of registry and information management services for public data and records. Throughout our history, we have delivered value to our clients by providing solutions to manage, secure and administer information through our Registry Operations, Services and Technology Solutions segments. ISC is focused on sustaining its core business while pursuing new growth opportunities. The Class A Shares of ISC trade on the Toronto Stock Exchange under the symbol ISV.

#### Cautionary Note Regarding Forward-Looking Information

This news release contains forward-looking information within the meaning of applicable Canadian securities legislation including, without limitation, those contained in the "Outlook" section hereof and statements related to the industries in which we operate, growth opportunities and our future financial position and results. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to changes in the condition of the economy, including those arising from public health concerns, reliance on key customers and licences, dependence on key projects and clients, securing new business and fixed-price contracts, identification of viable growth opportunities, implementation of our growth strategy, competition and other risks detailed from time to time in the filings made by the Company including those detailed 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 first quarter ended March 31, 2020, copies of which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

The forward-looking information in this release is made as of the date hereof and, except as required under applicable securities legislation, ISC assumes no obligation to update or revise such information to reflect new events or circumstances.

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