



NEWS RELEASE

ISC® Reports 2020 Second Quarter Financial Results

8/5/2020

REGINA, Saskatchewan, Aug. 05, 2020 (GLOBE NEWSWIRE) -- Information Services Corporation (TSX:ISV) ("ISC" or the "Company") today reported on the Company's financial results for the second quarter ended June 30, 2020.

2020 Second Quarter Highlights

- Revenue was \$31.0 million, a decrease of \$3.3 million or 9.5 per cent compared to the second quarter of 2019.
- Net income was \$4.5 million or \$0.26 per basic and diluted share compared to \$5.8 million or \$0.33 per basic and diluted share in the second quarter of 2019. The decrease is due to lower revenue in Registry Operations and Services.
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) was \$9.2 million compared to \$10.8 million in the same quarter last year, a decrease of \$1.6 million or 14.8 per cent.
- The EBITDA margin for the second quarter of 2020 was 29.5 per cent compared to 31.4 per cent in the same quarter in 2019.
- Adjusted EBITDA was \$10.2 million for the quarter compared to \$10.9 million in the same quarter last year, with an adjusted EBITDA margin of 32.9 per cent for the quarter compared to 31.8 per cent in the second quarter of 2019.
- Free cash flow of \$7.8 million compared to \$8.6 million in Q2 2019.
- Subsequent to the end of the quarter the Company announced the acquisition of substantially all of the assets used in the business of Paragon Inc. for CAD\$70.0 million.
- On August 5, 2020, subsequent to the end of the quarter, the Company expanded its credit facility to \$150

million.

Financial Position as at June 30, 2020

- Cash of \$24.6 million compared to \$23.7 million as at December 31, 2019.
- Total debt of \$17.0 million compared to \$18.0 million as at December 31, 2019.

Commenting on ISC's results, Jeff Stusek, President and CEO stated, "As has been the case since the COVID-19 pandemic began to have an impact on our business and the global economy, our focus remains on ensuring the continuity of our services with the health and safety of our employees, customers and stakeholders a top priority." Stusek continued, "While we are not yet in a position to provide revised guidance for the balance of 2020, the results for the second quarter are encouraging and in keeping with seasonal norms so far. When you consider the economic impact of COVID-19 on much of the economy, this was a relatively strong performance, mainly driven by management of costs as well as our ability to provide all our services to our customers, without interruption."

Management's Discussion of ISC's Summary of 2020 Second Quarter Financial Results

(thousands of CAD dollars; except earnings per share and where noted)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019
Revenue		
Registry Operations	\$ 16,198	\$ 18,498
Services	12,389	13,796
Technology Solutions	4,916	4,945
Corporate and other	(2,510)	(2,995)
Consolidated revenue	\$ 30,993	\$ 34,244
Consolidated expenses	\$ 24,592	\$ 26,308
Consolidated EBITDA ¹	\$ 9,153	\$ 10,752
Consolidated EBITDA margin ¹ (% of revenue)	29.5 %	31.4 %
Consolidated adjusted EBITDA ¹	\$ 10,183	\$ 10,873
Consolidated adjusted EBITDA margin ¹	32.9 %	31.8 %
Consolidated net income	\$ 4,505	\$ 5,784
Earnings per share (basic) ¹	\$ 0.26	\$ 0.33
Earnings per share (diluted) ¹	\$ 0.26	\$ 0.33
Free cash flow ¹	\$ 7,776	\$ 8,585

¹ 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 8.8 "Non-IFRS Financial Measures", section 6.1 "Cash Flow" for a reconciliation of free cash flow 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 and six months ended June 30, 2020.

2020 Second Quarter Results of Operations

- Total revenue was \$31.0 million, down \$3.3 million compared to Q2 2019.
- Registry Operations segment revenue was \$16.2 million, down compared to \$18.5 million in Q2 2019.
 - Land Registry revenue was \$11.2 million, down compared to \$13.2 million in Q2 2019.
 - Personal Property Registry was \$2.4 million, down \$0.4 million compared to Q2 2019.
 - Corporate Registry revenue was \$2.5 million, flat compared to Q2 2019.
- Services segment revenue was \$12.4 million, down \$1.4 million compared to Q2 2019.
- Technology Solutions segment revenue was \$4.9 million, flat compared to Q2 2019.
- Consolidated expenses (all segments) were \$24.6 million, down \$1.7 million compared to \$26.3 million in Q2 2019.
- Net income was \$4.5 million or \$0.26 per basic and diluted share, down \$1.3 million compared to \$5.8 million or \$0.33 per basic and diluted share for Q2 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 pandemic has adversely affected workforces, economies, and financial markets globally. While we expect COVID-19 to adversely impact our transaction volumes, revenue and EBITDA in the short term, the Company is well-positioned to manage through this situation, as demonstrated by our current results. 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 appropriate acquisition targets that are complementary to or add value to existing lines of business.

In our Registry Operations segment, we have observed lower transaction volumes since mid-March 2020 as a result of COVID-19 restrictions. The pandemic and related restrictions have limited the ability or willingness of customers to undertake many of the activities that result in registry transactions, including, for example, home and auto purchases. Although initial signs indicate that as restrictions are lifted, pent-up demand may help start the economic recovery, we continue to expect our volumes to be lower than normal for the balance of 2020.

In our Services segment, while we saw some immediate reduction in transactions when restrictions were put in place, we have seen transactions return to more normalized levels towards the end of the second quarter. We expect these normalized levels to continue for the balance of the year, absent any further material change in market conditions. At the same time, we continue to move ahead to expand and enhance offerings to our existing customers through new product development, system enhancements and our strengthened portfolio of Know-

Your-Customer solutions and services.

In addition, our recently announced acquisition of the assets used in the business of Paragon Inc. provides us with the ability to facilitate and coordinate asset recovery on behalf of our clients, including many of Canada's regulated major banks. This addition of these assets is expected to strengthen our current offering and means that we will be able to offer our clients a complete solution in the credit life cycle, from origination to recovery. We expect this acquisition to be immediately accretive on both an earnings and a cash flow basis. Also, the incorporation of a business with an EBITDA margin profile of over 50 per cent is expected to have a positive impact on our consolidated EBITDA margin profile going forward.

Finally, in our Technology Solutions segment, we continue to expect the timelines and the recognition of revenues for some of our implementations to be delayed.

The uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic remains for the foreseeable future. While we have positioned the Company to manage through this situation, we continue to be unable at this time to predict the full impact on our financial results for the remainder of the year. However, the results for the second quarter and the six months ended June 30 are encouraging and demonstrate the versatility of our business.

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 June 30, 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.

Copies can also be obtained at www.sedar.com by searching Information Services Corporation's profile or by contacting Information Services Corporation at 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 Thursday, August 6, 2020 at 12:00 p.m. ET (10:00 a.m. MT) 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. 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 includes certain forward-looking information within the meaning of applicable Canadian securities legislation including, without limitation, expectations with respect to payment of dividends. 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 second quarter ended June 30, 2020, copies of which are filed on SEDAR at 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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