



NEWS RELEASE

ISC Reports 2021 Third Quarter Financial Results

11/3/2021

REGINA, Saskatchewan, Nov. 03, 2021 (GLOBE NEWSWIRE) -- Information Services Corporation (TSX:ISV) ("ISC" or the "Company") today reported on the Company's financial results for the third quarter ended September 30, 2021.

2021 Third Quarter Highlights

- Revenue was \$41.4 million for the quarter, an increase of 11 per cent compared to the third quarter of 2020.
- Net income was \$9.7 million or \$0.55 per basic share and \$0.53 per diluted share compared to \$5.0 million or \$0.29 per basic and diluted share in the third quarter of 2020.
- EBITDA was \$17.5 million compared to \$10.9 million for the same quarter last year. EBITDA margin was 42.3 per cent for the quarter compared to 29.4 per cent last year.
- Adjusted EBITDA was \$17.3 million for the quarter compared to \$13.2 million in the same quarter last year. Adjusted EBITDA margin was 41.8 per cent compared to 35.6 per cent last year.
- Free cash flow for the quarter was \$13.3 million, an increase of 41 per cent compared to the third quarter of 2020.
- On September 20, 2021, ISC announced an extension to its existing credit agreement with a new maturity date of September 17, 2026.

Financial Position as at September 30, 2021

- Cash of \$42.9 million compared to \$33.9 million as at December 31, 2020.
- Total debt of \$56.0 million compared to \$76.3 million as at December 31, 2020.

Commenting on ISC's results, Jeff Stusek, President and CEO stated, "We continued to deliver strong results in the

third quarter of 2021, fueled by robust economic activity in the markets in which we operate. Overall, my confidence in ISC's forward performance and potential is unwavering. We recognize that the strong economic activity we have seen in 2021, particularly in Saskatchewan, may not continue indefinitely and that uncertainty remains related to the continued impact of COVID-19. However, we have positioned the company well, we continue to optimize its performance, and we remain focused on our customers and our growth. All factors that will ensure our continued success." Stusek continued, "Subsequent to the end of the quarter my decision to step down from my role as President & CEO was announced concurrently with the appointment of Shawn Peters, our current EVP & CFO as my successor, effective February 1, 2022. I would like to take this opportunity to thank our Board of Directors, my executive team, all our employees and partners for their support over the years. There is no question that Shawn is the right person to succeed me and I wish him every success. He and I are working closely together to ensure a smooth transition and the continued success of ISC."

Management's Discussion of ISC's Summary of 2021 Third Quarter Financial Results

| (thousands of CAD dollars; except earnings per share and where noted) | Three Months Ended September 30, 2021 | Three Months Ended September 30, 2020 |
|---|---|---|
| Revenue | | |
| Registry Operations | \$ 21,326 | \$ 18,354 |
| Services | 18,273 | 16,420 |
| Technology Solutions | 1,769 | 2,346 |
| Corporate and other | 1 | 0 |
| Consolidated revenue | \$ 41,369 | \$ 37,120 |
| Consolidated expenses | \$ 27,343 | \$ 29,707 |
| Consolidated EBITDA ¹ | \$ 17,500 | 10,930 |
| Consolidated EBITDA margin ¹ (% of revenue) | 42.3 % | 29.4% |
| Consolidated adjusted EBITDA ¹ | \$ 17,298 | \$ 13,229 |
| Consolidated adjusted EBITDA margin ¹ | 41.8 % | 35.6% |
| Consolidated net income | \$ 9,679 | \$ 5,036 |
| Earnings per share (basic) ¹ | \$ 0.55 | \$ 0.29 |
| Earnings per share (diluted) ¹ | \$ 0.53 | \$ 0.29 |
| Free cash flow ¹ | \$ 13,279 | \$ 9,438 |

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 nine months ended September 30, 2021.

2021 Third Quarter Results of Operations

- Total revenue was \$41.4 million, up 11 per cent compared to Q3 2020.

- Registry Operations segment revenue was \$21.3 million, up compared to \$18.4 million in Q3 2020:
 - Land Registry revenue was \$16.2 million, up compared to \$13.0 million in Q3 2020.
 - Personal Property Registry was \$2.7 million, down compared to \$2.8 million in Q3 2020.
 - Corporate Registry revenue was \$2.5 million, flat compared to Q3 2020.
- Services segment revenue was \$18.3 million, up compared to Q3 2020:
 - Regulatory Solutions was \$14.8 million up compared to \$13.4 million in Q3 2020
 - Recovery Solutions was \$2.3 million, compared to \$1.9 million in Q3 2020 (only two months of activity are included in Q3 2020 due to the timing of the acquisition of the assets of Paragon).
 - Corporate Solutions revenue was \$1.2 million, flat compared to Q3 2020
- Technology Solutions segment revenue from external parties was \$1.8 million, down from \$2.3 million in Q3 2020.
- Consolidated expenses (all segments) were \$27.3 million, down \$2.4 million compared to \$29.7 million in Q3 2020.
- Net income was \$9.7 million or \$0.55 per basic share and \$0.53 per diluted share, up \$4.7 million compared to \$5.0 million or \$0.29 per basic and diluted share for Q3 2020.

Outlook

The following section includes forward-looking information including statements related to the expected impact of COVID-19, the industries in which we operate, growth opportunities and our future financial position and results. Refer to “Caution Regarding Forward-Looking Information”.

Overall, for the first nine months of 2021, our business has showcased the strength, resiliency and efficiency of our two main segments, Registry Operations and Services. Both have benefitted from strong, positive economic conditions in the sectors in which we operate, and Services has compounded that with a continued focus on organic growth.

The results in Registry Operations have been driven by remarkable activity in the Saskatchewan real estate sector, and we expect volumes to continue to show strength for the remainder of 2021, with a likely return to normal seasonality in the fourth quarter. Based on current projected economic sentiment, we are unlikely to see the same volumes in 2022 as we have experienced in 2021, and revenues are expected to adjust more towards pre-pandemic levels. Our focus on efficiency over the last 18 months, combined with already strong margins, means our Registry Operations segment will continue to be an extremely strong EBITDA and free cash flow generator for ISC, regardless if volumes return to trended historic levels.

We expect continued strength in the volumes in our Services segment’s Regulatory and Corporate Solutions

divisions for the balance of the year. Our focus on our customers and our reputation in the markets in which we operate, combined with our enhanced technology offerings, continues to drive new customer acquisitions, and we expect that to continue in these divisions. In our Recovery Solutions division, volumes are anticipated to remain fairly static in the fourth quarter. However, an end to subsidy programs (set to expire in the fourth quarter of 2021), combined with consumer uncertainty into 2022, could translate into increased activity in the recovery space in future quarters. We are using this static period to enhance our Recovery Solutions technology to drive efficiencies and extend partnerships within the supplier network.

In Technology Solutions, we continue to see progress on solution delivery projects, though COVID-19 and other related delays have resulted in certain milestones anticipated to be completed earlier this year being delayed to the fourth quarter of this year and, in some cases, into 2022. Expectations for overall activity in this segment remain lower than for our other segments as new sales continue to be impacted by the worldwide focus on COVID-19 since March 2020. We remain optimistic in this segment as we are starting to see signs of the re-commencement of early-stage procurement activity by some governments.

Overall, our confidence in ISC's forward performance and potential is unwavering. We recognize that the strong economic activity we have seen in 2021, particularly in Saskatchewan, may not continue indefinitely and that uncertainty remains related to the continued impact of COVID-19. However, we have positioned the company well, we continue to optimize its performance, and we remain focused on our customers and our growth. All factors that will ensure our continued success.

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 September 30, 2021, and 2020. 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, November 4, 2021 at 11:00 a.m. ET 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, those contained in the “Outlook” section hereof and statements related to the expected impact of COVID-19, 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, 2020 and ISC's Unaudited Condensed Consolidated interim Financial Statements and Notes and Management's Discussion and Analysis for the third quarter ended September 30, 2021, 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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