



ISC® Reports 2020 Third Quarter Financial Results

REGINA, Saskatchewan, Nov. 04, 2020 -- Information Services Corporation (TSX:ISV) ("ISC" or the "Company") today reported on the Company's financial results for the third quarter ended September 30, 2020.

2020 Third Quarter Highlights

- Revenue was \$37.1 million for the quarter, an increase of \$4.9 million or 15.4 per cent compared to the third quarter of 2019, driven by a combination of organic growth and our acquisition of Paragon Inc. ("Paragon").
- Net income for the quarter was \$5.0 million or \$0.29 per basic and diluted share compared to \$3.3 million or \$0.19 per basic and diluted share in 2019, due to our top-line growth accentuated by our cost management strategies, with reductions in wages and salaries and occupancy costs.
- EBITDA for the quarter was \$10.9 million compared to \$8.6 million for the same quarter last year. Our revenue growth drove the increase in EBITDA and also resulted in an EBITDA margin of 29.4 per cent for the quarter compared to 26.7 per cent in the same quarter last year.
- Adjusted EBITDA was \$13.2 million for the quarter compared to \$8.7 million in the same quarter in 2019 and was primarily impacted by acquisition and integration costs in the quarter.
- Free cash flow for the quarter was \$9.4 million, an increase of \$2.8 million compared to the third quarter of 2019 due to an increase in working capital and higher results of operations.
- On July 31, 2020, the Company's Services segment, through its wholly-owned subsidiary, ESC, acquired substantially all of the assets used in the business of Paragon for \$70.0 million, subject to customary purchase price adjustments, by way of an asset purchase agreement. The addition of Paragon's assets is expected to strengthen our current service offering and means that we will be able to offer our clients a complete solution in the credit life cycle, from origination to recovery.
- On August 5, 2020, the Company entered into a new credit agreement in connection with its secured credit facility (the "Credit Facility") provided by its Lenders, Royal Bank of Canada and Canadian Imperial Bank of Commerce. The aggregate amount available under the new Credit Facility is \$150.0 million, up from \$80 million. The new Credit Facility was used to refinance amounts under the previous facilities, with the balance available to the Company for future growth opportunities, capital expenditures, and for general corporate purposes.
- On August 5, 2020, our Board declared a quarterly cash dividend of \$0.20 per Class A Limited Voting Share ("Class A Share"), paid on October 15, 2020, to shareholders of record as of September 30, 2020.

Financial Position as at September 30, 2020

- Cash of \$22.5 million compared to \$23.7 million as at December 31, 2019.
- Total debt of \$76.1 million compared to \$18.0 million as at December 31, 2019.

Commenting on ISC's results, Jeff Stusek, President and CEO stated, "The third quarter was a productive one for us. In addition to the successful completion of the acquisition of the assets of Paragon during the quarter, our financial performance remained strong and the resiliency of our business segments is evident in our results. The integration of our latest acquisition is progressing, and we are very pleased that our new colleagues have settled in quickly as part of the ISC family." Stusek continued, "With only a couple of months to go in this fiscal year and based on our strong results for the year so far, we remain confident that we have taken appropriate action to reduce operating costs to remain competitive through the pandemic. Across our business, from Vernon to Dublin, the seamless transition we made to work from home is evident and I would like to commend all our employees for their continued professionalism and laser-like customer focus. The short-term challenges that currently face us do not dampen my continued optimism for ISC in the long-term."

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

(thousands of CAD dollars; except earnings per share and where noted)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
<i>Revenue</i>		
Registry Operations	\$18,354	\$17,562
Services	16,420	12,887
Technology Solutions	2,346	1,715
Corporate and other	0	11
Consolidated revenue	\$37,120	\$32,175
Consolidated expenses	\$29,707	\$26,888

Consolidated EBITDA ¹	\$10,930	8,578
Consolidated EBITDA margin ¹ (% of revenue)	29.4%	26.7%
Consolidated adjusted EBITDA ¹	\$ 13,229	\$8,668
Consolidated adjusted EBITDA margin ¹	35.6%	26.9%
Consolidated net income	\$5,036	\$3,258
Earnings per share (basic) ¹	\$ 0.29	\$0.19
Earnings per share (diluted) ¹	\$ 0.29	\$ 0.19
Free cash flow ¹	\$9,438	\$6,596

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, 2020.

2020 Third Quarter Results of Operations

- Total revenue was \$37.1 million, up \$4.9 million compared to Q3 2019.
- Registry Operations segment revenue was \$18.4 million, up compared to \$17.6 million in Q3 2019:
 - Land Registry revenue was \$13.0 million, up compared to \$12.4 million in Q3 2019.
 - Personal Property Registry was \$2.8 million, flat compared to Q3 2019.
 - Corporate Registry revenue was \$2.4 million, flat compared to Q3 2019.
- Services segment revenue was \$16.4 million, up compared to Q3 2019:
 - Corporate Solutions revenue was \$1.1 million, flat compared to Q3 2019
 - Recovery Solutions was \$1.9 million, a result of two months of activity after the acquisition of the assets of Paragon.
 - Regulatory Solutions was \$13.4 million up compared to \$11.8 million in Q3 2019
- Technology Solutions segment revenue from external parties was \$2.3 million, up from \$1.7 million in Q3 2019.
- Consolidated expenses (all segments) were \$29.7 million, up \$2.8 million compared to \$26.9 million in Q3 2019.
- Net income was \$5.0 million or \$0.29 per basic and diluted share, up \$1.7 million compared to \$3.3 million or \$0.19 per basic and diluted share for Q3 2019.

Outlook

The following section includes forward-looking information, including statements related to the expected impact of the addition of the assets used in the business of Paragon Inc., 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".

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 continue to adversely impact our transaction volumes, revenue and EBITDA in the short term, the Company is well-positioned to manage through this situation in the long-term. 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.

In our Registry Operations segment, while we have experienced lower year-over-year transaction volumes since mid-March 2020 due to impacts from the pandemic, third-quarter volumes improved over the second quarter as pandemic-related restrictions in Saskatchewan were lifted. Considering the ongoing pandemic and rising case numbers that have prevailed subsequent to the quarter, we expect our volumes to be lower than normal for the balance of 2020. As 2021 approaches, the pace of recovery of Saskatchewan's economy may be uneven and is dependent on how long the pandemic continues to impact the global economy.

In our Services segment, while we saw some immediate reduction in transactions at the end of the first quarter and into the second quarter when restrictions were put in place, transactions did return to more normalized levels towards the end of the second quarter. Results for the third quarter were well improved from the second quarter, but as with Registry Operations, given the ongoing and re-emerging impact of the pandemic, we expect volumes may continue to be impacted for the balance of 2020.

Despite that, we are continuing to invest in our technology and transition away from legacy platforms to optimize the customer experience through automation of the delivery of services and reduce our cost of delivery. As well, our acquisition of Paragon, which has created our new Recovery Solutions division, allows us to expand, strengthen and complement our offerings with greater breadth and depth to both existing and acquired clients. The strong EBITDA margin profile of the Recovery Solutions business is expected to positively impact our consolidated EBITDA margin profile going forward.

In our Technology Solutions segment, project implementation work continues with a number of implementations planned for the fourth quarter. Although we have been able to work remotely, these implementations have been delayed due to the

pandemic, and therefore we expect the timelines and the recognition of revenue to be delayed into fiscal 2021.

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 third quarter and the nine months ended September 30, 2020, demonstrate the versatility of our business as well as our ability to execute our growth strategy under challenging conditions.

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, 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, November 5, 2020 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 the addition of the assets used in the business of Paragon Inc., 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, 2019 and ISC's Unaudited Condensed Consolidated interim Financial Statements and Notes and Management's Discussion and Analysis for the third quarter ended September 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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