



ISC® Reports Fourth Quarter and Year-End Financial Results for 2020

March 16, 2021

REGINA, Saskatchewan , March 16, 2021 (GLOBE NEWSWIRE) -- Information Services Corporation (TSX:ISV) ("ISC" or the "Company") today reported on the Company's financial results for the fourth quarter and year ended December 31, 2020.

Commenting on ISC's results, Jeff Stusek, President and CEO stated, "There is no question that 2020 was a remarkable year for ISC even though we all faced challenges due to the global pandemic. Our Registry Operations business continues to be a strong free cash flow generator and a world-leading example of how core public registries should be run. Following the acquisition of Paragon and new business wins, our Services business became a major contributor to our free cash flow alongside Registry Operations, further strengthening the foundation of our consolidated business. Technology Solutions is continuing to gain traction as a key piece of our portfolio by successfully completing implementations in several jurisdictions during the year. While the short-term economic outlook remains uncertain, our performance in 2020 reinforces the resilience of our business and why I remain excited about the future for ISC."

Fourth Quarter 2020 Highlights

- Revenue was \$39.0 million for the quarter, an increase of \$1.1 million compared to the fourth quarter of 2019 largely due to a strong quarter in our Registry Operations, continued new customer growth in Services, and the addition of our new Recovery Solutions revenue with the acquisition of Paragon.
- Net income for the quarter was \$7.9 million or \$0.45 per basic and diluted share compared to \$7.3 million or \$0.42 per basic and diluted share in the fourth quarter of 2019. The year-over-year increase is due to the increased revenue in Services and Registry Operations, combined with savings from expense reduction measures implemented in 2020 in response to the pandemic.
- EBITDA for the fourth quarter of 2020 was \$15.7 million compared to \$12.3 million for the same quarter last year, again due to increased revenue in Services and Registry Operations and reduced operating expenses.
- The EBITDA margin for the fourth quarter of 2020 was 40.2 per cent compared to 32.5 per cent in the same quarter in 2019.
- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was \$16.2 million for the quarter compared to \$12.7 million in the same quarter last year.
- Free cash flow for quarter was \$12.7 million, an increase of \$3.1 million compared to the fourth quarter of 2019 due to higher results of operations.
- On November 4, 2020, our Board declared a quarterly cash dividend of \$0.20 per Class A Limited Voting Share ("Class A Share"), paid on January 15, 2021, to shareholders of record as of December 31, 2020.

Year-end 2020 Highlights

- Revenue for the year was \$136.7 million, an increase of \$3.7 million compared to \$133.0 million for the previous year, despite the impacts of COVID-19 in 2020. 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 \$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 share 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 \$39.0 million last year, an increase of \$4.6 million.
- The EBITDA margin for the year was 31.9 per cent compared to 29.3 per cent for 2019.
- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was \$47.5 million for the year, up compared to \$40.0 million last year, with an adjusted EBITDA margin of 34.7 per cent for 2020, compared to 30.1 per cent last year.
- Free cash flow for the year increased to \$36.2 million, compared to \$30.0 million for the same period of 2019 as a result of the high cash flow nature of our business and strong operational results across our segments.
- 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.
- On August 5, 2020, the Company entered into a new credit agreement in connection with its secured credit facility (the "Credit Facility"). The aggregate amount available under the new Credit Facility is \$150.0 million, up from \$80 million.
- During the year, we launched our newest technology platform, Registry Complete, a unified and streamlined platform that enables organizations to search and register with the various ministries across Canada in a secure cloud-based

environment.

- Completed the deployment of new technology for the Companies Registration Office (Ireland) and the Irish Aviation Authority.

Financial Position as at December 31, 2020

- Cash of \$33.9 million compared to \$23.7 million as at December 31, 2019, an increase of \$10.2 million.
- Total debt of \$76.3 million compared to \$18.0 million as at December 31, 2019.

Subsequent Events

- On January 27, 2021, the Company announced that the membership of SGEU Local 2214 ratified a new collective agreement with respect to ISC's in-scope employees. The new six-year agreement runs to September 30, 2025.
- Subsequent to the end of the fourth quarter, we successfully implemented new technology for the Registry of Joint Stock Companies in Nova Scotia.
- On March 16, 2021, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before April 15, 2021, to shareholders of record as of March 31, 2021.

Management's Discussion of ISC's Summary of Fourth Quarter and Year-end 2020 Financial Results

(thousands of CAD dollars; except earnings per share and where noted)	Quarter Ended December 31, 2020	Quarter Ended December 31, 2019	Year Ended December 31, 2020	Year Ended December 31, 2019
<i>Revenue</i>				
Registry Operations	\$ 19,452	\$ 18,069	\$ 69,535	\$ 70,399
Services	15,744	13,515	56,398	51,131
Technology Solutions	3,815	6,352	10,782	11,416
Corporate and other	2	6	8	22
Consolidated revenue	\$ 39,013	\$ 37,942	\$ 136,723	\$ 132,968
Consolidated expenses	\$ 27,156	\$ 28,308	\$ 105,976	\$ 105,342
Consolidated EBITDA ¹	\$ 15,695	\$ 12,330	\$ 43,612	\$ 39,026
Consolidated EBITDA margin ¹ (% of revenue)	40.2%	32.5%	31.9%	29.3%
Consolidated adjusted EBITDA ¹	\$ 16,188	\$ 12,684	\$ 47,498	\$ 40,028
Consolidated adjusted EBITDA margin ¹	41.5%	33.4%	34.7%	30.1%
Consolidated net income	\$ 7,871	\$ 7,347	\$ 20,883	\$ 19,400
Earnings per share (basic)	\$ 0.45	\$ 0.42	\$ 1.19	\$ 1.11
Earnings per share (diluted)	\$ 0.45	\$ 0.42	\$ 1.18	\$ 1.11
Free cash flow ¹	\$ 12,651	\$ 9,550	\$ 36,235	\$ 29,996

¹ EBITDA, EBITDA margin, adjusted EBITDA, 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 companies, refer to section 8.8 "Non-IFRS financial measures". Refer to section 2 "Consolidated Financial Analysis" in Management's Discussion & Analysis for the year ended December 31, 2020 for a reconciliation of EBITDA and adjusted EBITDA to net income. Refer to section 6.1 "Cash Flow" in Management's Discussion & Analysis for the year ended December 31, 2020 for a reconciliation of free cash flow.

2020 Results of Operations

- Total revenue was \$136.7 million, up \$3.7 million (+2.8 per cent) compared to 2019.
- Registries segment revenue was \$69.6 million, flat compared to 2019.
 - Land Registry revenue was \$48.7 million, flat compared to 2019.
 - Personal Property Registry was stable at \$10.1 million compared to 2019.
 - Corporate Registry revenue was stable at \$10.5 million compared to 2019.
- Services segment revenue was \$56.4 million, up \$5.2 million (+10.1 per cent) compared to 2019.
- Consolidated expenses (all segments) were \$106.0 million (+0.6 per cent) compared to \$105.3 million for 2019.
- Net income for the year ended December 31, 2020, was \$20.9 million or \$1.19 per basic share and \$1.18 per diluted share. For the year ended December 31, 2019, net income was \$19.4 million or \$1.11 per basic and per diluted share.
- Capital expenditures for 2020 were \$1.7 million, compared to \$3.9 million in 2019.

Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities, our future financial position and results of operations, capital and operating expectations, the expected impact of the addition of the assets used in the business of Paragon and the expected impact of COVID-19. Refer to "Caution Regarding Forward-Looking Information" in Management's Discussion & Analysis for the year ended December 31, 2020.

Despite excellent performance in 2020, the uncertainty around the impacts of COVID-19 remain for 2021 as we manage through new, additional or extended pandemic response measures. However, we are well-positioned to manage through this in 2021 and expect our results will reflect that. Our long-term strategy remains centred 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 and Services segments, we expect our volumes to be lower than normal in 2021, as the pace of recovery of the Canadian economy may be uneven and is dependent on how long the pandemic continues.

Despite this, we are continuing to invest in the technology supporting our Services segment 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, we expect the strong EBITDA margin profile of the recently acquired Recovery Solutions division of our Services segment to positively impact our consolidated EBITDA margin profile in 2021.

In our Technology Solutions segment, project implementation work continues for multiple clients. As mentioned in our previous 2020 reporting, we have been able to work remotely during the pandemic. However, some ongoing implementations which we expected to be completed in 2020 were delayed due to the pandemic and are now expected to be completed in 2021. For example, subsequent to the end of the fourth quarter, we successfully completed the implementation for the Registry of Joint Stock Companies in Nova Scotia. In addition, we commenced implementation planning for our newest customer, the islands of Bonaire, St. Eustatius and Saba (the "BES Islands"), following the award of a contract in December 2020.

The uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic remains for the foreseeable future. While we have demonstrated strong results for 2020 and 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 in 2021. Therefore, we will not be providing guidance for the coming year.

Note to Readers

The Board of Directors ("Board") of ISC is responsible for review and approval of this disclosure. The Audit Committee of the Board, which is comprised exclusively of independent directors, reviews and approves the fiscal year-end Management's Discussion and Analysis 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 years ended December 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

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

The Company will hold an investor conference call on Wednesday, March 17, 2021 at 11:00 a.m. ET (9 a.m. SK) to discuss the results. Participants may join the call by dialing toll-free 1-844-419-1765 or 1-216-562-0470 for calls outside North America. It is recommended that participants dial in 5 to 10 minutes prior to the scheduled start time. 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 ISC's website at the link above. Media are invited 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 of operations, the expected impact of the addition of the assets used in the business of Paragon and the expected impact of COVID-19. 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 such as COVID-19, 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 audited Consolidated Financial Statements and Notes and Management's Discussion and Analysis for the fourth quarter and year ended December 31, 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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Source: Information Services Corporation