



ISC Reports 2022 Second Quarter Financial Results; Updates Annual Guidance for 2022

August 3, 2022

REGINA, Saskatchewan, Aug. 03, 2022 (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, 2022.

2022 Second Quarter Highlights

- Revenue was \$50.9 million, an increase of 14.0 per cent compared to the second quarter of 2021.
- Net income was \$11.7 million or \$0.66 per basic share and \$0.65 per diluted share compared to \$6.5 million or \$0.37 per basic share and \$0.36 per diluted share in the second quarter of 2021.
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) was \$20.5 million compared to \$13.5 million in the same quarter last year, an increase of \$7.0 million.
- The EBITDA margin for the second quarter of 2022 was 40.2 per cent compared to 30.4 per cent in the same quarter in 2021.
- Adjusted EBITDA was \$19.2 million for the quarter compared to \$18.5 million in the same quarter last year, with an adjusted EBITDA margin of 37.8 per cent for the quarter compared to 41.5 per cent in the second quarter of 2021.
- Free cash flow of \$15.5 million compared to \$8.9 million in Q2 2021.

Financial Position as at June 30, 2022

- Cash of \$27.1 million compared to \$40.1 million as at December 31, 2021.
- Total debt of \$81.5 million compared to \$41.0 million as at December 31, 2021.

Consolidated Annual Guidance for 2022 – Updated

- Revenue is expected to be between \$188.0 million and \$193.0 million.
- Net income is expected to be between \$29.0 million and \$33.0 million.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") ² is expected to be between \$59.0 million and \$64.0 million.

Commenting on ISC's results, Shawn Peters, President and CEO, stated, "Our results for the second quarter and first half of the year are a testament to the strength of our company. Our Services segment continues to grow through new customer acquisitions as well as challenge Registry Operations for the top spot in our revenue profile for the second quarter running. Most importantly, we continue to deliver a healthy bottom line with EBITDA up year-over-year for both the quarter and the first six months of the year. While our Technology Solutions segment is still recovering from the impact of the pandemic, the appointment of our new Head of ERS, subsequent to the end of the period, along with signs of a renewed focus by governments on their technology solutions procurement, suggest that it will not be long before we start to see this part of our company return to growth mode." Peters continued, "In conjunction with our earnings today, we updated our annual guidance to include our expectations for Reamined and new growth in our Services segment. We now expect revenue to be between \$188.0 million and \$193.0 million, net income between \$29.0 million and \$33.0 million and EBITDA between \$59.0 million and \$64.0 million. As much as we recognize the potential economic challenges that may arise in the coming months, ISC is well positioned to deliver excellent, growing results with an increasing appetite to grow into our balance sheet thoughtfully through additional accretive acquisitions."

Management's Discussion of ISC's Summary of 2022 Second Quarter Financial Results

(thousands of CAD; except earnings per share and where noted)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021(restated) ¹
<i>Revenue</i>		
Registry Operations	\$ 24,479	\$23,965
Services	24,894	20,106
Technology Solutions	1,493	550
Corporate and other	4	2
Consolidated revenue	\$ 50,870	\$44,623
Consolidated expenses	\$ 33,919	\$34,626
Consolidated EBITDA ²	\$ 20,458	\$13,547
Consolidated EBITDA margin ² (% of revenue)	40.2 %	30.4%
Consolidated adjusted EBITDA ²	\$ 19,246	\$18,507

Consolidated adjusted EBITDA margin ²	37.8 %	41.5%
Consolidated net income	\$ 11,657	\$6,511
Earnings per share (basic) ²	\$ 0.66	\$0.37
Earnings per share (diluted) ²	\$ 0.65	\$0.36
Free cash flow ¹	\$ 15,457	\$8,912

¹In the fourth quarter of 2021, the Company revised its accounting policy related to the configuration and customization costs incurred in implementing Software-as-a-service ("SaaS") arrangements in response to the International Financial Reporting Interpretations Committee agenda decision released in April 2021. This accounting policy change resulted in the expense of formerly capitalized financial system implementation costs incurred in 2018 through 2021. This change resulted in a retroactive adjustment to expense these costs effective January 1, 2020. See Note 2 of the Financial Statements for further details on this adjustment.

²EBITDA, 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" for a reconciliation of EBITDA and adjusted EBITDA to net income and section 6.1 "Cash flow" for a reconciliation of free cash flow in Management's Discussion & Analysis for the three and six months ended June 30, 2022.

2022 Second Quarter Results of Operations

- Total revenue was \$50.9 million, up \$6.2 million compared to Q2 2021.
- Registry Operations segment revenue was \$24.5 million, flat compared to \$24.0 million in Q2 2021.
- Services segment revenue was \$24.9 million, up \$4.8 million compared to Q2 2021.
- Technology Solutions segment revenue was \$1.5 million, up \$0.9 million compared to Q2 2021.
- Consolidated expenses (all segments) were \$33.9 million, down \$0.7 million compared to \$34.6 million in Q2 2021.
- Net income was \$11.7 million or \$0.66 per basic and \$0.65 per diluted share, up \$5.2 million compared to \$6.5 million or \$0.37 per basic share and \$0.36 per diluted share for Q2 2021.

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, and capital and operating expectations. Refer to "Cautionary Note Regarding Forward-Looking Information" in Management's Discussion & Analysis for the three and six months ended June 30, 2022.

Both our Registry Operations and Services segments have performed well in the first half of 2022, irrespective of the prevailing economic environment. This has been due to a buoyant real estate sector in Saskatchewan, coupled with active and successful new customer acquisition, and expansion of transactions with existing customers in Services.

In some areas of Registry Operations, transactions have started to return towards more normalized levels. Acknowledging an environment of rising interest rates to combat inflation, we expect the Land Registry is on the path to pre-pandemic levels during the second half of 2022 but will still be above 2019 levels. We expect only modest fluctuations for revenue results from Personal Property Registry and Corporate Registry, while additional revenue from the new Property Tax Services also is expected to contribute positively to Registry Operations revenue for the remainder of 2022. In general, Registry Operations remains a solid contributor to our results due to the strong cash flow this segment generates on a regular and consistent basis.

We expect Services to continue to deliver customer and transaction growth in 2022, fueled by continuous technology advancements driving operational efficiency and new product innovation. This new product innovation includes the roll-out of a pilot of our new *Recovery Complete* technology solution in our Recovery Solutions area in the third quarter. *Recovery Complete* is expected to deliver similar integrated benefits for recovery clients that our search and registration clients have experienced after moving over to our previously launched *Registry Complete* platform. We expect this solution will provide improved customer experience and operational efficiencies. As with elsewhere in the business, a continued focus on investments in people and technology to advance our growth will be important in allowing us to expand our product offerings to existing customers and facilitate the acquisition of new customers on an ongoing basis.

In Technology Solutions, we expect to see continued progress and completion of a number of solution delivery projects where completion was deferred from 2021 to 2022. We see the focus of clients and potential clients returning to business as usual and therefore, procurement activity and additional support work commencing, which should translate into new contracts for this segment. An investment in our sales and technology development teams will be necessary to support these activities, as well as provide support across the organization on our technology initiatives. Subsequent to the end of the quarter, the appointment of Susan Bowman as Head of ERS was announced. The creation of this new role is expected to enhance business development, growth, and performance as well as elevate the development of new registry and registry related products and services.

The addition of Reamined and the emergence of new business development opportunities in our Services segment are expected to enhance our results for the balance of 2022. As a result, we have updated our annual guidance for revenue to be between \$188.0 million and \$193.0 million, net income to be between \$29.0 million and \$33.0 million, and EBITDA¹ to be between \$59.0 million and \$64.0 million in 2022.

As expected, the business has performed well in 2022, demonstrating the strength, resiliency and efficiency of our segments, especially with the emergence of Services as a leading revenue generator and with the addition of Reamined during the second quarter. The Company's diversified range of services, focus on customer service and pursuit of growth opportunities have positioned it well for continued success. In keeping with our strategy and the progress made in the first six months of the year, the Company will continue to actively explore appropriate acquisition targets that complement or add value to our existing lines of business or provide new key service offerings that will also drive value.

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 quarter ended June 30, 2022, and 2021. 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 4, 2022 at 11:00 a.m. ET to discuss the results. Those joining the call on a listen-only basis are encouraged to join the live audio webcast which will be available on our website at www.company.isc.ca/investor-relations/events. Participants who wish to ask a question on the live call may do so through the ISC website or by registering through the following live call URL: <https://register.vevent.com/register/BI93a8a0533bc5416fa73d2aa25f82cbf8>. Once registered, participants will receive the dial-in numbers and their unique PIN number. When dialing in, participants will input their PIN and be placed into the call. 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 laws 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. 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, 2021 and ISC's unaudited Condensed Consolidated Interim Financial Statements and Notes and Management's Discussion and Analysis for the second quarter ended June 30, 2022, 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 laws, ISC assumes no obligation to update or revise such information to reflect new events or circumstances.

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Source: Information Services Corporation