



## ISC Reports 2022 First Quarter Financial Results

May 4, 2022

REGINA, Saskatchewan, May 04, 2022 (GLOBE NEWSWIRE) -- Information Services Corporation (TSX:ISV) ("ISC" or the "Company") today reported on the Company's financial results for the first quarter ended March 31, 2022.

### 2022 First Quarter Highlights

- Revenue was \$44.2 million, an increase of \$5.0 million or 13 per cent compared to the first quarter of 2021. The increase in revenue during the quarter was due to continued organic growth in Services, increased revenue from Recovery Solutions as well as new revenue from the acquisition of UPLLevel mid-way through the first quarter. Registry Operations also contributed to increased revenues due to strong activity in the real estate sector including record high-value transactions revenues and higher average land values transacted through the Land Registry.
- Net income was \$7.4 million or \$0.42 per basic and \$0.41 diluted share, an increase of \$1.9 million compared to the first quarter of 2021 when net income was \$5.5 million or \$0.32 per basic and \$0.31 per diluted share. The increase is due to the increased revenue in Registry Operations and Services, reductions in share-based compensation, and continued effective cost management.
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) was \$13.8 million compared to \$11.9 million in the same quarter last year, an increase of \$2.0 million or 17 per cent. The increase was again due to increased revenue accompanied by reductions in share-based compensation expense, resulting in strong margins across all segments. The EBITDA margin for the first quarter of 2022 was 31.3 per cent compared to 30.3 per cent in the same quarter in 2021.
- Adjusted EBITDA was \$14.6 million for the quarter compared to \$14.8 million in the same quarter last year, with an adjusted EBITDA margin of 33 per cent for the quarter compared to 37.8 per cent in the first quarter of 2021.
- Free cash flow of \$11.0 million compared to \$8.9 million in Q1 2021. The increase was due to higher results of operations and is a reminder of the unique nature of our business and its ability to consistently generate strong free cash flow.

### Financial Position as at March 31, 2022

- Cash of \$23.4 million compared to \$40.1 million as at December 31, 2021.
- Total debt of \$41.0 million compared to \$41.0 million as at December 31, 2021.

Commenting on ISC's results, Shawn Peters, President and CEO stated, "After an outstanding year in 2021, we have continued to deliver excellent results for the first three months of 2022. Most notably, our Services segment exceeded our Registry Operations segment for the first time ever on a revenue basis while Registry Operations continues to make a significant contribution on an EBITDA basis." Peters continued, "As the year continues, we will be making investments in people and technology to further strengthen our overall business. In Services, we are enhancing our technology for our Recovery Solutions customers that will complement our Registry Complete offering, which has been very well received since it officially launched last year. We will of course, 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."

### Management's Discussion of ISC's Summary of 2022 First Quarter Financial Results

(thousands of CAD dollars; except earnings per share and where noted)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021 (restated) <sup>2</sup>
<i>Revenue</i>		
Registry Operations	\$ 19,612	\$ 19,200
Services	22,723	16,237
Technology Solutions	1,817	3,711
Corporate and other	1	-
Consolidated revenue	\$ 44,153	\$ 39,148
Consolidated expenses	\$ 33,463	30,954
Consolidated EBITDA <sup>1</sup>	\$ 13,835	\$ 11,869

Consolidated EBITDA margin <sup>1</sup> (% of revenue)	31.3%	30.3%
Consolidated adjusted EBITDA <sup>1</sup>	\$ 14,586	\$ 14,786
Consolidated adjusted EBITDA margin <sup>1</sup>	33.0%	37.8%
Consolidated net income	\$ 7,407	\$ 5,548
Earnings per share (basic) <sup>1</sup>	\$ 0.42	\$ 0.32
Earnings per share (diluted) <sup>1</sup>	\$ 0.41	\$ 0.31
Free cash flow <sup>1</sup>	\$ 10,985	\$ 8,878

<sup>1</sup>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" for a reconciliation of EBITDA and adjusted EBITDA to net income and to section 6.1 "Cash flow" for a reconciliation of free cash flow in Management's Discussion & Analysis for the quarter ended March 31, 2022.

<sup>2</sup> In 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.

## 2022 First Quarter Results of Operations

- Total revenue was \$44.2 million, up \$5.0 million compared to Q1 2021.
- Registry Operations segment revenue was \$19.6 million, up \$0.4 million compared to \$19.2 million in Q1 2021. The first-quarter increase of Land Registry revenue was due to record high-value transaction revenue, and an increase in the average land values transacted through the registry.
  - Land Registry revenue was \$13.9 million, compared to \$13.3 million in Q1 2021.
  - Personal Property Registry was \$2.6 million, compared to \$2.7 million in Q1 2021.
  - Corporate Registry revenue was \$3.1 million, compared to \$3.2 million in Q1 2021.
- Services segment revenue was \$22.7 million, up \$6.5 million compared to \$16.2 million in Q1 2021. This increase was driven by continued organic growth in Regulatory, Corporate and Recovery Solutions, as well as the addition of new revenue from the acquisition of UPLLevel mid-way through the first quarter.
  - Regulatory Solutions revenue was \$15.4 million compared to \$12.5 million in Q1 2021.
  - Recovery Solutions revenue was \$3.0 million compared to \$2.1 million in Q1 2021.
  - Corporate Solutions revenue was \$4.3 million compared to \$1.6 million in Q1 2021.
- Technology Solutions segment revenue was \$4.4 million, compared to \$6.0 million in Q1 2021.
- Consolidated expenses (all segments) were \$33.5 million compared to \$31.0 million in Q1 2021.
- Net income was \$7.4 million or \$0.42 per basic and \$0.41 per diluted share, compared to \$5.5 million or \$0.32 per basic and \$0.31 per diluted share for Q1 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, capital and operating expectations and the impact of COVID-19. Refer to "Cautionary Note Regarding Forward-Looking Information".*

Over the past two years, our business has continued to prosper despite adversity, showcasing its resilience.

Following the remarkable results of 2021, the robust real estate sector in Saskatchewan continues to contribute to strong revenue during the first quarter of 2022. As mentioned in our last reporting period, we expect 2022 will exceed pre-pandemic levels, even though we do not expect to see the same level of economic activity we saw in 2021. In some cases, registry transactions have begun to return to more normalized, pre-pandemic levels while the Land Registry is anticipated to begin to return to more normalized levels midway through 2022.

Registry Operations will remain a healthy contributor to our results in 2022, due to the strong cash flow this business generates on a consistent basis. Additional investments during 2022 related to people and technology will be made within this segment to ensure continued high levels of service as well as secure and efficient systems.

We expect Services to continue to deliver organic growth in 2022, fueled by continuous technology advancements driving operational efficiency and new product innovation. We are deliberate in growing our business with existing customers and the acquisition and onboarding of new customers, particularly with our leading cloud-based Registry Complete software. During the course of the year, we expect to deploy new technology to support our Recovery Solutions business aimed at providing improved customer performance reporting and operational efficiencies as well as complimenting our leading Regulatory Solutions cloud based solution, Registry Complete. Similar to Registry Operations, a focus on investments in people and technology to advance our growth will be important. This will allow us to expand our offering to existing customers and facilitate the acquisition of new customers throughout the year.

In Technology Solutions, we expect to see completion of a number of solution delivery projects where milestones previously set for 2021 were deferred to 2022. Governments are expected to continue directing their efforts to managing COVID-19, but we are seeing the re-commencement of early-stage

procurement activity, which could translate into additional projects. 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. The recruitment process for a leader for our Dublin-based subsidiary to support and drive the growth of this segment is expected to be completed by the end of the second quarter.

It is based on the foregoing that we continue to expect revenue to be between \$168.0 million and \$173.0 million, net income to be between \$23.0 million and \$27.0 million, and EBITDA<sup>1</sup> to be between \$48.0 million and \$53.0 million in 2022.

The Company's diversified range of services, pursuit of growth opportunities, and strong core offerings have positioned us well for continued success. In keeping with our strategy, the Company will continue to actively explore appropriate acquisition targets in 2022 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 quarters ended March 31, 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](http://www.company.isc.ca).

Copies can also be obtained at [www.sedar.com](http://www.sedar.com) by searching Information Services Corporation's profile or by contacting Information Services Corporation at [investor.relations@isc.ca](mailto: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, May 5, 2022 at 11:00 a.m. ET (9:00 a.m. MDT) 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](http://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 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 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, 2021 and ISC's unaudited Condensed Consolidated Interim Financial Statements and Notes and Management's Discussion and Analysis for the first quarter ended March 31, 2022, copies of which are filed on SEDAR at [www.sedar.com](http://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.

#### Non-GAAP Performance Measures

Included within this news release is reference to the following non-GAAP performance measures. These measures are reviewed regularly by management and the Board of Directors in assessing our performance and making decisions regarding the ongoing operations of our business and its ability to generate returns. These measures may also be used by external parties in decision making related to ISC's performance. They are not recognized measures under GAAP and do not have a standardized meaning under IFRS, so may not be reliable ways to compare us to other companies.

Non-GAAP Performance Measure	Why we use it	How we calculate it	Most comparable IFRS financial measure
EBITDA	<ul style="list-style-type: none"> <li>To evaluate performance and profitability of segments and subsidiaries as well as conversion of revenues.</li> <li>We believe that certain investors and analysts use EBITDA to measure our ability to service debt and meet other performance obligations.</li> </ul>	EBITDA: Net income add Depreciation and amortization, net finance expense, income tax expense	Net income
EBITDA Margin		EBITDA Margin: EBITDA divided by Total revenue	

	<ul style="list-style-type: none"> <li>EBITDA is also used as a component of determining short-term incentive compensation for employees.</li> </ul>		
Adjusted EBITDA  Adjusted EBITDA Margin	<ul style="list-style-type: none"> <li>To evaluate performance and profitability of segments and subsidiaries as well as the conversion of revenue while excluding non-operational and share-based volatility.</li> <li>We believe that certain investors and analysts use Adjusted EBITDA to measure our ability to service debt and meet other performance obligations.</li> </ul>	<p>Adjusted EBITDA: EBITDA Add (remove) Share-based compensation expense, stock option expense, acquisition and integration costs, gain on disposal of property, plant and equipment assets</p> <p>Adjusted EBITDA Margin: Adjusted EBITDA Divided by Total revenue</p>	Net income
Free Cash Flow	<ul style="list-style-type: none"> <li>To show cash available for debt repayment and reinvestment into the Company.</li> <li>We believe that certain investors and analysts use this measure to value a business and its underlying assets.</li> </ul>	<p>Net cash flow provided by operating activities Deduct (add) Net change in non-cash working capital, cash additions to property, plant and equipment, cash additions to intangible assets</p>	Net cash flow provided by operating activities

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