



ISC to Expand Its Services Segment With the Acquisition of Paragon

July 29, 2020

REGINA, Saskatchewan, July 29, 2020 (GLOBE NEWSWIRE) -- Information Services Corporation (TSX:ISV) ("ISC" or the "Company") announced today that its Services segment, through its wholly-owned subsidiary, ESC Corporate Services Ltd. ("ESC") has executed a purchase agreement to acquire substantially all of the assets used in the business of Paragon Inc. ("Paragon") for CAD\$70.0 million, subject to customary purchase price adjustments.

Paragon is a technology enabled company whose primary focus is the facilitation and coordination of asset recovery on behalf of many of Canada's regulated major banks. Asset recovery comprises the identification, retrieval and disposition of movable assets such as automobiles, boats, aircraft and other forms of portable physical assets used as collateral security for primarily consumer focused credit transactions. The addition of Paragon's assets is expected to strengthen ESC's current offering and means that ESC will be able to offer its clients a complete solution in the credit life cycle, from origination to recovery.

Jeff Stusek, President & CEO of ISC commented, "Paragon is a growing, complementary business that expands our Services segment's portfolio of solutions in the credit life cycle from loan origination to recovery," Stusek continued, "Since acquiring ESC in 2015 to diversify our business beyond Registry Operations, we have continued to increase our market share based on a reputation for excellent customer service and attractive pricing. Our subsequent acquisitions, such as the one we are announcing today, is in response to demands from our clients to place as much of their due diligence business with us as possible, because of the trust they have in us. We welcome our new Paragon clients and employees to the ISC family and look forward to sharing this new solution with our existing ESC clients."

William Meany, CEO of Paragon said, "Paragon has built proven technology and processes that support many large financial institutions in Canada. Over the years we have built a strong foundation based on our technology but also our relationships and customer service. Apart from the additional solutions they will now have to choose from, our customers should be assured that going forward they will have the same great customer experience that they have enjoyed with us over the years."

This acquisition is consistent with ISC's long-term strategy of acquiring companies with competencies or operations in its industry space. The Company's Services segment is positioned to support the growing needs of financial institutions and legal firms to outsource key business processes associated with credit due diligence, protection and asset recovery solutions while they focus on their core businesses.

Subject to certain customary closing conditions, the transaction is expected to close on or about July 31, 2020.

Transaction Highlights

- **Strong strategic fit** providing ESC with a complete credit life cycle offering from origination to recovery.
- **Highly accretive** on both an earnings per share and cash flow basis.
- **Economically-resilient business that performs in both a recovery or recession environment**. For the twelve months ended June 30, 2020, Paragon realized revenue of approximately \$12.6 million and EBITDA of approximately \$7.1 million. As with most businesses, there has been some impact to Paragon from COVID-19 restrictions, however, this impact is expected to be temporary.
- **Proven track record** with compound annual revenue growth of approximately 29.0 percent between FY2016 and FY2020.
- **Consolidating customer base and strategic partnerships** with large financial institutions and companies in the financial services sector strengthens existing relationships. A combination of ESC's PPSA business and the assets of Paragon's recovery business offers a strong value proposition to our clients.
- **Further diversifies and enhances ISC's consolidated revenue profile**, supporting the Company's growth strategy which includes the acquisition of companies with competencies or operations in our industry space.

Management will provide more details on the transaction on the Company's second quarter 2020 earnings conference call, scheduled to be held on Thursday, August 6, 2020 at 12:00 pm Eastern Time. For more information about the conference call, please refer to the news release issued by the Company on Monday, July 20, 2020.

Funds

The CAD\$70 million purchase price will be paid in cash drawing upon ISC's credit facility. While management is satisfied with its ability to continue to fund operations through operating cash flow, the Company is working with its banking partners to increase the current credit facility. ISC has already agreed on key parameters with its lead bank and is working with a syndicate to finalize changes to the existing credit facilities.

Advisors

CIBC Capital Markets acted as the financial advisor to ISC and Osler, Hoskin & Harcourt LLP as legal counsel on the transaction.

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 and Services 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 statements related to the anticipated completion of the acquisition, accretiveness of the acquisition, integration and growth of the Paragon business, the ability of the Paragon business to perform in various cycles, the impact of the COVID-19 pandemic on Paragon's business and potential changes to the Company's existing credit arrangements. The words "expect" and "believe" or variations of or similar such words and phrases or statements that certain actions, events or results "may", "could", "will" or "would" occur, and similar expressions identify forward-looking statements. Forward-looking statements are based on a number of estimates and assumptions that, while considered reasonable by ISC as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates, models and assumptions of the Company referenced, contained or incorporated by reference in this news release, which may prove to be incorrect, include, but are not limited to, the Company's ability to complete the transaction on terms set forth in the purchase agreement, the business of Paragon performing in a manner consistent with the Company's expectations and the Company's ability to amend its credit facility on terms consistent with expectations. 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 economic, market and business conditions, identification of viable growth opportunities, implementation of our growth strategy, integration, 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 Consolidated Interim Financial Statements and Notes and Management's Discussion and Analysis for the first quarter ended March 31, 2020, copies of which are filed on SEDAR at www.sedar.com.

There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. 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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