

**Information Services (Q2 2025 Earnings)
July 31, 2025**

Corporate Speakers:

- Jonathan Hackshaw; Information Services Corp; Senior Director, Investor Relations, Capital Markets
- Shawn Peters; Information Services Corp; Chief Executive Officer
- Bob Antochow; Information Services Corp; Chief Financial Officer

Participants:

- Erin Kyle; CIBC; Director Equity Research
- Paul Treiber; RBC Capital Markets; Director
- Jesse Pytlak; Cormark Securities; Equity Research Analyst
- Stephen Boland; Raymond James; Managing Director

PRESENTATION

Operator^ Good day, and thank you for standing by. Welcome to the ISC Second Quarter 2025 Earnings Conference Call and Webcast. At this time, all participants are in a listen only mode. After the speakers' presentation, there will be a question-and-answer session. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to your first speaker, Jonathan Hackshaw, Senior Director, Investor Relations and Capital Markets. Please go ahead.

Jonathan Hackshaw^ Thank you, Michelle, and good morning to everyone joining us today. Welcome to ISC's conference call for the quarter ended June 30, 2025. On the call today are Shawn Peters, President and CEO and Bob Antochow, Chief Financial Officer. This morning, Shawn will take you through some of the highlights of the quarter. Bob will then provide some comments on our financial and operating performance for the quarter before passing the call back over to Shawn for some closing remarks.

Before we begin, we would like to remind everyone that we will only be summarizing results today. The company's financial statements and MD&A have been filed on SEDAR+ and are available on our website. We encourage you to review those reports in their entirety. I would also like to remind you that any statements made today that are not historical facts are considered to be forward-looking statements within the meaning of applicable securities laws.

The statements may involve a number of risks and uncertainties that are described in detail in the company's SEDAR+ filings. Those risks and uncertainties may cause actual results to differ materially from those stated. Today's comments are made as of today's date and will not be updated except as required under applicable securities laws. Today's conference call is being broadcast live over the Internet and will be archived for replay shortly after the call on the Investors section of our website. With that, I would now like to turn the call over to Shawn.

Shawn Peters^ Thank you, Jonathan. Good morning to everyone joining us for today's call. The second quarter of 2025 reflected a solid performance across the business, demonstrating the strength of our diversified operations and the value of our strategic approach. Registry operations performed steadily, supported by the ongoing reliability of the Saskatchewan Registries. While land registry transactions and high value registrations were both down year over year, this was offset by higher average real estate values and new revenue from the Bank Act Security Registry, which commenced operations in July 2024.

Our Services segment was also able to deliver a steady performance, supported by continued growth in the higher margin Recovery Solutions Division. Driving this was an increase in individual asset recovery assignments from existing customers and higher delinquencies in the automotive lending market, alongside a rise in completed vehicle sales for which we earn a commission.

Finally, looking at our Technology Solutions segment, we were pleased with notable increases in both top and bottom line metrics compared to the same period in the prior year. These improvements underscore the segment's move towards enhanced operational efficiency and stronger market traction, as demonstrated by our refined processes, disciplined cost management, and an expanding customer base. These trends position technology solutions for sustained future growth as we build on this momentum to capture emerging opportunities.

In summary, we delivered a solid second quarter performance through our resilient business model and operational focus. Our disciplined financial strategy and ability to execute effectively continue to strengthen our business, positioning us to drive sustained value creation and pursue our long term objectives with confidence. I'll now turn the call over to Bob to discuss some financial highlights in more detail before providing some closing remarks.

Bob Antochow^ Thank you, Shawn, and good morning, everyone. As Shawn mentioned, 2025 has shown solid performance, with the second quarter of 2025 continuing to deliver results in line with our expectations. Overall results are tracking as anticipated, driven by several key factors that I'll now walk you through.

Revenue was \$67.3 million for the quarter ended June 30, 2025, consistent when compared to \$67.8 million in the second quarter of 2024. Within registry operations, there was steady revenue from the Saskatchewan Registries division, particularly in the land registry, where an increase in average real estate values across the Saskatchewan market offset lower transaction volumes and was supplemented by new Bank Act Security Registry revenue.

Counterbalancing this was a decrease in services revenue, where the continued growth in the higher margin Recovery Solutions revenue through increased assignments and subsequent sales did not fully offset a decline in the lower margin Regulatory Solutions division revenue. Net income was \$5.9 million or \$0.32 per basic share and diluted share

for the quarter ended June 30, 2025, compared to \$10.3 million or \$0.57 per basic share and \$0.56 per diluted share in the second quarter of 2024.

Steady adjusted EBITDA results across our operating segments and lower net finance expense were offset by increased share-based compensation and professional and consulting services expenses. Net cash flow provided by operating activities was \$22.9 million for the quarter ended June 30, 2025, a decrease of \$1.3 million in the second quarter of 2024. Contributing to the decrease were the same items as described above for net income.

Adjusted net income was \$15.1 million or \$0.81 per basic and diluted share for the quarter ended June 30, 2025, compared to 14.1 million or \$0.78 per basic share and \$0.77 per diluted share in the second quarter of 2024. The increase reflects steady adjusted EBITDA results across all operating segments and lower net finance expense. Adjusted EBITDA for the quarter ended June 30, 2025, was \$26.7 million steady compared to a record \$27.2 million in the second quarter of 2024. Consistent adjusted EBITDA from Registry operations, combined with lower cost of goods sold in the Services segment, as a result of lower volumes in the Regulatory and Corporate Solutions divisions, together with higher margin in the Recovery Solutions division, were counterbalanced by slightly increased expenses. Adjusted EBITDA margin was 40%, which was consistent with the 2024.

Adjusted free cash flow for the quarter ended June 30, 2025, was \$21.0 million compared to \$15.7 million in the second quarter of 2024 due to steady adjusted EBITDA results across our operating segments, in addition to lower interest paid on long term debt. Expenses were \$54.9 million for the quarter ended June 30, 2025, an increase of \$7.3 million compared to the same prior year period.

The increase in the quarter was mainly due to an increase in wages and salaries of 6.7 million related to a \$5.7 million increase in share based compensation expense due to increase in the share price in the current quarter compared to a decrease in the share price during the prior year quarter, and an additional \$1 million investment in people to support execution on technology solutions projects, including registry enhancements for the Saskatchewan Registries Division and Registry Operations.

A \$2.2 million increase in professional and consulting services related to increased acquisition, integration and other costs, including resources deployed to respond to Planthro Limited's mini-tender offer. Partially offsetting this was cost of goods sold, which decreased by \$1.5 million due to lower sales volume in the Regulatory and Corporate Solutions divisions within Services.

Sustaining capital expenditures were \$2.6 million for the quarter ended June 30, 2025, in line with \$2.7 million in the same prior year period. For the six months ended June 30, 2025, sustaining capital expenditures were \$4.5 million compared to \$4.8 million in the same prior year period. After all this, as at June 30, 2025, the company held \$21.3 million in cash compared to \$21 million as at December 31, 2024. During the quarter, the

company made voluntary prepayments of \$15 million towards the company's credit facility, which is part of the company's plan to deleverage towards a long term net leverage target of two to 2.5 times.

Before I turn the call back over to Shawn, I'd like to finish by highlighting that we also announced yesterday that our Board of Directors approved a quarterly cash dividend of \$0.23 per share. That dividend will be payable on or before October 15, 2025 to shareholders of record as of September 30, 2025.

Furthermore, this morning, we announced an amendment to our credit facility. The credit facility, which previously was set to become current debt on our balance sheet in September 2025, has now extended to July 2029, providing us with greater financial flexibility. The total availability under the credit facility remains at \$250 million. We've also increased the accordion option from \$100 million to \$150 million allowing us to scale the credit facility up to \$400 million if needed.

In addition, the credit facility has been simplified by consolidating the two existing revolving credit tranches of \$150 million and \$100 million into a single \$250 million credit facility now with improved pricing. I will now turn the call back over to Shawn for some concluding remarks.

Shawn Peters^ Thanks, Bob. As we close out the second quarter, I'm pleased with our solid performance, which was in line with our expectations, even as we navigated unexpected costs tied to addressing shareholder matters. These challenges, while demanding, did not derail our focus or execution. We remain committed to driving operational excellence, optimizing our core business and maintaining our disciplined financial approach. This quarter truly reflects our ability to execute consistently and stay aligned with our strategic goals.

Not surprisingly then, we continue to expect revenue to be within a range of \$257 million to \$267 million and adjusted EBITDA to be in a range of \$89 million to \$97 million. In keeping with our historical performance, we also expect to see robust free cash flow in 2025, which will support the continued deleveraging of our balance sheet to realize the long term net leverage target of two to 2.5 times.

As we've said before, we're well positioned to navigate the evolving market landscape while continuing to prioritize long term shareholder value. With a resilient foundation and clear strategy, we're confident in our ability to sustain our performance and deliver solid results in the quarters ahead. Thank you for your continued support, and we look forward to updating you next quarter.

With that, I'll now turn the call back over to Jonathan.

QUESTIONS AND ANSWERS

Jonathan Hackshaw^ Thanks, Shawn. [Michelle], we'd now like to begin the question-and-answer session, please.

Operator^ Thank you. (Operator Instructions) Our first question is going to come from the line of Erin Kyle with CIBC. Your line is open. Please go ahead.

Erin Kyle^ Hi, good morning. It's Erin Kyle on for Scott Fletcher. Maybe if I could just start on the Registry's business. Could you give us an update on what you've been seeing in the Saskatchewan housing market? I know transaction volumes were down year over year and part of us lapping a difficult comp, but maybe just an update on what you've been seeing in July so far. It looks like housing sales rebounded in June, so just wondering if you've seen that hold true for July.

Shawn Peters^ Hi Erin, it's Shawn. Thanks for the question. We wouldn't tend to speculate too much on what we're seeing in July yet. I would say that this is typical in our seasonality, so June and July tend to be the highest months for us just based on moving and other home sales. So the overall market in Saskatchewan has been pretty stable as we've reported, and as you've seen in, or you may see in Saskatchewan Realtors Association reports, down a little bit in May, but back up in June, as you noted. And I think we're going to continue to see fairly stable results in Saskatchewan, but at this point we don't have an update really to comment on July.

Erin Kyle^ Okay, thank you. That clears that up. Maybe if I just switch to the services segment then. There was a decline in the regulatory solutions revenue and the MD&A, you note that was driven in part by the NOSI ban, as well as a decline in the KYC and due diligence volume. I believe activity in those two sectors, KYC and due diligence, has previously been fairly strong. Maybe if you could just dig into what the lower volume what drove the lower volumes in the quarter?

Bob Antochow^ Yes, thanks for the question, Erin. So part of that business is tied somewhat to economic activity that goes on and we've in turn and that's dependent on our customers that we provide services to. So, speculation is that it's tied to some of the market uncertainty that is happening with U.S. Trade announcements and other global issues. I don't know Shawn, if anything to add.

Shawn Peters^ It's really, as Bob said, I mean, we don't experience a lot of seasonality per se in that business, but it really is tied to how the economy is doing at any particular time. So, I mean, we're seeing the strength in our recovery solutions business as a result of that being a bit counter cyclical to the other businesses. So, I don't think there's anything too much to read into that other than it is just sort of tied to the economic cycle.

Erin Kyle^ Okay, thank you. That's fair. Maybe I'll just squeeze one more in here on the NCIB you announced at the June. I know you haven't executed under it yet, but any near term plans to use the NCIB?

Shawn Peters^ Yes, so again, thanks for the question. Obviously, we put the NCIB in just shortly before going into blackout for Q2 here, so practically speaking not a lot of time. We're glad to have the NCIB in place. We think it's a good strategic tool for us for periodic use. I wouldn't be able to comment on whether we specifically would use it at any given time, but it's a tool there that we have to use and we're glad it's there.

Erin Kyle^ Understood. Okay. I'll pass the line. Thank you.

Erin Kyle^ Thank you.

Operator^ Thank you. And one moment for our next question Next question is going to come from the line of Paul Treiber with RBC Capital Markets. Your line is open. Please go ahead.

Paul Treiber^ Yes, thank you. Good morning. Just a question on the guidance for the year and revenue growth. Just looking at the math there, it does imply that revenue growth would pick up in the second half of the year, assuming that the midpoint of guidance. What do you see as a catalyst or drivers to help pick up growth in the back half of year?

Shawn Peters^ Well I can maybe start on that Paul. As we just talked about, we do see that the second third quarter, so we're getting into July, August, September for third quarter. We do see that as one of our strongest, that has been historical. So we could potentially see some pickup in revenue in that quarter. I think the rest is just as we continue to grow the business organically, as we're looking with new customers new opportunities, we continue to see growth throughout the year. We will see seasonality, just to be clear, like in Q4 we would expect our registry business will be a little lower, because that is the typical seasonality, but back half of the year for us we're still confident in achieving those targets.

Paul Treiber^ Thanks, that was helpful to understand. Just in terms of the NCIB, how do we think about it in terms of priority versus other potential uses of capital, including M&A and deleveraging? And where would it rank among uses of capital?

Shawn Peters^ That's a bit more of a challenging question. I think we look at all of our capital allocation very strategically. You sort of listed the top three there for us. We've been clear that deleveraging is a priority for us, and I think we've been executing on that over the last number of quarters. We continue to look for prudent opportunities in the M&A space, but we'll assess that against the NCIB and against leveraging.

So we'll look at every opportunity, whether it's a deleveraging opportunity, and NCIB opportunity, or an M&A opportunity, and assess them against each other on their own merits. So there really isn't a way to prioritize. I think all of them are sort of equally important at the right time and in the right place.

Paul Treiber^ And then just one last one for me. Just could you elaborate further on the million dollars additional wages and salaries expense? What projects are these new employees focused on? And what's the mix between either internal projects or external ones?

Bob Antochow^ Thanks Paul for the question. Yes, so as we've discussed as part of the Saskatchewan MSA extension, we embarked on work to enhance our Saskatchewan registries. And so, as part of that, we've deployed increased resources to support that major project and as well in terms of third party projects that we have in our Technology Solutions segment, we've announced a couple of wins in that area. And so again, it's resourced us to expansion support of that business as well. Yes.

Paul Treiber^ Thanks for taking the questions.

Bob Antochow^ Thanks Paul.

Operator^ Thank you. And one moment as we move on to our next question. Our next question is going to come from the line of Jesse Pytlak with Cormark Securities. Your line is open. Please go ahead.

Jesse Pytlak^ Hey, good morning. Just on the OBR attrition, can you give us a sense that you're starting to see that start to taper off? Or are you still seeing fairly consistent ongoing declines there?

Bob Antochow^ For us in the Corporate Solutions segment, we've got contract and non-contract customers. And of course, with our goal has been to expand our service offerings to maintain our customers and obviously on the contracted customers that are partners with us for a long time. We've -- they're using a variety of our services for the non-contract customers. Of course, that's -- they tend to be customers that are more independent and they're not maybe one more one off type customers. So that's where it's hard to predict their use of our systems and services.

Shawn Peters^ Yes, I think overall, Jesse, it's been about what we expected and Bob's right. It's really the casual users that are using the OBR more directly and not going through service providers like ISC, ESC.

Jesse Pytlak^ Okay. That's helpful. And then just on third party tech solutions, you called out some projects that have been extended into next year. Have there been any changes to the scope or value of these contracts?

Bob Antochow^ No.

Shawn Peters^ No, not typically these are just delays with jurisdictions as they're implementing the project. So that's not unexpected in this line of business.

Jesse Pytlak^ Okay, got it. That's all for me.

Shawn Peters^ Thanks, Jesse.

Operator^ Thank you. And one moment for our next question. Our next question comes from the line of Stephen Boland with Raymond James. Your line is open. Please go ahead.

Stephen Boland^ Good morning, everyone. Just looking at the professional consulting services. You mentioned the rationale or the reason for the increase year over year. Should we expect that number to kind of go back to what, was probably a quarterly number in 2024? I'm just curious if it's more one time there.

Shawn Peters^ Yes, I'm going to take that, Steve. Thanks for the question. I think that's a pretty logical assumption. Our M&A acquisition costs are generally well spread across the year, and so I think looking back at 2024 would be a good measure. These are largely one-time costs.

Stephen Boland^ Okay, that's great. And then you did mention, obviously, one of the priorities, M&A. You get asked this every quarter. Just wondering what you're seeing out there. Has there been change in valuations or has the tariff or the economies, has that brought more assets up for sale? I'm just curious what the cadence is.

Shawn Peters^ Yes, good question. It hasn't from our perspective, I think we look at a number of opportunities continually. We are very prudent in assessing those. I don't think anything has changed for us in that in terms of -- it's a good question whether tariffs or other market instability would bring some different assets. For us, that hasn't happened. I think the assets and opportunities that we'd be interested in remain aligned with our strategy, and that really hasn't changed as a result of tariffs. But that's an interesting question, good question.

Stephen Boland^ Thanks. That's all for me. Thanks, guys.

Bob Antochow^ Thanks, Steve.

Operator^ Thank you. And I'm showing no further questions at this time. And I would like to hand the conference back over to Jonathan Hackshaw for any further or closing remarks.

Jonathan Hackshaw^ Thanks very much, [Michelle]. With no further questions, we'd like to once again thank all of you joining us for, the call today and for your support. And we look forward to speaking with you again when we next report. Have a great day.

Operator^ This concludes today's conference call. Thank you for participating. You may now disconnect.