



Annual Report 2019



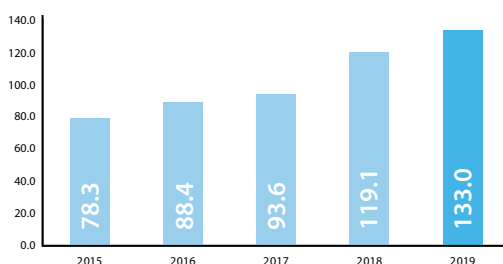
ISC

Information in the right hands.

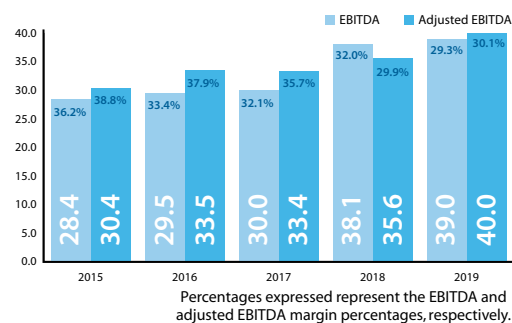
2019 Highlights

	2019 Results and Progress	2020 Guidance
Revenue	\$133.0M compared to \$119.1M in 2018	Targeting between \$135.0M and \$139.0M
EBITDA Margin	29.3% compared to 32.0% in 2018	Targeting between 26.0% and 30.0%
EBITDA	\$39.0M compared to \$38.1M in 2018	Targeting between \$37.0M and \$41.0M

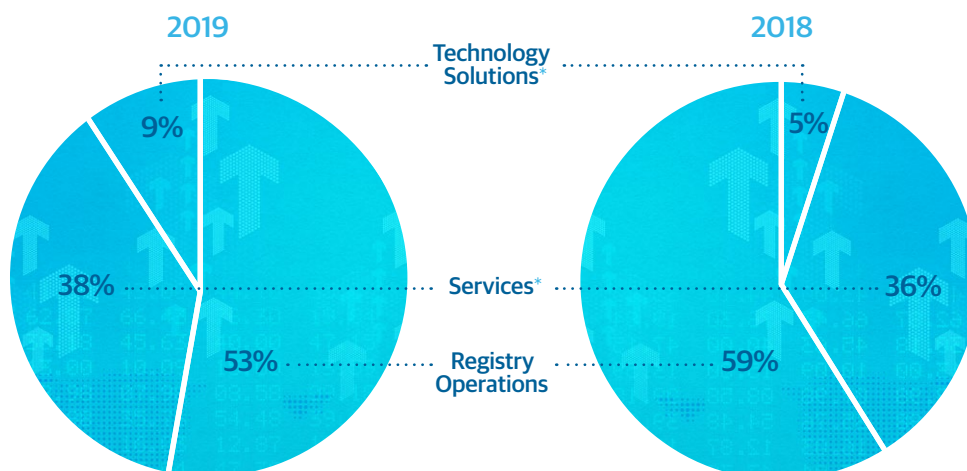
Consolidated
Revenue
for the year ended December 31 (CAD\$ millions)



Consolidated EBITDA and
Adjusted Consolidated EBITDA
for the year ended December 31 (CAD\$ millions)



Revenue Distribution by Segment
for the year ended December 31,



*Internal related party and other revenue not displayed in chart

About Us

Headquartered in Canada, ISC (TSX:ISV) 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.

Our Business

We operate **three segments** defined by their primary type of service offerings.

Registry Operations	Services	Technology Solutions
Delivery of registry services on behalf of governments and private sector organizations.	Delivery of products and services that utilize public records and data to provide value to customers in the legal and financial sectors.	Development, delivery and support of registry (and related) technology solutions.
		

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Letter From Our Chair



Joel Teal

Chair, Board of Directors

This was an exceptional year for ISC's financial performance because of our team's ability to execute.

This past year was an important one in terms of top and bottom line growth, but also as we position ISC for a future of sustainable growth. ISC has been keenly focused on our strategy of diversifying our business to deliver that growth. Since 2015, we have made three key acquisitions, adding Services and Technology Solutions to our foundational Registry Operations. The diversification of our business combines stability and growth, which is a core strength and priority as we continue to grow these segments.

While 2019 might be considered a quieter year compared to previous years on the acquisition front, it was very active for your Board. We remained committed to our strategy and in full support of our President & CEO, Jeff Stusek, and the management team for executing well on a prudent approach to growth. The careful evaluation of acquisition opportunities and a continued focus on integrating prior acquisitions has served the Company well and positioned us for sustainable growth.

During the course of the year, the Board and its Committees reviewed practices and strategies in their respective areas of governance, compensation and finance. Notably, on the compensation

front, the Board recognized the importance of ensuring our people continue to be motivated, engaged and compensated in keeping with best practices. More information on this can be found in our Management Information Circular, which is available on our website at www.company.isc.ca.

From a financial position perspective, the Company's balance sheet remains very healthy. Your Board is keenly aware of the importance of how capital is allocated. During the year, with the support of the Audit Committee and management team, we reviewed the Company's capital allocation strategy and will continue to do so on an ongoing basis to ensure we make the most effective use of our balance sheet.

This was an exceptional year for ISC's financial performance because of our team's ability to execute well and adapt to changing market conditions. The results speak for themselves. On behalf of the Board and all stakeholders, I'd like to congratulate Jeff and the team on another job well done in 2019.

My fellow Board members, as always, continue to be steadfast in their support and continue to provide tremendous value around the Board table. The current Board members have been in place for

several years now and we expect this team to continue helping guide ISC into the future. To all of them, my sincere thanks for all their hard work and support.

As we look forward into the new decade, I hope, like all of us at ISC, you do so with the same sense of optimism and excitement. We believe we have the strategy in place with the right resources to ensure that we grow and deliver long-term value to all our stakeholders.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Joel Teal', with a stylized flourish extending from the end.

Joel Teal

Chair, Board of Directors

Letter From Our CEO



Jeff Stusek

President and Chief Executive Officer

Looking ahead, I am optimistic about our future and growth potential.

In 2019, we delivered \$133 million in revenue and \$39 million in EBITDA – both new records for us. Across ISC, 2019 was as much about taking stock and examining ways to become more efficient as it was about delivering on our guidance for the year through organic growth. On a consolidated basis, we ended 2019 with some excellent results, which we intend to surpass in 2020, in line with our strategy of producing profitable and sustainable growth.

As always, the strength of our Registry Operations segment helped lay the foundation for these results. While economic conditions continued to impact this segment, our team delivered consistent results through prudent management of the business which, in turn, delivered a consistent quality customer experience. We appreciate the trust our customers in Saskatchewan and the provincial government place in us every day to deliver services to, or on their behalf.

While 2019 was a quieter year for new acquisitions, as Joel noted in his letter, it allowed us to focus on the integration of our recent additions and grow organically through our Services and Technology Solutions segments, achieving an 11 per cent increase in consolidated revenue and a 2 per cent increase in consolidated EBITDA.

Since we became public in July 2013, we have focused on becoming a more diverse business with multiple avenues from which to grow.

Delivering the best customer experience has, and will continue to be, at the forefront of everything we do. In Registry Operations, we continued to meet and exceed the expectations of our customers thanks to our staff going above and beyond to provide great customer service. This was also the case in our Services segment. One of the reasons for the acquisition of Securefact in 2019 was in response to requests from customers for an enhanced Know-Your-Customer offering. We will always look for the best and most prudent ways to provide new services to our customers, as it not only helps their business, but ours as well.

It is clear to me that, through the execution of our strategy, we have been delivering leading registry and regulatory service and solutions, in addition to having a second-to-none foundation upon which to build. Our November 2019 announcement, regarding the award of a contract by the Irish Aviation Authority to deliver a new safety regulation system, is just a small indication of our efforts to expand our offerings.

Looking ahead, I am optimistic about our future and growth potential. Our Registry

Operations segment is more efficient than ever and in a strong position to benefit from any uptick in the economy. The Services segment has built a reputation for responsive customer service, which is leading to the winning of new customers and expansion of services offered to existing customers. The Technology Solutions segment is continuing to gain traction as a key piece of our portfolio. As we continue to grow this segment, we expect that these existing relationships will lead to future additional business opportunities.

The fact remains that none of this would be possible without our people, who come to work, day in and day out, to make sure we have happy, satisfied customers. They always step up whenever the opportunity presents itself to provide solutions to our customers so they can focus on their own businesses. To all our staff, whether you are in Dublin, Montreal, Toronto, Vernon or Saskatchewan, a big thank you. The dedication you have every day inspires me, and I feel fortunate to work alongside your talent and capabilities.

Yours sincerely,

Jeff Stusek
President and Chief Executive Officer

Corporate Social Responsibility



ISC and our employees are proud to be a supportive partner in the communities where we live, work and play. Our community giving program focuses on preserving cultural heritage, encouraging economic growth and celebrating life's milestones. In 2019, we invested over **\$290,000** into supporting non-profit organizations, community initiatives and cultural programs that matter to the people and places we serve.

Partnering with STARS

Supporting the well-being of our communities goes beyond financial support. ISC's Saskatchewan Geomatics team used their expertise to design and deliver a custom geographic information system (GIS) dataset that was donated to the Shock Trauma Air Rescue Service (STARS), as a tool to be added to the air ambulance dispatch system for precision flight mapping. Consisting of Saskatchewan land location-based data, the GIS dataset provides real-time information about patients' locations – including nearby landmarks, meeting points, hospitals, and other response assets. STARS will also receive ongoing support from ISC, including data updates and related GIS services.



Square One - Centre for Entrepreneurship

ISC supported Saskatchewan entrepreneurs by sponsoring a designated Saskatchewan Corporate Registry workspace at Square One, an agency that assists entrepreneurs with basic startup and growth support. In addition to the sponsorship, ISC employees provided support for Square

One staff to help entrepreneurs use the Saskatchewan Corporate Registry to follow important business registration steps.



Giving Hope Today

Supporting The Salvation Army

ISC's Services team at the ESC office in Toronto proudly supported The Salvation Army's 2019 Holiday Kettle campaign by pledging a portion of December's corporate supply sales and volunteered their time with a kettle stationed outside their office, which resulted in a \$10,000 donation. In addition, a team of 15 volunteered at The Salvation Army's Mississauga warehouse to prepare and deliver holiday toy packages to families.

2019 Highlights

\$290,123

in community investment

79

community organizations supported

\$54,066

fundraising for United Way

183

families honoured with an ISC Century Family Farm Award

Giving Back to Our Communities

Our people have a dedicated spirit of charitable giving and generously supporting organizations inside and outside of the workplace. From preparing holiday packages to donning their favourite jerseys as part of global movements, our people were giving back to their communities in 2019.

Cultural Heritage

As the safekeeper of important historical documents, we support organizations that promote or preserve cultural heritage and instil pride in the people of the markets we serve.

Examples include:

- MacKenzie Art Gallery – MacKenzie Gala
- Regina Multicultural Council – Mosaic Festival of Cultures
- Heritage Festival of Saskatoon
- Saskatchewan Indigenous Cultural Centre
- Friends of the Wascana Marsh

Life Events

As a corporation responsible for authenticating and recording important information related to specific life events and geography, we support organizations that provide programs related to education, health and community well-being.

Examples of organizations supported include:

- Canadian Mental Health Association
- Family Service Regina
- Breast Cancer Ireland
- Dress for Success
- Movember

Economic Growth

As a leader in the business community, we are committed to supporting organizations and events that foster business excellence. In 2019, ISC invested in programs focused on economic growth in our communities through providing support for entrepreneurs, young professionals and education.

Examples include:

- Economic Development Regina
- Women Entrepreneurs of Saskatchewan
- Saskatchewan Young Professionals and Entrepreneurs (SYPE)
- Hill School of Business JDC West Team
- National Indigenous Youth Entrepreneur Camp

Local Community Giving

From grassroots charities to local chapters of national non-profit organizations, ISC's Saskatchewan Customer Service Centres each receive \$2,000 annually to donate to local charities of their choice. In 2019, the organizations supported include:

- Battlefords District Food and Resource Centre
- Swift Current Public Library
- Moose Jaw Families for Change
- John Howard Society of Saskatchewan
- REACH Regina



Celebrating Family Farm Centennials

As the safekeeper of original land title documentation, ISC annually celebrates Saskatchewan's agricultural history with the Century Family Farm Awards (CFFA) program. In 2019, ISC recognized 183 family-owned farms that have been in operation in the province for 100 years or more. Each received an award package, including a copy of the original land title issued to their ancestor that homesteaded the land.

Annual United Way Campaign

ISC encourages its employees to give back to the community through the annual United Way workplace campaign. Each year, the Company pledges to match every dollar contributed by employees through personal giving and fundraising events. In 2019, the employee-led United Way campaign raised \$27,033 for a total donation of \$54,066 from ISC.



Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2019

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Introduction

This Management's Discussion and Analysis ("MD&A") for Information Services Corporation ("ISC") discusses our financial and operating performance, business indicators and outlook from management's viewpoint.

This document should be read in its entirety and is intended to complement and supplement ISC's audited Consolidated Financial Statements ("Financial Statements") for the year ended December 31, 2019, and 2018. Additional information, including our Annual Information Form for the year ended December 31, 2019, is available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

This MD&A contains information from the Financial Statements for the years ended December 31, 2019, 2018, and 2017, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IAS Board"). The financial information that appears throughout our MD&A is consistent with the Financial Statements.

This MD&A also includes certain measures, which have not been prepared in accordance with IFRS, such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Rather, these measures are provided as additional information to complement those IFRS measures. 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.

Unless otherwise noted, or unless the context indicates otherwise, "ISC", the "Company", "we", "us" and "our" refer to Information Services Corporation, its subsidiaries and its predecessors. Any statements in this MD&A made by, or on behalf of, management are made in such persons' capacities as officers of ISC and not in their personal capacities.

The Financial Statements are presented in Canadian dollars ("CAD"). In this MD&A, all references to "\$" or "dollars" are to Canadian dollars and amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information and should be read in conjunction with the "Caution Regarding Forward-Looking Information" that follows. This MD&A is current as of March 17, 2020.

Responsibility for Disclosure

The ISC Board of Directors ("Board") carries out its responsibility for review of this disclosure primarily through the Audit Committee ("Audit Committee") of the Board, which is comprised exclusively of independent directors.

The Audit Committee reviews the fiscal year-end MD&A and recommends it to the Board for approval. Interim MD&As are reviewed and approved by the Audit Committee.

Caution Regarding Forward-Looking Information

Certain statements in this MD&A and certain information incorporated by reference herein contains forward-looking information within the meaning of applicable Canadian securities legislation. The purpose of the forward-looking information is to provide a description of management's expectations regarding future events or developments and may not be appropriate for other purposes.

Forward-looking information which may be found in this MD&A includes, without limitation, that contained in the "Outlook" section hereof, and management's expectations, intentions and beliefs concerning the industries in which we operate, business strategy and strategic direction, growth opportunities, integration, contingent consideration, development and completion of projects, the competitive landscape, seasonality, our future financial position and results, capital and operating expectations, projected costs, the impact of certain payments to the Government of Saskatchewan, access to financing, debt levels, free cash flow, expectations for meeting future cash requirements, the economy and the real estate market, reporting currency and currency fluctuations, dividend expectations, market trends and other plans and objectives of or involving ISC. The words *may*, *will*, *should*, *expect*, *plan*, *intend*, *anticipate*, *believe*, *estimate*, *strategy*, *continue*, *likely*, *potential* or the negative or other variations of these words or other comparable words or phrases are intended to identify forward-looking information.

Forward-looking information is based on estimates and assumptions made by us in light of ISC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that ISC believes are appropriate and reasonable in the circumstances. There can be no assurance that such estimates and assumptions will prove to be correct. Certain assumptions with respect to our ability to implement our business strategy and compete for business (other than our exclusive service offerings to the Government of Saskatchewan), as well as business, economic, market and other conditions, availability of financing, currency exchange rates, consumer confidence, interest rates, level of unemployment, inflation, liabilities, income taxes and our ability to attract and retain skilled staff, are material factors in preparing forward-looking information.

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. Factors that could cause our actual results or events to differ materially

from those expressed or implied by such forward-looking information include, without limitation, operational, economic, market, financial, competitive, regulatory, technological and other risks (including those arising from public health concerns) detailed from time to time in the filings made by the Company, including those detailed in our Annual Information Form for the year ended December 31, 2019, and the Financial Statements, copies of which are available on our website at www.company.isc.ca and in the Company's profile filed on SEDAR at www.sedar.com. You should consider these factors carefully. We caution that the foregoing list is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, this forward-looking information. See "Business Risks and Risk Management".

Furthermore, unless otherwise stated, the forward-looking information contained in this MD&A is made as of the date of this MD&A. We have no intention and undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

You should not place undue reliance on forward-looking information contained herein.

1 Overview

As required by IFRS, effective January 1, 2019, we have adopted IFRS 16 – *Leases* ("IFRS 16"), as described in section 8.4 "Changes in Accounting Policies", using the full retrospective method to each period in 2018 previously reported, with an impact to opening retained earnings. We have also reclassified some amounts from previous periods to make them consistent with the presentation for the current period.

Last year we made an adjustment to the fair value estimate of the contingent consideration associated with our AVS Systems Inc. ("AVS") acquisition which resulted in a \$3.6 million gain in 2018. Where possible, we have tried to present comparisons with and without this non-recurring item.

1.1 Consolidated highlights

SELECT CONSOLIDATED FINANCIAL INFORMATION

For the year ended December 31, 2019:

EBITDA ¹	Adjusted EBITDA ¹	Revenue	Earnings per share	Free cash flow ¹
\$39.0M	\$40.0M	\$133.0M	\$1.11	\$30.0M
+2%* vs 2018	+13% vs 2018	+12% vs 2018	+4%* vs 2018	+9% vs 2018

¹ EBITDA, adjusted EBITDA 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. Refer to section 6.1 "Cash Flow" for a reconciliation of free cash flow.

* Includes the change in contingent consideration in 2018 and one-time costs associated with our office closures in 2019.

The select annual financial information set out for the years ended December 31, 2019, 2018, and 2017, is derived from the Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods.

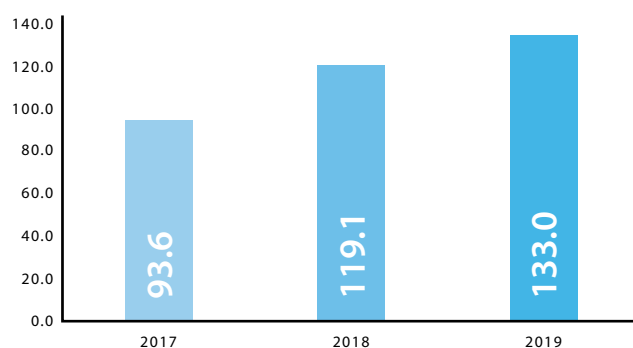
(thousands of CAD dollars)	2019	Year Ended December 31,	
		2018 (restated) ²	2017
Revenue	\$ 132,968	\$ 119,131	\$ 93,592
Net income	19,400	18,637	27,789
EBITDA ¹	\$ 39,026	\$ 38,124	\$ 30,015
Adjusted EBITDA ¹	40,028	35,578	33,403
EBITDA margin (% of revenue) ¹	29.3%	32.0%	32.1%
Adjusted EBITDA margin (% of revenue) ¹	30.1%	29.9%	35.7%
Free cash flow ¹	\$ 29,996	\$ 27,411	\$ 22,918
Dividend declared per share	\$ 0.80	\$ 0.80	\$ 0.80
Earnings per share, basic	1.11	1.06	1.59
Earnings per share, diluted	1.11	1.06	1.58

	2019	As at December 31,	
		2018	2017
Total assets	\$ 171,579	\$ 173,682	\$ 171,825
Total non-current liabilities	\$ 32,683	\$ 36,420	\$ 45,202

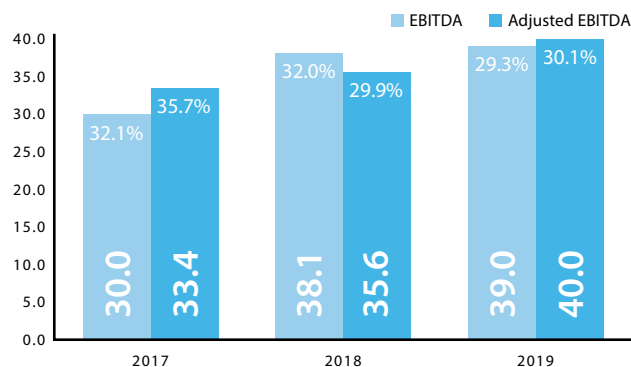
¹ EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other companies; refer to section 8.8 "Non-IFRS financial measures". Refer to section 2 "Consolidated Financial Analysis" for a reconciliation of EBITDA and adjusted EBITDA to net income. Refer to section 6.1 "Cash Flow" for a reconciliation of free cash flow.

² On January 1, 2019, the Company adopted IFRS 16 using the full retrospective method and, therefore, the 2018 comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. Refer to Note 2 of the Financial Statements for further details.

**Consolidated Revenue
for the year ended December 31,**
(CAD\$ millions)



**Consolidated EBITDA¹ and Consolidated Adjusted EBITDA¹
for the year ended December 31,**
(CAD\$ millions)



¹ EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin 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 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.

Percentages expressed represent the EBITDA and adjusted EBITDA margin percentages, respectively.

ISC has generated strong results over the past three years. Revenue continues to climb and was up 11.6 per cent to \$133.0 million in 2019 compared to \$119.1 million in 2018 and is up nearly 42.1 per cent since 2017. The primary driver of revenue growth in 2019 continues to come from Services through adding new services for existing accounts and winning of new customer contracts. For purposes of comparison to 2017, excluding the impact of the gain from the sale of our ownership interest in Dye & Durham Corporation in 2017, net income in 2017 would have been \$14.4 million or \$0.82 per basic and diluted share, showing an increase in net income over the three years as well.

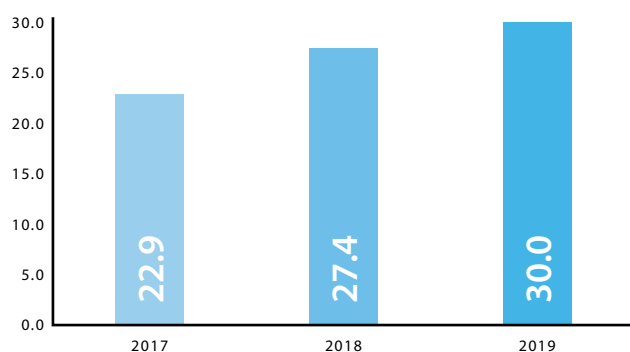
EBITDA (earnings before interest, taxes, depreciation and amortization expense) is also up at \$39.0 million for 2019. In trying to effect a proper comparison to the previous years, adjusting out one-time items:

- 2019 EBITDA contains one-time costs of \$0.8 million associated with the closure of three service centres in the third quarter; and
- 2018 EBITDA contains a one-time gain of \$3.6 million for the adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition.

EBITDA and adjusted EBITDA are up due to strong results across all our segments.

- Registry Operations revenue continues to be challenged by the effects of economic conditions in Saskatchewan; however, it continues to manage costs and generate strong free cash flow.
- Services continues to grow with new products and services, with lower EBITDA growth in 2019 as we invest in cloud and other technology improvements for future scale and margin improvement.
- Technology Solutions continues to focus on executing current implementations of announced contracts, with much of that being recognized in the fourth quarter.

Consolidated Free Cash Flow¹
for the year ended December 31,
(CAD\$ millions)



¹ Free cash flow is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures by other companies, refer to section 8.8 "Non-IFRS financial measures". Refer to section 6.1 "Cash Flow" for a reconciliation of free cash flow.

FOURTH QUARTER CONSOLIDATED HIGHLIGHTS

- Revenue was \$37.9 million for the quarter, an increase of \$6.9 million or 22.3 per cent compared to the fourth quarter of 2018 largely due to the completion of milestones in current contracts within Technology Solutions and continued growth in Services.

- Net income for the quarter was \$7.3 million or \$0.42 per basic and diluted share compared to \$3.2 million or \$0.18 per basic and diluted share in 2018. The year-over-year increase is mainly due to the increased revenue in Technology Solutions and Services.
- EBITDA for the fourth quarter of 2019 was \$12.3 million compared to \$8.1 million for the same quarter last year due to increased results in all segments.
- The EBITDA margin for the fourth quarter of 2019 was 32.5 per cent compared to 26.1 per cent in the same quarter in 2018. The unusual increase in the quarter was due to the recognition of licence revenue with milestone achievements in our Technology Solutions segment.
- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was \$12.7 million for the quarter compared to \$8.3 million in the same quarter last year.
- Free cash flow for the quarter, was \$9.5 million, an increase of \$3.6 million compared to the fourth quarter of 2018 due to higher results of operations.
- On November 6, 2019, our Board declared a quarterly cash dividend of \$0.20 per Class A Limited Voting Share ("Class A Share"), paid on January 15, 2020, to shareholders of record as of December 31, 2019.

YEAR-END CONSOLIDATED HIGHLIGHTS

- Revenue was \$133.0 million for the year, an increase of \$13.8 million or 11.6 per cent compared to \$119.1 million for the previous year. The increase was due to the higher revenue generated by Services and Technology Solutions.
- Net income for the year was \$19.4 million or \$1.11 per basic and diluted share compared to \$18.6 million or \$1.06 per basic share and diluted share last year. The increase was the result of increased results in all segments and lower overall corporate costs for 2019.
- EBITDA for the year was \$39.0 million compared to \$38.1 million last year, an increase of \$0.9 million.
- The EBITDA margin for the year was 29.3 per cent compared to 32.0 per cent for 2018. The reduction in year-over-year EBITDA margin was due to the impact of the contingent consideration adjustment in 2018, which produced the unusual 2018 margin. Absent the contingent consideration adjustment, the EBITDA margin for 2018 would have been 29.0 per cent.
- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was \$40.0 million for the year, up compared to

\$35.6 million last year, with an adjusted EBITDA margin of 30.1 per cent for 2019 compared to 29.9 per cent last year.

- Free cash flow for the year increased to \$30.0 million, compared to \$27.4 million for the same period of 2018 due to higher results of operations.
- On February 19, 2019, the Company announced that its wholly owned subsidiary, ESC Corporate Services Ltd. ("ESC"), acquired substantially all the assets used in the business of Securefact Transaction Services, Inc. ("Securefact") for \$6.8 million by way of an asset purchase agreement.
- On October 9, 2019, the Company announced that our wholly owned Irish subsidiary, Enterprise Registry Solutions Limited ("ERS"), signed an agreement with the Irish Aviation Authority to implement and support its new Safety Regulation System. The total value of the implementation contract is approximately \$7.0 million, with a subsequent agreement expected for system support and maintenance. The new system is expected to go live in 2021.
- In September 2019, the Company made the decision to close three regional service centres in Saskatchewan due to a steadily declining need for counter service and customers' adoption of online services offered by the Company.

1.2 Subsequent events

- On March 17, 2020, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before April 15, 2020, to shareholders of record as of March 31, 2020.

1.3 Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities and our future financial position and results, including expected revenue, EBITDA, EBITDA margin and capital expenditures. Refer to "Caution Regarding Forward-Looking Information".

ISC has built a strong, sustainable and growing business underpinned by our two largest segments, Registry Operations and Services. These two segments deliver consistency and growth, respectively, while our Technology Solutions segment focuses to become a meaningful contributor to our consolidated results in the years to come.

In 2020, we expect to deliver continued organic growth, driven by our Services segment, through the expansion of offerings to existing customers as well as the acquisition of new customers throughout the year. The Company will also explore appropriate acquisition targets which are complementary to or add value to existing lines of business. The diversification of our business remains a key part of our strategy, which we

will continue to pursue. We also expect to spend between \$2.0 million and \$4.0 million on business-as-usual capital expenditures.

Although we expect Saskatchewan's economy to remain flat in 2020 as it pertains to the registries, Registry Operations will continue to be a strong contributor to results in 2020, due largely to the high level of operational efficiency and the resulting strong cash flow this segment generates on a consistent basis.

In Technology Solutions, as projects continue to move into the implementation and completion phases in 2020, we expect to recognize increased revenue and profitability on those contracts. Many of those will move into maintenance, and we will continue to pursue new contracts in both the registry and regulatory sectors.

In addition, we are monitoring the potential impact of the current outbreak of the novel coronavirus (COVID-19) on our people, operations and business. The situation is evolving rapidly and we will continue to assess any effect on the Company's operations and the economies in which we operate.

Based on the previous details, in 2020 the Company's revenue is expected to be between \$135.0 million and \$139.0 million, EBITDA to be between \$37.0 million and \$41.0 million, and an EBITDA margin between 26.0 per cent and 30.0 per cent.

2 Consolidated Financial Analysis

Consolidated revenue was up 22.3 per cent and 11.6 per cent for the three months and year ended December 31, 2019, respectively, compared to the same periods last year. Net income was also up in the quarter and year-to-date compared to last year largely due to increased results in all segments and lower overall corporate costs.

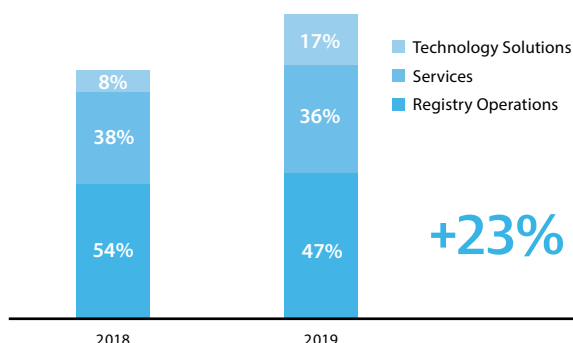
2.1 Consolidated statements of comprehensive income

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Revenue				
Registry Operations	\$ 18,069	\$ 16,780	\$ 70,399	\$ 70,259
Services	13,519	11,591	51,230	42,384
Technology Solutions	9,333	6,276	24,246	21,225
Corporate and other	(2,979)	(3,632)	(12,907)	(14,737)
Total revenue	37,942	31,015	132,968	119,131
Expenses				
Wages and salaries	11,578	10,255	41,689	37,842
Cost of goods sold	8,236	7,033	31,171	25,084
Depreciation and amortization	2,697	3,151	11,400	11,775
Information technology services	2,549	2,339	8,796	8,479
Occupancy costs	786	859	3,485	3,369
Professional and consulting services	1,351	962	4,281	4,785
Financial services	462	584	2,138	2,302
Other	649	704	2,382	2,713
Total expenses	28,308	25,887	105,342	96,349
Net income before items noted below	9,634	5,128	27,626	22,782
Finance (expense) income				
Interest income	71	116	283	416
Interest expense	(359)	(271)	(1,529)	(1,189)
Net finance expense	(288)	(155)	(1,246)	(773)
Change in contingent consideration	–	(195)	–	3,567
Income before tax	9,346	4,778	26,380	25,576
Income tax expense	(1,999)	(1,620)	(6,980)	(6,939)
Net income	7,347	3,158	19,400	18,637
Other comprehensive income (loss)				
Unrealized gain (loss) on translation of financial statements of foreign operations	78	247	(538)	232
Change in fair value of marketable securities, net of tax	(77)	(37)	29	(108)
Other comprehensive income (loss) for the period	1	210	(509)	124
Total comprehensive income	\$ 7,348	\$ 3,368	\$ 18,891	\$ 18,761

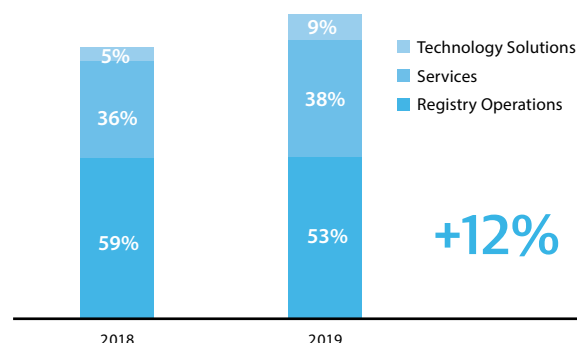
¹ On January 1, 2019, the Company adopted IFRS 16 using the full retrospective method and, therefore, the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. Refer to Note 2 of the Financial Statements for further details.

2.2 Consolidated revenue

Consolidated Revenue¹ for the three months ended December 31,



Consolidated Revenue¹ for the year ended December 31,



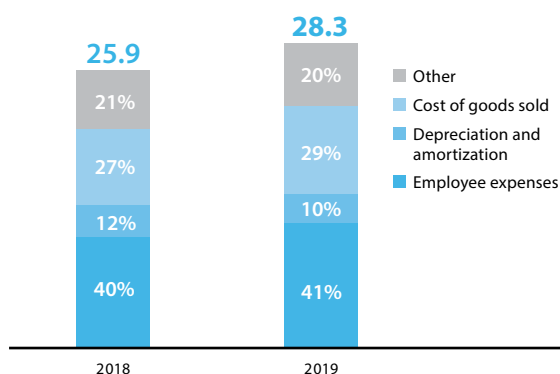
¹ Technology Solutions and Services are net of Corporate and other revenue/eliminations.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Registry Operations	\$ 18,069	\$ 16,780	\$ 70,399	\$ 70,259
Services	13,519	11,591	51,230	42,384
Technology Solutions	9,333	6,276	24,246	21,225
Corporate and other	(2,979)	(3,632)	(12,907)	(14,737)
Total revenue	\$ 37,942	\$ 31,015	\$ 132,968	\$ 119,131

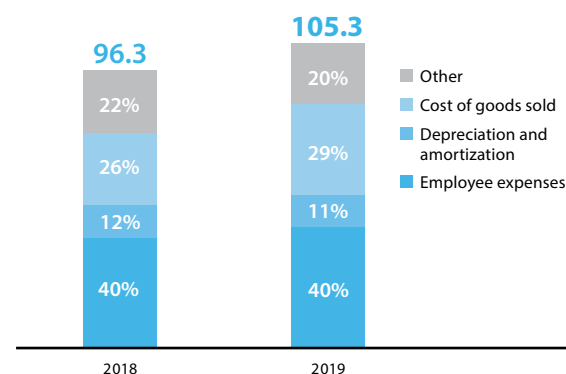
Total revenue increased in the quarter and for the year as compared to the same periods last year, with increases in all segments.

2.3 Consolidated expenses

Consolidated Expenses for the three months ended December 31, (CAD\$ millions)



Consolidated Expenses for the year ended December 31, (CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Wages and salaries	\$ 11,578	\$ 10,255	\$ 41,689	\$ 37,842
Cost of goods sold	8,236	7,033	31,171	25,084
Depreciation and amortization	2,697	3,151	11,400	11,775
Information technology services	2,549	2,339	8,796	8,479
Occupancy costs	786	859	3,485	3,369
Professional and consulting services	1,351	962	4,281	4,785
Financial services	462	584	2,138	2,302
Other	649	704	2,382	2,713
Total expenses	\$ 28,308	\$ 25,887	\$ 105,342	\$ 96,349

¹ On January 1, 2019, the Company adopted IFRS 16 using the full retrospective method and, therefore, the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. Refer to Note 2 of the Financial Statements for further details.

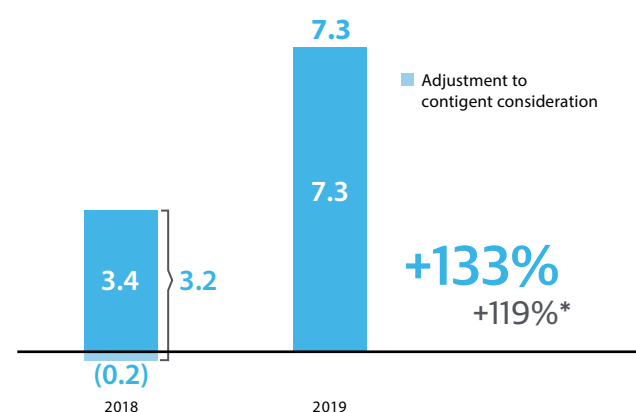
Consolidated expenses were \$28.3 million for the fourth quarter, an increase of \$2.4 million compared to the same fourth quarter last year and were \$105.3 million for the year, an increase of \$9.0 million compared to the same period last year. The increase in the quarter and year was largely due to:

- increased cost of goods sold related to the corresponding increased revenue in Services; and
- increased staffing in Services and Technology Solutions to service our new development and existing implementation and maintenance commitments.

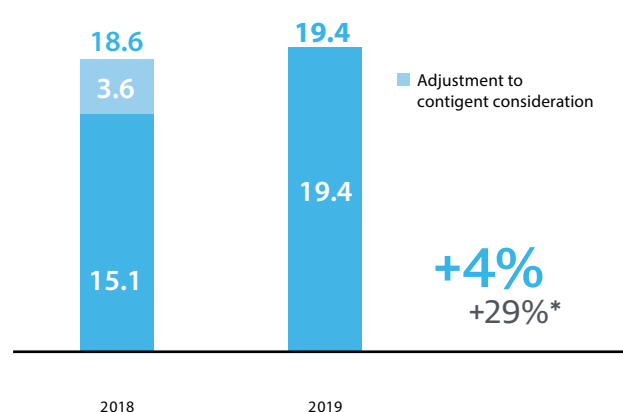
These increases were partially offset by lower depreciation and amortization, decreased staffing in Registry Operations as well as decreased professional and consulting services year-over-year across our segments.

2.4 Consolidated net income

**Consolidated Net Income¹
for the three months ended December 31,**
(CAD\$ millions)



**Consolidated Net Income¹
for the year ended December 31,**
(CAD\$ millions)



¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

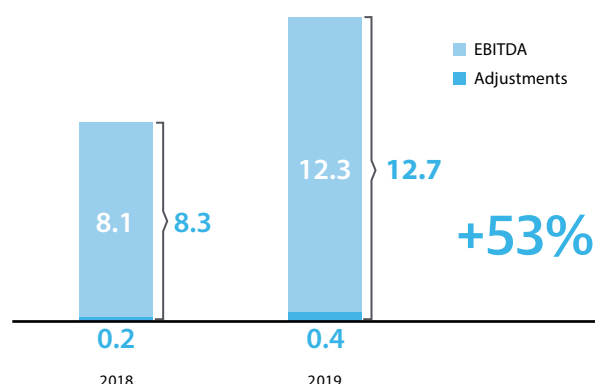
* Represents the change in net income excluding the change in contingent consideration.

Net income for the quarter was \$7.3 million or \$0.42 per basic and diluted share, an increase of \$4.2 million compared to the fourth quarter of 2018 and was \$19.4 million or \$1.11 per basic and diluted share for the year compared to \$18.6 million or \$1.06 per basic and diluted share last year.

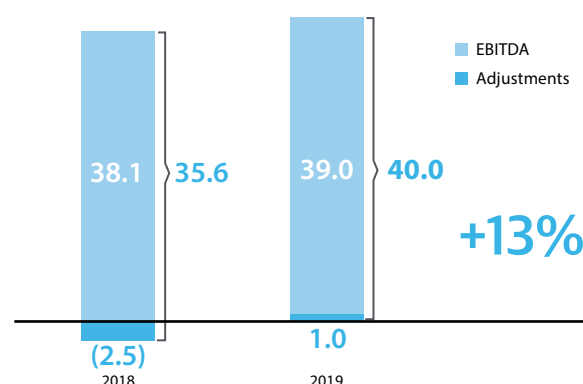
As reported in 2018, net income in 2018 included the positive impact of \$3.6 million in adjustments to the fair value estimate of the contingent consideration associated with our AVS acquisition, which is not present in 2019. Excluding the net adjustments to the contingent consideration, net income for the three months and year ended December 31, 2018, would have been \$3.4 million and \$15.1 million, respectively.

2.5 Consolidated EBITDA and Adjusted EBITDA

**Consolidated EBITDA and adjusted EBITDA^{1,2}
for the three months ended December 31,**
(CAD\$ millions)



**Consolidated EBITDA and adjusted EBITDA^{1,2}
for the year ended December 31,**
(CAD\$ millions)



¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

² EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin 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 by other companies. Refer to section 8.8 "Non-IFRS financial measures".

EBITDA for the fourth quarter of 2019 was \$12.3 million compared to \$8.1 million for the same quarter last year and was \$39.0 million for the year as compared to \$38.1 million last year, due to increased results in all segments. Similarly, adjusted EBITDA was \$12.7 million for the quarter, an increase of 53.5 per cent compared to \$8.3 million in the fourth quarter of 2018 and was \$40.0 million for the year compared to \$35.6 million last year. There were minimal adjustments in adjusted EBITDA for 2019, mainly related to stock-based compensation and insignificant acquisition and integration costs. There were similar items in 2018, as well as a \$3.6 million adjustment related to contingent consideration on our acquisition of AVS.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Net income	\$ 7,347	\$ 3,158	\$ 19,400	\$ 18,637
Depreciation and amortization	2,697	3,151	11,400	11,775
Net finance expense	288	155	1,246	773
Income tax expense	1,998	1,620	6,980	6,939
EBITDA ²	\$ 12,330	\$ 8,084	\$ 39,026	\$ 38,124
Adjustments				
Stock-based compensation expense	269	(55)	370	157
Stock option expense	81	166	466	617
Acquisition and integration costs	–	44	164	(3,402)
Gain on disposal of property, plant and equipment assets	4	27	2	82
Adjusted EBITDA ²	\$ 12,684	\$ 8,266	\$ 40,028	\$ 35,578
EBITDA margin (% of revenue) ²	32.5%	26.1%	29.3%	32.0%
Adjusted EBITDA margin (% of revenue) ²	33.4%	26.7%	30.1%	29.9%

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

² EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin 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 by other companies. Refer to section 8.8 "Non-IFRS financial measures".

The adjusted EBITDA margin of 33.4 per cent for the quarter is higher than the fourth quarter last year primarily due to the recognition of licence revenue with milestone achievements in Technology Solutions during the quarter, while the adjusted EBITDA margin of 30.1 per cent for the year is relatively flat compared to 2018.

2.6 Consolidated finance costs

Net finance expense was \$0.3 million and \$1.2 million for the quarter and the year, respectively, up compared to last year due to increased fees on our debt facility and less interest earned on our lower cash balance in 2019. With the adoption of IFRS 16, finance expense now also includes interest expense related to lease obligations associated with our right-of-use assets.

2.7 Change in contingent consideration

In 2018, the Company, through its wholly owned subsidiary ESC, adjusted the fair value and paid the early settlement of the AVS contingent consideration and finalized the purchase price accounting adjustments. The net result of \$3.6 million was included in "change in contingent consideration" on the consolidated financial statements of comprehensive income of the Financial Statements.

2.8 Tax provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2018 – 27.0 per cent). Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018 (restated) ¹
Net income before tax	\$ 26,380	\$ 25,576
Combined statutory income tax rate	27.0%	27.0%
Expected income tax expense	7,122	6,906
Increase (decrease) in income tax resulting from:		
Non-taxable items	(20)	(963)
Non-deductible expenses	279	429
Foreign income tax rate differential	105	447
Adjustment to prior years' deferred tax assets	(382)	(235)
Impact of change in tax rate	–	(5)
Unrecognized tax asset relating to current year losses	–	350
Other	(124)	10
Income tax expense	\$ 6,980	\$ 6,939

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

In assessing the recovery of deferred income tax assets, management considers whether it is more likely than not that the deferred income tax assets will be realized. The recognition and measurement of the current and deferred income tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of the deferred income tax assets. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible.

3 Business Segment Analysis

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.

ISC currently has three operating segments as follows:

- Registry Operations delivers registry and information services on behalf of governments and private sector organizations.
- Services delivers products and services that utilize public records and data to provide value to customers in the financial and legal sectors.
- Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

The balance of our corporate activities and shared services are reported as Corporate and other.

3.1 Registry Operations

When providing registry and information services to governments and private sector organizations, we work with those clients to support their policies and execute procedures to ensure the integrity of the data, and manage the information technology, data management and authentication processes.

Most significantly, Registry Operations provides services on behalf of the Province of Saskatchewan under a 20-year Master Service Agreement ("MSA"), in effect until 2033, and is the exclusive full-service solution provider of the Saskatchewan Land Registry (including the Saskatchewan Land Titles Registry ("Land Titles Registry"), the Saskatchewan Land Surveys Directory ("Land Surveys") and Saskatchewan Geomatics services ("Geomatics"), collectively the "Land Registry"), the Saskatchewan Personal Property Registry ("Personal Property Registry") and the Saskatchewan Corporate Registry ("Corporate Registry"). Additional information about the MSA is available in our Annual Information Form for the year ended December 31, 2019, on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

Competitors in this segment include infrastructure funds and private equity firms as well as information services companies, registry software providers and other such information-based companies that develop and provide software platforms to manage registry and related information services. These types of companies may compete with ISC by acting as, or partnering with, businesses that can provide other required processes, such as customer service and delivery, in conjunction with software platforms to provide full-service solutions.

Registry Operations experiences moderate seasonality, primarily because land titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest.

Saskatchewan Land Registry

The Land Titles Registry issues titles to land and registers transactions affecting titles, including changes of ownership and the registration of interests in land, in Saskatchewan.

Revenue for the Land Titles Registry is earned through registration, search and maintenance fees. Registration fees are either a flat fee or value-based, calculated as a percentage of the value of the land and/or property being registered. Approximately 80.4 per cent of all Land Titles Registry registration transactions were submitted online in 2019.

We typically charge a flat fee per transaction for search and maintenance transactions. However, in certain instances, we may charge a negotiated fee for a customized search or

maintenance transaction such as certain mineral certification or bulk data requests.

Because the Land Titles Registry revenue is comprised of both residential and non-residential activity, mortgage rates and business lending rates may affect revenue. Changes in land values, provincial population and mortgage qualifying requirements also affect the housing market which, in turn, influences changes of ownership and revenue.

Land Surveys registers land survey plans and creates a representation of Saskatchewan land parcels in the cadastral parcel mapping system. Revenue related to all Land Survey services is earned as a flat fee per transaction.

Geomatics manages geographic data related to the cadastral parcel mapping system, which is integrated with the Land Titles Registry and Land Surveys. Fees for Geomatics services are typically negotiated per transaction, based on the type and nature of services required.

Saskatchewan Personal Property Registry

The Personal Property Registry is a notice-based public registry in which security interests and other certain interests in personal property (property other than land, buildings and other property affixed to land) may be registered.

Customers are charged flat fees per transaction and the automated web-based system enables real-time completion of search and registration services as well as minimizes operational effort to deliver services.

General provincial economic drivers, including automotive sales, interest rates and the strength of commercial activity across the province, influence the revenue in the Personal Property Registry.

Customers complete almost all searches in the registry online. The high online usage is stable with minimal numbers of end-use consumers needing staff assistance to complete their transactions.

Saskatchewan Corporate Registry

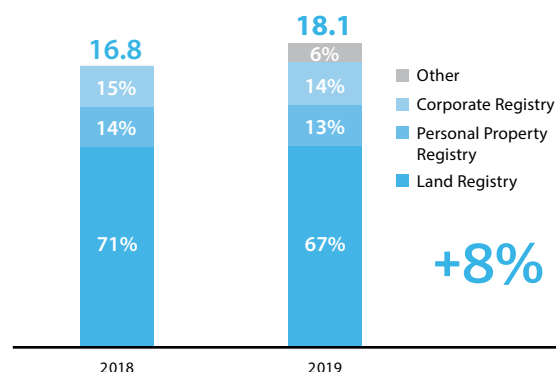
The Corporate Registry is a province-wide system for registering business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names. Every corporation must be registered in the Corporate Registry to maintain its legal status and carry on business within Saskatchewan.

Services are billed as flat fees for each transaction. Unlike other registries, the Company earns most of its fees in the Corporate Registry in relation to maintenance services provided to business entities that file annual returns or wish to make changes to their structure or profile.

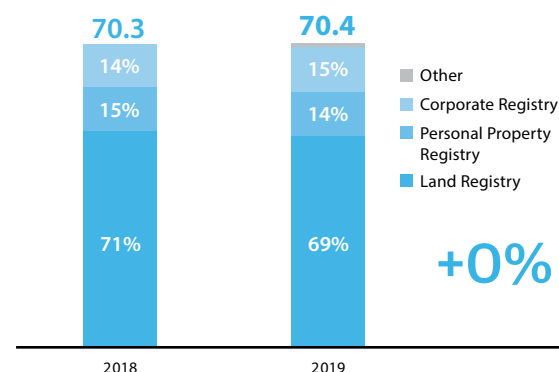
Approximately 90.8 per cent of all registrations in the Corporate Registry were submitted online in 2019.

REGISTRY OPERATIONS REVENUE

**Registry Operations Revenue
for the three months ended December 31,**
(CAD\$ millions)



**Registry Operations Revenue
for the year ended December 31,**
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Land Registry	\$ 11,968	\$ 11,920	\$ 48,901	\$ 50,031
Personal Property Registry	2,383	2,384	10,154	10,190
Corporate Registry	2,604	2,476	10,230	10,038
Other	1,114	—	1,114	—
Registry Operations revenue	\$ 18,069	\$ 16,780	\$ 70,399	\$ 70,259

Revenue for Registry Operations was \$18.1 million for the quarter compared to \$16.8 million in the fourth quarter of 2018 and for the year was \$70.4 million, flat compared to last year. The increase in the quarter was primarily due to revenue recognized in other. The Company entered into a change order pursuant to its MSA with the Government of Saskatchewan to continue the development of its registry systems. Under the MSA, the Company owns the IP during the term of the MSA. As at December 31, 2019, the development associated with the change order was approximately 85 per cent complete, and the Company recorded an intangible asset under development in the amount of \$1.5 million and recognized \$1.1 million of

revenue in other revenue in Registry Operations in 2019 related to the project. Amortization of the intangible asset is expected to commence in 2020 when the development is complete.

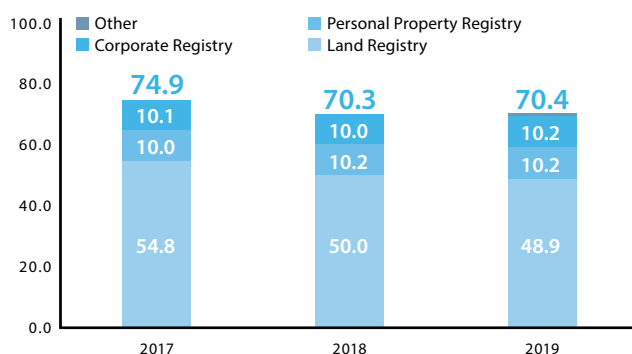
The top five customers for Registry Operations represented 19.9 per cent of the total segment revenue for 2019. Of those customers, no single customer accounted for more than 10.0 per cent of total Registry Operations revenue.

Saskatchewan Land Registry

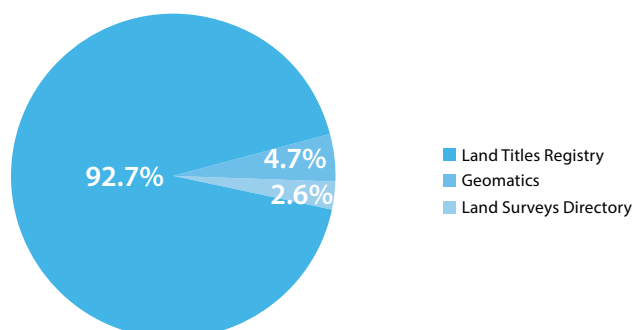
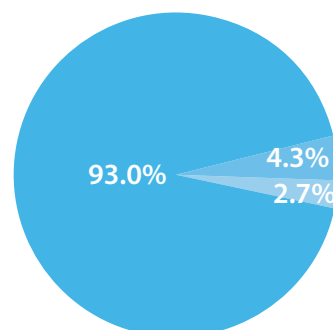
For the fourth quarter, revenue for the Land Registry was \$12.0 million, up slightly by 0.4 per cent compared to the same period in 2018. Modest revenue growth for the Land Titles Registry was offset by marginally lower revenue for Land Surveys and Geomatics during the quarter.

Most of the revenue generated from the Land Registry is from the Land Titles Registry and is derived from value-based fees. Land Titles Registry revenue for the quarter was \$11.2 million, a small increase of \$0.1 million or 1.3 per cent compared to the same period in 2018. Despite transaction volumes being down by 3.8 per cent, revenue was stable partly due to pricing changes made to title searches in July 2019. In addition, revenue was supported by higher average land values for regular land transfers in the fourth quarter.

**Registry Operations Revenue
for the year ended December 31,**
(CAD\$ millions)



Note: Values may not add due to rounding.

**Saskatchewan Land Registry Revenue by Type,
for the year ended December 31, 2019****Saskatchewan Land Registry Revenue by Type,
for the year ended December 31, 2018**

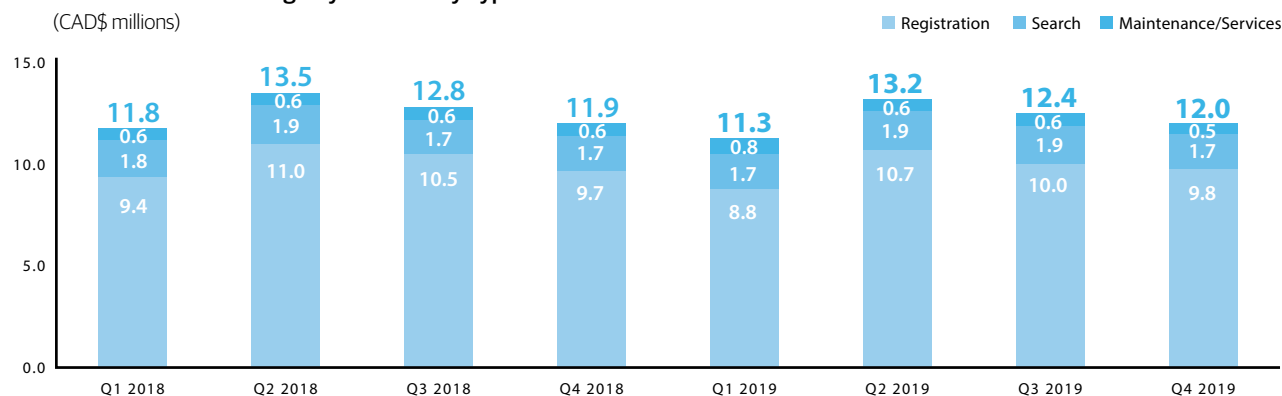
High-value property registration revenue was flat in the fourth quarter of 2019 at \$1.1 million as compared to 2018. Each high-value registration generated revenue of \$10,000 or more.

The Saskatchewan real estate market continues to exhibit weakness given the lower transaction volumes we have experienced in 2019. Overall transaction volumes for the Land Registry decreased by 3.9 per cent for the fourth quarter of 2019 compared to the same period last year.

The following graphs show the Land Registry revenue by type of transaction and the overall transaction volume, respectively. Seasonality remains consistent year-over-year wherein the second and third quarter typically generate the most revenue, with the fourth quarter routinely generating less revenue than the third quarter. For more information on seasonality, please refer to section 4 "Summary of Consolidated Quarterly Results".

Saskatchewan Land Registry Revenue by Type

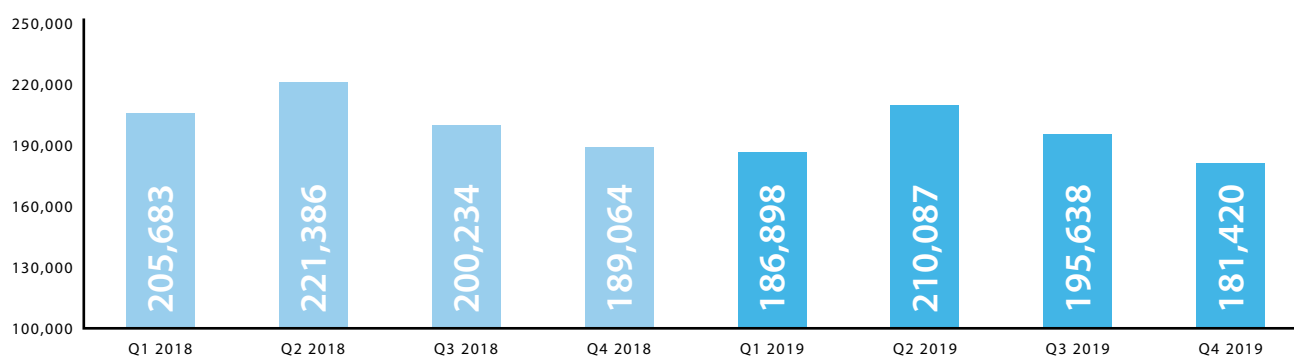
(CAD\$ millions)



Note: Values may not add due to rounding.

Saskatchewan Land Registry Transaction Volume

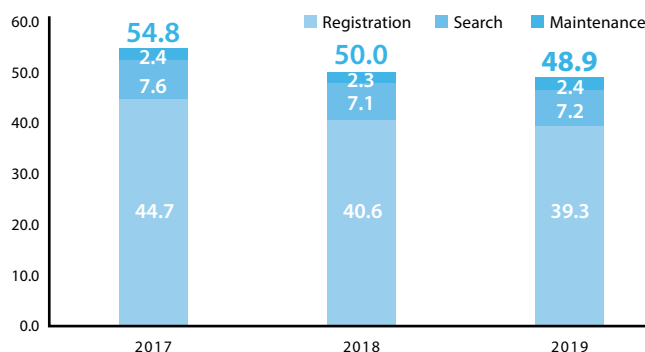
(Number of transactions)



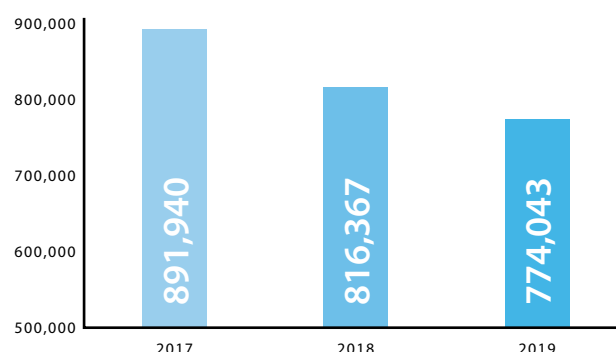
Revenue-generating transactions in the Land Titles Registry fell 5.4 per cent in the fourth quarter, due to a sluggish real estate market in Saskatchewan. The volume of regular land transfers and title searches declined by 3.0 per cent and 5.5 per cent, respectively, compared to 2018. Mortgage registrations volume improved by 5.3 per cent in the fourth quarter of 2019 compared to 2018.

For the year ended December 31, 2019, Land Registry revenue was \$48.9 million, a decrease of \$1.1 million or 2.3 per cent compared to \$50.0 million in 2018.

**Saskatchewan Land Registry Revenue by Type
for the year ended December 31,**
(CAD\$ millions)



**Saskatchewan Land Registry Transaction Volume
for the year ended December 31,**
(Number of transactions)



Note: Values may not add due to rounding from maintenance transactions that were too small to display in chart.

The decrease in 2019 compared to last year was due to lower volumes in the Land Titles Registry, which were down 5.4 per cent. Revenue declined at a lesser pace compared to volume due to slightly higher average land values for regular land transfers coupled with pricing changes made in July 2019 which mainly affected title searches.

High-value property registration revenue was higher in 2019 at \$4.3 million, compared to revenue of \$3.9 million in 2018. Each high-value registration generated revenue of \$10,000 or more.

Overall, revenue-generating transactions in the Land Titles Registry fell 5.4 per cent in 2019, due to a slower real estate market in Saskatchewan. The volume of regular land transfers, mortgage registrations and title searches declined by 5.3 per cent, 3.0 per cent and 4.5 per cent, respectively, compared to 2018.

The primary customers of the Land Titles Registry are law firms, financial institutions, developers and resource companies. For 2019, our top 20 Land Titles Registry customers accounted for nearly 41.1 per cent of revenue, and our top 100 Land Titles Registry customers made up 77.5 per cent of revenue.

Land Surveys customers include surveyors, developers, resource companies, governments and other businesses that access our mapping systems and survey plans to support their development plans. For 2019, our top 20 Land Surveys customers accounted for 89.4 per cent of revenue, and the top 100 customers made up 95.0 per cent of revenue.

Geomatics customers include government departments (provincial and municipal), resource companies, land developers, other businesses and the general public. They also include utility, pipeline and transportation companies. In 2019, the top 20 Geomatics customers produced 88.7 per cent of revenue, while the top 100 customers formed 98.0 per cent of revenue.

In 2019, 80.4 per cent of all Land Titles Registry registration transactions were submitted online, an increase of 0.4 per cent compared to 2018.

Saskatchewan Personal Property Registry

For the fourth quarter of 2019, revenue for the Personal Property Registry was \$2.4 million, flat compared to the same quarter in 2018. Overall volume was up 1.2 per cent for the quarter compared to the same period in 2018.

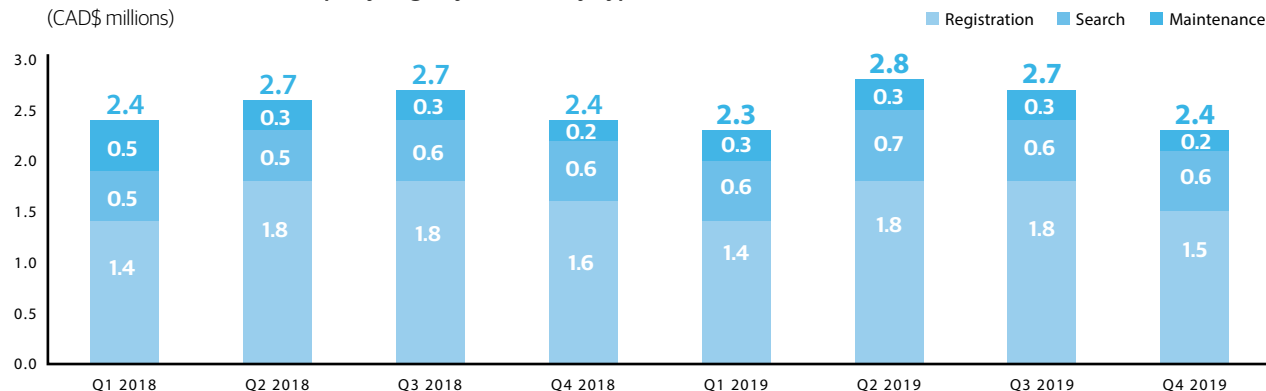
Registration revenue in the fourth quarter of 2019 was similar to 2018, down by only 0.7 per cent, while volumes were down 1.8 per cent. Revenue dropped at a lesser rate than volume, illustrating that average registration term-length increased during the quarter, which was different than year-to-date. Search revenue grew by 4.0 per cent due to higher volumes, which rose

4.1 per cent compared to the fourth quarter of 2018. Maintenance revenue was down 6.0 per cent compared to the same period in 2018 on lower volumes, which were down 7.8 per cent.

Revenue results for the fourth quarter, shown by type of transaction on the following graph, are generally lower compared to the third quarter, reflecting the typical pattern of seasonality.

Saskatchewan Personal Property Registry Revenue by Type

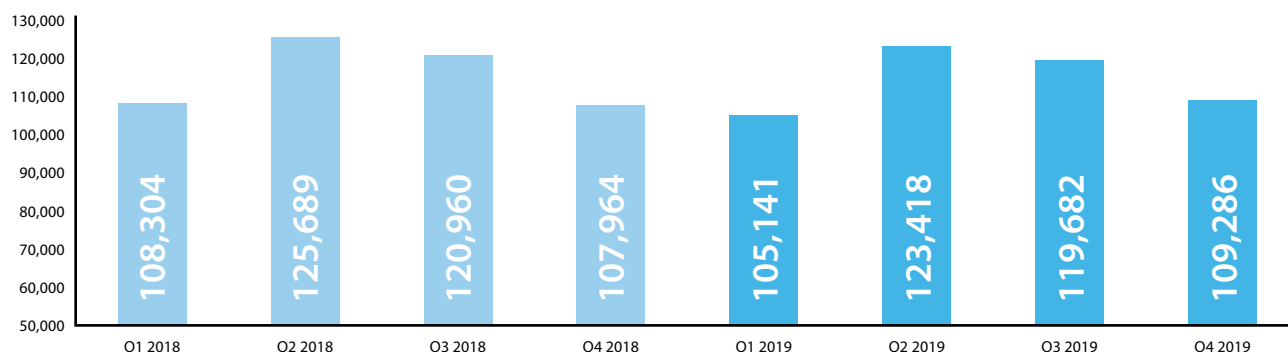
(CAD\$ millions)



Note: Values may not add due to rounding.

Saskatchewan Personal Property Registry Transaction Volume

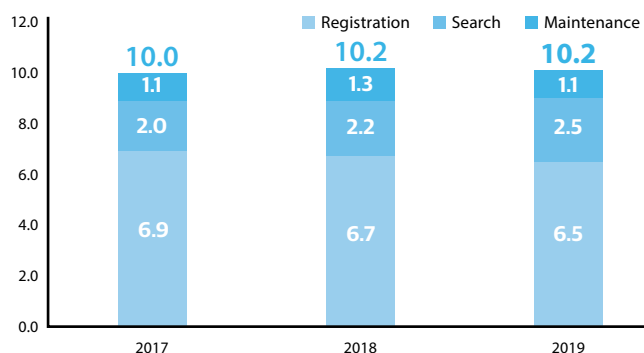
(Number of transactions)



Annual revenue for the Personal Property Registry was \$10.2 million, flat compared to 2018. Registration revenue decreased by 2.0 per cent compared to 2018, while maintenance revenue was lower by 16.6 per cent in 2019 due to additional revenue in 2018 from a one-time contract for a system enhancement. This decline in maintenance revenue was offset by higher search revenue in 2019, up 14.4 per cent compared to 2018, as a result of pricing changes made to search transactions in the third quarter of 2018.

Saskatchewan Personal Property Registry Revenue by Type for the year ended December 31,

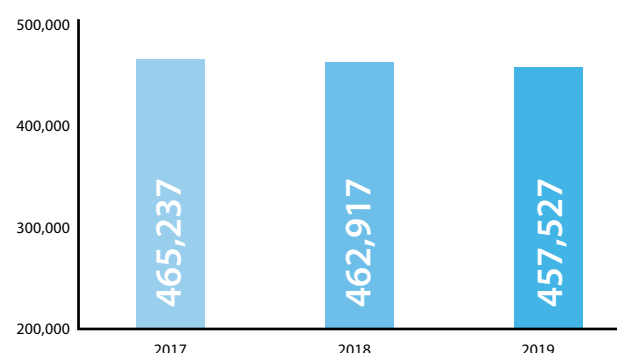
(CAD\$ millions)



Note: Values may not add due to rounding.

Saskatchewan Personal Property Registry Transaction Volume for the year ended December 31,

(Number of transactions)



The previous graph reflects year-over-year transaction volumes. Overall volumes declined by 1.2 per cent in 2019. Registration volume decreased 0.9 per cent and maintenance volume dropped 12.8 per cent, while search volumes increased by 0.7 per cent.

Personal property security registration setup volumes decreased in 2019 by 0.6 per cent compared to 2018. Revenue for the same transaction type fell by 1.9 per cent in 2019 compared to 2018. This suggests that average registration term-length declined overall in 2019 compared to 2018, even though the quarterly results showed an increase in term-length.

Customers of the Personal Property Registry are primarily in the financial sector but also include law firms. The top 20 Personal Property Registry customers accounted for about 81.4 per cent of the revenue for 2019, while the top 100 produced 93.8 per cent of revenue.

Saskatchewan Corporate Registry

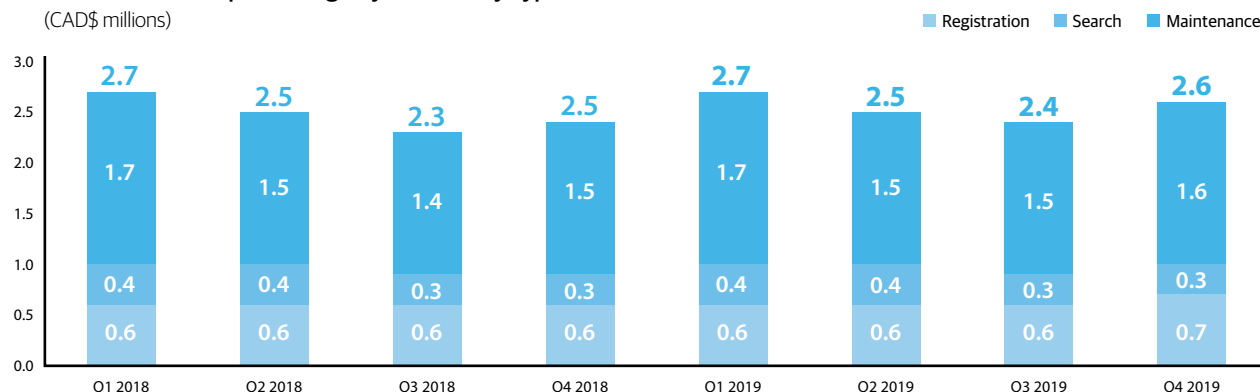
Revenue for the Corporate Registry for the quarter was \$2.6 million, up \$128 thousand or 5.2 per cent compared to the same period in 2018, largely due to pricing changes that came into effect during the third quarter of 2019. Maintenance revenue grew by 6.1 per cent in the quarter compared to the same period in 2018, again mainly due to pricing changes for the filing of annual returns and renewals which were implemented in the third quarter of 2019. Pricing changes also impacted revenue from the incorporation and registration of new business entities, which increased by 10.7 per cent compared to the fourth quarter last year, contributing to a 5.6 per cent increase to the registration category overall. Search revenue was flat compared to the fourth quarter of 2018.

As of December 31, 2019, there were approximately 75,000 active Saskatchewan Business Corporations registered with the Corporate Registry compared to approximately 74,000 as at December 31, 2018.

The following graph illustrates the Corporate Registry revenue by type of transaction. Quarterly revenue continues to mirror the Corporate Registry's typical pattern of seasonality.

Saskatchewan Corporate Registry Revenue by Type

(CAD\$ millions)

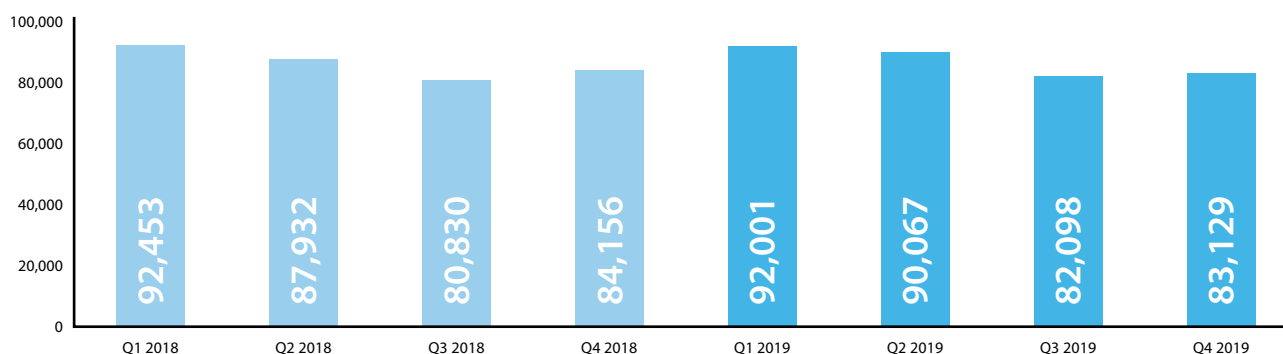


Note: Values may not add due to rounding.

The following graph shows the transaction volumes for the Corporate Registry by quarter.

Saskatchewan Corporate Registry Transaction Volume

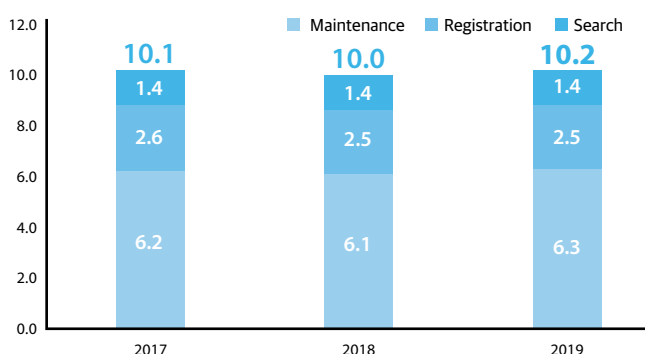
(Number of transactions)



Transaction volumes for the fourth quarter decreased by 1.2 per cent compared to the same period last year. Specifically, registration and search volumes declined by 4.4 per cent and 1.6 per cent, respectively, while maintenance volume increased by 0.5 per cent compared to the same period in 2018.

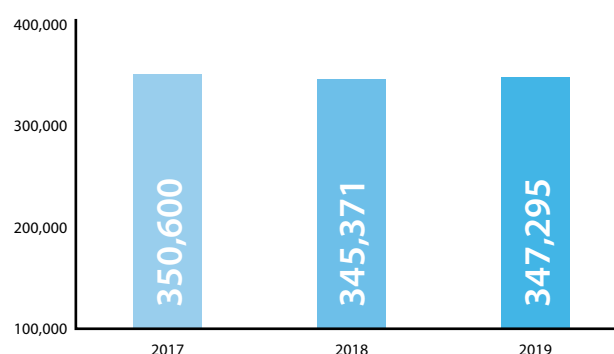
Annual revenue for the Corporate Registry was \$10.2 million, up 1.9 per cent or \$0.2 million compared to 2018. This is largely a result of pricing changes made in the third quarter of 2019.

Saskatchewan Corporate Registry Revenue by Type for the year ended December 31,
(CAD\$ millions)



Note: Values may not add due to rounding.

Saskatchewan Corporate Registry Transaction Volume for the year ended December 31,
(Number of transactions)



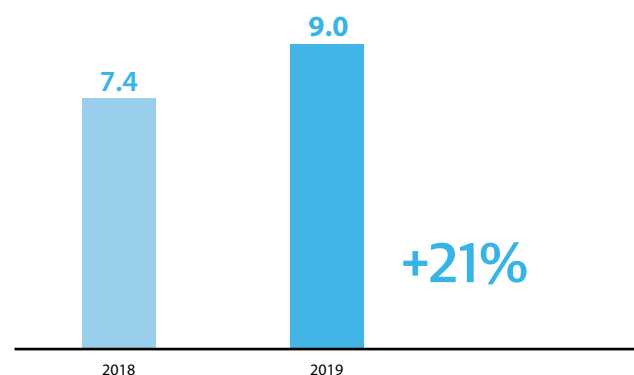
In 2019, search and maintenance revenue improved by 1.5 per cent and 3.3 per cent, respectively, compared to 2018. More specifically, revenue from the filing of annual returns and renewals increased by 6.8 per cent in 2019 compared to 2018. Registration revenue declined by 1.1 per cent compared to 2018.

Transaction volumes for 2019 were up slightly compared to 2018. Registration volume declined by 5.1 per cent, while search and maintenance volume improved by 0.7 per cent and 1.9 per cent, respectively, compared to 2018.

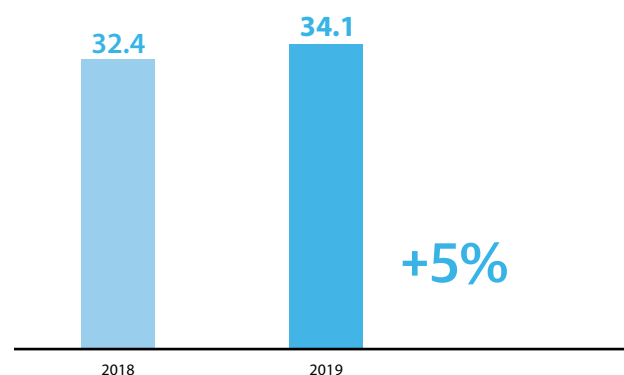
For the Corporate Registry, customers include law firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that were, or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers formed nearly 32.3 per cent of revenue for 2019 and the top 100 customers delivered about 50.0 per cent of revenue.

REGISTRY OPERATIONS EXPENSES AND EBITDA

Registry Operations EBITDA^{1,2} for the three months ended December 31,
(CAD\$ millions)



Registry Operations EBITDA^{1,2} for the year ended December 31,
(CAD\$ millions)



¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

² EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin 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 by other companies. Refer to section 8.8 "Non-IFRS financial measures".

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Revenue	\$ 18,069	\$ 16,780	\$ 70,399	\$ 70,259
Total expenses (excluding depreciation and amortization)	9,048	9,333	36,309	37,868
EBITDA	\$ 9,021	\$ 7,447	\$ 34,090	\$ 32,391

EBITDA for Registry Operations for the fourth quarter of 2019 was \$9.0 million compared to \$7.5 million for the same period last year and was \$34.1 million for the year ended December 31, 2019, compared to \$32.4 million last year. The year-over-year increase for the quarter was mainly due to increased revenue related to a change order pursuant to our MSA with the Government of Saskatchewan for development work on our registry systems. The increase in EBITDA for the year was primarily due to decreased expenses.

More specifically, Registry Operations expenses were \$9.0 million for the quarter, a decrease of \$0.3 million compared to \$9.3 million for the same period in 2018 and were \$36.3 million for the year ended December 31, 2019, compared to \$37.9 million in 2018. The decrease in the quarter was due primarily to lower technology solutions costs and decreased wages and salaries due to reduced staffing as a result of our office closures, while the decrease year-to-date was mainly due to lower costs for technology solutions. Various other expenses were down slightly in the quarter and year-to-date, which are too small to detail but cumulatively impacted the overall reduction.

3.2 Services

Services delivers solutions uniting public record data, customer authentication, corporate legal services and collateral management to support lending practices of clients with business across Canada.

We earn revenue through transaction fees for search and registration services, as well as Know-Your-Customer ("KYC") services. All government fees associated with the service are either embedded in the search fee or charged in addition to the service transaction fee. Corporate supplies are charged a per unit fee in the same manner as a product in a retail transaction.

We classify our services as either Legal Support Services or Financial Support Services for the purposes of categorizing revenue.

Key drivers for Services include increased regulatory and compliance requirements for financial institutions, as well as the growing trend to outsource business processes and services to realize cost savings and focus on core business activities. Economic activity can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities, which also impacts activity for our Services segment.

This core revenue is fairly diversified and has little seasonality; rather, it fluctuates in line with general economic drivers. Our collateral management services experience seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters.

Legal Support Services

Legal Support Services captures revenue from nationwide search, registration and filing services to legal professionals directly or indirectly. This also includes our corporate supplies business, which helps companies to organize and maintain their corporate legal documents and provides customized corporate minute books, corporate seals, share certificates, legal supplies and related ancillary accessories for businesses and corporations. We also service the consumer market through direct supply relationships with office products providers.

We have an online workflow platform to service legal customers through a team of experienced law clerks in both Ontario and Quebec. We hold an official service licence under the Ontario Business Information System from the Government of Ontario's Ministry of Government and Consumer Services, which is currently renewed until January 2021. We also hold licences from the Government of Ontario to distribute and register Personal Property Security Act searches and registrations, as well as the

Government of Quebec's Corporate Registry and Corporations Canada for registering corporations directly within each of these two registry systems.

Our competitors vary by market and geography. They primarily include other intermediaries and suppliers to legal professionals that provide value through convenience and intermediation of various public registries. There is a small number of competitors supplying the legal market with customized products, while the consumer market is typically serviced by big box office supply retailers.

Financial Support Services

We support financial and credit institutions' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources.

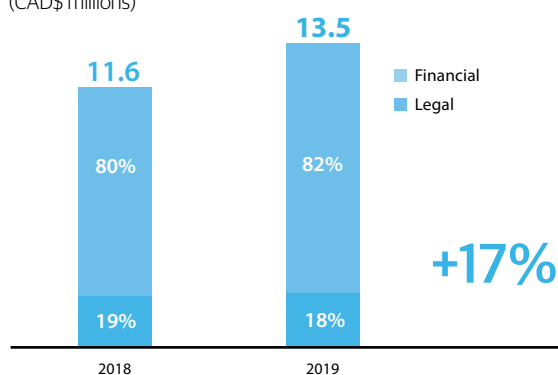
We use our proprietary platform to assist clients in on-boarding new commercial accounts. The customer on-boarding verification reports we generate leverage our search services to provide our clients with a process and system to verify, retrieve and store information about corporate clients to meet regulatory requirements.

In addition, we provide automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. We service the full credit-lending cycle and deliver proven credit due diligence, protection and default solutions to the Canadian financing industry.

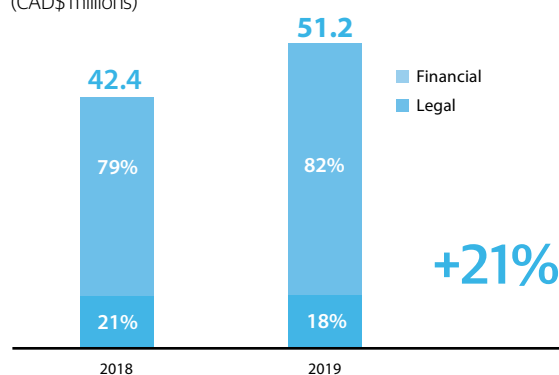
In the financial support services marketplace, we compete against a small number of distinctly different service providers, some of whom offer KYC programs as part of their other services.

SERVICES REVENUE

Services Revenue¹
for the three months ended December 31,
(CAD\$ millions)



Services Revenue¹
for the year ended December 31,
(CAD\$ millions)

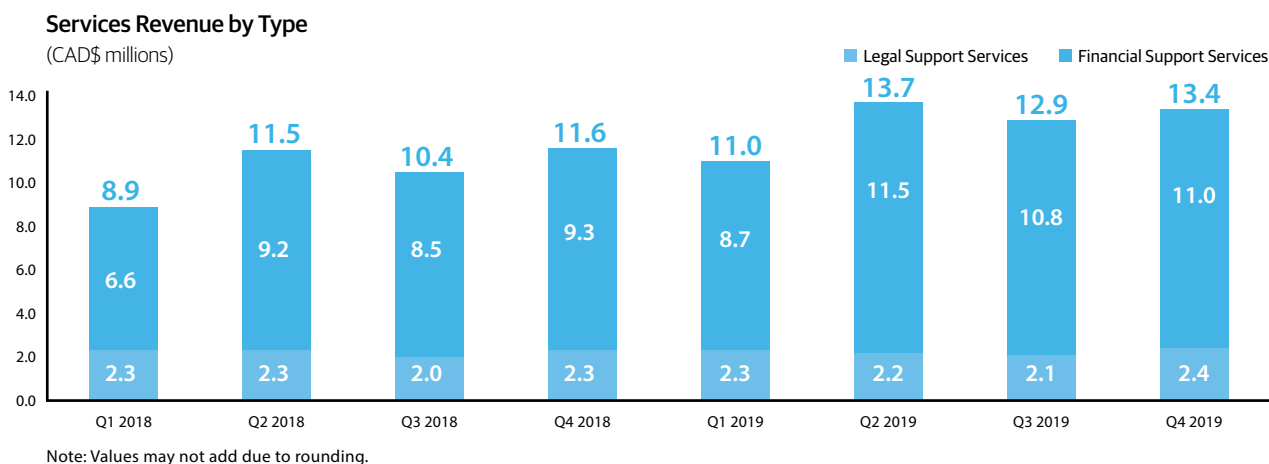


¹ Internal related party and other revenue not displayed in graph.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Legal support services	\$ 2,392	\$ 2,256	\$ 8,980	\$ 8,782
Financial support services	11,049	9,310	42,028	33,578
Internal related parties and other	78	25	221	24
Services revenue	\$ 13,519	\$ 11,591	\$ 51,230	\$ 42,384

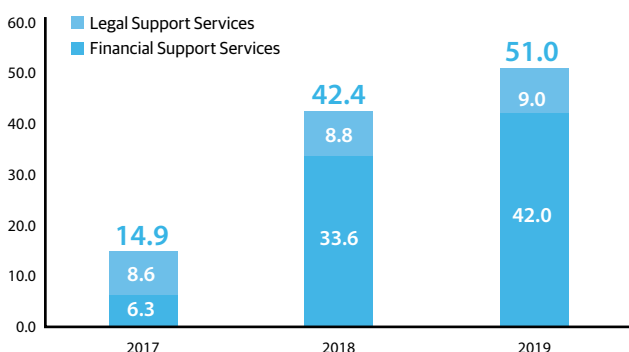
Revenue for Services was \$13.5 million for the fourth quarter, an increase of \$1.9 million compared to the fourth quarter of 2018, largely due to a mixture of organic growth from existing customers and the ramping up of new customers, mainly in KYC, due diligence and collateral security registration.

Our Services revenue for the last eight quarters is shown in the following graph.



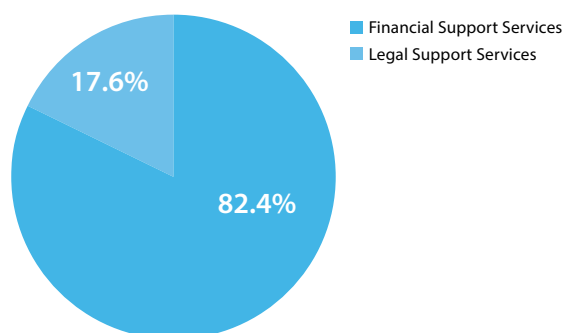
For the year, revenue in the Services segment was \$51.2 million, up \$8.8 million or 20.9 per cent compared to \$42.4 million in 2018. Revenue continues to improve primarily as a result of efforts to generate more business from existing customers through new products and services, such as those from our Securefact acquisition, and win additional mandates with new customers.

**Services Revenue by Type¹
for the year ended December 31,**
(CAD\$ millions)



¹ Internal related party and other revenue not displayed in graph.

**Services Revenue by Type¹
for the year ended December 31, 2019**



Legal Support Services

Revenue in the fourth quarter of 2019 for Legal Support Services increased to \$2.4 million, up 6.0 per cent compared to the fourth quarter of 2018 and was \$9.0 million for the year, a modest increase of \$198 thousand compared to last year, due to organic growth.

Financial Support Services

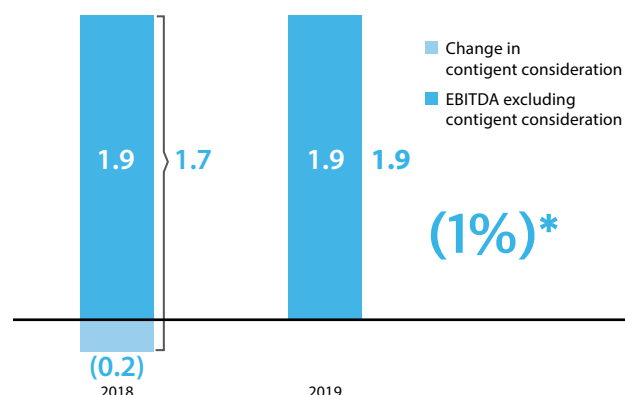
Revenue in the fourth quarter of 2019 for Financial Support Services was \$11.0 million, up \$1.7 million or 18.7 per cent compared to \$9.3 million for the same period of 2018 and for the year was \$42.0 million, an increase of \$8.5 million or 25.2 per cent compared to last year. The year-over-year growth can be attributed to the winning of new customers in our collateral management services combined with an expansion of our KYC offering to existing customers.

The top 20 Services customers comprised approximately 75.0 per cent of the revenue for 2019, while the top 100 Services customers made up about 88.0 per cent of revenue. No single customer accounted for more than 25.0 per cent of Services revenue in the same period.

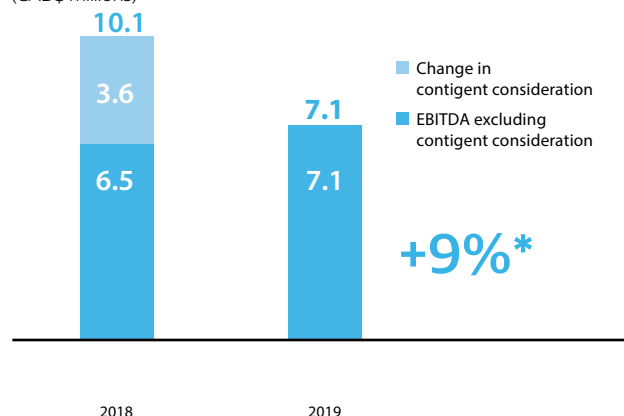
SERVICES EXPENSES AND EBITDA

Services EBITDA^{1,2}**for the three months ended December 31,**

(CAD\$ millions)

**Services EBITDA^{1,2}****for the three months ended December 31,**

(CAD\$ millions)

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.² EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin 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 by other companies. Refer to section 8.8 "Non-IFRS financial measures".

*Represents the change in EBITDA excluding the change in contingent consideration.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Revenue	\$ 13,519	\$ 11,591	\$ 51,230	\$ 42,384
Total expenses (excluding depreciation and amortization)	11,656	9,700	44,119	35,856
EBITDA excluding contingent consideration	\$ 1,863	\$ 1,891	\$ 7,111	\$ 6,528
Change in contingent consideration	–	(195)	–	3,567
EBITDA	\$ 1,863	\$ 1,696	\$ 7,111	\$ 10,095

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

EBITDA for Services was \$1.9 million for the three months ended December 31, 2019, compared to \$1.7 million for the same period last year and was \$7.1 million for the year ended December 31, 2019, compared to \$10.1 million last year. EBITDA for 2018 was augmented by adjustments to the fair value estimate of the contingent consideration associated with our AVS acquisition.

Excluding the \$0.2 million fair value adjustment in the fourth quarter of 2018, EBITDA for the quarter was relatively flat compared to the same period last year. Excluding the \$3.6 million fair value adjustment, EBITDA was \$0.6 million higher for 2019, compared to 2018, largely due to continued growth.

For the quarter, Services expenses were \$11.7 million, an increase of \$2.0 million compared to \$9.7 million for the same period in 2018 and were \$44.1 million for the year ended December 31, 2019, compared to \$35.9 million last year, primarily due to:

- cost of goods sold for the fourth quarter was up \$1.2 million compared to the fourth quarter of 2018 and up \$6.1 million year-over-year compared to the same period of 2018, consistent with the rise in related revenue in the quarter and year;
- wages and salaries were up \$0.5 million in the quarter compared to the same period in 2018 and up \$1.6 million in 2019 compared to the same period last year. The increase was due to increased staffing levels required to support business growth objectives as well as the addition of staff related to our acquisition of Securefact in the first quarter of 2019; and
- information technology services costs were up in the quarter and year compared to the respective prior year periods due to the acquisition of Securefact and planned integration and technology improvements to support future growth and scale.

3.3 Technology Solutions

Technology Solutions provides the development, delivery and support of registry (and related) technology solutions, generating revenue through the following:

- sale of software licences related to the technology platform;
- provision of technology solution definition and implementation services; and
- provision of monthly hosting, support and maintenance services.

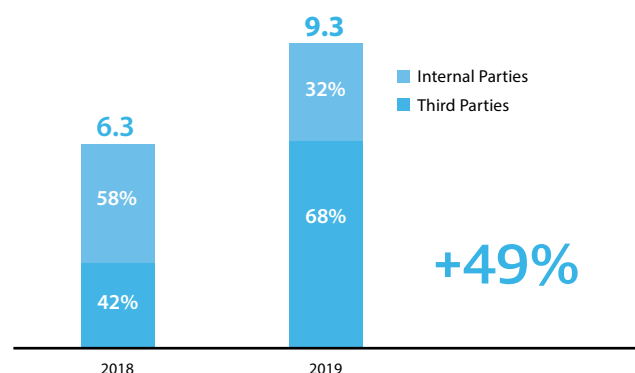
We offer RegSys – a complete registry solution that provides a readily transferable technology platform capable of serving a wide range of registry needs. RegSys is a multi-register platform that delivers the flexibility, scalability and features that enable public sector organizations to deliver enhanced services to businesses and citizens.

With a full suite of integrated modules which provide core functionality for submission, enforcement and enquiry processing, RegSys delivers solutions enabling the provision of core services to citizens in a user-friendly, efficient manner across multiple access points. The RegSys solution has also been used to manage other legal registers such as intellectual property, securities, licences, charities, Uniform Commercial Code and pension schemes.

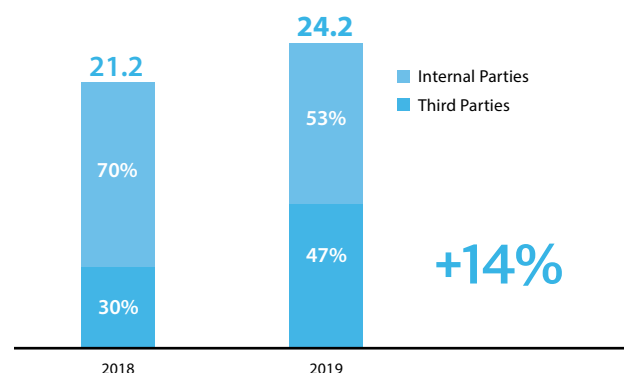
Competitors in this segment include technology services organizations that provide application development, systems integration and/or application management services. This includes large multinationals or local niche players, both of which we can partner with to complement our offering depending on the clients' needs.

TECHNOLOGY SOLUTIONS REVENUE

**Technology Solutions Revenue
for the three months ended December 31,**
(CAD\$ millions)



**Technology Solutions Revenue
for the year ended December 31,**
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Third parties	\$ 6,352	\$ 2,606	\$ 11,416	\$ 6,442
Internal related parties	2,981	3,670	12,830	14,783
Technology Solutions revenue	\$ 9,333	\$ 6,276	\$ 24,246	\$ 21,225

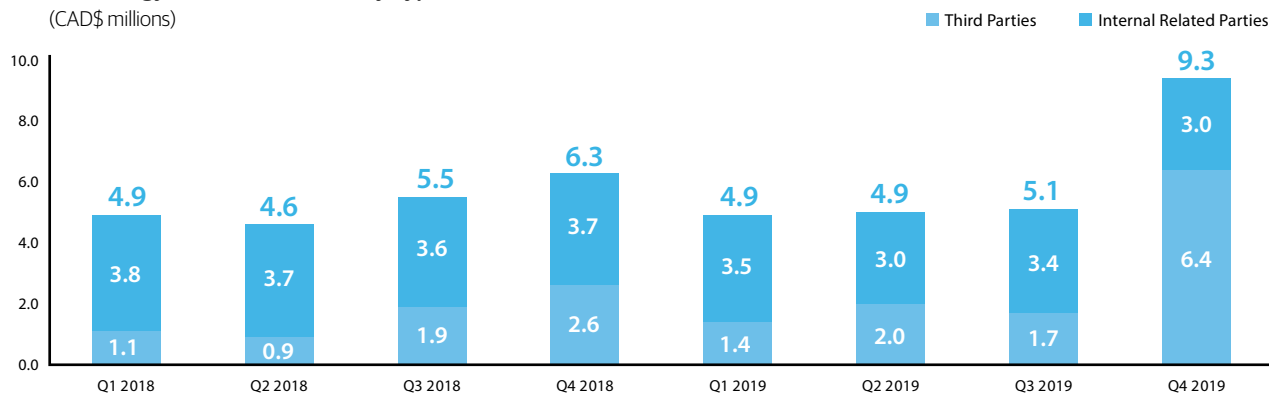
Revenue in Technology Solutions was \$9.3 million for the quarter, an increase of \$3.0 million compared to \$6.3 million for the same period in 2018.

Revenue from external parties for the quarter was \$6.4 million, an increase of \$3.8 million compared to the same period in 2018, due to the completion of several milestones in the quarter on current contracts.

Internal related party revenue in any quarter is dependent on resources used or consumed internally, particularly in Registry Operations. Our intent is to continue to service the needs of internal customers as efficiently and effectively as possible, including the provision of service via related party resources; therefore, this figure may continue to decline over time, particularly as we pursue additional external revenue.

Technology Solutions Revenue by Type

(CAD\$ millions)



Note: Values may not add due to rounding.

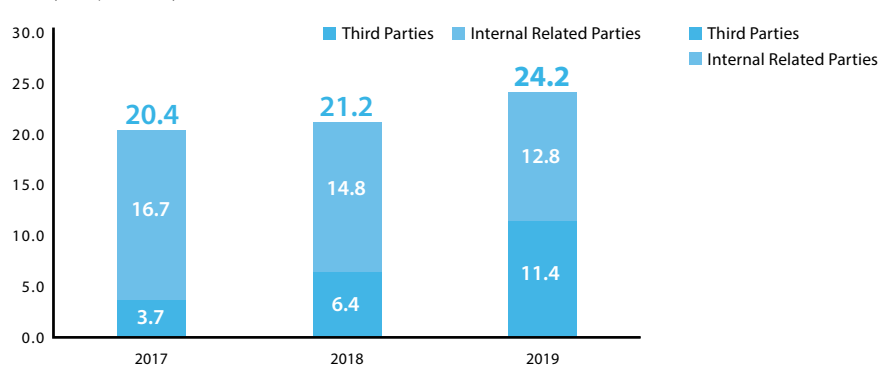
Revenue in our Technology Solutions segment was \$24.2 million for the year ended December 31, 2019, compared to \$21.2 million in 2018, an increase of \$3.0 million.

Revenue from external parties increased to \$11.4 million compared to \$6.4 million in the same period in 2018. Revenue from external third parties continued to grow in 2019 versus 2018, as delivery against milestones on signed contracts advanced during the year.

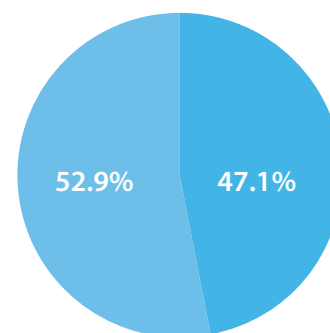
Internal related party revenue year-to-date decreased as we work to continue reducing our costs to provide the maintenance services to our internal customers.

Technology Solutions Revenue for the year ended December 31,

(CAD\$ millions)

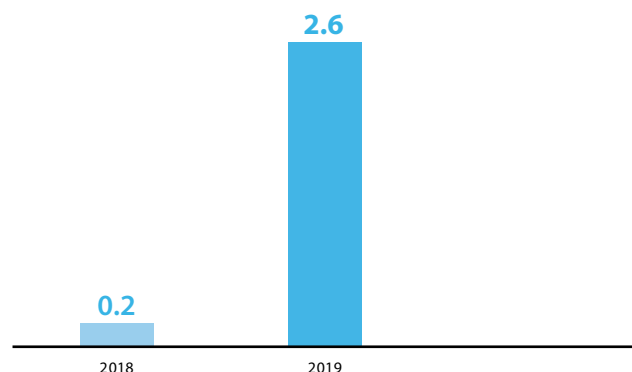


Note: Values may not add due to rounding.

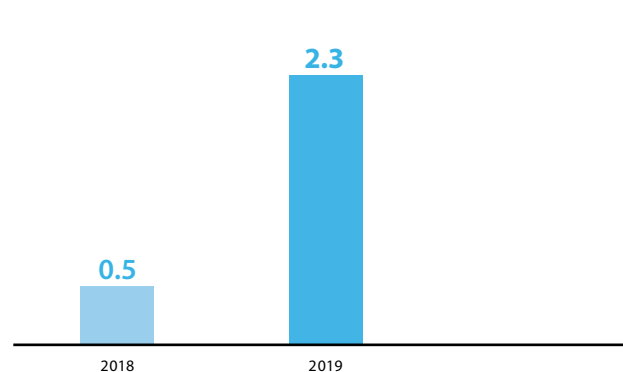
Technology Solutions Revenue for the year ended December 31,

TECHNOLOGY SOLUTIONS EXPENSES AND EBITDA

Technology Solutions EBITDA^{1,2}
for the three months ended December 31,
 (CAD\$ millions)



Technology Solutions EBITDA^{1,2}
for the year ended December 31,
 (CAD\$ millions)



¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

² EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin 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 by other companies. Refer to section 8.8 "Non-IFRS financial measures".

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Revenue	\$ 9,333	\$ 6,276	\$ 24,246	\$ 21,225
Total expenses (excluding depreciation and amortization)	6,778	6,063	21,965	20,732
EBITDA	\$ 2,555	\$ 213	\$ 2,281	\$ 493

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

EBITDA for Technology Solutions was \$2.6 million for the quarter compared to \$0.2 million in the fourth quarter of 2018 and was \$2.3 million for the year compared to \$0.5 million last year. The increases were due to the timing of completion of contract milestones.

For the quarter, Technology Solutions expenses were up \$0.7 million compared to the same period in 2018 and were up \$1.3 million for the year compared to 2018. The increases were largely due to contract implementation expenses which were recognized as we completed contract milestones, as well as increased employee levels to service the contracted customers and the growing business. This was partially offset by decreases in information technology costs as a result of the renewal of our technology infrastructure service contract on January 1, 2019.

3.4 Corporate and other

Corporate and other includes expenses related to our corporate activities and shared services functions, any share of profit (loss) in associate(s) not included in operating segments, and eliminations of inter-segment revenue and costs.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Third parties	\$ 6	\$ 62	\$ 22	\$ 70
Internal related parties	(2,985)	(3,694)	(12,929)	(14,807)
Corporate and other revenue	\$ (2,979)	\$ (3,632)	\$ (12,907)	\$ (14,737)
Total expenses (excluding depreciation and amortization)	1,869	2,360	8,451	9,882
EBITDA ²	\$ (1,110)	\$ (1,272)	\$ (4,456)	\$ (4,855)

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

² EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin 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 by other companies. Refer to section 8.8 "Non-IFRS financial measures".

EBITDA for the quarter improved by \$0.2 million compared to the fourth quarter of 2018 and up by \$0.4 million for the year compared to last year.

4 Summary of Consolidated Quarterly Results

The following table sets out select quarterly results for the past eight quarters. As outlined earlier, Registry Operations experiences moderate seasonality, primarily because Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest.

In Services, our core legal and financial services revenue has little seasonality; rather, it fluctuates in line with general economic drivers. Our collateral management services experiences some seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters.

Technology Solutions does not experience seasonality but does fluctuate due to the timing of project-related revenue. The balance of our corporate activities and shared services functions do not experience seasonality. Expenses are generally consistent from quarter to quarter but can fluctuate due to the timing of project-related or acquisition activities.

As a result, our EBITDA margin fluctuates in line with the cumulative impact of the above factors.

(thousands of CAD dollars)	2019				2018 (restated) ⁴			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ 37,942	\$ 32,175	\$ 34,244	\$ 28,607	\$ 31,015	\$ 30,186	\$ 31,058	\$26,872
Expenses	28,308	26,888	26,308	23,838	25,887	23,688	24,227	22,547
Net income before items noted below	9,634	5,287	7,936	4,769	5,128	6,498	6,831	4,325
Net finance (expense)/income	(288)	(422)	(277)	(259)	(155)	423	(526)	(516)
Change in contingent consideration	–	–	–	–	(195)	2,762	1,000	–
Income before tax	9,346	4,865	7,659	4,510	4,778	9,683	7,305	3,809
Income tax expense	(1,999)	(1,607)	(1,875)	(1,499)	(1,620)	(1,921)	(2,155)	(1,242)
Net income	\$ 7,347	\$ 3,258	\$ 5,784	\$ 3,011	\$ 3,158	\$ 7,762	\$ 5,150	\$ 2,567
Other comprehensive income (loss)	1	(133)	(56)	(321)	210	(159)	(265)	337
Total comprehensive income	\$ 7,348	\$ 3,125	\$ 5,728	\$ 2,690	\$ 3,368	\$ 7,603	\$ 4,885	\$ 2,904
EBITDA margin (% of revenue) ^{1,2}	32.5%	26.7%	31.4%	25.7%	26.1%	40.2%	34.4%	26.8%
Adjusted EBITDA margin (% of revenue) ¹	33.4%	26.9%	31.8%	27.3%	26.7%	32.3%	32.3%	28.0%
Earnings per share, basic ³	\$ 0.42	\$ 0.19	\$ 0.33	\$ 0.17	\$ 0.18	\$ 0.44	\$ 0.29	\$ 0.15
Earnings per share, diluted ³	\$ 0.42	\$ 0.19	\$ 0.33	\$ 0.17	\$ 0.18	\$ 0.44	\$ 0.29	\$ 0.15

¹ EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin 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.

² The Q2, Q3 and Q4 2018 EBITDA includes net adjustments in relation to the fair value estimate of the contingent consideration associated with our AVS acquisition of \$1.0 million, \$2.8 million and \$(0.2) million, respectively.

³ The calculation of earnings per share was based on net income after tax and the weighted average number of shares outstanding during the period.

⁴ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

5 Business Strategy

STRATEGIC PRIORITIES

ISC's strategy focuses on delivering value to shareholders through the consistent performance of its existing business and the execution of appropriate growth opportunities. The Company's strategy is realized through three key functions:

- operating registries on behalf of governments;
- implementing and supporting registry and regulatory technology solutions; and
- delivering value-add services utilizing public data and records.

Through these functions, ISC's strategy is executed with the intent to:

- deliver leading registry and regulatory services and solutions to customers around the world through existing lines of business and potential extension into adjacent opportunities through innovation and/or acquisition;
- produce increasing revenue with continued emphasis on EBITDA growth; and
- provide an enhanced customer experience for those interacting with ISC's systems, people and information.

ISC's strategy is influenced by a set of principles:

- long-term orientation – strategic focus on the sustainability of the business and the services we deliver;
- growth – active pursuit of attainable organic and inorganic growth;
- innovation – emphasis on product and service innovation and exploration of new verticals; and
- company values – prominent focus on quality of service delivery and the engagement of our customers and employees.

6 Financial and Capital Management

6.1 Cash flow

Our primary source of operating cash flow is generated from revenue related to our Registry Operations and Services segments. Our primary uses of funds are operational expenses, capital expenditures and the payment of dividends.

Historically, ISC has financed its operations and met its capital and finance expenditure requirements through cash provided from operating activities. Most recently, the Company has also utilized borrowing to supplement cash generated from operations to finance acquisition activities. The Company believes that internally generated cash flow, supplemented by additional borrowing that may be available to us, will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments (refer to Note 18 in the December 31, 2019, Financial Statements which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com for our existing Credit Facilities).

Liquidity risk is managed based on financial forecasts and anticipated cash flow. The majority of cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at December 31, 2019, the Company held \$23.7 million in cash compared to \$28.7 million as at December 31, 2018, a decrease of \$4.9 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$24.7 million (December 31, 2018 – \$28.4 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities.

CONSOLIDATED FREE CASH FLOW

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Net cash flow provided by operating activities	\$ 9,481	\$ 8,389	\$ 23,630	\$ 29,969
Net change in non-cash working capital ²	397	(1,336)	9,195	217
Cash provided by operating activities excluding working capital	9,878	7,053	32,825	30,186
Cash additions to property, plant and equipment	(116)	(332)	(654)	(548)
Cash additions to intangible assets	(212)	(793)	(2,175)	(2,227)
Consolidated free cash flow ³	\$ 9,550	\$ 5,928	\$ 29,996	\$ 27,411

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

² Refer to Note 29 of the Financial Statements for reconciliation.

³ Free cash flow is not recognized as a measure under IFRS and does 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 6.1 "Cash Flow" for a reconciliation of free cash flow.

Consolidated free cash flow for the three months ended December 31, 2019, was \$9.6 million compared to \$5.9 million for the three months ended December 31, 2018, and was \$30.0 million for the year ended December 31, 2019, compared to \$27.4 for the same period of 2018. The increase was due to higher results of operations.

The following table summarizes our sources and uses of funds for the three months and years ended December 31, 2019, and 2018:

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Net cash flow provided by operating activities	\$ 9,481	\$ 8,389	\$ 23,630	\$ 29,969
Net cash flow used in investing activities	(257)	(12,338)	(9,311)	(13,939)
Net cash flow used in financing activities	(4,762)	(4,709)	(19,086)	(18,629)
Effects of exchange rate changes on cash held in foreign currencies	6	6	(153)	(15)
Increase (decrease) in cash	\$ 4,468	\$ (8,652)	\$ (4,920)	\$ (2,614)
Cash, beginning of period	19,263	37,303	28,651	31,265
Cash, end of period	\$ 23,731	\$ 28,651	\$ 23,731	\$ 28,651

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash flow provided by operating activities was \$9.5 million and \$23.6 million for the quarter and the year, respectively, compared to \$8.4 million and \$30.0 million for the same periods of 2018, respectively. The increase in the quarter is due to higher results of operations across our segments. The decrease between 2019 and 2018 is due to changes in working capital related to the payment of contingent consideration in 2019 associated with our ERS acquisition, higher income taxes paid and changes in contract liabilities and receivables driven by the timing of sales contracts and higher overall revenue.

NET CASH FLOW USED IN INVESTING ACTIVITIES

Net cash flow used in investing activities for the quarter was \$0.3 million compared to \$12.3 million in the same period last year and was \$9.3 million for the year compared to \$13.9 million last year. The decrease this year was due to the settlement in the fourth quarter last year of the contingent consideration related to our AVS acquisition. This was partially offset by our acquisition of Securefact in February 2019.

NET CASH FLOW USED IN FINANCING ACTIVITIES

Net cash flow used in financing activities for the quarter was \$4.8 million, relatively flat compared to the same period in 2018 and was \$19.1 million for the year compared to \$18.6 million in 2018. The increase year-over-year was due to higher debt payments pursuant to our credit agreement that went into effect in the fourth quarter of 2018.

6.2 Capital expenditures

Capital expenditures were \$1.4 million and \$3.9 million for the quarter and the year, respectively, compared to \$1.1 million and \$2.8 million for the same periods in 2018, respectively. Capital expenditures in 2019 were primarily related to the purchase of systems supporting Corporate and other and system development work across our business segments.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Registry Operations	\$ 796	\$ 192	\$ 1,460	\$ 451
Services	164	86	630	411
Technology Solutions	48	352	651	1,428
Corporate and other	434	495	1,203	485
Total capital expenditures	\$ 1,442	\$ 1,125	\$ 3,944	\$ 2,775

6.3 Debt

Debt at December 31, 2019, was \$18.0 million compared to \$20.0 million at December 31, 2018.

At December 31, 2019, the Company had nil cash drawings on Facility 1 (2018 – nil); non-cash drawings, consisting of letters of credit and similar, were approximately \$0.2 million (2018 – \$0.2 million). For further information on our Credit Facilities, refer to Note 18 in the December 31, 2019, Financial Statements which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

The Company was in compliance with all covenants throughout the period. The amount of borrowing costs capitalized during 2019 and 2018 was nil.

6.4 Total assets

Total assets were \$171.6 million at December 31, 2019, compared to \$173.7 million at December 31, 2018.

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at December 31, 2019
Total assets excluding intangibles, goodwill and cash	\$ 26,384	\$ 10,951	\$ 6,467	\$ 17,321	\$ 61,123
Intangibles	3,803	31,647	4,525	1,221	41,196
Goodwill ²	1,200	35,715	8,614	–	45,529
Cash	–	–	–	23,731	23,731
Total assets	\$ 31,387	\$ 78,313	\$ 19,606	\$ 42,273	\$ 171,579

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at December 31, 2018 (restated) ¹
Total assets excluding intangibles, goodwill and cash	\$ 29,258	\$ 8,269	\$ 3,999	\$ 18,491	\$ 60,017
Intangibles	4,054	30,815	5,418	417	40,704
Goodwill ²	1,200	34,198	8,912	–	44,310
Cash	–	–	–	28,651	28,651
Total assets	\$ 34,512	\$ 73,282	\$ 18,329	\$ 47,559	\$ 173,682

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

² In 2019, \$4.6 million of goodwill was reallocated to Technology Solutions from Registry Operations for both the current and comparative periods. See note 12 of the Financial Statements for further details.

6.5 Working capital

As at December 31, 2019, working capital was \$17.7 million compared to \$13.2 million at December 31, 2018. The increase in working capital is primarily the result of decreased current liabilities related to the payment last year of the contingent consideration associated with our ERS purchase, the reduction of short-term contract liabilities as we progress through current contract milestones, as well as lower income tax payable due to installments made in the quarter.

(thousands of CAD dollars)	As at December 31, 2019	As at December 31, 2018 (restated) ¹
Current assets	\$ 42,333	\$ 41,573
Current liabilities	(24,655)	(28,378)
Working capital	\$ 17,678	\$ 13,195

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

6.6 Outstanding share data

The number of issued and outstanding Class A Shares as at December 31, 2019, was 17.5 million and the number of issued and outstanding share options as of December 31, 2019, was 1,548,247. These amounts are unchanged as of the filing date.

6.7 Common share dividend

On November 6, 2019, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, paid on January 15, 2020, to shareholders of record as of December 31, 2019.

6.8 Commitments

The Company has commitments over the next five years that include future minimum payments for leasing of office space, an information technology service agreement with Information Systems Management Canada Corporation ("ISM"), other management services contracts and a commitment to the Government of Saskatchewan under the MSA. The following table summarizes our commitments as of December 31, 2019:

(thousands of CAD dollars)	2020	2021	2022	2023	2024	Thereafter	Total
Office leases ¹	\$ 1,177	\$ 1,175	\$ 968	\$ 932	\$ 951	\$ 1,186	\$ 6,389
Information technology ² and other service agreements	3,415	2,912	2,829	2,675	-	-	11,831
Master Service Agreement ³	500	500	500	500	500	4,500	7,000
Total	\$ 5,092	\$ 4,587	\$ 4,297	\$ 4,107	\$ 1,451	\$ 5,686	\$ 25,220

¹ The Company leases all of its office space and certain office equipment. The office spaces have lease terms of between two and ten years, with various options to extend. The office equipment leases relate to photocopiers and have lease terms of three years. The Company does not have an option to purchase the leased assets at the expiry of the lease period.

² The Company has a service agreement related to Information Technology with ISM, including lease commitments for computer equipment where the company has taken the exemption for low value assets. Other service agreements relate to service contracts associated with corporate and shared service infrastructure.

³ The MSA requires the Company to pay the Government of Saskatchewan and to manage and operate the Land Titles Registry, Land Surveys Directory, Personal Property Registry, Corporate Registry, Common Business Identifier Program and Business Registration Saskatchewan Program on behalf of the Government of Saskatchewan for a 20-year period expiring on May 30, 2033.

7 Business Risks

7.1 Financial instruments and financial risks

Financial instruments held in the normal course of business, included in our consolidated statements of financial position as at December 31, 2019, consist of cash, short-term investments, trade and other receivables, contract assets, accounts payable and accrued liabilities, lease obligations, long-term debt and provisions.

The Company does not use any form of derivative financial instruments to manage our exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk. Refer to Note 23 of the Financial Statements for information pertaining to financial instruments and related risk management.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, trade and other receivables, accounts payable and accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. With long-term debt, ISC has amended and restated its borrowings under the Credit Facilities, which is managed with prime loans, short-term bankers' acceptance, letter of credit or letter of guarantee. These borrowings will bear interest at a base rate of prime plus applicable margin varying between 0.45 per cent and 2.25 per cent per

annum. The Company is not exposed to significant interest rate risk because interest bearing financial instruments are at a low level relative to total assets and equity.

The deferred share unit ("DSU") liability's fair value is calculated taking into consideration the market price, expected volatility and the risk-free interest rate. This liability is classified as Level 2, but the risk remains low due to the materiality.

CREDIT RISK

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company extends credit to its customers in the normal course of business and is exposed to credit risk in the event of non-performance by customers but does not anticipate such non-performance would be material. The Company monitors the credit risk and credit rating of customers on a regular basis. The Company has significant concentration of credit risk among government sectors. Its customers are predominantly provincial, federal and municipal government ministries and agencies, and its private sector customers are diverse.

The majority of cash is held with Canadian chartered banks and the Company believes the risk of loss to be minimal. The maximum exposure to credit risk at December 31, 2019, is \$36.9 million (December 31, 2018 – \$38.1 million) equal to the carrying value of the Company's financial assets, those being cash at \$23.7 million (December 31, 2018 – \$28.7 million), short-term investments at \$0.5 million (December 31, 2018 – \$0.4 million) and trade receivables at \$12.6 million (December 31, 2018 – \$9.0 million). Quarterly reviews of the aged receivables are completed. The Company expects to fully collect the carrying value on all outstanding receivables. Therefore, the risk to the Company is considered to be low.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's cash resources are managed based on financial forecasts and anticipated cash flows.

MARKET RISK

The Company's exposure to market risk is limited to the DSU, share appreciation rights and performance share unit liabilities whose fair values are affected by equity prices.

INTEREST RATE RISK

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is subject to interest rate risks on its debt. This debt bears interest at rates that float, which can vary in accordance with changes in prime borrowing rates. The Company manages interest rate risk by monitoring its balance sheet, cash flows and the effect of market changes in interest rates. The Company has the option of using short-term bankers' acceptance notes to lock in rates at any time.

FOREIGN CURRENCY EXCHANGE RISK

The Company operates internationally and is exposed to fluctuations in various currencies with the euro being the most material. Movements in foreign currencies against the Canadian dollar may impact revenue, the value of assets and liabilities, and affect the Company's profit and loss. The Company's exposure to other currencies is negligible at the end of the period.

7.2 Business risks and risk management

All companies are exposed to risk and are required to mitigate risks on a daily and long-term basis. A key component of creating strong and sustainable corporate performance is to balance risk and reward.

ISC considers risks that may affect the Company's ability to achieve its goals and objectives on an ongoing basis and implements processes to manage those risks. ISC is continuously monitoring numerous existing and emerging risks. Our corporate strategies and plans are designed to implement effective risk mitigation or management approaches on an ongoing basis.

The Board oversees ISC's Enterprise Risk Management ("ERM") framework. This includes ensuring appropriate management systems are in place to ensure ISC's risks are prudently managed.

The senior leadership team is accountable for providing executive oversight of ISC's ERM activities, including the ongoing identification and assessment of risks and the development of mitigation strategies to manage the corporate risks facing the Company.

The following is a high-level list of ISC's key business risks. A complete list of risk factors is contained in the Company's Annual Information Form available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

Cyber and Data Security	There is a risk that ISC could experience unplanned outages, unauthorized access, or unplanned disclosure of confidential information or loss of critical corporate or customer data due to a cybersecurity incident.
Technology Infrastructure and Applications	There is a risk that ISC's information technology systems and services, including applications, may become ineffective, inadequate, unreliable or incapable of effectively facilitating current and future requirements to support our business needs and the achievement of our strategic goals. We also rely on third-party service providers for aspects of our IT infrastructure and the provision of critical IT-related services.
Competition	ISC may be ineffective in its ability to compete against current or future competitors, in some cases given others' potential advantage having more innovative products, greater longevity in the market, access to low cost capital, private ownership, etc. or as a result of ISC's potential requirement to receive service or other approvals from the Office of Public Registry Administration or other regulators.
Revenue Diversification	There is a risk that ISC's current revenue sources are not significantly diversified to withstand economic challenges or downturns connected to common revenue drivers.
Talent and Teams	ISC may not have the required competencies, skills and knowledge to execute on strategic priorities and achieve its strategic goals.
Compliance with Customer Contracts	Inability to comply with the requirements in customer contracts, including the Master Service Agreement with the Government of Saskatchewan, could result in the loss/termination of customer contracts as well as impacting ISC's reputation and future growth strategies.
Acquisitions	There is a risk that acquisitions are not fully aligned with ISC's lines of business or appropriately and efficiently integrated with ISC's operations, brand and information technology systems.
Cost/Efficiency/Profitability	There is a risk that ISC's business model and resourcing mix will not allow ISC to achieve cost efficiencies in new or existing product lines or be sufficiently nimble to take advantage of business development opportunities or adapt to volume changes within its business.
Economic Conditions	Changes in the condition of the economy, including those arising from public health concerns relating to emerging diseases such as COVID-19, could also adversely affect our employees and our operations, as well as our ability to implement our strategy to look for opportunities to grow revenue in other jurisdictions, which could have an adverse effect on our business, results of operations and financial condition.

8 Accounting Policies, Financial Measures and Controls

8.1 Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as at December 31, 2019.

8.2 Related party transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 25 in the December 31, 2019, Financial Statements which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com, for information pertaining to transactions with related parties.

8.3 Critical accounting estimates

ISC's critical accounting estimates are contained in Note 2 of the Financial Statements under the summary of use of estimates and judgments and include references to:

- the carrying value, impairment and estimated useful lives of property, plant and equipment;
- the carrying value, impairment and estimated useful lives of intangible assets and goodwill;
- the recoverability of deferred tax assets; and
- the amount and timing of revenue from contracts from customers recognized over time with milestones and the associated carrying value of assets recognized from the costs incurred to fulfil the contracts.

The preparation of the Financial Statements, in conformity with IFRS, requires management to make estimates and underlying assumptions and judgments that affect the accounting policies and reported amounts of assets, liabilities, revenue and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment.

8.4 Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions. Refer to Note 2 of the Financial Statements for further information pertaining to the adoption and changes in these policies.

Standard	Description
<i>IFRS 16 – Leases</i>	The Company adopted IFRS 16 – Leases (“IFRS 16”) using the full retrospective method and, therefore, the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. IFRS 16 supersedes previous accounting standards for leases, including IAS 17 – Leases (“IAS 17”). IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. The Company, as a lessee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. There are recognition exemptions for short-term leases (lease term of twelve months or less) and leases of low-value items (such as tablet and personal computers, small items of office furniture, equipment and telephones). The Company has chosen to use these exemptions and recognize a lease expense on a straight-line basis as permitted by IFRS 16. For tablet and personal computers, this expense is recognized in information technology expenses and, for small items of office furniture, equipment and telephones, this expense is recognized in occupancy expenses. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as a discount rate. Lease payments included in the measurement of the lease liability are comprised of the following: • fixed payments, including in-substance fixed payments; • variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; • amounts expected to be payable under a residual value guarantee; and • the exercise price under a purchase option that the Company is reasonably certain to exercise and lease payments in an optional renewal period if the Company is reasonably certain not to terminate early. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under the residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. In situations where the lease liability is remeasured, the incremental amount of the remeasurement is also reflected as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement is recognized in profit or loss.

The IAS Board and International Financial Reporting Interpretations Committee ("IFRIC") issued the following new standards and amendments to standards and interpretations, which become effective for future periods.

Proposed Standard	Description	Effective Date
<i>Amendments to IFRS 3 – Definition of a Business</i>	The amendments to IFRS 3 result in a change to the definition of a business which: - clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; - narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to reduce costs; - adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired; - removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and - adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This change will impact the analysis of business combinations. The amendment is prospective and the Company does not expect to be affected upon transition.	January 1, 2020
<i>Amendments to IAS 1 and IAS 8 – Definition of Material</i>	The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of "material" and align the definition used in the Conceptual Framework and the standards. The change in definition may impact the quantity and level of detail of disclosures in the Company's financial statements. The amendment is prospective and the Company does not expect to be affected upon transition.	January 1, 2020

8.5 Financial measures and key performance indicators

Revenue, expenses and net income are key performance indicators the Company uses to manage its business and evaluate its financial results and operating performance. In addition to these results, which are reported in accordance with IFRS, certain non-IFRS measures are supplemental indicators of operating performance and financial position as well as for internal planning purposes. The Company evaluates its performance against these metrics by comparing actual results to management budgets, forecasts and prior period results. These non-IFRS financial measures include EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Refer to section 8.8 "Non-IFRS financial measures".

8.6 Internal controls over financial reporting

The Company's management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, is responsible for establishing and maintaining appropriate internal controls over financial reporting. Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The design scope of internal controls over financial reporting has been limited to exclude controls, policies and procedures of Securefact, having been acquired less than 365 days prior to December 31, 2019.

No changes in our internal controls over financial reporting that have occurred during the period have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

8.7 Disclosure controls and procedures

The Company's management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, is responsible for establishing and maintaining appropriate disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosures.

The design scope of disclosure controls and procedures has been limited to exclude controls, policies and procedures of Securefact, having been acquired less than 365 days prior to December 31, 2019.

The contribution of Securefact to the Financial Statements for the three months and year ended December 31, 2019, was approximately 1.0 per cent of revenue and 2.0 per cent of expenses. Securefact contributed 5.0 per cent of non-current assets. Securefact did not contribute to our current assets, current liabilities or non-current liabilities.

8.8 Non-IFRS financial measures

This MD&A includes certain measures, which have not been prepared in accordance with IFRS, such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective, to provide investors with supplemental measures of our operating performance and, thus, highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Management also uses non-IFRS measures to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future capital expenditure and working capital requirements.

Accordingly, these non-IFRS measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. Such measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies.

8.9 Non-IFRS financial measures definition

EBITDA is defined as earnings before interest, taxes, depreciation and amortization expense. Adjusted EBITDA adjusts EBITDA for stock-based compensation expense or income, stock option expense, transactional gains or losses on assets, asset impairment charges, and acquisition and integration costs. These measures, in addition to net income and income from operations, measure business performance and cash flow generation because it removes cash flow fluctuations caused by the above adjustments. Furthermore, we use adjusted EBITDA for business planning purposes and to evaluate and price potential acquisitions. In addition to use by management, we also believe these measures are widely used by securities analysts, investors and others to evaluate the financial performance of the Company and for comparing our results with those of other companies. EBITDA margin and adjusted EBITDA margin are calculated as a percentage of overall revenue.

Free cash flow is used as a financial measure in our evaluation of liquidity and financial strength. Adjusting for the swings in non-cash working capital items due to seasonality or other timing issues and cash additions to property, plant and equipment and intangible assets, free cash flow assists in the long-term assessment of liquidity and financial strength. This measurement is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Free cash flow does not represent residual cash flow available for discretionary expenditures.

2019 Consolidated Financial Statements

For the Year Ended December 31, 2019

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Management's Responsibility

Management's Report on Consolidated Financial Statements

The accompanying consolidated financial statements of Information Services Corporation were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that must, of necessity, be based on estimates and judgments. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial information appearing throughout our management's discussion and analysis is consistent with these consolidated financial statements.

In discharging our responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, we maintain the necessary system of internal controls designed to ensure that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring employees, policies and procedure manuals, a corporate code of conduct, and accountability for performance within appropriate and well-defined areas of responsibility.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is composed entirely of directors who are neither officers nor employees of Information Services Corporation. This Committee reviews our consolidated financial statements and recommends them to the Board of Directors for approval. Other key responsibilities of the Audit Committee include reviewing our existing internal control procedures and planned revisions to those procedures, and advising the directors on auditing matters and financial reporting issues.

Deloitte LLP, who was appointed by the shareholders of Information Services Corporation upon the recommendation of the Audit Committee and the Board of Directors' approval, has performed an independent audit of the consolidated financial statements and that report follows. The auditor has full and unrestricted access to the Audit Committee to discuss the audit and related findings.



Jeff Stusek
President and Chief Executive Officer



Shawn B. Peters, CPA, CA, ICD.D
Executive Vice-President and Chief Financial Officer

March 17, 2020

Independent Auditor's Report

To the Shareholders and the Board of Directors of Information Services Corporation:

Opinion

We have audited the consolidated financial statements of Information Services Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019, and 2018 and January 1, 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and 2018 and January 1, 2018, and its financial performance and its cash flow for the years ended December 31, 2019, and 2018 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Leigh Derksen.



Chartered Professional Accountants

Regina, Saskatchewan
March 17, 2020

Consolidated Statements of Financial Position

(thousands of CAD dollars)	Note	As at December 31, 2019	As at December 31, 2018 (restated*)	As at January 1, 2018 (restated*)
Assets				
Current assets				
Cash	4	\$ 23,731	\$ 28,651	\$ 31,265
Short-term investments	5	475	448	301
Trade and other receivables	6	12,648	8,964	7,510
Contract assets	7	1,623	1,414	–
Income tax recoverable		1,736	5	–
Prepaid expenses		2,120	2,091	1,913
Total current assets		42,333	41,573	40,989
Non-current assets				
Property, plant and equipment	9	2,998	3,795	4,504
Right-of-use assets	10	9,668	11,558	10,308
Intangible assets	11	41,196	40,704	47,022
Goodwill	12	45,529	44,310	44,473
Deferred tax asset	16	29,855	31,742	34,992
Total non-current assets		129,246	132,109	141,299
Total assets		\$ 171,579	\$ 173,682	\$ 182,288
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	13	\$ 18,096	\$ 17,118	\$ 16,522
Contract liabilities	14	1,436	2,599	1,407
Lease obligations – current portion	15	1,845	1,778	1,859
Income tax payable	16	810	2,561	3,223
Contingent consideration	28	–	2,322	–
Long-term debt – current portion	18	2,000	2,000	1,500
Provisions	19	468	–	–
Total current liabilities		24,655	28,378	24,511
Non-current liabilities				
Lease obligations	15	8,967	10,457	9,081
Contingent consideration	28	–	–	15,723
Deferred tax liability	16	7,543	7,963	9,407
Long-term debt	18	16,000	18,000	20,060
Other liabilities	17	173	–	–
Total non-current liabilities		32,683	36,420	54,271
Shareholders' equity				
Share capital	22	19,955	19,955	19,955
Equity settled employee benefit reserve	17	2,153	1,687	1,070
Accumulated other comprehensive income		5	514	390
Retained earnings		92,128	86,728	82,091
Total shareholders' equity		114,241	108,884	103,506
Total liabilities and shareholders' equity		\$ 171,579	\$ 173,682	\$ 182,288

*See Note 2

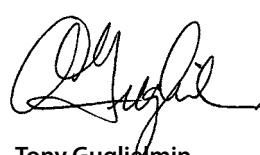
See Note 30 for Commitments and Contingencies

See accompanying Notes

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 17, 2020:



Joel Teal
Director



Tony Guglielmin
Director

Consolidated Statements of Comprehensive Income

(thousands of CAD dollars)	Note	Year Ended December 31, 2019	Year Ended December 31, 2018 (restated*)
Revenue	24	\$ 132,968	\$ 119,131
Expenses			
Wages and salaries		41,689	37,842
Cost of goods sold		31,171	25,084
Depreciation and amortization	9, 10, 11	11,400	11,775
Information technology services		8,796	8,479
Occupancy costs		3,485	3,369
Professional and consulting services		4,281	4,785
Financial services		2,138	2,302
Other		2,382	2,713
Total expenses		105,342	96,349
Net income before items noted below		27,626	22,782
Finance income (expense)			
Interest income	4	283	416
Interest expense	28	(1,529)	(1,189)
Net finance (expense)		(1,246)	(773)
Change in contingent consideration	28	–	3,567
Income before tax		26,380	25,576
Income tax expense	16	(6,980)	(6,939)
Net income		\$ 19,400	\$ 18,637
Other comprehensive income (loss)			
Items that may be subsequently reclassified to net income			
Unrealized (loss) gain on translation of financial statements of foreign operations		(538)	232
Change in fair value of marketable securities, net of tax		29	(108)
Other comprehensive (loss) income		(509)	124
Total comprehensive income		\$ 18,891	\$ 18,761
Earnings per share (\$ per share)			
Total, basic	21	\$ 1.11	\$ 1.06
Total, diluted	21	\$ 1.11	\$ 1.06

*See Note 2

See accompanying Notes

Consolidated Statements of Changes in Equity

(thousands of CAD dollars)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive Income	Equity Reserve	Total
Balance at January 1, 2018, as audited		\$ 82,556	\$ 19,955	\$ 390	\$ 1,070	\$ 103,971
Impact of IFRS 16		(465)	–	–	–	(465)
Restated balance at January 1, 2018		82,091	19,955	390	1,070	103,506
Restated net income for the period		18,637	–	–	–	18,637
Other comprehensive income		–	–	124	–	124
Stock option expense	17	–	–	–	617	617
Dividend declared		(14,000)	–	–	–	(14,000)
Restated balance at December 31, 2018		\$ 86,728	\$ 19,955	\$ 514	\$ 1,687	\$ 108,884
Balance at January 1, 2019		\$ 86,728	\$ 19,955	\$ 514	\$ 1,687	\$ 108,884
Net income		19,400	–	–	–	19,400
Other comprehensive income		–	–	(509)	–	(509)
Stock option expense	17	–	–	–	466	466
Dividend declared		(14,000)	–	–	–	(14,000)
Balance at December 31, 2019		\$ 92,128	\$ 19,955	\$ 5	\$ 2,153	\$ 114,241

See accompanying Notes

Consolidated Statements of Cash Flows

(thousands of CAD dollars)		Year Ended December 31, 2019		Year Ended December 31, 2018 (restated**)	
	Note				
Operating					
Net income		\$	19,400	\$	18,637
Add: Charges not affecting cash					
Depreciation	9, 10		3,690		3,090
Amortization	11		7,710		8,685
Foreign exchange (gain) loss			(59)		58
Deferred tax expense recognized in net income			1,484		1,792
Service concession arrangements	24		(1,114)		–
Loss on disposal of property, plant and equipment			2		82
Recovery of MARS* project expenses	11		–		19
Net finance expense			1,246		773
Stock option expense	17		466		617
Change in contingent consideration	28		–		(3,567)
Net change in non-cash working capital	29		(9,195)		(217)
Net cash flow provided by operating activities			23,630		29,969
Investing					
Interest received			283		416
Cash received on disposal of property, plant and equipment			3		–
Short-term investments			–		(250)
Additions to property, plant and equipment			(654)		(548)
Additions to intangible assets			(2,175)		(2,227)
Net cash outflow on acquisition in subsidiary	28		(6,768)		(11,330)
Net cash flow used in investing activities			(9,311)		(13,939)
Financing					
Interest paid			(833)		(807)
Interest paid on right-of-use assets			(486)		(399)
Principal repayments on lease obligations			(1,767)		(1,863)
Repayment of long-term debt			(2,000)		(1,560)
Dividend paid			(14,000)		(14,000)
Net cash flow used in financing activities			(19,086)		(18,629)
Effects of exchange rate changes on cash held in foreign currencies			(153)		(15)
Decrease in cash			(4,920)		(2,614)
Cash, beginning of year			28,651		31,265
Cash, end of year		\$	23,731	\$	28,651

* Mineral Administration Registry Saskatchewan

**See Note 2

See accompanying Notes

1 Nature of the Business

Information Services Corporation is the parent company of its subsidiary group (collectively, the “Company”, or “ISC”) and is a Canadian corporation with its Class A Limited Voting Shares (“Class A Shares”) listed on the Toronto Stock Exchange (“TSX”) under the symbol ISV. The head and registered office of the Company is 300 - 10 Research Drive, Regina, Saskatchewan, S4S 7J7. The Company is a provider of registry and information management services for public data and records. The Company has regional service centres across Saskatchewan and has offices in Regina, SK, Toronto, ON, Montreal, QC, Vernon, BC, and Dublin, Ireland. ISC has three reportable segments: Registry Operations, Services and Technology Solutions. A functional summary of these segments is as follows:

- Registry Operations delivers registry services on behalf of governments and private sector organizations. Currently, through this segment, ISC provides registry and information services on behalf of the Province of Saskatchewan under a 20-year Master Service Agreement (“MSA”), in effect until 2033.
- Services delivers products and services that utilize public records and data to provide value to customers in the financial and legal sectors.
- Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

The balance of our corporate activities and shared services functions are reported as Corporate and other.

As at December 31, 2019, ISC’s principal revenue generating segments were Registry Operations and Services.

2 Basis Of Presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IAS Board”).

The Company’s Board of Directors (the “Board”) authorized the consolidated financial statements for the year ended December 31, 2019, for issue on March 17, 2020.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis using the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 – *Share-based Payment* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in International Accounting Standards (“IAS”) 2 – *Inventories* or value in use in IAS 36 – *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars (“CAD”), which is the functional currency of the parent company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Information Services Corporation and its wholly owned significant operating subsidiaries: ISC Saskatchewan Inc. (“ISC Sask”), ISC Enterprises Inc. (“ISC Ent”), ESC Corporate Services Ltd. (“ESC”) and Enterprise Registry Solutions Limited (“ERS”). All intragroup assets and liabilities, equity, income, expenses and cash flows are eliminated in full on consolidation.

Use of estimates and judgments

The preparation of these consolidated financial statements, in conformity with IFRS, requires management to make estimates and underlying assumptions and judgments that affect the accounting policies and reported amounts of assets, liabilities, revenue and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment. Management believes that the following are the significant accounting estimates and judgments used in the preparation of the consolidated financial statements. Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment (Note 9);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 11) and goodwill (Note 12);
- the recoverability of deferred tax assets (Note 16); and
- the amount and timing of revenue from contracts from customers recognized over time with milestones (Note 24) and the associated carrying value of assets recognized from the costs incurred to fulfil the contracts (Note 7).

The relevant accounting policies in Note 3 contain further details on the use of these estimates and assumptions.

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions.

Leases

On January 1, 2019, the Company adopted IFRS 16 – *Leases* ("IFRS 16") using the full retrospective method and, therefore, the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. IFRS 16 supersedes previous accounting standards for leases, including IAS 17 – *Leases* ("IAS 17").

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. The Company, as a lessee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. There are recognition

exemptions for short-term leases (lease term of twelve months or less) and leases of low-value items (such as tablet and personal computers, small items of office furniture, equipment and telephones). The Company has chosen to use these exemptions and recognize a lease expense on a straight-line basis as permitted by IFRS 16. For tablet and personal computers, this expense is recognized in information technology expenses and, for small items of office furniture, equipment and telephones, this expense is recognized in occupancy expenses.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as a discount rate.

Lease payments included in the measurement of the lease liability are comprised of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise and lease payments in an optional renewal period, if the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under the residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

In situations where the lease liability is remeasured, the incremental amount of the remeasurement is also reflected as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement is recognized in profit or loss.

Reconciliation of consolidated statements of income for the year ended December 31, 2018

Below is the effect of transition to IFRS 16 on our consolidated statements of income for the year ended December 31, 2018.

(thousands of CAD dollars, unaudited)	2018 (as reported)	Impact of IFRS 16	Jan. 1, 2019
Revenue	\$ 119,131	\$ –	\$ 119,131
Total expenses excluding depreciation and amortization	86,836	(2,262)	84,574
Depreciation and amortization	9,867	1,908	11,775
Total expenses	96,703	(354)	96,349
Net income before items noted below	22,428	354	22,782
Net finance (expense)	(374)	(399)	(773)
Change in contingent consideration	3,567	–	3,567
Income before tax	25,621	(45)	25,576
Income tax expense	(6,950)	11	(6,939)
Net income	\$ 18,671	\$ (34)	\$ 18,637

Reconciliation of consolidated statements of financial position as at January 1, 2018, and December 31, 2018

Below is the effect of transition to IFRS 16 on our consolidated statements of financial position as at January 1, 2018, and December 31, 2018.

(thousands of CAD dollars, unaudited)	As at January 1, 2018			As at December 31, 2018		
	As previously reported	Adjustments	Restated	As previously reported	Adjustments	Restated
Assets						
Right-of-use assets	\$ –	\$ 10,308	\$ 10,308	\$ –	\$ 11,558	\$ 11,558
Deferred tax asset	34,837	155	34,992	31,580	162	31,742
Other current and non-current assets	136,988	–	136,988	130,382	–	130,382
Total assets	\$ 171,825	\$ 10,463	\$ 182,288	\$ 161,962	\$ 11,720	\$ 173,682
Liabilities						
Current portion of lease obligations	\$ –	\$ 1,859	\$ 1,859	\$ –	\$ 1,778	\$ 1,778
Lease obligations	–	9,081	9,081	–	10,457	10,457
Deferred tax liability	9,419	(12)	9,407	7,979	(16)	7,963
Other current and non-current liabilities	58,435	–	58,435	44,600	–	44,600
Total current and non-current liabilities	67,854	10,928	78,782	52,579	12,219	64,798
Shareholders' equity						
Share capital	19,955	–	19,955	19,955	–	19,955
Equity settled employee benefit reserve	1,070	–	1,070	1,687	–	1,687
Accumulated other comprehensive income	390	–	390	514	–	514
Retained earnings	82,556	(465)	82,091	87,227	(499)	86,728
Total shareholders' equity	103,971	(465)	103,506	109,383	(499)	108,884
Total liabilities and shareholders' equity	\$ 171,825	\$ 10,463	\$ 182,288	\$ 161,962	\$ 11,720	\$ 173,682

3 Summary of Significant Accounting Policies

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and any provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-developed assets includes materials, services, direct labour and directly attributable overhead. Interest costs associated with major capital and development projects are capitalized during the development period. Depreciation of assets under development will commence once they are operational and available for use.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life of an asset are charged to operations when incurred. The costs of replacements and improvements which extend productive life are capitalized.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is recorded on property, plant and equipment on the straight-line basis, which is the cost of the asset less its

residual value over the estimated productive life of each asset. The useful life of each asset is as follows:

Leasehold improvements	Term of lease
Office furniture	2-10 years
Office equipment	2-10 years
Hardware	3-4 years

The estimated useful life and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Gains or losses arising from the disposition or retirement of an item of property, plant and equipment are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income.

Intangible assets

Intangible assets consist of acquired and internally developed internal-use software and business solutions. It also includes externally acquired customer contracts, customer and partner relationships, brand, non-competes, other intangible assets, and assets under development.

Intangible assets acquired

Internal-use software and business solutions acquired are carried at cost less accumulated amortization and any accumulated impairment losses. Internal-use software, business solutions, customer and partner relationships, brand, non-competes, and other intangible assets acquired through business combinations are initially recorded at their fair values based on the present value of expected future cash flows, which involves estimates about the future cash flows and discount rates.

Internally generated intangible assets

Research expenditures are expensed while expenditures for internal-use software developed internally and business solutions developed internally and marketed externally are capitalized only when they meet the recognition criteria for internally generated intangible assets as provided under IFRS. An internally generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria. If no internally generated intangible asset can be recognized, development expenditures are charged to operations in the period in which they are incurred. Subsequent to initial recognition, an internally generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as an intangible asset acquired separately.

Amortization of intangible assets

Amortization is recorded on intangible assets using the straight-line method over the corresponding estimated useful life of the applicable assets. The estimated useful life and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income.

Internal-use software	3-15 years
Business solutions	3-7 years
Contracts	Term of contract
Customer and partner relationships	5-15 years
Brand, non-competes and other	1-15 years
Assets under development	N/A (not ready for use)

Impairment of tangible and intangible assets

At each statement of financial position date, ISC reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, ISC estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Intangible assets not yet available for use are tested for impairment annually in December and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the purchase price over the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to the CGUs expected to benefit from the synergies of the combination. CGUs are tested for impairment annually or more frequently if events indicate that the units may be impaired. The Company's reporting segments that correspond to the CGUs for impairment testing are disclosed in Note 12.

When the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU on a pro rata basis. An impairment loss recognized for goodwill is not reversed in a subsequent year. The Company performs its annual review of goodwill in December each year.

Business acquisition

Business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated at the date of acquisition as the sum of the fair values of the assets transferred by the Company and the liabilities incurred by the Company to the former owners of the acquiree in

exchange for the control of the acquiree. Acquisition costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair values, except the deferred tax assets and liabilities which are recognized and measured in accordance with IAS 12 – *Income Taxes*.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, if applicable, over the net of the identifiable assets acquired and the liabilities assumed at date of acquisition.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as a measurement period adjustment depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 – *Financial Instruments, Recognition and Measurement*, or IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss recognized in net earnings or loss.

Revenue

The Company recognizes revenue at either a point in time or over time as determined by an analysis of the terms and performance conditions of each individual customer contract on a contract-by-contract basis. The individual contract terms determine whether, when and the amount of the revenue recognized.

The Company considers and assesses enforceability, collectability, contract combinations and modifications as part of the revenue recognition process.

The revenue recognition policies associated with each of the Company's revenue streams are as follows:

Registry Operations revenue

Our Registry Operations segment delivers registry services to governments and private sector organizations. Our revenue is generated by providing registry and information services to end-users on behalf of the Province of Saskatchewan under the MSA. The majority of revenue is generated by earning fees from end-use customers through registrations, searches, maintenance transactions and value-added services.

The majority of the associated transaction fees are based on a flat or value-based, stand-alone selling price for each distinct service which is recognized at a point in time. There is a smaller amount of fees generated under the MSA related to programs and other registries whereby the Company earns an annual operating fee or hosting and management fees versus revenue per transaction. Revenue from annual operating fees and hosting and management contracts is recognized over time on a monthly basis.

A smaller portion of revenue in the Saskatchewan Land Registry is value-added services and relates to our Geomatics business. Geomatics revenue is contract dependent, based on the distinct goods or service promised to the customer, and is either recognized at a point in time or over time for support and maintenance contracts.

Amounts received from customers in advance of the satisfaction of our performance obligations are recorded as “contract liabilities” on our consolidated statements of financial position. Amounts in “contract liabilities” are recognized into revenue as we render services to our customers.

Services revenue

Our Services segment delivers solutions uniting public record data, customer authentication, corporate legal services and collateral management services to support lending practices to clients with business across Canada. We classify revenue in two categories, namely Legal Support Services and Financial Support Services.

Legal Support Services captures revenue related to services provided to legal professionals directly or indirectly from nationwide search and registration services and through the sale of supplies to help companies organize and maintain their corporate legal documents. Revenue for Legal Support Services is recognized at a point in time when services are rendered or goods are delivered.

Financial Support Services captures revenue related to services provided to financial and credit institutions to support their due diligence activities for compliance and credit granting services, including collateral management services. Revenue for Financial Support Services is recognized at a point in time when services are rendered.

Most of our Services revenue involves interacting with government registries to access public records to provide

services to our customers. For this access, our Services segment usually pays a fee to the government. Where we provide simple searches to our customers, government fees are not included in our revenue (record government fees on a net basis). Where our services include a number of collateral management services, government fees are a key input to these services and are recorded in revenue (record government fees on a gross basis).

Technology Solutions revenue

Our Technology Solutions segment provides the development, delivery and support of registry (and related) technology solutions. We generate revenue through the following:

- Sale of software licences related to the technology platform;
- Provision of technology solution definition and implementation services; and
- Provision of monthly hosting, support and maintenance services.

Licensing revenue is determined by assessing each individual contract to determine whether the licence obligation is distinct from the other performance obligations within the contract. The Company may have various types of licence obligations depending on the contract:

- If the licence obligation is distinct, the Company determines if the licence should be recognized at a point in time (“right to use”) or over time (“right to access”) throughout the licence period.
 - For contracts that provide the customer a right to use the Company’s intellectual property (“IP”) at a point in time, licence revenue is recognized once the technology is available for use and the control over the right to use the IP is transferred to the customer.
 - For contracts that provide the customer a right to access the Company’s IP over time, licence revenue is recognized over the licence period.
- For those contracts where the licence obligation is determined not to be distinct from other performance obligations, the licence revenue is allocated to the associated performance obligations and recognized upon achievement of the milestones applicable to those obligations.

The Company is currently allocating the majority of its licence revenue along with the associated performance obligations and recognizing it upon achievement of the milestones applicable to those obligations.

Solution definition and implementation services revenue is recognized either at a point in time or over time using the output method, based on an assessment of the contract’s stand-alone selling price allocated to the performance milestones within the contract.

Hosting, support and maintenance revenue is recognized according to the delivery of the performance obligations in the contract and the stand-alone selling price allocated to the obligations. These services may be provided through either fixed price, deliverable-based contracts or fee-for-service contracts. Hosting contracts generally result in linear monthly revenue recognition over the term of the contract. Service revenue from fixed-price contracts to provide services is recognized by reference to the stage of completion as defined in the contract when the outcome of the contract can be estimated reliably. Service revenue from time and material contracts is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

Amounts received from customers in advance of the satisfaction of our performance obligations are recorded as “contract liabilities” on our consolidated statements of financial position. Amounts in “contract liabilities” are recognized into revenue as we render services or achieve performance milestones. Costs the Company incurs related to the fulfilment of a contract but prior to reaching a performance milestone are recorded as a “contract asset” on the consolidated statements of financial position. Once the milestone is achieved, these costs are recorded in the consolidated statements of comprehensive income.

Service concession arrangements

Service concession arrangements are contracts between the Company and government entities and can involve the design, build, finance, operation, and maintenance of public infrastructure in which the government entity controls:

- the services provided by the Company under the concession arrangement; and
- a significant residual interest in the infrastructure.

The Company recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for the usage of the concession infrastructure. The intangible asset is measured at fair value upon initial recognition and

is then amortized over its expected useful life. Amortization commences when the infrastructure is available for use. Revenue related to construction or upgrade services under a concession arrangement is recognized based on the stage of completion of the work performed.

Employee benefits

The Company provides pension plans for all eligible employees.

Saskatchewan employees make contributions to the Public Employees Pension Plan, a defined contribution plan. The Company's obligations are limited to making regular payments to the plan for current services. These contributions are expensed.

ESC and ERS employees have an option to make contributions to a defined contribution plan. The Company's obligations are limited to matching employee contributions up to a maximum of 5.0 per cent of salary. These contributions are expensed.

Financial instruments

The Company's financial assets are categorized into the following measurement categories: measured at amortized cost (“AC”), fair value through other comprehensive income (“FVTOCI”), and fair value through profit and loss (“FVTPL”). Financial liabilities are measured at amortized cost.

IFRS 9 – *Financial Instruments* (“IFRS 9”) replaces the “incurred loss” model in IAS 39 – *Financial Instruments: recognition and measurement* (“IAS 39”) with a forward-looking “expected credit loss” model for determining impairment or recognition of credit losses on financial assets measured at AC or FVTOCI. There is no impact to ISC as credit losses are historically low as most customers with credit are governments, banking institutions, and legal firms with strong credit.

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018, as a result of adopting IFRS 9.

Financial Instrument	IFRS 9	
	Classification	Measurement
Assets		
Cash	AC	AC
Short-term investments (GICs)	AC	AC
Short-term investments – marketable securities	FVTOCI	FVTOCI
Trade and other receivables	AC	AC
Contract assets – unbilled revenue	AC	AC
Liabilities		
Accounts payable and accrued liabilities	AC	Amortized cost using effective interest rate method
Contingent consideration ¹	FVTPL	FVTPL
Provisions	AC	Amortized cost using effective interest rate method
Lease obligations	AC	Amortized cost using effective interest rate method
Long-term debt	AC	Amortized cost using effective interest rate method

¹ Contingent consideration related to the AVS Systems Inc. ("AVS") acquisition – see Note 28.

Borrowing costs

Borrowing costs directly attributable to the purchase, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party,

the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based compensation plans

The Company has established share-based compensation plans to provide directors and management of the Company with the opportunity to participate in the long-term success of ISC and to promote a greater alignment of interests between its directors, management and shareholders.

A long-term incentive plan utilizing performance share units ("PSUs") and share appreciation rights ("SARs") was approved by the Board on May 15, 2019, which is described in Note 17.

PSUs are cash-settled share-based units. The Company has recognized an obligation at an estimated amount based on the arithmetic average of the official closing prices per share on the TSX on the five days immediately preceding the grant date which is recorded in other long-term liabilities. Compensation expense is recognized in proportion to the number of PSUs vested. At the end of each reporting period, the estimates are reassessed based on the fair value of the PSUs as of the reporting period. Any change in estimate is recognized as a liability and an expense at the end of the reporting period.

SARs are also cash-settled share-based units. The Black-Scholes methodology is used to value each SAR grant when awarded. The inputs used in this valuation are described below. At the end of each reporting period, the market

value of the Company's Class A Shares at the reporting date in excess of the SAR value multiplied by the number of SARs vested is recognized as an obligation in other long-term liabilities and the offsetting amount is recorded in compensation expense.

The Company also has a deferred share unit ("DSU") plan and a stock option plan, each of which is described in Note 17.

The Company has recognized an obligation at an estimated amount based on the fair value of the DSUs as of the grant date using the market value of the Company's Class A Shares on the TSX. At the end of each reporting period, the estimates are reassessed based on the fair value of the DSUs as of the reporting period. Compensation expense is recognized in proportion to the amount of DSUs vested. The DSUs can be settled in cash or shares that are purchased from the open market by a broker. As a result, at the end of each reporting period, the estimates are reassessed based on the fair value of the DSUs with any change in estimate recognized in the obligation and expense.

The Company has recognized an obligation at an estimated amount based on the fair value of the stock options as of the grant date using the Black-Scholes option pricing model. The share-based compensation expense is recognized in proportion to the amount of stock options vested. This expense for the reporting period also represents the total carrying amount of the equity settled employee benefit reserve arising from these stock options. It is anticipated that no new stock options will be awarded in the near term. The existing stock options will remain outstanding until exercised, expired or terminated.

The Company has used the following variables as inputs in the Black-Scholes methodology for the valuation of the SARs and the stock options. The inputs are subject to review as applicable.

- Option term: the maximum duration before expiry
- Risk-free rate: estimated based on 10-year Canada bond rate
- Dividend yield: based on ISC's 3-year average annual yield rate
- Equity volatility: based on ISC's 3-year standard deviation of Total Shareholder Return

Foreign currency

The individual financial statements of each subsidiary entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each subsidiary entity are presented in Canadian dollars, which is the functional currency of the parent company and the presentation currency for the financial statements.

In preparing the financial statements of the individual subsidiaries, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Exchange differences are recognized in earnings in the period in which they arise. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign currency gains and losses are recognized in other comprehensive income. The relevant amount in the cumulative foreign currency translation adjustment is reclassified into earnings upon disposition or partial disposition of a foreign operation and attributed to non-controlling interests as appropriate.

Recent accounting pronouncements

The IAS Board and International Financial Reporting Interpretations Committee ("IFRIC") issued the following new standards and amendments to standards and interpretations, which become effective for future periods.

Proposed Standard	Description	Effective Date
Amendments to IFRS 3 – <i>Definition of a Business</i>	The amendments to IFRS 3 result in a change to the definition of a business which: - clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; - narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; - adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired; - removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and - adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. This change will impact the analysis of business combinations. The amendment is prospective and the Company does not expect to be affected upon transition.	January 1, 2020
Amendments to IAS 1 and IAS 8 – <i>Definition of Material</i>	The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of "material" and align the definition used in the Conceptual Framework and the standards. The change in definition may impact the quantity and level of detail of disclosures in the Company's financial statements. The amendment is prospective and the Company does not expect to be affected upon transition.	January 1, 2020

4 Cash

Cash is held on deposit and certain accounts earn interest at a range of 0.50 per cent to prime less 1.95 per cent in 2019 and 2018. Interest income earned in 2019 is \$283 thousand (2018 – \$416 thousand).

5 Short-Term Investments

The components of short-term investments are as follows:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Guaranteed investment certificates (GICs)	\$ 400	\$ 400
Marketable securities at fair value	75	48
Total short-term investments	\$ 475	\$ 448

GICs consist of one-year certificates issued by and held as collateral by a Canadian chartered bank at an interest rate of 0.50 per cent per annum with maturity dates occurring in January 2020, June 2020 and September 2020. Marketable securities consist of an investment in less than 5.0 per cent of the issued and outstanding shares of a company listed on the Australian Stock Exchange, which was acquired as part of the ERS acquisition in 2017.

6 Trade and Other Receivables

The components of trade and other receivables are as follows:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Trade receivables	\$ 12,320	\$ 7,884
GST/HST/VAT receivables	134	353
Other	194	727
Total trade and other receivables	\$ 12,648	\$ 8,964

7 Contract Assets

The components of contract assets are as follows:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Unbilled revenue	\$ 1,420	\$ 636
Contract fulfilment costs	203	778
Total contract assets	\$ 1,623	\$ 1,414

Unbilled revenue is uninvoiced amounts due from customers under Technology Solutions contracts that arise when the Company meets performance-related milestones. At the point the Company invoices the amounts, they are reclassified into trade receivables.

Contract fulfilment costs are costs the Company incurs related to the fulfilment of Technology Solutions contracts but prior to reaching a performance milestone. Once the performance milestone is achieved, these costs, along with the associated revenue, will be recognized in the consolidated statements of comprehensive income.

The Company does not have any contract acquisition costs at the end of the reporting period and did not recognize any amortization of contract acquisition costs during the period (2018 – nil).

There were no impairment losses recognized on any contract asset during the reporting period (2018 – nil).

8 Seasonality

Our Registry Operations segment experiences moderate seasonality, primarily because Saskatchewan Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest. In our Services segment, our core legal and financial services revenue is fairly diversified and has little seasonality; rather, it fluctuates in line with the general economic drivers. Our collateral management services experience some seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters. Our Technology Solutions segment does not experience seasonality but can fluctuate due to the timing of project-related revenue. The balance of our corporate activities and shared services functions, reported under Corporate and other, do not experience seasonality. Expenses are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related or acquisition activities.

9 Property, Plant And Equipment

(thousands of CAD dollars)	Leasehold Improvements	Office Furniture	Office Equipment	Hardware	Assets Under Development	Total
Cost						
Balance at December 31, 2017	\$ 10,828	\$ 3,214	\$ 195	\$ 2,628	\$ 65	\$ 16,930
Additions	24	69	4	217	234	548
Disposals	(616)	(2)	(6)	(188)	–	(812)
Transfers	134	–	4	162	(300)	–
Foreign exchange adjustments	–	1	–	6	1	8
Balance at December 31, 2018	\$ 10,370	\$ 3,282	\$ 197	\$ 2,825	\$ –	\$ 16,674
Acquired assets	–	11	–	12	–	23
Additions	–	12	–	38	604	654
Disposals	(43)	(67)	(3)	(382)	–	(495)
Transfers	–	24	–	580	(604)	–
Foreign exchange adjustments	(3)	(3)	–	(15)	–	(21)
Balance at December 31, 2019	\$ 10,324	\$ 3,259	\$ 194	\$ 3,058	\$ –	\$ 16,835
Accumulated depreciation						
Balance at December 31, 2017	\$ 7,298	\$ 2,739	\$ 136	\$ 2,253	\$ –	\$ 12,426
Depreciation	786	148	21	227	–	1,182
Disposals	(536)	(1)	(7)	(187)	–	(731)
Foreign exchange adjustments	–	–	–	2	–	2
Balance at December 31, 2018	\$ 7,548	\$ 2,886	\$ 150	\$ 2,295	\$ –	\$ 12,879
Depreciation	589	174	22	301	–	1,086
Impairment ¹	368	–	–	–	–	368
Disposals	(43)	(63)	(3)	(380)	–	(489)
Foreign exchange adjustments	–	(1)	–	(6)	–	(7)
Balance at December 31, 2019	\$ 8,462	\$ 2,996	\$ 169	\$ 2,210	\$ –	\$ 13,837
Carrying value						
At December 31, 2018	\$ 2,822	\$ 396	\$ 47	\$ 530	\$ –	\$ 3,795
At December 31, 2019	\$ 1,862	\$ 263	\$ 25	\$ 848	\$ –	\$ 2,998

¹ Impairment – see Note 19.

10 Right-of-use Assets

(thousands of CAD dollars)	Property and Equipment ¹	
Cost		
Balance at January 1, 2018	\$	14,820
Additions		3,124
Disposals		(276)
Foreign exchange adjustments		40
Balance at December 31, 2018	\$	17,708
Additions		401
Disposals		(527)
Foreign exchange adjustments		(78)
Balance at December 31, 2019	\$	17,504
Accumulated depreciation		
Balance at January 1, 2018	\$	4,512
Depreciation		1,908
Disposals		(276)
Foreign exchange adjustments		6
Balance at December 31, 2018	\$	6,150
Depreciation		2,063
Impairment ²		173
Disposals		(527)
Foreign exchange adjustments		(23)
Balance at December 31, 2019	\$	7,836
Carrying value		
At December 31, 2018	\$	11,558
At December 31, 2019	\$	9,668

¹ The Company's right-of-use assets consist primarily of property leases associated with the lease of office space.

² Impairment – see Note 19.

11 Intangible Assets

(thousands of CAD dollars)	Internal Use Software – Acquired	Internal Use Software – Internally Developed	Business Solutions – Acquired	Business Solutions – Internally Developed	Brand, Non- Competes, Other	Contracts, Customer & Partner Relationships	Assets Under Development	Total
Cost								
Balance at December 31, 2017	\$ 25,793	\$ 77,346	\$ 2,113	\$ 1,867	\$ 2,257	\$ 27,312	\$ 1,880	\$ 138,568
Additions	325	–	–	–	–	–	1,902	2,227
Disposals	(283)	(209)	–	–	–	–	–	(492)
Transfers	–	–	–	2,317	–	–	(2,317)	–
Foreign exchange adjustments	–	–	77	59	22	27	7	192
Balance at December 31, 2018	\$ 25,835	\$ 77,137	\$ 2,190	\$ 4,243	\$ 2,279	\$ 27,339	\$ 1,472	\$ 140,495
Acquired assets	4,051	–	–	–	176	1,001	–	5,228
Additions	413	–	–	–	–	–	2,876	3,289
Disposals	(984)	(257)	–	(27)	–	–	–	(1,268)
Transfers	102	–	–	1,307	–	–	(1,409)	–
Foreign exchange adjustments	–	–	(152)	(108)	(43)	(54)	(54)	(411)
Balance at December 31, 2019	\$ 29,417	\$ 76,880	\$ 2,038	\$ 5,415	\$ 2,412	\$ 28,286	\$ 2,885	\$ 147,333
Accumulated Depreciation								
Balance at December 31, 2017	\$ 10,368	\$ 76,241	\$ 288	\$ 1,598	\$ 554	\$ 2,497	\$ –	\$ 91,546
Amortization	4,131	476	319	455	631	2,673	–	8,685
Disposals	(283)	(209)	–	–	–	–	–	(492)
Recovery of MARS* expenses	–	–	–	19	–	–	–	19
Foreign exchange adjustments	–	–	17	2	9	5	–	33
Balance at December 31, 2018	\$ 14,216	\$ 76,508	\$ 624	\$ 2,074	\$ 1,194	\$ 5,175	\$ –	\$ 99,791
Amortization	3,371	318	309	688	286	2,738	–	7,710
Disposals	(984)	(257)	–	(27)	–	–	–	(1,268)
Foreign exchange adjustments	–	–	(49)	(10)	(24)	(13)	–	(96)
Balance at December 31, 2019	\$ 16,603	\$ 76,569	\$ 884	\$ 2,725	\$ 1,456	\$ 7,900	\$ –	\$ 106,137
Carrying Value								
At December 31, 2018	\$ 11,619	\$ 629	\$ 1,566	\$ 2,169	\$ 1,085	\$ 22,164	\$ 1,472	\$ 40,704
At December 31, 2019	\$ 12,814	\$ 311	\$ 1,154	\$ 2,690	\$ 956	\$ 20,386	\$ 2,885	\$ 41,196

* Mineral Administration Registry Saskatchewan

12 Goodwill

The components of goodwill are as follows:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Balance, beginning of the year	\$ 44,310	\$ 44,473
Additions ¹	1,517	–
Purchase price adjustment relating to AVS acquisition ¹	–	(315)
Foreign exchange adjustment	(298)	152
Balance, end of year	\$ 45,529	\$ 44,310

¹ Acquisitions – see Note 28.

During 2019, the Company changed its CGU classification due to a change in operations of the business and established new CGUs aligned with its operating segments. The annual impairment testing for the year ended December 31, 2018, was completed using legal entities as CGUs. Management believes this new CGU classification better reflects the group of assets that are largely independent of cash inflows from other assets or groups of assets. The Company now considers its CGUs, as aligned with its operation segments, as follows:

- Registry Operations
- Services
- Technology Solutions

Goodwill allocations have consequentially been realigned with the new CGUs during the year. This has resulted in \$4.6 million of goodwill being reallocated to Technology Solutions from Registry Operations for both the current and comparative periods.

For the purposes of the annual impairment testing, goodwill is allocated to the following CGUs which are the groups of units expected to benefit from the synergies of the business combinations:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Registry Operations	\$ 1,200	\$ 1,200
Services	35,715	34,198
Technology Solutions	8,614	8,912
Balance at December 31, 2019	\$ 45,529	\$ 44,310

The Company performs a goodwill impairment test annually on December 31 and whenever there is an indication of impairment. No impairment of goodwill was identified as a result of the Company's most recent annual impairment test.

In 2019, the Company used the traditional cash flow approach for determining value in use for the Registry Operations segment, while value in use for each of the Services and Technology Solutions segments was

determined using the expected cash flow approach. In all cases, the operating and investing cash flows of the segments utilized the Company's most recent multi-year plan. The multi-year plan is for a three-year period, with assumptions based on experience and future expectations for business performance.

Registry Operations

Key assumptions for this segment include the performance of the Saskatchewan economy, revenue growth, related party costs, and corporate cost allocations required to support infrastructure as well as future technological investment in, and related to, this infrastructure. In 2019, annual impairment testing for this segment utilized a pre-tax discount rate of 12.9 per cent and a perpetual growth rate of 2.0 per cent. Given the large and strong cash flow in Registry Operations relative to the size of goodwill, the risk of impairment is remote and, as a result, the traditional cash flow approach was used for this segment.

Services

Key assumptions for this segment include the performance of the Canadian economy, revenue growth including attracting new customers and adding incremental value to existing customers, related party costs, and corporate cost allocations required to support infrastructure, as well as future technological investment in, and related to, this infrastructure. Performance during the multi-year planning period is consistent with past performance, which experienced growth in operating cash flow in excess of the perpetual growth rate of 2.0 per cent used in the annual test. In 2019, annual impairment testing for this segment utilized a pre-tax discount rate of 15.2 per cent.

Technology Solutions

Key assumptions for this segment include revenue growth including the ability to attract new customers, actual contract delivery performance compared to the level of performance anticipated when the contract was negotiated, the level of support required by related party customers, direct employee costs, and corporate cost allocations required to support infrastructure as well as future technological investment in, and related to, intellectual property. Performance during the multi-year planning period is consistent with past performance, which experienced growth in operating cash flow in excess of the perpetual growth rate of 2.0 per cent used in the annual test. In 2019, annual impairment testing for this segment utilized a pre-tax discount rate of 15.8 per cent.

In 2018, pre-tax discount rates using legal entities as CGUs were 14.3 to 15.6 per cent and the perpetual growth rate for each CGU was 2.0 per cent.

13 Accounts Payable and Accrued Liabilities

The components of accounts payable and accrued liabilities are as follows:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Trade payables	\$ 733	\$ 1,349
Accrued liabilities	10,327	8,506
Customer deposits	3,536	3,763
Dividend payable	3,500	3,500
Total accounts payable and accrued liabilities	\$ 18,096	\$ 17,118

14 Contract Liabilities

The components of contract liabilities are as follows:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Amounts received in advance of Registry Operations transaction, maintenance and support contracts ⁽ⁱ⁾	\$ 331	\$ 322
Amounts received in advance of Technology Solutions support and delivery contracts ⁽ⁱⁱ⁾	1,105	2,277
Total contract liabilities	\$ 1,436	\$ 2,599

⁽ⁱ⁾ Revenue that relates to Registry Operations transactions is recognized at a point in time. Revenue that relates to Registry Operations maintenance and support contracts is recognized over time. A contract liability is recognized for payments received from end-use customers in advance of services being provided and is recognized into revenue either at the point in time the service is rendered or over the service period.

⁽ⁱⁱ⁾ Revenue that relates to Technology Solutions contracts is recognized over time as the performance obligations in the contract are achieved. These obligations may be based on a time period or on performance-based milestones identified in the contract. A contract liability is recognized for payments received from customers in advance and is recognized into revenue either over the service period or when performance milestones are achieved.

Revenue recognized in 2019 that was included in the contract liability balance at December 31, 2018:

(thousands of CAD dollars)	Year Ended December 31, 2019	2018
Registry Operations transaction, maintenance and support contracts	\$ 322	\$ 243
Technology Solutions support and delivery contracts	1,942	665
Total revenue recognized that was included in the balance at the beginning of the period	\$ 2,264	\$ 908

The Company has elected to apply the practical expedient as per IFRS 15 B16 and does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which it has the right to invoice for services performed.

15 Lease Obligations

(thousands of CAD dollars)	Year Ended December 31, 2019	2018
Balance, beginning of year	\$ 12,235	\$ 10,940
Additions	24	–
Interest expense	486	399
Effect of modification to lease terms	375	3,124
Lease payments ¹	(2,253)	(2,262)
Foreign exchange adjustments	(55)	34
Balance, end of year	\$ 10,812	\$ 12,235

¹ Lease payments net of interest expense represents the principal portion of lease payments reflected on the consolidated statements of cash flows.

The Company's lease obligations consist primarily of property leases associated with the lease of office space. Expenses for short-term leases and leases of low-dollar value items are not material. There are no variable lease payments which are not included in the measurement of lease obligations. All extension options have been included in the measurement of lease obligations.

The following table presents the contractual undiscounted cash flows for lease obligations:

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018
Year 1	\$ 2,276	\$ 2,261
Year 2	2,374	2,239
Year 3	1,845	2,300
Year 4	1,715	1,766
Year 5	1,710	1,619
Thereafter	2,693	4,274
Balance, end of year	\$ 12,613	\$ 14,459
Unearned interest	(1,801)	(2,224)
Balance, end of year	\$ 10,812	\$ 12,235
Reflected as:		
Lease obligations – current portion	1,845	1,778
Lease obligations	8,967	10,457
Balance, end of year	\$ 10,812	\$ 12,235

16 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2018 – 27.0 per cent).

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018 (restated*)
Current tax expense	\$ 5,496	\$ 5,147
Deferred tax expense	1,484	1,792
Income tax expense	\$ 6,980	\$ 6,939

* See Note 2

Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018 (restated*)
Net income before tax	\$ 26,380	\$ 25,576
Combined statutory income tax rate	27.00%	27.00%
Expected income tax expense	7,122	6,906
Increase (decrease) in income tax resulting from:		
Non-taxable items	(20)	(963)
Non-deductible expenses	279	429
Foreign income tax differential	105	447
Adjustment to prior years' deferred tax assets	(382)	(235)
Impact of change in tax rate	–	(5)
Unrecognized tax asset relating to current year losses	–	350
Other	(124)	10
Income tax expense	\$ 6,980	\$ 6,939

* See Note 2

Income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

(thousands of CAD dollars)	Net Balance January 1, 2019	Recognized in Profit or Loss	Foreign Exchange Movement	Net Balance December 31, 2019	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	\$ 186	\$ (32)	\$ –	\$ 154	\$ 97	\$ 57
Right-of-use assets	(2,998)	462	5	(2,531)	(2,312)	(219)
Intangible assets	23,255	(2,058)	17	21,214	28,825	(7,611)
Non-capital losses	–	200	–	200	200	–
Other assets	160	280	–	440	440	–
Lease obligations	3,176	(336)	(5)	2,835	2,605	230
Net deferred tax assets (liabilities)	\$ 23,779	\$ (1,484)	\$ 17	\$ 22,312	\$ 29,855	\$ (7,543)

(thousands of CAD dollars)	Net Balance January 1, 2018 (restated*)	Recognized in Profit or Loss	Foreign Exchange Movement	Net Balance December 31, 2018	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	\$ 201	\$ (12)	\$ (3)	\$ 186	\$ 171	\$ 15
Right-of-use assets	(2,628)	(366)	(4)	(2,998)	(2,719)	(279)
Intangible assets	23,552	(285)	(12)	23,255	31,153	(7,898)
Non-capital losses	1,372	(1,372)	–	–	–	–
Other assets	293	(134)	1	160	256	(96)
Lease obligations	2,795	377	4	3,176	2,881	295
Net deferred tax assets (liabilities)	\$ 25,585	\$ (1,792)	\$ (14)	\$ 23,779	\$ 31,742	\$ (7,963)

* See Note 2

The increase in tax bases of certain of the Company's assets upon the change in tax status related to the Company's Initial Public Offering created a deferred income tax asset. Upon acquisition of AVS in 2017, the value of the acquired assets was greater on an accounting basis than on a tax basis, resulting in a deferred income tax liability.

In assessing the recovery of deferred income tax assets, management considers whether it is more likely than not that the deferred income tax assets will be realized. The recognition and measurement of the current and deferred income tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of the deferred income tax assets. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible.

Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent the final outcome is different from the amounts initially recorded, such differences, which could be significant, will impact the tax provision in the period in which the outcome is determined.

No deferred tax has been recognized in respect of temporary differences associated with investments in the Company's subsidiaries where the Company is in a position to control the timing and reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At December 31, 2019, a deferred income tax asset of \$0.2 million (2018 – nil) has been recognized in respect of \$1.6 million of tax losses (2018 – \$3.9 million) related to ERS as there are sufficient taxable temporary differences available against which the unused tax losses can be utilized. These tax losses do not expire.

17 Share-Based Compensation Plans

The Company has established share-based compensation plans to provide directors and management of the Company with the opportunity to participate in the long-term success of ISC and to promote a greater alignment of interests between its directors, management and shareholders.

Performance share units

Starting in 2019, PSUs are granted with the objective of recognizing and rewarding management for performance and retention.

A PSU is a notional unit equivalent to a Class A Share granted by the Company to the participant entitling such participant to receive the PSU payment value, which is conditional on the attainment of specific PSU performance criteria.

PSU awards vest at the end of the specified vesting period if the performance conditions determined by the Board in the grant agreement are met. PSUs earn dividend equivalent units in the form of additional PSUs at the same rate as dividends on Class A Shares. The cash redemption value of the PSUs is equivalent to the market value of the Class A Shares when redemption takes place multiplied by a multiplier based on the grant agreement and the performance against the performance conditions as specified. The maximum PSU payout multiplier is 150.0 per cent.

On the settlement date, the Company delivers to each participant a cash payment equal to the redemption value of the PSU. A summary of the status of the PSU plan and the changes within the period ended December 31, 2019, are as follows:

	Units	Weighted Average Award Price
PSUs granted November 18, 2019	32,585.00	\$ 16.11
PSUs credited as a result of cash dividends paid	415.32	15.69
Balance at December 31, 2019	33,000.32	\$ 16.10

The Company has recognized an obligation at an estimated amount based on the arithmetic average of the official closing prices per share on the TSX on the five days immediately preceding the grant date. Compensation expense is recognized in proportion to the number of PSUs vested. At the end of each reporting period, the estimates are reassessed based on the fair value of the PSUs as of the reporting period. Any change in estimate is recognized as a liability and an expense at the end of the reporting period.

The share-based compensation expense related to the PSUs for the twelve months ended December 31, 2019, totalled \$173 thousand. The total carrying amount of the liability arising from the PSUs as of December 31, 2019, totalled \$173 thousand.

Share appreciation rights

Starting in 2019, SARs are granted with the objective of recognizing and rewarding management for creating sustainable, long-term shareholder value, as well as retention. A SAR is a right granted by the Company to a participant to receive a payment in cash equal to any appreciation in the Class A Shares in excess of the SAR price at the grant date during a specified period.

SAR awards vest and become exercisable at a rate of 25.0 per cent on each anniversary of the grant date beginning with the first anniversary, unless an alternate vesting schedule is specified by the Board at the time of the award.

The participant is able to exercise the SARs as they vest. The cash redemption value of the SARs is equivalent to the excess of the market value of the Class A Shares at the exercise date over the SAR price in the grant agreement.

On the settlement date, the Company delivers to each participant a cash payment equal to the redemption value of the SARs.

A summary of the status of the SAR plan and the changes within the twelve months ended December 31, 2019, are as follows:

	Units	Weighted Average Award Price
SARs granted November 18, 2019	243,116.00	\$ 16.11
Balance at December 31, 2019	243,116.00	\$ 16.11

The share price at December 31, 2019, was below the original grant date price of the only existing grant awarded and, therefore, no share-based compensation expense or liability was recorded related to the SARs for the period ending December 31, 2019.

Deferred share units

The Company has established a DSU plan to provide directors of ISC with the opportunity to participate in the long-term success of ISC and to promote a greater alignment of interests between its directors and shareholders. The Board may award DSUs at its

discretion, from time to time, in accordance with the plan and upon such other terms and conditions as the Board may prescribe. DSU awards vest immediately, unless an alternate vesting schedule is specified by the Board at the time of the award.

DSUs earn dividend equivalent units in the form of additional DSUs at the same rate as dividends on Class A Shares. The participant is not allowed to convert the DSUs until termination of employment/directorship or death. The cash value of the DSUs is equivalent to the market value of the Class A Shares when redemption takes place.

On each applicable redemption date, the Company delivers to each participant a cash payment equal to the redemption value of the DSUs, or an equivalent number of Class A Shares purchased on the TSX. A summary of the status of the DSU plan and the changes within the years ended December 31, 2019 and 2018, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2017	58,074.60	\$ 17.37
DSUs granted May 16, 2018	17,706.00	17.85
DSUs redeemed August 15, 2018	(6,905.45)	17.50
DSUs credited as a result of cash dividends paid	3,239.00	16.58
Balance at December 31, 2018	72,114.15	\$ 17.44
DSUs granted November 14, 2019	22,351.00	15.97
DSUs credited as a result of cash dividends paid	3,848.00	16.07
Balance at December 31, 2019	98,313.15	\$ 17.05

The Company has recognized an obligation at an estimated amount based on the fair value of the DSUs as of the grant date. Compensation expense is recognized in proportion to the amount of DSUs vested. At the end of each reporting period, the estimates are reassessed based on the fair value of the DSUs as of the reporting period. Any change in estimate is recognized as a liability and an expense at the end of the reporting period.

Share-based compensation expense related to the DSUs for the twelve months ended December 31, 2019, totalled \$371 thousand (2018 – \$157 thousand). The total carrying amount of the liability arising from the DSUs as of December 31, 2019, totalled \$1.5 million (December 31, 2018 – \$1.1 million). The liability amount is included within accounts payable and accrued liabilities on the consolidated statements of financial position.

The fair value of the DSUs at December 31, 2019, has been calculated using the market value of the Company's Class A Shares on the TSX.

Stock options

The Company established a stock option plan that was approved by shareholders in 2014 and subsequently amended and restated with the approval of shareholders on May 17, 2017. The exercise price of options issued under the stock option plan is determined by the Board at the time of the grant, but shall not be less than the closing price for the Class A Shares on the TSX on the trading day immediately preceding the date of the grant.

Unless the Board determines otherwise, options granted will vest and become exercisable in equal tranches over the four years following the date of the grant. Once vested, options may be exercised at any time within eight years of the date of the grant, after which they expire and terminate.

A summary of the status of the stock option plan and the changes within the years ended December 31, 2019 and 2018, are as follows:

	Units	Average Exercise Price
Balance at December 31, 2017	1,076,600	\$ 17.01
Stock options granted during the year	471,647	17.85
Balance at December 31, 2018	1,548,247	\$ 17.27
Stock options granted during the year	–	–
Balance at December 31, 2019	1,548,247	\$ 17.27

The outstanding share options at the end of the period had a weighted average exercise price of \$17.27 (December 31, 2018 – \$17.27). The number of options exercisable at the end of the period was 961,217 (December 31, 2018 – 587,851) and had a

weighted average exercise price of \$16.78 (December 31, 2018 – \$16.50) based on a range of exercise prices from \$15.04 to \$18.85 (December 31, 2018 – \$15.04 to \$18.85).

The Company has recognized an equity reserve at an estimated amount based on the fair value of the stock options using the Black-Scholes option pricing model as of the following grant dates based on the following inputs:

	May 16, 2018	May 17, 2017	August 15, 2016	August 12, 2015	May 13, 2014
Spot price	\$ 17.85	\$ 18.85	\$ 17.40	\$ 15.04	\$ 18.80
Expected volatility	19.93%	19.33%	17.77%	18.97%	22.50%
Risk-free interest rate	2.00%	1.60%	1.30%	2.00%	2.50%
Dividend yield	4.83%	4.73%	4.48%	4.54%	4.20%
Expected life (days)	2,920	2,920	2,920	2,920	2,920
Fair value	\$ 1.73	\$ 1.66	\$ 1.35	\$ 1.45	\$ 2.74

The determination of the variables used in the Black-Sholes valuation method are described in the summary of significant accounting policies section in Note 3.

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation expense related to the stock options for the twelve months ended December 31, 2019, totalled \$466 thousand (2018 – \$617 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of December 31, 2019, totalled \$2.1 million (December 31, 2018 – \$1.7 million).

18 Debt

In 2018, the Company entered into a new amended and restated credit agreement (the “Credit Facilities”). The aggregate amount available under the Credit Facilities is now \$80.0 million, comprised of (i) a \$10.0 million committed revolving operating facility (“Facility 1”) for general corporate purposes and (ii) a \$70.0 million delayed draw term loan facility (“Facility 2”), \$20.0 million of which was used to refinance the previous credit facilities under the original agreement, with the balance available to the Company for future growth opportunities.

Facility 1 will mature on November 6, 2021, unless renewed prior to that time and is repayable by ISC upon demand by the lender and the lender may terminate at any time. Facility 2 is repayable by ISC through quarterly payments, which commenced January 2019, and matures on November 6, 2021, unless renewed prior to that time. At December 31, 2019, the Company had nil cash drawings on Facility 1 (2018 – nil). At December 31, 2019, non-cash drawings, consisting of letters of credit and similar, were approximately \$0.2 million (2018 – \$0.2 million).

Facility 2 is subject to quarterly instalments at 2.5 per cent of original drawings (currently \$0.5 million per quarter) with borrowings repayable in full on November 6, 2021.

Borrowings under the Credit Facilities will bear interest at a base rate of prime, bankers’ acceptance, letter of credit or letter of guarantee fee (determined in accordance with the terms of the Credit Facilities), plus a margin varying between 0.45 per cent and 2.25 per cent per annum depending on the type of advance and the Company’s leverage ratio. The Company is also required to pay a commitment fee quarterly in arrears, at the rate between 0.29 per cent and 0.40 per cent per annum, depending on the Company’s leverage ratio and the unutilized and uncanceled portions of the Credit Facilities.

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Term loans		
Revolving facility	\$ –	\$ –
Term loan facility		
Current portion	2,000	2,000
Long-term portion	16,000	18,000
Total long-term debt	\$ 18,000	\$ 20,000

The Credit Facilities contain financial covenants, positive covenants, negative covenants, events of default, representations and warranties customary for credit facilities of this nature. The Company was in compliance with all covenants throughout the year.

The indebtedness under the Credit Facilities is secured by a first ranking security interest in all of the personal property and floating charge on all real property of the Company, a pledge of all shares of ISC Sask and ESC, an unlimited guarantee and postponement of claim from ISC Sask and ESC guaranteeing all of ISC's indebtedness and obligations to the Lender, a second ranking security interest (subject to the security of the Government of Saskatchewan under a debenture) in all of the personal property and floating charge over all property of ISC Sask and a first ranking security interest in all of the personal property and floating charge on all real property of ESC and a deed of movable hypothec in the amount of \$17.25 million registered in the province of Quebec.

The amount of borrowing costs capitalized during 2019 and 2018 was nil.

19 Provisions

The following table presents the movement in provisions during the period:

(thousands of CAD dollars)	Restructuring Provision	Other Provisions	Total
Balance, December 31, 2018	\$ –	\$ –	\$ –
Additions	643	160	803
Utilizations and settlements	(321)	(14)	(335)
Total provisions	\$ 322	\$ 146	\$ 468

During the year, the Company made the decision to close three of its regional service centres in Saskatchewan in addition to other services. The restructuring provision primarily consists of severance, site decommissioning and contract termination costs. The other provisions related to costs expected to be incurred under site contracts as a result of the closure decision. Management expects to settle the provisions within the next twelve months.

In the year, the Company also recorded impairments of leasehold improvements and right-of-use assets related to these regional service centres that aggregate to \$541 thousand (2018 – nil).

20 Liabilities Arising from Financing Activities

The tables below provide the reconciliation of movements of liabilities to cash flows arising from financing activities.

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018 (restated*)
Financing activities		
Interest paid (a)	\$ (833)	\$ (807)
Interest paid on right-of-use assets (a)	(486)	(399)
Payments on lease obligations (b)	(1,767)	(1,863)
Repayment of long-term debt (c)	(2,000)	(1,560)
Dividends paid (d)	(14,000)	(14,000)
Net cash flow used in financing activities	\$ (19,086)	\$ (18,629)

	As at December 31, 2018 (restated*)	Cash Flows	Non-cash Changes	As at December 31, 2019	
			Dividends Declared	Other	
Interest payable	\$ –	\$ (1,319) (a)	\$ –	\$ 1,522	\$ 203
Lease obligation including current portion	12,235	(1,767) (b)	–	344	10,812
Long-term debt including current portion	20,000	(2,000) (c)	–	–	18,000
Dividends payable	3,500	(14,000) (d)	14,000	–	3,500
	\$ 35,735	\$ (19,086)	\$ 14,000	\$ 1,866	\$ 32,515

	As at January 1, 2018 (restated*)	Cash Flows	Non-cash Changes		As at December 31, 2018 (restated*)	
			Dividends Declared		Other	
Interest payable	\$ –	\$ (1,206) (a)	\$ –	\$ 1,206	\$ –	
Lease obligation including current portion	10,940	(1,863) (b)	–	3,158	12,235	
Long-term debt including current portion	21,560	(1,560) (c)	–	–	20,000	
Dividends payable	3,500	(14,000) (d)	14,000	–	3,500	
	\$ 36,000	\$ (18,629)	\$ 14,000	\$ 4,364	\$ 35,735	

* See Note 2

21 Earnings Per Share

The calculation of earnings per share is based on net income after tax and the weighted average number of shares outstanding during the period. Details of the earnings per share are set out below:

(thousands of CAD dollars, except number of shares and earnings per share)	Year Ended December 31, 2019	2018 (restated*)
Net income	\$ 19,400	\$ 18,637
Weighted average number of shares, basic	17,500,000	17,500,000
Potential dilutive shares resulting from stock options	26,963	42,455
Weighted average number of shares, diluted	17,526,963	17,542,455

Earnings per share (\$ per share)

Total, basic	\$ 1.11	\$ 1.06
Total, diluted	\$ 1.11	\$ 1.06

* See Note 2

22 Equity and Capital Management

The Company's authorized share capital consists of an unlimited number of Class A Shares, one Class B Golden Share (the "Golden Share") and an unlimited number of Preferred Shares, issuable in series. The Company currently has 17,500,000 Class A Shares issued and outstanding, one Golden Share issued and outstanding and no Preferred Shares issued or outstanding. Class A Shares are entitled to one vote per share. The Golden Share, held by the Government of Saskatchewan, has certain voting rights with respect to the location of the head office and the sale of all or substantially all of the assets of the Company. The Golden Share has no pre-emptive, redemption, purchase or conversion rights and is not eligible to receive dividends declared by the Company. The Preferred Shares can be issuable at any time and may include voting rights.

	Class A		Class B	
(thousands of CAD dollars, except number of shares)	Number of Shares	Share Capital	Number of Shares	Share Capital
Balance at January 1, 2018	17,500,000	\$ 19,955	1	\$ –
No movement	–	–	–	–
Balance at December 31, 2018	17,500,000	19,955	1	\$ –
Balance at January 1, 2019	17,500,000	\$ 19,955	1	\$ –
No movement	–	–	–	–
Balance at December 31, 2019	17,500,000	\$ 19,955	1	\$ –

Capital management

The Company's objective in managing capital is to ensure that adequate resources are available to fund organic growth and to enable it to undertake future growth opportunities while continuing as a going concern. The Company's capital is composed of debt and shareholders' equity.

Operating cash flows are used to provide sustainable cash dividends to shareholders and fund capital expenditures in support of organic growth. In addition, operating cash flows, supplemented throughout the year with the operating facility if necessary, are used to fund working capital requirements.

Equity and the available but undrawn portion of the term facility will assist in financing future growth opportunities.

The Company's capital at December 31, 2019, consists of long-term debt, share capital, employee benefit reserve, accumulated other comprehensive income and retained earnings (comprising total shareholders' equity).

(thousands of CAD dollars)	December 31, 2019	December 31, 2018 (restated*)
Long-term debt	\$ 18,000	\$ 20,000
Share capital	19,955	19,955
Accumulated other comprehensive income	5	514
Equity settled employee benefit reserve	2,153	1,687
Retained earnings	92,128	86,728
Capitalization	\$ 132,241	\$ 128,884

* See Note 2

23 Financial Instruments and Related Risk Management

The Company does not currently use any form of derivative financial instruments to manage its exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company extends credit to its customers in the normal course of business and is exposed to credit risk in the event of non-performance by customers, but does not anticipate such non-performance would be material. The Company monitors the credit risk and credit rating of customers on a regular basis. The Company has significant concentration of credit risk among government sectors. Its customers are predominantly provincial, federal and municipal government ministries and agencies, and its private sector customers are diverse.

The majority of cash is held with Canadian chartered banks and the Company believes the risk of loss to be minimal. The maximum exposure to credit risk at December 31, 2019, is \$36.9 million (December 31, 2018 – \$38.1 million) equal to the carrying value of the Company's financial assets, which are itemized in the table below. Quarterly reviews of the aged receivables are completed. The Company expects to fully collect the carrying value on all outstanding receivables. Therefore, the risk to the Company is considered to be low.

The following table sets out details of cash and aging of receivables:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Cash	\$ 23,731	\$ 28,651
Short-term investments	475	448
Trade and other receivables:		
- current	8,743	6,287
- up to three months past due date	3,203	2,171
- greater than three months past due date	702	506
Total credit risk	\$ 36,854	\$ 38,063

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company is subject to interest rate risks on its debt (Note 18). This debt bears interest at rates that float, which can vary in accordance with changes in prime borrowing rates. The Company manages interest rate risk by monitoring its balance sheet, cash flows and the effect of market changes in interest rates. The Company has the option of using short-term bankers' acceptance notes to lock in rates at any time.

The following table presents a sensitivity analysis to changes in market interest rates and their potential impact on the Company for the periods ended December 31, 2019, and 2018. As the sensitivity is hypothetical, it should be used with caution. The Company is not exposed to significant interest rate risk.

(thousands of CAD dollars)	December 31, 2019		December 31, 2018	
	+ 100 bps*	– 100 bps	+ 100 bps	– 100 bps
Increase (decrease) in interest expense	\$ 188	\$ (188)	\$ 209	\$ (209)
Decrease (increase) in net income before tax	\$ 188	\$ (188)	\$ 209	\$ (209)
Decrease (increase) in total comprehensive income	\$ 138	\$ (138)	\$ 154	\$ (154)

* bps = basis point spread

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's cash resources are managed based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities for the Company's financial liabilities at December 31, 2019:

(thousands of CAD dollars)	Carrying Amount	Contractual Cash Flows	0-6 months	7-12 months	12+ months
Long-term debt	\$ 18,000	\$ 19,573	\$ 1,454	\$ 1,437	\$ 16,682
Accounts payable and accrued liabilities	18,096	18,096	18,096	–	–
Total liabilities	\$ 36,096	\$ 37,669	\$ 19,550	\$ 1,437	\$ 16,682

Contractual cash flows for long-term debt includes principal and interest.

Market risk

The carrying amount and fair value of the financial assets and financial liabilities are as follows:

(thousands of CAD dollars)	Classification	Level	December 31, 2019		December 31, 2018	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Cash	AC	L2	\$ 23,731	\$ 23,731	\$ 28,651	\$ 28,651
Short-term investments						
GICs	AC	L2	400	400	400	400
Marketable securities	FVTOCI	L1	75	75	48	48
Trade and other receivables	AC	L2	12,648	12,648	8,964	8,964
Contract assets – unbilled revenue	AC	L2	1,420	1,420	636	636
Financial liabilities						
Accounts payable and accrued liabilities	AC	L2	18,096	18,096	17,118	17,118
Lease obligations ¹	AC	L2	10,812		12,235	
Long-term debt	AC	L2	18,000	18,000	20,000	20,000
Provisions	AC	L2	468	468	–	–
Other liabilities	AC	L2	173	173	–	–

¹ The fair value of lease obligations is not required to be disclosed.

Fair value of financial instruments

The carrying values of cash, short-term investments, trade and other receivables, contract assets – unbilled revenue, accounts payable and accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. With long-term debt, ISC has amended and restated its borrowings under the Credit Facilities, which is managed with prime loans, short-term bankers' acceptance, letter of credit or letter of guarantee. These borrowings will bear interest at a base rate of prime plus applicable margin varying between 0.45 per cent and 1.00 per cent per annum. The Company is not exposed to significant interest rate risk because interest bearing financial instruments are at a low level relative to total assets and equity.

The deferred share unit liability's fair value is calculated taking into consideration the market price, expected volatility and the risk-free interest rate. This liability is classified as Level 2, but the risk remains low due to the materiality.

Foreign currency exchange risk

The Company operates internationally and is exposed to fluctuations in various currencies with the euro being the most material. Movements in foreign currencies against the Canadian dollar may impact revenue, the value of assets and liabilities and affect the Company's profit and loss.

Based on the balance of foreign net monetary assets and net assets carried on the consolidated statements of financial position, the impact of an increase (decrease) of 10.0 per cent in the euro relative to the Canadian dollar as at December 31, 2019, on net monetary assets was a decrease (increase) of \$386 thousand (December 31, 2018 – \$23 thousand) and on net assets was an increase (decrease) of \$1.2 million (December 31, 2018 – \$0.7 million). The Company's exposure to other currencies is negligible at the end of the period.

24 Revenue

The Company derives its revenue from the transfer of goods or services at either a point in time or over time. This is consistent with the revenue from third parties' information that is disclosed for each reportable segment under IFRS 8 – *Operating Segments* (see Note 27). The following table presents our revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

Segment revenue

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018
Registry Operations		
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 48,901	\$ 50,031
Personal Property Registry	10,154	10,190
Corporate Registry	10,230	10,038
Other	1,114	–
Services	51,131	42,360
Technology Solutions	11,416	6,442
Corporate and other	22	70
Total revenue	\$ 132,968	\$ 119,131

The following table presents our revenue disaggregated by timing of revenue recognition:

Timing of revenue recognition

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018
At a point in time		
Registry Operations revenue		
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 46,972	\$ 48,137
Personal Property Registry	10,154	10,190
Corporate Registry	9,373	9,198
Services revenue	51,131	42,360
Corporate and other	22	70
	\$ 117,652	\$ 109,955
Over time		
Registry Operations revenue		
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	1,929	1,894
Corporate Registry	857	840
Other	1,114	–
Technology Solutions revenue	11,416	6,442
	\$ 15,316	\$ 9,176
Total revenue	\$ 132,968	\$ 119,131

In the "Over time" category, the Land Registry and Corporate Registry contracts primarily result in linear revenue recognition over the life of the contract. Likewise, the support and maintenance portion of contracts related to Technology Solutions revenue primarily results in linear revenue recognition over the life of the contract. Conversely, revenue recognition associated with the licence and solution definition and implementation portion of contracts is dependent on milestone achievement. In 2019, the portion of Technology Solutions contract revenue recognized that was dependent on milestone achievement versus total revenue recognized was 76.0 per cent (2018 – 55.0 per cent). At December 31, 2019, the Company has contracts where the milestone is either in progress or is expected to be satisfied in the near term. For the unsatisfied portion of milestone-based contracts, the Company expects that 73.0 per cent (2018 – 98.0 per cent) of the total will be recognized in the next fiscal year, with the remaining 27.0 per cent (2018 – 2.0 per cent) recognized in the following fiscal year.

Service concession arrangement

The Company entered into a change order pursuant to its MSA with the Government of Saskatchewan to continue the development of its registry systems. Under the MSA, the Company owns the IP during the term of the MSA.

As at December 31, 2019, the development associated with the change order is approximately 85 per cent complete and the Company has recorded an intangible asset under development in the amount of \$1.5 million and recognized \$1.1 million of revenue in other revenue in Registry Operations in 2019 related to the project. Amortization of the intangible asset is expected to commence in 2020 when the development is complete.

25 Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Company by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). The Company has elected to take the exemption under IAS 24 – *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. In addition, the Company pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the

cost of those purchases. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these consolidated financial statements and the notes thereto.

26 Compensation of Key Management Personnel

Key management personnel includes the directors, President and Chief Executive Officer, Chief Financial Officer, Executive Vice-Presidents, Vice-Presidents and President, ESC. The compensation of the key management team during the period was as follows:

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018
Wages, salaries and short-term benefits	\$ 3,832	\$ 3,811
Share-based compensation	1,009	774
Defined contribution plan	202	205
Total compensation	\$ 5,043	\$ 4,790

The compensation of directors and the President and Chief Executive Officer is determined by the Board upon recommendation of its Compensation Committee having regard to the performance of individuals and market trends.

27 Segment Information

Operating segments are identified as components of a company where separate discrete financial information is available for evaluation by the chief operating decision maker regarding allocation of resources and assessment of performance. The Company uses EBITDA and earnings before interest and taxes ("EBIT") as key measures of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources. EBITDA is calculated as income before depreciation and amortization, net finance expense, and income tax expense. EBIT is calculated as income after depreciation and amortization expense but before gain or loss on disposition of property, plant and equipment, net finance expense, and income tax expense.

Effective January 1, 2018, ISC has three reportable segments – Registry Operations, Services, and Technology Solutions. A functional summary of these three segments is:

- Registry Operations delivers registry services on behalf of governments and private sector organizations.
- Services delivers products and services that utilize public records and data to provide value to customers in the financial and legal sectors.
- Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

Corporate and other includes our corporate activities and shared services functions, share of profit (loss) in associate not included in operating segments, and eliminations of inter-segment revenue and costs. The Registry Operations and Services segments operate substantially in Canada. The Technology Solutions segment operates both in Canada and Ireland.

We have restated our 2018 comparative segment results for the adoption of IFRS 16 using the full retrospective method (see Note 2).

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. We account for transactions between reportable segments in the same way we account for transactions with external parties; however, we eliminate them on consolidation.

Revenue and EBIT

For the year ended December 31, 2019

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	\$ 70,399	\$ 51,131	\$ 11,416	\$ 22	\$ 132,968
Plus: inter-segment revenue	–	99	12,830	(12,929)	–
Total revenue	\$ 70,399	\$ 51,230	\$ 24,246	\$ (12,907)	\$ 132,968
Expenses excluding depreciation and amortization	(36,309)	(44,119)	(21,965)	8,451	(93,942)
EBITDA	34,090	7,111	2,281	(4,456)	39,026
Depreciation and amortization	(2,039)	(5,326)	(1,729)	(1,765)	(10,859)
Impairment	(541)	–	–	–	(541)
EBIT	\$ 31,510	\$ 1,785	\$ 552	\$ (6,221)	\$ 27,626
Net finance (expense)					(1,246)
Income tax expense					(6,980)
Net income					\$ 19,400
Additions to non-current assets, including acquisitions	\$ 1,460	\$ 7,398	\$ 651	\$ 1,203	\$ 10,712

For the year ended December 31, 2018

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	\$ 70,259	\$ 42,360	\$ 6,442	\$ 70	\$ 119,131
Plus: inter-segment revenue	–	24	14,783	(14,807)	–
Total revenue	\$ 70,259	\$ 42,384	\$ 21,225	\$ (14,737)	\$ 119,131
Expenses excluding depreciation and amortization	(37,868)	(35,856)	(20,732)	9,882	(84,574)
Change in contingent consideration	–	3,567	–	–	3,567
EBITDA	32,391	10,095	493	(4,855)	38,124
Depreciation and amortization	(2,070)	(6,320)	(1,478)	(1,907)	(11,775)
EBIT	\$ 30,321	\$ 3,775	\$ (985)	\$ (6,762)	\$ 26,349
Net finance (expense)					(773)
Income tax expense					(6,939)
Net income					\$ 18,637
Additions to non-current assets, including acquisitions	\$ 451	\$ 96	\$ 1,428	\$ 485	\$ 2,460

Inter-segment revenues are charged among segments at arm's-length rates, based on rates charged to third parties. Total consolidated revenue is attributed to customers within Ireland and Canada. For the twelve months ended December 31, 2019, revenue within Ireland was \$9.7 million (2018 – \$5.2 million) and the remainder was in Canada. No single customer represented more than 10.0 per cent of the total consolidated revenue.

Assets and liabilities

As at December 31, 2019

(thousands of CAD dollars)

	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Assets					
Total assets, excluding intangibles, goodwill and cash	\$ 26,384	\$ 10,951	\$ 6,467	\$ 17,321	\$ 61,123
Intangibles	3,803	31,647	4,525	1,221	41,196
Goodwill ¹	1,200	35,715	8,614	–	45,529
Cash	–	–	–	23,731	23,731
Total assets	\$ 31,387	\$ 78,313	\$ 19,606	\$ 42,273	\$ 171,579
Liabilities	\$ 8,848	\$ 11,013	\$ 4,171	\$ 33,306	\$ 57,338

As at December 31, 2018

(thousands of CAD dollars)

	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Assets					
Total assets, excluding intangibles, goodwill and cash	\$ 29,258	\$ 8,269	\$ 3,999	\$ 18,491	\$ 60,017
Intangibles	4,054	30,815	5,418	417	40,704
Goodwill ¹	1,200	34,198	8,912	–	44,310
Cash	–	–	–	28,651	28,651
Total Assets	\$ 34,512	\$ 73,282	\$ 18,329	\$ 47,559	\$ 173,682
Liabilities	\$ 9,412	\$ 11,354	\$ 8,253	\$ 35,779	\$ 64,798

¹ In 2019, \$4.6 million of goodwill was reallocated to Technology Solutions from Registry Operations for both the current and comparative periods. See Note 12 for further information.

Non-current assets are held in Canada and Ireland. At December 31, 2019, non-current assets held in Ireland were \$8.8 million (December 31, 2018 – \$10.0 million) while the remainder were held in Canada.

28 Acquisitions

On February 15, 2019, the Company through its wholly owned subsidiary ESC, acquired substantially all of the assets of Securefact Transaction Services, Inc. ("Securefact"), for \$6.8 million by way of an asset purchase agreement. Securefact is located in Toronto, ON, and is engaged in the business of providing public record search and registration services. This acquisition broadens the Company's portfolio of know-your-customer technology solutions and services.

This acquisition is a business combination to which IFRS 3 – *Business Combinations* applies. A table outlining the net cash flow related to the acquisition is provided below.

Net cash outflow related to the acquisition

(thousands of CAD dollars)

	2019
Consideration paid in cash	\$ 6,768
Less: cash balance acquired	–
Total net cash outflow related to the acquisition	\$ 6,768

The table below presents the final allocation of the net purchase price for accounting purposes which is unchanged from the preliminary allocation which was previously prepared.

(thousands of CAD dollars)	Final
Assets	
Property, plant and equipment	\$ 23
Intangible assets	5,228
Net assets acquired	\$ 5,251
Goodwill arising on acquisition	
Total consideration allocated	6,768
Net assets acquired	5,251
Total goodwill arising on acquisition	\$ 1,517

The goodwill of \$1.5 million arising on the acquisition included amounts in relation to the benefit of an increased market presence and competencies, related market growth, and the assembled workforce of Securefact. All of the goodwill recognized is expected to be deductible for income tax purposes.

The intangible assets above consist of technology of \$4.1 million, customer contracts of \$1.0 million and brand of \$0.2 million.

Professional fees associated with the cost of the acquisition expensed during the year ended December 31, 2019, were \$0.2 million.

The revenue and net loss of the acquiree since the acquisition date included in the consolidated statements of comprehensive income for 2019, were \$1.5 million and \$(0.4) million, respectively.

The consolidated revenue and comprehensive income for the Company and the acquiree combined for 2019, as though the acquisition date for the business combination occurred during the year had been as of January 1, 2019, would have been \$133.3 million, unaudited and \$18.6 million, unaudited, respectively.

Contingent consideration

As part of the AVS acquisition completed in 2017, the Company agreed to pay additional consideration contingent upon the realization of future business. In 2018, the Company, through its wholly owned subsidiary ESC, entered into an agreement to amend the AVS Share Purchase Agreement to provide for the early settlement of the AVS contingent consideration on November 15, 2018, for an amount of \$11.0 million paid in cash.

As part of the ERS acquisition completed in 2017, the Company agreed to pay up to €5.0 million in consideration contingent upon the retention of existing leadership and the realization of future business over a 30-month period. For accounting purposes, the retention portion of the contingent consideration is classified as post acquisition remuneration.

A continuity of contingent consideration related to the ERS and AVS acquisitions is presented below:

(thousands of CAD dollars)	December 31, 2019	December 31, 2018
Balance, beginning of the period	\$ 2,322	\$ 15,723
Remuneration expense through wages and salaries	766	1,290
Accretion recognized in interest expense	8	6
Change in AVS contingent consideration	–	(3,567)
Early settlement of AVS contingent consideration	–	(11,000)
Settlement of ERS contingent consideration	(2,937)	–
Foreign exchange adjustment	(159)	(130)
Balance, end of the period	\$ –	\$ 2,322
Current portion	\$ –	\$ 2,322
Long-term portion	–	–
	\$ –	\$ 2,322

29 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

(thousands of CAD dollars)	Year Ended December 31,	
	2019	2018
Trade and other receivables	\$ (3,657)	\$ (1,583)
Prepaid expenses	(32)	(195)
Contract assets	(321)	(1,414)
Accounts payable and accrued liabilities	867	1,108
Contract liabilities	(1,039)	1,150
Contingent consideration	(2,171)	1,290
Provisions and other liabilities	641	–
Income taxes	(3,483)	(573)
Net change in non-cash working capital	\$ (9,195)	\$ (217)

Income taxes paid, net of refunds received, for the twelve months ended December 31, 2019, totalled \$9.0 million (2018 – \$5.7 million).

30 Commitments and Contingencies

As of December 31, 2019, the Company has commitments over the next five years as follows:

(thousands of CAD dollars)	IT and Other Service Agreements ¹	Master Service Agreement	Non-Lease Component of Office Leases	Total
2020	\$ 3,415	\$ 500	\$ 1,177	\$ 5,092
2021	2,912	500	1,175	4,587
2022	2,829	500	968	4,297
2023	2,675	500	932	4,107
2024	–	500	951	1,451
Thereafter	–	4,500	1,186	5,686
Total commitments	\$ 11,831	\$ 7,000	\$ 6,389	\$ 25,220

¹ Includes minimum lease commitments for low-value assets not recognized under IFRS 16.

Information technology and other service agreements

The Company has a service agreement related to Information Technology (“IT”) with Information Systems Management Canada Corporation, including lease commitments for computer equipment where the Company has taken the exemption for low value assets. Other service agreements relate to service contracts associated with corporate and shared service infrastructure.

Master Service Agreement

Pursuant to the MSA with the Government of Saskatchewan dated May 30, 2013, the Company was appointed, on an exclusive basis, to manage and operate the Saskatchewan Land Titles Registry, Saskatchewan Land Surveys Directory, Saskatchewan Personal Property Registry and Saskatchewan Corporate Registry on behalf of the Government of Saskatchewan for a 20-year term expiring on May 30, 2033. The MSA was amended, effective December 1, 2015, appointing ISC to continue to manage and operate the Common Business Identifier Program and the Business Registration Saskatchewan Program for the same term as the MSA. The MSA requires the Company to pay to the Government of Saskatchewan the sum of \$0.5 million annually, in a single instalment payable on or before March 1, in each calendar year of the term commencing with an initial payment which was due on March 1, 2014.

Non-lease component of office leases

The Company leases all of its office space and certain office equipment. The office spaces have lease terms of between two and ten years, with various options to extend. The office equipment leases relate to photocopiers and have lease terms of three years. The Company does not have an option to purchase the leased assets at the expiry of the lease period.

The Company separates the lease and non-lease components of office space, accounting for the lease payment commitments in Note 15.

Contingencies

Management's estimate of liability for claims and legal actions that may be made by customers pursuant to the assurance provision and the MSA is based upon claims submitted. As at December 31, 2019, the liability was nil (December 31, 2018 – nil).

At times, in the normal course of operations, the Company will enter into an indemnity agreement with a surety company to provide a surety bond required under a contract with a customer. As at December 31, 2019, the aggregate amount outstanding of the surety bond total was nil (December 31, 2018 – \$1.7 million).

31 Pension Expense

The total pension costs under the Company's defined contribution plans for the year were \$1.8 million (2018 – \$1.7 million).

32 Subsequent Events

On March 17, 2020, the Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before April 15, 2020, to shareholders of record as of March 31, 2020.

Board of Directors

Joel Teal

Saskatoon, Saskatchewan
Director since: 2013
Chair of the Board of Directors

Karyn Brooks

Calgary, Alberta
Director since: 2016
Member of the Audit Committee

Tom Christiansen

Swift Current, Saskatchewan
Director since: 2009
Member of the Compensation Committee

Doug Emsley

Regina, Saskatchewan
Director since: 2013
Chair of the Compensation Committee

Tony Guglielmin

Vancouver, British Columbia
Director since: 2013
Chair of the Audit Committee

Scott Musgrave

Lloydminster, Alberta
Director since: 2010
Member of the Audit Committee

Iraj Pourian

Vancouver, British Columbia
Director since: 2016
Member of the Governance and Nominating Committee

Laurie Powers

Regina, Saskatchewan
Director since: 2018
Member of the Compensation Committee

Heather Ross

Toronto, Ontario
Director since: 2018
Member of the Governance and Nominating Committee

Dion E. Tchorzewski

Regina, Saskatchewan
Director since: 2013
Chair of the Governance and Nominating Committee

ISC Leadership

Jeff Stusek

President and Chief Executive Officer

Shawn B. Peters, CPA, CA

Executive Vice-President and Chief Financial Officer

Kathy E. Hillman-Weir, Q.C.

Executive Vice-President, Chief Corporate Officer,
General Counsel and Corporate Secretary

Ken Budzak

Executive Vice-President, Registry Operations

Loren Cisyk

Executive Vice-President, Technology Solutions

Laurel Garven

Vice-President, Business Strategy

Catherine McLean

Vice-President, People and Culture

Dennis White

Vice-President, Marketing and Business Development

Clare Colledge

President, ESC Corporate Services Ltd.

More information on our directors and officers can be found in our most recent Annual Information Form or Management Information Circular, which are available on our website at www.company.isc.ca, or through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Corporate Information

Head Office

Suite 300 – 10 Research Drive
Regina, Saskatchewan S4S 7J7 Canada

Stock Exchange Listing & Symbol

Toronto Stock Exchange: ISV

Share Capital

Authorized - the Company's authorized share capital consists of an unlimited number of Class A Limited Voting Shares ("Class A Shares"), one Class B Golden Share ("Golden Share") and an unlimited number of Preferred Shares.

Class A Limited Voting Shares

Issued and outstanding – 17,500,000 Class A Shares as at December 31, 2019.

The Company's articles and the ISC Act limit ownership of Class A Shares, including joint ownership, to no more than 15.0 per cent of the Class A Shares issued and outstanding.

Class B Golden Share

Issued and outstanding – 1 Class B Golden Share as at December 31, 2019.

The Golden Share held by the Government of Saskatchewan has certain voting rights with respect to the location of the head office and the sale of all or substantially all of the assets of the Company.

The Golden Share has no pre-emptive, redemption, purchase or conversion rights and is not eligible to receive dividends declared by the Company.

Preferred Shares

Issued and outstanding – Nil as at December 31, 2019.

Preferred Shares are issuable at any time and may include voting rights.

Ownership

As at March 17, 2020, the Board and management are not aware of any shareholder who directly or indirectly owns or exercises, or directs control over, more than 10.0 per cent of our Class A Shares, other than:

- (a) Crown Investments Corporation of Saskatchewan which holds 5,425,000 Class A Shares representing 31.0 per cent of the issued and outstanding Class A Shares; and
- (b) CI Investments, Inc. which holds 2,392,310 Class A Shares representing approximately 13.7 per cent of the issued and outstanding Class A Shares.

Auditor

Deloitte LLP
Suite 900 – 2103 11th Avenue
Regina, Saskatchewan S4P 3Z8 Canada

Transfer Agent

AST Trust Company (Canada)

For inquiries related to shares, dividends, changes of address:

Toll-free in North America: 1 (800) 387-0825
www.astfinancial.com
inquiries@astfinancial.com

Regulatory Filings

The Company's filings are available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Investor Contact Information

Jonathan Hackshaw
Director, Investor Relations & Capital Markets
Toll-free in North America: 1 (855) 341-8363
Outside North America: 1 (306) 798-1137
investor.relations@isc.ca

Dividends on Class A Shares

The Company has a practice of paying an annual dividend of \$0.80 per Class A Share to be payable on a quarterly basis. Our objective is to achieve dividend growth over time while balancing our strategic business priorities.

The payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board and will be established based on our cash available for distribution, our financial requirements, any restrictions imposed by our credit facilities, the requirements of any future financings and other factors existing at the time. The table below shows annual dividends per Class A Share that have been declared by the Board subsequent to the initial public offering in 2013:

Year	Type	Ex-Dividend Date	Record Date	Payable Date	Amount
2019	Quarterly	Dec 30, 2019	Dec 31, 2019	Jan 15, 2020	\$0.20
		Sep 27, 2019	Sep 30, 2019	Oct 15, 2019	\$0.20
		Jun 27, 2019	Jun 30, 2019	Jul 15, 2019	\$0.20
		Mar 28, 2019	Mar 31, 2019	Apr 15, 2019	\$0.20
2018	Quarterly	Dec 28, 2018	Dec 31, 2018	Jan 15, 2019	\$0.20
		Sep 28, 2018	Sep 30, 2018	Oct 15, 2018	\$0.20
		Jun 28, 2018	Jun 30, 2018	Jul 15, 2018	\$0.20
		Mar 28, 2018	Mar 31, 2018	Apr 15, 2018	\$0.20
2017	Quarterly	Dec 28, 2017	Dec 31, 2017	Jan 15, 2018	\$0.20
		Sep 28, 2017	Sep 30, 2017	Oct 15, 2017	\$0.20
		Jun 28, 2017	Jun 30, 2017	Jul 15, 2017	\$0.20
		Mar 29, 2017	Mar 31, 2017	Apr 15, 2017	\$0.20
2016	Quarterly	Dec 29, 2016	Dec 31, 2016	Jan 15, 2017	\$0.20
		Sep 28, 2016	Sep 30, 2016	Oct 15, 2016	\$0.20
		Jun 26, 2016	Jun 30, 2016	Jul 15, 2016	\$0.20
		Mar 27, 2016	Mar 31, 2016	Apr 15, 2016	\$0.20
2015	Quarterly	Dec 29, 2015	Dec 31, 2015	Jan 15, 2016	\$0.20
		Sep 28, 2015	Sep 30, 2015	Oct 15, 2015	\$0.20
		Jun 26, 2015	Jun 30, 2015	Jul 15, 2015	\$0.20
		Mar 27, 2015	Mar 31, 2015	Apr 15, 2015	\$0.20
2014	Quarterly	Dec 29, 2014	Dec 31, 2014	Jan 15, 2015	\$0.20
		Sep 26, 2014	Sep 30, 2014	Oct 15, 2014	\$0.20
		Jun 26, 2014	Jun 30, 2014	Jul 15, 2014	\$0.20
		Mar 27, 2014	Mar 31, 2014	Apr 15, 2014	\$0.20
2013	Quarterly	Dec 27, 2013	Dec 31, 2013	Jan 15, 2014	\$0.20
		Sep 26, 2013	Sep 30, 2013	Oct 15, 2013	\$0.18*

*This dividend represents a partial dividend for the period July 9, 2013 (the closing date of the Company's Initial Public Offering on July 9, 2013) to September 30, 2013.

Dividends are eligible dividends pursuant to the *Income Tax Act* (Canada) as amended. An eligible dividend paid to a Canadian resident is entitled to the enhanced dividend tax credit. For further information on tax implications, please consult a tax advisor.

Non-IFRS Financial Measures

This report also includes certain measures, which have not been prepared in accordance with International Financial Reporting Standards (IFRS), such as EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin. Rather, these measures are provided as additional information to complement IFRS measures. Refer to sections 8.5 “Financial measures and key performance indicators”; 8.8 “Non-IFRS financial measures”; 8.9 “Non-IFRS financial measures definition”; and 2.5 “Consolidated EBITDA and Adjusted EBITDA” in ISC’s Management’s Discussion and Analysis for the fourth quarter and year ended December 31, 2019, included herein for further information, copies of which are filed on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This report contains forward-looking information within the meaning of applicable Canadian securities legislation including, without limitation, statements related to the industries in which we operate, growth opportunities and our future financial position and results including expected revenue, EBITDA margin and EBITDA. 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, 2019, and ISC’s audited Consolidated Financial Statements and Notes and Management’s Discussion and Analysis for the fourth quarter and year ended December 31, 2019, included herein, copies of which are filed on SEDAR at www.sedar.com.

The forward-looking information in this report 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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