



Information in the right hands.

November 7, 2023

2023 Unaudited Condensed Consolidated Interim Financial Statements

For the Three and the Nine Months Ended September 30, 2023



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Condensed Consolidated Statements of Financial Position

As at (thousands of CAD, unaudited)	Note	September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash		\$ 21,391	\$ 34,479
Trade and other receivables		17,834	14,933
Contract assets		1,226	985
Income tax recoverable	7	3,876	2,215
Prepaid expenses and deposits		3,579	4,604
Total current assets		47,906	57,216
Non-current assets			
Property, plant and equipment		1,509	1,813
Right-of-use assets		6,276	7,553
Intangible assets	5	356,804	88,993
Goodwill	6	101,198	101,240
Deferred tax asset	7	24,073	26,639
Total non-current assets		489,860	226,238
Total assets		\$ 537,766	\$ 283,454
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 32,695	\$ 33,876
Vendor concession liability	10	20,392	-
Contract liabilities		3,136	2,720
Lease obligations		2,321	2,299
Income tax payable	7	985	731
Total current liabilities		59,529	39,626
Non-current liabilities			
Lease obligations		5,125	6,508
Deferred tax liability	7	11,895	13,883
Long-term debt	9	187,239	66,047
Vendor concession liability	10	105,545	-
Other liabilities		1,330	1,802
Total non-current liabilities		311,134	88,240
Shareholders' equity			
Share capital	12	28,542	23,691
Equity settled employee benefit reserve	8	1,610	2,082
Accumulated other comprehensive loss		(289)	(377)
Retained earnings		137,240	130,192
Total shareholders' equity		167,103	155,588
Total liabilities and shareholders' equity		\$ 537,766	\$ 283,454

See accompanying Notes

Condensed Consolidated Statements of Comprehensive Income

(thousands of CAD, unaudited)	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Revenue	14	\$ 54,610	\$ 48,768	\$ 157,029	\$ 143,791
Expenses					
Wages and salaries		15,962	15,061	44,901	38,270
Cost of goods sold		14,471	12,245	41,441	37,208
Depreciation and amortization		5,624	3,983	13,863	10,635
Information technology services		3,461	2,504	9,626	7,379
Occupancy costs		1,191	1,126	3,482	2,836
Professional and consulting services		1,332	957	4,459	3,743
Financial services		519	394	2,326	2,068
Other		774	652	2,766	2,165
Total expenses		43,334	36,922	122,864	104,304
Net income before items noted below		11,276	11,846	34,165	39,487
Finance income (expense)					
Interest income		346	130	899	194
Interest expense		(5,517)	(1,168)	(7,864)	(2,333)
Net finance expense		(5,171)	(1,038)	(6,965)	(2,139)
Income before tax		6,105	10,808	27,200	37,348
Income tax expense	7	(1,871)	(3,052)	(7,869)	(10,528)
Net income		\$ 4,234	\$ 7,756	\$ 19,331	\$ 26,820
Other comprehensive (loss) income					
Items that may be subsequently reclassified to net income					
Unrealized (loss) gain on translation of financial statements of foreign operations		(27)	29	88	(721)
Change in fair value of marketable securities, net of tax		-	19	-	11
Other comprehensive (loss) income		(27)	48	88	(710)
Total comprehensive income		\$ 4,207	\$ 7,804	\$ 19,419	\$ 26,110
Earnings per share (\$ per share)					
Total, basic	11	\$ 0.24	\$ 0.44	\$ 1.09	\$ 1.53
Total, diluted	11	\$ 0.23	\$ 0.43	\$ 1.07	\$ 1.50

See accompanying Notes

Condensed Consolidated Statements of Changes in Equity

(thousands of CAD, unaudited)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive (Loss)	Equity Settled Employee Benefit Reserve	Total
Balance at January 1, 2022		\$ 115,641	\$ 19,955	\$ (355)	\$ 2,464	\$ 137,705
Net income		26,820	-	-	-	26,820
Other comprehensive loss		-	-	(710)	-	(710)
Stock option recovery	8	-	-	-	(7)	(7)
Stock options exercised	8	-	3,736	-	(375)	3,361
Dividend declared	12	(12,146)	-	-	-	(12,146)
Balance at September 30, 2022		\$ 130,315	\$ 23,691	\$ (1,065)	\$ 2,082	\$ 155,023
Balance at January 1, 2023		\$ 130,192	\$ 23,691	\$ (377)	\$ 2,082	\$ 155,588
Net income		19,331	-	-	-	19,331
Other comprehensive income	8	-	-	88	-	88
Stock options exercised	8	-	4,851	-	(472)	4,379
Dividend declared	12	(12,283)	-	-	-	(12,283)
Balance at September 30, 2023		\$ 137,240	\$ 28,542	\$ (289)	\$ 1,610	\$ 167,103

See accompanying Notes

Condensed Consolidated Statements of Cash Flows

(thousands of CAD, unaudited)	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Operating					
Net income		\$ 4,234	\$ 7,756	\$ 19,331	\$ 26,820
Add: Charges not affecting cash					
Depreciation		700	788	2,215	2,107
Amortization		4,924	3,195	11,648	8,528
Foreign exchange gains		(67)	(155)	(46)	(252)
Deferred tax expense (recovery) recognized in net income	7	287	(347)	572	600
Service concession arrangements		-	(376)	(588)	(755)
Gain on disposal of property, plant and equipment		-	(3)	-	(3)
Net finance expense		5,171	1,038	6,965	2,139
Stock option recovery	8	-	-	-	(7)
Net change in non-cash working capital	16	(676)	3,162	(5,479)	(14,061)
Net cash flow provided by operating activities		14,573	15,058	34,618	25,116
Investing					
Interest received		347	130	900	194
Cash received on disposal of property, plant and equipment		-	3	-	3
Additions to property, plant and equipment		(71)	(183)	(250)	(411)
Additions to intangible assets	5	(153,241)	(122)	(154,716)	(733)
Acquisitions and post-closing adjustments		(71)	-	(226)	(54,109)
Net cash flow used in investing activities		(153,036)	(172)	(154,292)	(55,056)
Financing					
Interest paid		(2,498)	(949)	(4,693)	(1,740)
Interest paid on lease obligations		(88)	(107)	(277)	(302)
Principal repayments on lease obligations		(579)	(516)	(1,746)	(1,537)
Repayment of long-term debt	9	(14,000)	(5,000)	(29,000)	(5,000)
Proceeds of long-term debt	9	150,684	-	150,684	40,000
Financing fees	9	(592)	-	(592)	-
Dividend paid	12	(4,071)	(4,050)	(12,214)	(12,100)
Stock options exercised	8	4,379	1,376	4,379	3,361
Net cash flow provided by (used in) financing activities		133,235	(9,246)	106,541	22,682
Effects of exchange rate changes on cash held in foreign currencies		63	160	45	61
(Decrease) increase in cash		(5,165)	5,800	(13,088)	(7,197)
Cash, beginning of period		26,556	27,107	34,479	40,104
Cash, end of period		\$ 21,391	\$ 32,907	\$ 21,391	\$ 32,907

See accompanying Notes

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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 Company is a provider of registry and information management services for public data and records. The head and registered office of the Company is 300 – 10 Research Drive, Regina, Saskatchewan, S4S 7J7. The Company maintains Canadian office locations in British Columbia, Saskatchewan and Ontario, and international offices located in Ireland and Luxembourg. ISC has three reportable segments: Registry Operations, Services and Technology Solutions. A functional summary of these segments is as follows:

- Registry Operations delivers registry and information 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. Additionally, through ISC’s wholly owned subsidiary, Reamined Systems Inc. (“Reamined”), ISC provides property tax assessment services to the Province of Ontario and its municipalities.
 - On July 5, 2023, the Company entered into an extension agreement (the extension agreement together with certain related ancillary agreements are collectively referred to as the “Extension Agreement”) to extend the term of its exclusive Master Service Agreement (the “MSA”) with the Province of Saskatchewan to manage and operate the Saskatchewan Land Registry, the Saskatchewan Land Surveys Directory, the Saskatchewan Corporate Registry and the Saskatchewan Personal Property Registry (collectively, the “Saskatchewan Registries”) until 2053. The MSA was also amended and restated (the “Amended and Restated MSA”) to, among other things, implement certain incremental terms and conditions, the objectives of which are to enhance security features and protocols for the Saskatchewan Registries, contemplate emerging and future technology enhancements for the Saskatchewan Registries and the services provided pursuant to the Amended and Restated MSA, refresh and clarify governance practices and structure, adjust the registry fees chargeable by the Company, and provide flexibility for change over the life of the extended term.
- 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 is reported as Corporate and other.

As at September 30, 2023, ISC’s principal revenue-generating segments were Registry Operations and Services.

2 Basis of Presentation

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using accounting policies that are consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IAS Board”). Therefore, they do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s most recent audited annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the year-end financial statements for the Company for the year ended December 31, 2022, as described in Note 3 of the December 31, 2022, consolidated financial statements. The significant estimates and assumptions in determining the value of assets and liabilities and the significant judgments in applying accounting policies are the same as those

applied in the Company's consolidated financial statements for the year ended December 31, 2022. The unaudited condensed consolidated interim financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows.

These unaudited condensed consolidated interim financial statements were authorized by the Audit Committee of the ISC Board of Directors ("Board") for issue on November 7, 2023.

Use of estimates and judgments

The preparation of these unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements.

Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment;
- the carrying value, impairment and estimated useful lives of intangible assets (Note 5) and goodwill (Note 6);
- the recoverability of deferred tax assets (Note 7); and
- the amount and timing of revenue from contracts from customers recognized over time (Note 14).

3 Material Accounting Policy Information

New accounting pronouncements adopted in 2023

The Company adopted the Amendments to IAS 1 requiring entities to disclose material, instead of significant, accounting policy information that was effective for the interim and annual consolidated financial statements commencing January 1, 2023. The adoption of this standard has not had a material impact on our financial results.

Future accounting policy changes

For details on future accounting policy changes, refer to Note 3 to the consolidated financial statements included in our 2022 Annual Report. We are continuing to evaluate the impact of standards that are effective for future periods.

4 Seasonality

Registry Operations experiences moderate seasonality, primarily because Saskatchewan Land Registry revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, the second and third quarters of the fiscal year generate higher revenue, when real estate activity is traditionally highest. Ontario Property Tax Assessment Services revenue earned through Reamined does not experience seasonality, as revenue is received evenly throughout the year under the agreement with the Province of Ontario.

In Services, our Corporate Solutions and Regulatory Solutions revenue is diversified and has little seasonality; instead, it fluctuates in line with general economic drivers. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters. In particular, our collateral management services experience seasonality aligned with vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Recovery Solutions revenue also does not have specific seasonality, but is counter-cyclical to our other business, in that it can perform better in poor economic conditions.

Technology Solutions does not experience seasonality; however, this segment is impacted by the timing of procurement activities largely undertaken by governments around the world and the timing of revenue recognition related to the progress of work on solution definition and implementation contracts.

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.

5 Intangible Assets

(thousands of CAD)	Internal Use Software – Acquired	Internal Use Software – Internally Developed	Business Solutions – Acquired	Business Solutions – Internally Developed	Brand, Non- Competes, Other	Contracts, Customer & Partner Relation- ships	Assets Under Develop- ment	Total
Cost								
Balance at January 1, 2022	\$ 26,079	\$ 78,771	\$ 2,011	\$ 6,029	\$ 1,398	\$ 65,317	\$ 2,808	\$ 182,413
Acquired assets	5,328	-	-	-	1,000	31,466	-	37,794
Additions	-	-	-	-	-	-	1,887	1,887
Disposals	-	(47)	-	-	(176)	-	-	(223)
Transfers	-	-	-	658	-	-	(658)	-
Foreign exchange adjustments	-	-	22	32	-	29	52	135
Balance at December 31, 2022	\$ 31,407	\$ 78,724	\$ 2,033	\$ 6,719	\$ 2,222	\$ 96,812	\$ 4,089	\$ 222,006
Acquired assets	-	-	-	-	-	277,634	-	277,634
Additions	-	-	-	-	-	-	1,874	1,874
Disposals	(10)	-	-	-	-	-	-	(10)
Transfers	-	1,585	-	373	-	-	(1,958)	-
Foreign exchange adjustments	-	-	(21)	(30)	-	(15)	(30)	(96)
Balance at September 30, 2023	\$ 31,397	\$ 80,309	\$ 2,012	\$ 7,062	\$ 2,222	\$ 374,431	\$ 3,975	\$ 501,408
Accumulated depreciation								
Balance at January 1, 2022	\$ 19,498	\$ 77,323	\$ 1,471	\$ 3,983	\$ 663	\$ 18,408	\$ -	\$ 121,346
Amortization	2,571	413	249	561	217	7,804	-	11,815
Disposals	-	(47)	-	-	(176)	-	-	(223)
Foreign exchange adjustments	-	-	31	35	-	9	-	75
Balance at December 31, 2022	\$ 22,069	\$ 77,689	\$ 1,751	\$ 4,579	\$ 704	\$ 26,221	\$ -	\$ 133,013
Amortization	2,295	486	196	491	172	8,008	-	11,648
Disposals	(10)	-	-	-	-	-	-	(10)
Foreign exchange adjustments	-	-	(21)	(20)	-	(6)	-	(47)
Balance at September 30, 2023	\$ 24,354	\$ 78,175	\$ 1,926	\$ 5,050	\$ 876	\$ 34,223	\$ -	\$ 144,604
Carrying value								
At December 31, 2022	\$ 9,338	\$ 1,035	\$ 282	\$ 2,140	\$ 1,518	\$ 70,591	\$ 4,089	\$ 88,993
At September 30, 2023	\$ 7,043	\$ 2,134	\$ 86	\$ 2,012	\$ 1,346	\$ 340,208	\$ 3,975	\$ 356,804

During the quarter, ISC entered into the Amended and Restated MSA extending the term of the MSA from May 2033 to July 2053. The consideration to be paid includes an upfront cash payment of \$150 million (“Upfront Payment”), which was paid during the quarter, five annual cash payments of \$30 million per year commencing July 2024 (the “Subsequent Payments”) and annual contingent payments potentially payable after 2033 if certain volume growth criteria are met. In addition, annual cost contribution amounts of \$0.5 million over the 30-year term will continue. ISC has capitalized the extension of the right to manage and operate the Saskatchewan Registries in accordance with IAS 38. The liability for the contingent payments will only be recognized in the consolidated statement of financial position and consolidated statement of comprehensive income as the related activity that gives rise to the variability occurs. Directly attributable costs of \$3.4 million have also been capitalized as part of the purchase price. The payments and directly attributable costs have been present valued in accordance with IFRS 9 and included in acquired assets.

6 Goodwill

The components of goodwill are as follows:

(thousands of CAD)	September 30, 2023	December 31, 2022
Balance, beginning of the period	\$ 101,240	\$ 77,134
Additions	-	24,063
Foreign exchange adjustment	(42)	43
Balance, end of period	\$ 101,198	\$ 101,240

7 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2022 — 27.0 per cent).

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Current tax expense	\$ 1,584	\$ 3,399	\$ 7,297	\$ 9,928
Deferred tax expense (recovery)	287	(347)	572	600
Income tax expense	\$ 1,871	\$ 3,052	\$ 7,869	\$ 10,528

8 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.

Share-based compensation expenses are recognized in wages and salaries on the condensed consolidated statements of comprehensive income:

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Performance share units ("PSUs")	\$ 470	\$ 166	\$ 606	\$ 342
Share appreciation rights ("SARs")	604	571	(730)	(994)
Deferred share units ("DSUs")	439	344	100	(38)
	1,513	1,081	(24)	(690)
Stock options	-	-	-	(7)
Share-based compensation expense (recovery)	\$ 1,513	\$ 1,081	\$ (24)	\$ (697)
Market price, beginning of period	\$ 21.19	\$ 21.03	\$ 24.17	\$ 25.29
Market price, end of period	\$ 22.10	\$ 22.05	\$ 22.10	\$ 22.05

Movement in share-based compensation plans is as follows:

(number of units)	PSU's	SAR's	DSU's	Stock options
Balance at December 31, 2021	101,261	667,193	143,143	1,548,247
Granted during the year	21,978	88,410	19,603	-
Credited as a result of cash dividends paid	3,330	-	5,702	-
Redeemed or exercised during the year	(37,926)	(8,987)	(22,411)	(201,498)
Forfeited during the year	(1,708)	(21,708)	(324)	(14,732)
Balance at December 31, 2022	86,935	724,908	145,713	1,332,017
Granted during the period	28,648	78,270	16,840	-
Credited as a result of cash dividends paid	2,647	-	4,765	-
Redeemed or exercised during the period ¹	(41,805)	(40,448)	-	(326,819)
Balance at September 30, 2023	76,425	762,730	167,318	1,005,198

¹ During the period a portion of the 326,819 options exercised were settled net, which resulted in the aggregate issuance of 303,143 shares from treasury.

9 Debt

Following the execution of the Extension Agreement, the Company entered into an amended and restated credit agreement (the “Amended and Restated Credit Facility”) in connection with its secured credit facility (the “Credit Facility”) initially provided by its lenders on August 5, 2020 and maturing on September 17, 2026. The aggregate amount available under the Amended and Restated Credit Facility has been increased from \$150.0 million to \$250.0 million and consists of ISC’s existing \$150.0 million revolving credit facility together with a new \$100 million revolving credit facility. In addition, ISC will maintain access to a \$100.0 million accordion option, providing the flexibility to upsize the aggregate revolving credit facility up to \$350.0 million.

The Credit Facility bears interest at a base rate of prime, CDOR loans, or letter of credit fee plus a margin varying between 0.20 per cent and 3.00 per cent per annum (2022 — 0.20 per cent and 2.00 per cent per annum) depending on the type of advance and the performance on certain covenants.

The Company is also required to pay a commitment fee quarterly in arrears on the unutilized portion of the Credit Facility, at a rate between 0.24 per cent and 0.60 per cent per annum (2022 — 0.24 per cent and 0.40 per cent per annum) depending on the performance on certain covenants.

During the nine-month period ended September 30, 2023, the Company made total drawings of \$150.7 million of which \$150.0 million was used to fund the Upfront Payment and \$0.7 million was used to fund transaction costs. The Company also made voluntary prepayments totaling \$29.0 million against its revolving term facility, including \$14.0 million in the quarter ended September 30, 2023. In the comparable period last year, the Company made drawings of \$40.0 million to finance the acquisition of Reamined and made voluntary prepayments totalling \$5.0 million in the quarter ended September 30, 2022.

The Company is amortizing transaction costs of \$0.8 million attributable to modifying the Credit Facility over the life of the facility, using an effective interest rate that is currently 8.78 per cent. The amount of financing expense related to these costs and recognized in the condensed consolidated statements of comprehensive income for the three months ended September 30, 2023, totalled \$64 thousand (2022 — \$18 thousand) and for the nine months ended September 30, 2023, totalled \$100 thousand (2022 — \$54 thousand).

Details of the debt outstanding under the Credit Facility is as follows:

(thousands of CAD)	September 30, 2023	December 31, 2022
Non-current		
Revolving term facility – principal component	\$ 188,000	\$ 66,316
Unamortized costs	(761)	(269)
Total debt	\$ 187,239	\$ 66,047

Financing available under the Credit Facility commitment is as follows:

(thousands of CAD)	September 30, 2023	December 31, 2022
Financing available:		
Maximum available	\$ 250,000	\$ 150,000
Cash drawings – principal component	(188,000)	(66,316)
Letters of credit and other non-cash drawings	(1,731)	-
Total unused and available portion of the Credit Facility	\$ 60,269	\$ 83,684

The Amended and Restated Credit Facility contains financial covenants that require the Company to maintain a ratio of Consolidated Net Funded Debt to EBITDA, as defined in the agreement, of less than 4.85:1 and EBITDA, as defined in the agreement, to interest expense ratio of greater than 3:1. The Company was in compliance with all covenants throughout the period.

The indebtedness under the Credit Facility is secured by a first ranking security interest over substantially all of the Company’s assets (subject to the Government of Saskatchewan’s security under a debenture), including security interests, pledges and guarantees granted by certain of its subsidiaries.

The amount of borrowing costs capitalized during 2023 and 2022 was nil.

10 Vendor Concession Liability

The Extension Agreement outlines the consideration payable for the extension. The Subsequent Payments consist of five cash payments of \$30.0 million per year, totaling \$150.0 million, commencing in July 2024 with the final payment expected to be made in 2028. The Amended and Restated MSA outlines the continuing annual cost contribution payments of \$0.5 million, with the next payment due in March 2024 and the final payment expected to be made in 2053. The payments have been present valued in accordance with IFRS 9.

(thousands of CAD)	September 30, 2023
Balance at December 31, 2022	\$ -
Additions	124,204
Accretion	1,733
Balance at September 30, 2023	\$ 125,937

The following table presents the contractual undiscounted cash flows for vendor consideration payable:

(thousands of CAD)	September 30, 2023
Year 1	\$ 30,500
Year 2	30,500
Year 3	30,500
Year 4	30,500
Year 5	30,500
Thereafter	12,500
Balance at September 30, 2023	\$ 165,000
Unearned interest	(39,063)
Balance at September 30, 2023	\$ 125,937

Reflected as:	
Vendor concession liability – current portion	20,392
Vendor concession liability – non-current portion	105,545
Balance at September 30, 2023	\$ 125,937

11 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, except number of shares and earnings per share)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 4,234	\$ 7,756	\$ 19,331	\$ 26,820
Weighted average number of shares, basic	17,871,392	17,658,225	17,758,752	17,564,276
Potential dilutive shares resulting from stock options	264,599	320,352	257,762	352,122
Weighted average number of shares, diluted	18,135,991	17,978,577	18,016,514	17,916,398
Earnings per share (\$ per share)				
Total, basic	\$ 0.24	\$ 0.44	\$ 1.09	\$ 1.53
Total, diluted	\$ 0.23	\$ 0.43	\$ 1.07	\$ 1.50

12 Share Capital

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 has 18,004,641 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 Crown Investments Corporation of Saskatchewan on behalf of the Government of Saskatchewan, has certain voting rights and obligations including regarding the location of the head office and the sale of certain 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.

(thousands of CAD, except number of shares)	Class A		Class B	
	Number of Shares	Share Capital	Number of Shares	Share Capital
Balance at January 1, 2022	17,500,000	\$ 19,955	1	\$ -
Stock options exercised for treasury shares	201,498	3,736	-	-
Balance at December 31, 2022	17,701,498	\$ 23,691	1	\$ -
Balance at January 1, 2023	17,701,498	\$ 23,691	1	\$ -
Stock options exercised for treasury shares	303,143	4,851	-	-
Balance at September 30, 2023	18,004,641	\$ 28,542	1	\$ -

Dividends

The Company paid dividends to shareholders during the three months ended September 30, 2023 of \$4.1 million (2022 — \$4.0 million) and nine months ended September 30, 2023 of \$12.3 million (2022 — \$12.1 million) based on a dividend rate of \$0.23 per share.

13 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.

Fair value of financial instruments

The carrying values of cash, trade and other receivables, accounts payable and accrued liabilities excluding share-based accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. The fair value of long-term debt approximates its carrying value, given that it is subject to terms and conditions, including variable interest rates, similar to those available to market participants.

Interest rate risk

The Company has borrowings under the Credit Facility, which is managed with prime loans, CDOR loans, letters of credit or letters of guarantee. Certain borrowings will bear interest at a base rate of prime plus applicable margin varying between 0.20 per cent and 3.00 per cent per annum while other borrowings will bear interest at CDOR rates between 1.20 per cent and 3.00 per cent per annum. The Company is managing its interest rate risk through its treasury function, the continued focus on debt repayment, and keeping excess cash in higher interest short-term savings.

14 Revenue

The Company derives its revenue from the transfer of goods or services either at a point in time or over time. This is consistent with the revenue from third parties' information disclosed for each reportable segment under IFRS 8 — *Operating Segments* (see Note 15). The following table presents our third-party revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

<i>Segment revenue</i> (thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Registry Operations	\$ 27,419	\$ 25,025	\$ 74,997	\$ 69,116
Services	25,551	22,248	76,344	69,865
Technology Solutions	1,635	1,492	5,664	4,802
Corporate and other	5	3	24	8
Total revenue	\$ 54,610	\$ 48,768	\$ 157,029	\$ 143,791

The following table presents our third-party revenue disaggregated by the timing of revenue recognition:

<i>Timing of revenue recognition</i> (thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
At a point in time				
Registry Operations revenue	\$ 22,965	\$ 20,232	\$ 60,959	\$ 61,402
Services revenue	25,119	21,931	75,090	68,876
Corporate and other	5	3	24	8
	\$ 48,089	\$ 42,166	\$ 136,073	\$ 130,286
Over time				
Registry Operations revenue	4,454	4,793	14,038	7,714
Services revenue	432	317	1,254	989
Technology Solutions revenue	1,635	1,492	5,664	4,802
	\$ 6,521	\$ 6,602	\$ 20,956	\$ 13,505
Total revenue	\$ 54,610	\$ 48,768	\$ 157,029	\$ 143,791

15 Segment Information

The Chief Executive Officer of the Company is the chief operating decision maker ("CODM") and regularly reviews the operations and performance by segment. Due to the evolution of the business over the last two years, the CODM now uses adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") to measure and assess each segment's performance and make decisions about the allocation of resources to the operating segments as adjusted EBITDA helps to provide a better understanding about the performance of the Company by removing the impact of share-based compensation, acquisition, integration and other costs. The CODM considers adjusted EBITDA to be a meaningful measure because it is not impacted by long-term investment and financing decisions, but rather focuses on the performance of our day-to-day operations.

ISC has three reportable segments – Registry Operations, Services, and Technology Solutions, summarized 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; and
- 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. The Registry Operations and Services segments operate substantially in Canada. The Technology Solutions segment operates both in Canada and Ireland.

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.

Segment results

For the three months ended September 30, 2023

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 27,419	\$ 25,551	\$ 1,635	\$ 5	\$ -	\$ 54,610
Plus: inter-segment revenue	-	-	3,210	38	(3,248)	-
Total revenue	\$ 27,419	\$ 25,551	\$ 4,845	\$ 43	\$ (3,248)	\$ 54,610
Total expenses including net finance expense	(14,710)	(23,057)	(6,097)	(7,889)	3,248	(48,505)
Income (loss) before tax	12,709	2,494	(1,252)	(7,846)	-	6,105
Net finance expense	-	-	-	5,171	-	5,171
EBIT¹	12,709	2,494	(1,252)	(2,675)	-	11,276
Depreciation and amortization	2,603	2,451	322	248	-	5,624
EBITDA²	15,312	4,945	(930)	(2,427)	-	16,900
Share-based compensation expense	893	106	152	362	-	1,513
Acquisition, integration and other costs	500	-	-	425	(129)	796
Adjusted EBITDA	\$ 16,705	\$ 5,051	\$ (778)	\$ (1,640)	\$ (129)	\$ 19,209
Additions to non-current assets, including acquisitions	\$ 277,131	\$ 62	\$ 145	\$ 178	\$ -	\$ 277,516

For the three months ended September 30, 2022

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 25,025	\$ 22,248	\$ 1,492	\$ 3	\$ -	\$ 48,768
Plus: inter-segment revenue	-	-	2,283	37	(2,320)	-
Total revenue	\$ 25,025	\$ 22,248	\$ 3,775	\$ 40	\$ (2,230)	\$ 48,768
Total expenses including net finance expense	(11,705)	(20,850)	(4,795)	(2,930)	2,320	(37,960)
Income (loss) before tax	13,320	1,398	(1,020)	(2,890)	-	10,808
Net finance expense	-	-	-	1,038	-	1,038
EBIT¹	13,320	1,398	(1,020)	(1,852)	-	11,846
Depreciation and amortization	1,030	2,401	287	265	-	3,983
EBITDA²	14,350	3,799	(733)	(1,587)	-	15,829
Share-based compensation expense	638	76	108	259	-	1,081
Acquisition, integration and other costs	17	33	-	77	-	127
Adjusted EBITDA	\$ 15,005	\$ 3,908	\$ (625)	\$ (1,251)	\$ -	\$ 17,037
Additions to non-current assets, including acquisitions	\$ 378	\$ 191	\$ 114	\$ -	\$ -	\$ 683

¹ EBIT is calculated as income before net finance expense and income tax expense.

² EBITDA is calculated as income before depreciation and amortization, net finance expense, and income tax expense.

For the nine months ended September 30, 2023

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 74,997	\$ 76,344	\$ 5,664	\$ 24	\$ -	\$ 157,029
Plus: inter-segment revenue	-	-	9,594	113	(9,707)	-
Total revenue	\$ 74,997	\$ 76,344	\$ 15,258	\$ 137	\$ (9,707)	\$ 157,029
Total expenses including net finance expense	(40,150)	(67,177)	(17,614)	(14,595)	9,707	(129,829)
Income (loss) before tax	34,847	9,167	(2,356)	(14,458)	-	27,200
Net finance expense	-	-	-	6,965	-	6,965
EBIT¹	34,847	9,167	(2,356)	(7,493)	-	34,165
Depreciation and amortization	4,696	7,388	960	819	-	13,863
EBITDA²	39,543	16,555	(1,396)	(6,674)	-	48,028
Share-based compensation recovery	(14)	(2)	(2)	(6)	-	(24)
Acquisition, integration and other costs	2,068	-	-	1,886	(409)	3,545
Adjusted EBITDA	\$ 41,597	\$ 16,553	\$ (1,398)	\$ (4,794)	\$ (409)	\$ 51,549
Additions to non-current assets, including acquisitions	\$ 278,383	\$ 552	\$ 627	\$ 196	\$ -	\$ 279,758

For the nine months ended September 30, 2022

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 69,116	\$ 69,865	\$ 4,802	\$ 8	\$ -	\$ 143,791
Plus: inter-segment revenue	-	-	7,608	109	(7,717)	-
Total revenue	\$ 69,116	\$ 69,865	\$ 12,410	\$ 117	\$ (7,717)	\$ 143,791
Total expenses including net finance expense	(30,277)	(62,404)	(13,476)	(8,003)	7,717	(106,443)
Income (loss) before tax	38,839	7,461	(1,066)	(7,886)	-	37,348
Net finance expense	-	-	-	2,139	-	2,139
EBIT¹	38,839	7,461	(1,066)	(5,747)	-	39,487
Depreciation and amortization	1,795	7,151	886	803	-	10,635
EBITDA²	40,634	14,612	(180)	(4,944)	-	50,122
Share-based compensation recovery	(411)	(48)	(70)	(168)	-	(697)
Acquisition, integration and other costs	22	262	-	1,160	-	1,444
Adjusted EBITDA	\$ 40,245	\$ 14,826	\$ (250)	\$ (3,952)	\$ -	\$ 50,869
Additions to non-current assets, including acquisitions	\$ 53,925	\$ 10,551	\$ 745	\$ -	\$ -	\$ 65,221

¹ EBIT is calculated as income before net finance expense and income tax expense.

² EBITDA is calculated as income before depreciation and amortization, net finance expense, and income tax expense.

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 three months ended September 30, 2023, revenue within Ireland was \$2.2 million (2022 — \$1.3 million), and the remainder was in Canada. For the nine months ended September 30, 2023, revenue within Ireland was \$7.2 million (2022 — \$4.1 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 September 30, 2023 (thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Assets						
Total assets, excluding intangibles, goodwill and cash	\$ 23,901	\$ 16,200	\$ 4,666	\$ 13,606	\$ -	\$ 58,373
Intangibles	306,664	44,760	4,586	794	-	356,804
Goodwill	21,098	71,537	8,563	-	-	101,198
Cash	-	-	-	21,391	-	21,391
Total Assets	\$ 351,663	\$ 132,497	\$ 17,815	\$ 35,791	\$ -	\$ 537,766
Liabilities	\$ 143,325	\$ 14,402	\$ 7,145	\$ 205,791	\$ -	\$ 370,663

As at December 31, 2022 (thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Assets						
Total assets, excluding intangibles, goodwill and cash	\$ 23,667	\$ 15,838	\$ 4,408	\$ 14,829	\$ -	\$ 58,742
Intangibles	32,301	51,383	4,638	671	-	88,993
Goodwill	21,098	71,537	8,605	-	-	101,240
Cash	-	-	-	34,479	-	34,479
Total Assets	\$ 77,066	\$ 138,758	\$ 17,651	\$ 49,979	\$ -	\$ 283,454
Liabilities	\$ 19,093	\$ 15,430	\$ 6,432	\$ 86,911	\$ -	\$ 127,866

Non-current assets are held in Canada, Ireland and Luxembourg. At September 30, 2023, non-current assets held in Ireland and Luxembourg were collectively \$11.5 million (December 31, 2022 — \$11.4 million), while the remainder were held in Canada.

16 Net Change in Non-Cash Working Capital

The net change in non-cash working capital during the period comprised the following:

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Trade and other receivables	\$ 938	\$ 3,451	\$ (2,942)	\$ (2,442)
Prepaid expenses and deposits	511	21	1,024	(959)
Contract assets	(383)	(29)	(249)	(170)
Accounts payable and accrued liabilities	(387)	8	(1,913)	(1,116)
Contract liabilities	213	(103)	480	(214)
Other liabilities and provisions	379	427	(472)	(1,758)
Income taxes	(1,947)	(613)	(1,407)	(7,402)
Net change in non-cash working capital	\$ (676)	\$ 3,162	\$ (5,479)	\$ (14,061)

Income taxes paid, net of refunds received, for the three months ended September 30, 2023, totalled \$3.5 million (2022 — \$4.0 million) and for the nine months ended September 30, 2023, totalled \$8.7 million (2022 — \$17.3 million).

17 Subsequent Events

On November 7, 2023, the Board declared a quarterly cash dividend of \$0.23 per Class A Share, payable on or before January 15, 2024, to shareholders of record as of December 31, 2023.