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May 3, 2023

2023 Unaudited Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2023



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Condensed Consolidated Statements of Financial Position

| As at (thousands of CAD, unaudited) | Note | March 31, 2023 | December 31, 2022 |
|---------------------------------------------------|------|-------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 24,219 | \$ 34,479 |
| Trade and other receivables | | 17,077 | 14,933 |
| Contract assets | | 960 | 985 |
| Income tax recoverable | | 2,728 | 2,215 |
| Prepaid expenses and deposits | | 3,474 | 4,604 |
| Total current assets | | 48,458 | 57,216 |
| Non-current assets | | | |
| Property, plant and equipment | | 1,609 | 1,813 |
| Right-of-use assets | | 7,397 | 7,553 |
| Intangible assets | 5 | 86,380 | 88,993 |
| Goodwill | 6 | 101,283 | 101,240 |
| Deferred tax asset | 7 | 25,551 | 26,639 |
| Total non-current assets | | 222,220 | 226,238 |
| Total assets | | \$ 270,678 | \$ 283,454 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 29,754 | \$ 33,876 |
| Contract liabilities | | 2,830 | 2,720 |
| Lease obligations – current portion | | 2,317 | 2,299 |
| Income tax payable | 7 | 787 | 731 |
| Total current liabilities | | 35,688 | 39,626 |
| Non-current liabilities | | | |
| Lease obligations | | 6,313 | 6,508 |
| Deferred tax liability | 7 | 13,175 | 13,883 |
| Long-term debt | 9 | 56,065 | 66,047 |
| Other liabilities | | 946 | 1,802 |
| Total non-current liabilities | | 76,499 | 88,240 |
| Shareholders' equity | | | |
| Share capital | 11 | 23,691 | 23,691 |
| Equity settled employee benefit reserve | 8 | 2,082 | 2,082 |
| Accumulated other comprehensive (loss) | | (267) | (377) |
| Retained earnings | | 132,985 | 130,192 |
| Total shareholders' equity | | 158,491 | 155,588 |
| Total liabilities and shareholders' equity | | \$ 270,678 | \$ 283,454 |

See accompanying Notes

Condensed Consolidated Statements of Comprehensive Income

| (thousands of CAD, unaudited) | Note | Three Months Ended March 31, | |
|-------------------------------------------------------------------------------------|------|------------------------------|-----------------|
| | | 2023 | 2022 |
| Revenue | 13 | \$ 49,124 | \$ 44,153 |
| Expenses | | | |
| Wages and salaries | | 14,234 | 12,464 |
| Cost of goods sold | | 12,445 | 11,277 |
| Depreciation and amortization | | 4,128 | 3,145 |
| Information technology services | | 3,035 | 2,173 |
| Occupancy costs | | 1,186 | 862 |
| Professional and consulting services | | 1,646 | 1,571 |
| Financial services | | 1,100 | 1,207 |
| Other | | 791 | 764 |
| Total expenses | | 38,565 | 33,463 |
| Income before items noted below | | 10,559 | 10,690 |
| Finance income (expense) | | | |
| Interest income | | 310 | 22 |
| Interest expense | | (1,215) | (457) |
| Net finance expense | | (905) | (435) |
| Income before tax | | 9,654 | 10,255 |
| Income tax expense | 7 | (2,790) | (2,848) |
| Net income | | \$ 6,864 | \$ 7,407 |
| Other comprehensive income (loss) | | | |
| Items that may be subsequently reclassified to net income | | | |
| Unrealized gain (loss) on translation of financial statements of foreign operations | | 110 | (440) |
| Change in fair value of marketable securities, net of tax | | - | (8) |
| Other comprehensive income (loss) | | 110 | (448) |
| Total comprehensive income | | \$ 6,974 | \$ 6,959 |
| Earnings per share (\$ per share) | | | |
| Total, basic | 10 | \$ 0.39 | \$ 0.42 |
| Total, diluted | 10 | \$ 0.38 | \$ 0.41 |

See accompanying Notes

Condensed Consolidated Statements of Changes in Equity

| (thousands of CAD, unaudited) | Note | Retained Earnings | Share Capital | Accumulated Other Comprehensive (Loss) | Equity Reserve | Total |
|----------------------------------|------|-------------------|------------------|----------------------------------------|-----------------|-------------------|
| Balance at January 1, 2022 | | \$ 115,641 | \$ 19,955 | \$ (355) | \$ 2,464 | \$ 137,705 |
| Net income | | 7,407 | - | - | - | 7,407 |
| Other comprehensive loss | | - | - | (448) | - | (448) |
| Stock option (recovery) | 8 | - | - | - | (12) | (12) |
| Dividend declared | | (4,025) | - | - | - | (4,025) |
| Balance at March 31, 2022 | | \$ 119,023 | \$ 19,955 | \$ (803) | \$ 2,452 | \$ 140,627 |
| Balance at January 1, 2023 | | \$ 130,192 | \$ 23,691 | \$ (377) | \$ 2,082 | \$ 155,588 |
| Net income | | 6,864 | - | - | - | 6,864 |
| Other comprehensive income | | - | - | 110 | - | 110 |
| Dividend declared | 11 | (4,071) | - | - | - | (4,071) |
| Balance at March 31, 2023 | | \$ 132,985 | \$ 23,691 | \$ (267) | \$ 2,082 | \$ 158,491 |

See accompanying Notes

Condensed Consolidated Statements of Cash Flows

| (thousands of CAD, unaudited) | Note | Three Months Ended March 31, | |
|---------------------------------------------------------------------|------|------------------------------|------------------|
| | | 2023 | 2022 |
| Operating | | | |
| Net income | | \$ 6,864 | \$ 7,407 |
| Add: Items not affecting cash | | | |
| Depreciation | | 791 | 609 |
| Amortization | | 3,337 | 2,536 |
| Foreign exchange (gain) loss | | (15) | 96 |
| Deferred tax expense recognized in net income | 7 | 385 | 434 |
| Registry Operations service concession arrangements | | (399) | - |
| Net finance expense | | 905 | 435 |
| Stock option (recovery) | 8 | - | (12) |
| Net change in non-cash working capital | 15 | (6,130) | (13,784) |
| Net cash flow provided by (used in) operating activities | | 5,738 | (2,279) |
| Investing | | | |
| Interest received | | 310 | 22 |
| Additions to property, plant and equipment | | (15) | (90) |
| Additions to intangible assets | | (269) | (430) |
| Acquisition through business combination (net of cash acquired) | | (155) | (8,752) |
| Net cash flow used in investing activities | | (129) | (9,250) |
| Financing | | | |
| Interest paid | | (1,152) | (356) |
| Interest paid on lease obligations | | (95) | (97) |
| Principal repayments on lease obligations | | (593) | (485) |
| Repayment of long-term debt | 9 | (10,000) | - |
| Dividend paid | 11 | (4,071) | (4,025) |
| Net cash flow used in financing activities | | (15,911) | (4,963) |
| Effects of exchange rate changes on cash held in foreign currencies | | 42 | (214) |
| Decrease in cash | | (10,260) | (16,706) |
| Cash, beginning of period | | 34,479 | 40,104 |
| Cash, end of period | | \$ 24,219 | \$ 23,398 |

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, 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 under a 20-year Master Service Agreement (“MSA”), in effect until 2033. 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.
- 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 March 31, 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 May 3, 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 13).

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 Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, the second and third quarters of the fiscal year generate higher revenue, as that is 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 as per the agreement with the Province of Ontario.

In Services, our Corporate Solutions and Regulatory Solutions revenue is relatively diversified and has little seasonality; instead, it fluctuates in line with the 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 to 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.

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 |
| Additions | - | - | - | - | - | - | 668 | 668 |
| Disposals | (10) | - | - | - | - | - | - | (10) |
| Transfers | - | 1,396 | - | 253 | - | - | (1,649) | - |
| Foreign exchange adjustments | - | - | 22 | 32 | - | 15 | 30 | 99 |
| Balance at March 31, 2023 | \$ 31,397 | \$ 80,120 | \$ 2,055 | \$ 7,004 | \$ 2,222 | \$ 96,827 | \$ 3,138 | \$ 222,763 |
| 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 | 773 | 127 | 65 | 160 | 57 | 2,155 | - | 3,337 |
| Disposals | (10) | - | - | - | - | - | - | (10) |
| Foreign exchange adjustments | - | - | 20 | 18 | - | 5 | - | 43 |
| Balance at March 31, 2023 | \$ 22,832 | \$ 77,816 | \$ 1,836 | \$ 4,757 | \$ 761 | \$ 28,381 | \$ - | \$ 136,383 |
| Carrying value | | | | | | | | |
| At December 31, 2022 | \$ 9,338 | \$ 1,035 | \$ 282 | \$ 2,140 | \$ 1,518 | \$ 70,591 | \$ 4,089 | \$ 88,993 |
| At March 31, 2023 | \$ 8,565 | \$ 2,304 | \$ 219 | \$ 2,247 | \$ 1,461 | \$ 68,446 | \$ 3,138 | \$ 86,380 |

6 Goodwill

The components of goodwill are as follows:

| (thousands of CAD) | March 31, 2023 | December 31, 2022 |
|----------------------------------|-------------------|-------------------|
| Balance, beginning of the period | \$ 101,240 | \$ 77,134 |
| Additions | - | 24,063 |
| Foreign exchange adjustment | 43 | 43 |
| Balance, end of period | \$ 101,283 | \$ 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 March 31, | |
|---------------------------|------------------------------|-----------------|
| | 2023 | 2022 |
| Current tax expense | \$ 2,405 | \$ 2,414 |
| Deferred tax expense | 385 | 434 |
| Income tax expense | \$ 2,790 | \$ 2,848 |

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 March 31, | |
|----------------------------------------------------|------------------------------|---------------|
| | 2023 | 2022 |
| Performance share units ("PSUs") | \$ 57 | \$ 179 |
| Share appreciation rights ("SARs") | (994) | (16) |
| Deferred share units ("DSUs") | (253) | (29) |
| | (1,190) | 134 |
| Stock options | - | (12) |
| Share-based compensation (recovery) expense | \$ (1,190) | \$ 122 |
| Market price, beginning of quarter | \$ 24.17 | \$ 25.29 |
| Market price, end of quarter | \$ 22.00 | \$ 24.85 |

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 | - | - | - | - |
| Credited as a result of cash dividends paid | 481 | - | 1,517 | - |
| Redeemed or exercised during the period | - | - | - | - |
| Forfeited during the period | - | - | - | - |
| Balance at March 31, 2023 | 87,416 | 724,908 | 147,230 | 1,332,017 |

9 Debt

The Credit Facility is as follows:

| (thousands of CAD) | March 31, 2023 | December 31, 2022 |
|-----------------------------------------------|------------------|-------------------|
| Non-current | | |
| Revolving term facility – principal component | \$ 56,316 | \$ 66,316 |
| Unamortized costs | (251) | (269) |
| Total debt | \$ 56,065 | \$ 66,047 |

Financing available under the Credit Facility commitment is as follows:

| (thousands of CAD) | March 31, 2023 | December 31, 2022 |
|------------------------------------------------------------------|------------------|-------------------|
| Financing available: | | |
| Maximum available | \$ 150,000 | \$ 150,000 |
| Cash drawings – principal component | (56,316) | (66,316) |
| Letters of credit and other non-cash drawings | (1,768) | - |
| Total unused and available portion of the Credit Facility | \$ 91,916 | \$ 83,684 |

A voluntary prepayment of \$10.0 million was made in the first quarter of 2023 against the Company's revolving term facility. In the prior year's quarter, the Company did not make any voluntary prepayments.

The Company is amortizing costs of \$0.4 million attributable to modifying the Credit Facility over the life of the facility using an effective interest rate that is currently 7.47 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 March 31, 2023, totalled \$18 thousand (2022 — \$18 thousand).

The Credit Facility contains 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 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 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 March 31, | |
|--------------------------------------------------------------------|------------------------------|------------|
| | 2023 | 2022 |
| Net income | \$ 6,864 | \$ 7,407 |
| Weighted average number of shares, basic | 17,701,498 | 17,500,000 |
| Potential dilutive shares resulting from stock options | 305,709 | 416,052 |
| Weighted average number of shares, diluted | 18,007,207 | 17,916,052 |
| Earnings per share (\$ per share) | | |
| Total, basic | \$ 0.39 | \$ 0.42 |
| Total, diluted | \$ 0.38 | \$ 0.41 |

11 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 17,701,498 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 | - | - | - | - |
| Balance at March 31, 2023 | 17,701,498 | \$ 23,691 | 1 | \$ - |

Dividends

The Company paid dividends to shareholders during the three months ended March 31, 2023 of \$4.1 million (2022 — \$4.0 million) based on a dividend rate of \$0.23 per share.

12 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. With long-term debt, the Company has borrowings under the Credit Facility, which is managed with prime loans, short-term bankers' acceptance, letters of credit or letters of guarantee. These borrowings will bear interest at a base rate of prime plus applicable margin varying between 0.20 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.

13 Revenue

The Company derives its revenue from the transfer of goods or services at 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 14). The following table presents our third party revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

Segment revenue

| (thousands of CAD) | Three Months Ended March 31, | |
|----------------------|------------------------------|------------------|
| | 2023 | 2022 |
| Registry Operations | \$ 22,782 | \$ 19,612 |
| Services | 24,721 | 22,723 |
| Technology Solutions | 1,609 | 1,817 |
| Corporate and other | 12 | 1 |
| Total revenue | \$ 49,124 | \$ 44,153 |

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

Timing of revenue recognition

| (thousands of CAD) | Three Months Ended March 31, | |
|------------------------------|------------------------------|------------------|
| | 2023 | 2022 |
| At a point in time | | |
| Registry Operations revenue | \$ 17,865 | \$ 18,922 |
| Services revenue | 24,301 | 22,372 |
| Corporate and other | 12 | 1 |
| | \$ 42,178 | \$ 41,295 |
| Over time | | |
| Registry Operations revenue | 4,917 | 690 |
| Services revenue | 420 | 351 |
| Technology Solutions revenue | 1,609 | 1,817 |
| | \$ 6,946 | \$ 2,858 |
| Total revenue | \$ 49,124 | \$ 44,153 |

14 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 from 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 March 31, 2023

| (thousands of CAD) | Registry Operations | Services | Technology Solutions | Corporate and other | Inter-Segment Eliminations | Consolidated Total |
|--------------------------------------------------------------------|------------------------|-----------|-------------------------|------------------------|-------------------------------|-----------------------|
| Revenue from third parties | \$ 22,782 | \$ 24,721 | \$ 1,609 | \$ 12 | \$ - | \$ 49,124 |
| Plus: inter-segment revenue | - | - | 2,726 | 38 | (2,764) | - |
| Total revenue | \$ 22,782 | \$ 24,721 | \$ 4,335 | \$ 50 | \$ (2,764) | \$ 49,124 |
| Total expenses including net finance expense | (12,404) | (21,167) | (5,473) | (3,190) | 2,764 | (39,470) |
| Income (loss) before tax | 10,378 | 3,554 | (1,138) | (3,140) | - | 9,654 |
| Net finance expense | - | - | - | 905 | - | 905 |
| EBIT¹ | 10,378 | 3,554 | (1,138) | (2,235) | - | 10,559 |
| Depreciation and amortization | 1,052 | 2,478 | 320 | 278 | - | 4,128 |
| EBITDA² | 11,430 | 6,032 | (818) | (1,957) | - | 14,687 |
| Share-based compensation recovery | (702) | (83) | (119) | (286) | - | (1,190) |
| Acquisition, integration and other costs | 377 | - | - | 717 | (75) | 1,019 |
| Adjusted EBITDA | \$ 11,105 | \$ 5,949 | \$ (937) | \$ (1,526) | \$ (75) | \$ 14,516 |
| Additions to non-current assets, including Acquisitions | \$ 405 | \$ 242 | \$ 35 | \$ 1 | \$ - | \$ 683 |

For the three months ended March 31, 2022

| (thousands of CAD) | Registry Operations | Services | Technology Solutions | Corporate and other | Inter-Segment Eliminations | Consolidated Total |
|--------------------------------------------------------------------|------------------------|-----------|-------------------------|------------------------|-------------------------------|-----------------------|
| Revenue from third parties | \$ 19,612 | \$ 22,723 | \$ 1,817 | \$ 1 | \$ - | \$ 44,153 |
| Plus: inter-segment revenue | - | - | 2,583 | 36 | (2,619) | - |
| Total revenue | \$ 19,612 | \$ 22,723 | \$ 4,400 | \$ 37 | \$ (2,619) | \$ 44,153 |
| Total expenses including net finance expense | (9,956) | (19,324) | (4,353) | (2,884) | 2,619 | (33,898) |
| Income (loss) before tax | 9,656 | 3,399 | 47 | (2,847) | - | 10,255 |
| Net finance expense | - | - | - | 435 | - | 435 |
| EBIT¹ | 9,656 | 3,399 | 47 | (2,412) | - | 10,690 |
| Depreciation and amortization | 255 | 2,321 | 305 | 264 | - | 3,145 |
| EBITDA² | 9,911 | 5,720 | 352 | (2,148) | - | 13,835 |
| Share-based compensation expense | 72 | 9 | 12 | 29 | - | 122 |
| Acquisition, integration and other costs | - | - | - | 629 | - | 629 |
| Adjusted EBITDA | \$ 9,983 | \$ 5,729 | \$ 364 | \$ (1,490) | \$ - | \$ 14,586 |
| Additions to non-current assets, including acquisitions | \$ - | \$ 10,044 | \$ 384 | \$ - | \$ - | \$ 10,428 |

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 March 31, 2023, revenue within Ireland was \$1.7 million (2022 — \$1.7 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 March 31, 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 | \$ 24,327 | \$ 15,552 | \$ 5,072 | \$ 13,845 | \$ - | \$ 58,796 |
| Intangibles | 31,942 | 49,248 | 4,526 | 664 | - | 86,380 |
| Goodwill | 21,098 | 71,537 | 8,648 | - | - | 101,283 |
| Cash | - | - | - | 24,219 | - | 24,219 |
| Total Assets | \$ 77,367 | \$ 136,337 | \$ 18,246 | \$ 38,728 | \$ - | \$ 270,678 |
| Liabilities | \$ 18,292 | \$ 13,959 | \$ 6,103 | \$ 73,833 | \$ - | \$ 112,187 |

| 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 March 31, 2023, non-current assets held in Ireland and Luxembourg were collectively \$11.4 million (December 31, 2022 — \$11.4 million), while the remainder were held in Canada.

15 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

| (thousands of CAD) | Three Months Ended March 31, | |
|-----------------------------------------------|------------------------------|--------------------|
| | 2023 | 2022 |
| Trade and other receivables | \$ (2,137) | \$ (3,942) |
| Prepaid expenses and deposits | 1,130 | (653) |
| Contract assets | 31 | (912) |
| Accounts payable and accrued liabilities | (3,927) | 776 |
| Contract liabilities | 86 | (534) |
| Other liabilities and provisions | (856) | (1,676) |
| Income taxes | (457) | (6,843) |
| Net change in non-cash working capital | \$ (6,130) | \$ (13,784) |

Income taxes paid, net of refunds received, for the three months ended March 31, 2023, totalled \$2.9 million (2022 — \$9.3 million).

16 Subsequent Events

On May 3, 2023, the Board declared a quarterly cash dividend of \$0.23 per Class A Share, payable on or before July 15, 2023, to shareholders of record as of June 30, 2023.