



August 4, 2021

Management's Discussion and Analysis

For the Three and Six Months Ended June 30, 2021





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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 unaudited condensed consolidated interim financial statements ("Financial Statements") for the three and six months ended June 30, 2021, and 2020. Additional information, including our Annual Information Form for the year ended December 31, 2020, 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, prepared in accordance with International Accounting Standard 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"). 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 and its subsidiaries. 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 August 4, 2021.

A reference made in this MD&A to other documents or to information or documents available on a website does not constitute the incorporation by reference into this MD&A of such other documents or such other information or documents available on such website, unless otherwise stated.

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 laws. 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 of operations, 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, would, should, could, expect, plan, intend, anticipate, believe, estimate, predict, strive, 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), and market our technology assets and capabilities, our ability to integrate the business of Paragon Inc. ("Paragon") on terms consistent with our expectations and the business of Paragon performing in a manner consistent with our expectations, 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 such as COVID-19) 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, 2020, 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 section 7.2 "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

To date, 2021 has been an exceptional year for ISC. Our financial performance for the second quarter of 2021 is well above the previous year, where the impact of the COVID-19 pandemic was evident in our second quarter last year. Hence, the increase in the quarter this year is partly due to some recovery against that COVID-impacted quarter, but more importantly, it is also a result of strong growth over and above that in both our Registry Operations and Services segments.

The robust year-over-year performance of our Services and Registry Operations segments continues to be driven by our focus on new customer acquisition and growth in Services and the strength of specific economic drivers in Registry Operations. This performance has been augmented by continued cost management across all areas of our business.

In particular, Registry Operations volumes were stronger than expected during the second quarter of 2021, driven by robust activity in the Saskatchewan real estate sector, increases in personal property security registrations, and increases in new business entity registrations.

In Services, much like Registry Operations, we saw strong volumes and transactions in the second quarter, partly as compared to the COVID-impacted Q2 2020, but also a result of driving organic growth across our product lines as well as the addition of new revenue from our Recovery Solutions division. We continue to acquire and onboard new customers, particularly with our new cloud-based Registry Complete software, and because of the reputation of our customer-focused approach.

Our Technology Solutions segment was the quietest of our lines of business in the second quarter, with COVID-19 related delays in solution implementation impacting the timing of revenue recognition in the quarter. Those revenues are expected to be recognized in the latter half of the year.

1.1 Consolidated highlights

SELECT CONSOLIDATED FINANCIAL INFORMATION

Revenue

\$44.6M

+44% vs Q2 2020

Net income

\$6.5M

+44% vs Q2 2020

Earnings per share, diluted

\$0.36

+40% vs Q2 2020

EBITDA¹

\$13.6M

+49% vs Q2 2020

Adjusted EBITDA¹

\$18.6M

+79% vs Q2 2020

Free Cash Flow¹

\$8.9M

+15% vs Q2 2020

Dividends Paid

\$3.5M

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.

SELECT FINANCIAL INFORMATION

The select quarterly financial information set out for the three and six months ended June 30, 2021, and 2020, 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)	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 44,623	\$ 30,993	\$ 83,771	\$ 60,589
Net income	6,503	4,505	12,000	7,975
EBITDA ¹	\$ 13,607	\$ 9,153	\$ 25,476	\$ 16,987
Adjusted EBITDA ¹	18,567	10,383	33,319	18,328
EBITDA margin (% of revenue) ¹	30.5%	29.5%	30.4%	28.0%
Adjusted EBITDA margin (% of revenue) ¹	41.6%	33.5%	39.8%	30.2%
Free cash flow ¹	\$ 8,912	\$ 7,776	\$ 17,790	\$ 14,146
Dividend declared per share	\$ 0.20	\$ 0.20	\$ 0.40	\$ 0.40
Earnings per share, basic	0.37	0.26	0.69	0.46
Earnings per share, diluted	0.36	0.26	0.67	0.46
			As at June 30,	December 31,
			2021	2020
Total assets			\$ 249,996	\$ 242,300
Total non-current liabilities			\$ 90,748	\$ 92,963

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.

SECOND QUARTER CONSOLIDATED HIGHLIGHTS

Our 2021 second quarter results were extremely strong, driven by a number of factors including the ongoing economic recovery as well as the addition of our Recovery Solutions business in our Services segment. More specifically:

- **Revenue** was \$44.6 million for the quarter, an increase of 44 per cent compared to the second quarter of 2020. The increase was due to some natural uptick from 2020 which was impacted by the economic conditions created by the COVID-19 pandemic, but more importantly has increased due to continued organic growth in Services and revenue from our new Recovery Solutions division as well as increased revenue in Registry Operations driven by strong activity in the Saskatchewan real estate sector.
- **Net income** was \$6.5 million or \$0.37 per basic share and \$0.36 per diluted share compared to \$4.5 million or \$0.26 per basic and diluted share in the second quarter of 2020. The increase is due to the increased revenue in Services and Registry Operations as well as continued cost management.
- **EBITDA** was \$13.6 million compared to \$9.2 million for the same quarter last year, due to increased revenue and effective cost management, resulting in strong EBITDA. Consolidated **EBITDA margin** was 30.5 per cent for the quarter compared to 29.5 per cent last year. Both EBITDA and EBITDA margin were impacted by substantial share-based compensation in the quarter with the strong performance of our share price (see Adjusted EBITDA below).
- **Adjusted EBITDA** was \$18.6 million for the quarter compared to \$10.4 million in the same quarter last year. The increase is due to the strong EBITDA and the removal through adjustments of share-based compensation amounts in the quarter. **Adjusted EBITDA margin** was 41.6 per cent compared to 33.5 per cent last year.
- **Free cash flow** for the quarter was \$8.9 million, an increase of 15 per cent compared to the second quarter of 2020 due to the strong free cash flow nature of the higher results of operations.

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- On May 5, 2021, our Board declared a quarterly cash dividend of \$0.20 per Class A Limited Voting Share (“Class A Share”), paid on July 15, 2021, to shareholders of record as of June 30, 2021.

YEAR-TO-DATE CONSOLIDATED HIGHLIGHTS

Following a solid first quarter, our second quarter results have really escalated our year-to-date performance, especially as compared to last year, which by June 30, was only moderately impacted by COVID-19. More specifically:

- **Revenue** was \$83.8 million for the six months ended June 30, 2021, an increase of 38 per cent compared to the same period of 2020. Again, the increase was due to continued organic growth in Services and revenue from our new Recovery Solutions division, and higher revenue in Registry Operations related to very robust activity in the Saskatchewan real estate sector, increases in personal property security registrations and new business entity registrations.
- **Net income** was \$12.0 million or \$0.69 per basic share and \$0.67 per diluted share compared to \$8.0 million or \$0.46 per basic and diluted share in the first half of 2020. The increase is due to the increased revenue in Services and Registry Operations and continued cost management throughout the Company.
- **EBITDA** was \$25.5 million compared to \$17.0 million for the six months ended June 30, 2020, again due to increased revenue in Services and Registry Operations and continued cost management. Consolidated **EBITDA margin** was 30.4 per cent for the quarter compared to 28.0 per cent last year.
- **Adjusted EBITDA** was \$33.3 million compared to \$18.3 million last year. The increase is due to the strong EBITDA and the removal through adjustments of share-based compensation amounts. **Adjusted EBITDA margin** was 39.8 per cent compared to 30.2 per cent last year.
- **Free cash flow** for the six months ended June 30, 2021, was \$17.8 million, an increase of \$3.7 million compared to \$14.1 million in the same period of 2020 due to higher results of operations.

1.2 Subsequent events

- On August 4, 2021, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before October 15, 2021, to shareholders of record as of September 30, 2021.

1.3 Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities, our future financial position and results of operations, capital and operating expectations and the expected impact of COVID-19. Refer to “Caution Regarding Forward-Looking Information”.

Both our Registry Operations and Services segments have benefitted from the strong, positive economic conditions in the sectors in which we operate. Registry Operations has realized excellent results over the past twelve months, despite pandemic conditions, mainly driven by robust activity in Saskatchewan, particularly in the real estate sector. At present, we expect volumes to continue to show strength and stability in the near term, although the potential impact from COVID-19 and its related variants for the balance of the year continues to be unknown.

Services volumes are also expected to remain robust in Regulatory and Corporate Solutions, while volumes in Recovery Solutions are expected to remain unchanged so long as Federal or other pandemic subsidy programs are in place. At present, we expect those subsidy programs to end in the fourth quarter of 2021. For the balance of the business, our new technology, combined with our focus on our customers, continues to drive new customer acquisition.



In Technology Solutions, project implementation and product development work continues, although with some delays. While this work is planned to be completed in the latter part of this year, we expect overall activity in this segment to be lower as new sales continue to be delayed due to the government worldwide focus on COVID-19 over the past year. We continue to look for additional opportunities with existing customers, but some of the larger, new opportunities are notably delayed.

Overall, the business has performed extremely well in 2021, demonstrating the strength, resiliency and efficiency of our segments. While our confidence in ISC's strength and long-term potential endures, we recognize that uncertainty remains for the last half of the year from the potential outcomes of COVID-19 and its variants. As such, we will not be providing formal financial guidance for the year.

2 Consolidated Financial Analysis

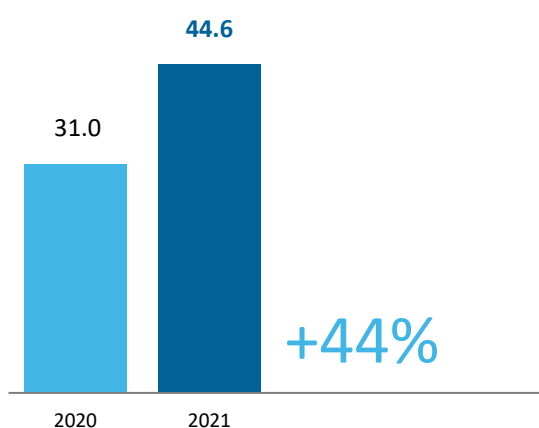
Consolidated revenue was up 44 per cent and 38 per cent for the three and six months ended June 30, 2021, compared to the same periods last year. Similarly, net income was up 44 per cent and 50 per cent compared to the same periods last year due to increased revenue in Services and Registry Operations and continued cost management.

2.1 Consolidated statements of comprehensive income

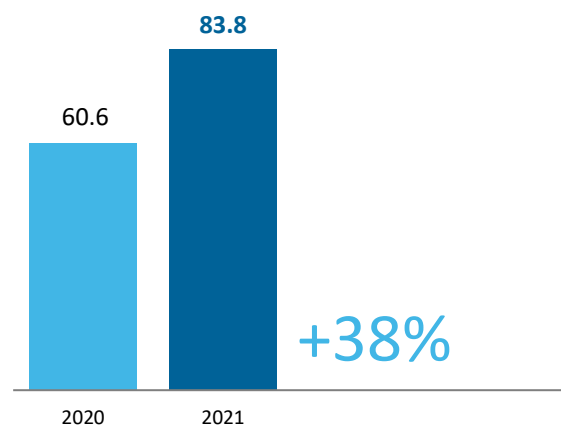
(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue				
Registry Operations	\$ 23,965	\$ 16,198	\$ 43,165	\$ 31,729
Services	20,106	12,389	36,343	24,233
Technology Solutions	550	2,401	4,261	4,621
Corporate and other	2	5	2	6
Total revenue	44,623	30,993	83,771	60,589
Expenses				
Wages and salaries	14,789	9,793	29,496	19,878
Cost of goods sold	10,943	7,414	18,532	14,273
Depreciation and amortization	3,621	2,752	7,366	5,511
Information technology services	1,952	1,940	4,009	3,866
Occupancy costs	677	612	1,527	1,332
Professional and consulting services	1,678	1,339	2,436	2,130
Financial services	674	457	1,639	1,338
Other	303	285	656	785
Total expenses	34,637	24,592	65,661	49,113
Net income before items noted below	9,986	6,401	18,110	11,476
Finance income (expense)				
Interest income	31	21	54	90
Interest expense	(768)	(279)	(1,584)	(622)
Net finance (expense)	(737)	(258)	(1,530)	(532)
Income before tax	9,249	6,143	16,580	10,944
Income tax expense	(2,746)	(1,638)	(4,580)	(2,969)
Net income	6,503	4,505	12,000	7,975
Other comprehensive income (loss)				
Unrealized gain (loss) on translation of financial statements of foreign operations	(28)	(245)	(772)	466
Change in fair value of marketable securities, net of tax	(9)	19	(24)	(26)
Other comprehensive income (loss) for the period	(37)	(226)	(796)	440
Total comprehensive income	\$ 6,466	\$ 4,279	\$ 11,204	\$ 8,415

2.2 Consolidated revenue

**Consolidated Revenue
for the three months ended June 30,**
(CAD\$ millions)



**Consolidated Revenue
for the six months ended June 30,**
(CAD\$ millions)



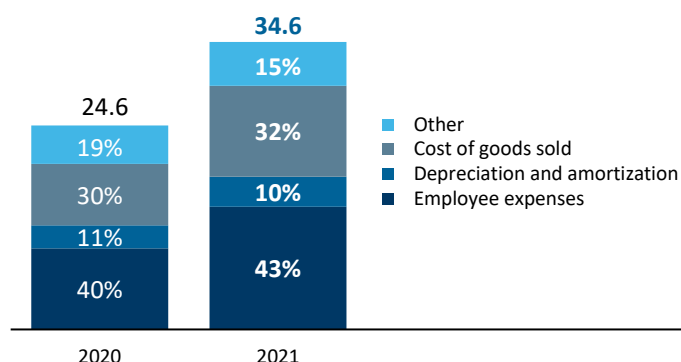
(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Registry Operations	\$ 23,965	\$ 16,198	\$ 43,165	\$ 31,729
Services	20,106	12,389	36,343	24,233
Technology Solutions	550	2,401	4,261	4,621
Corporate and other	2	5	2	6
Total revenue	\$ 44,623	\$ 30,993	\$ 83,771	\$ 60,589

Total revenue increased as a result of:

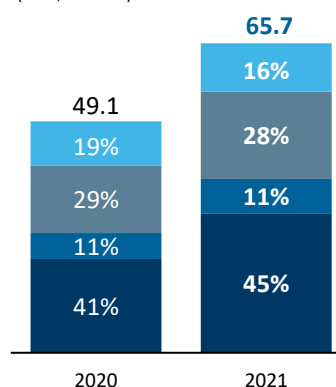
- continued organic growth in Services, as well as new revenue from our Recovery Solutions division; and
- increased revenue in Registry Operations driven by:
 - a significant increase in activity in the Saskatchewan real estate sector, across all aspects in our Land Registry (searches, change of ownership, mortgage registrations, etc.);
 - increases in searches and new personal property security registrations in our Personal Property Registry; and
 - increases in name searches and new business entity incorporations and registrations in our Corporate Registry.

2.3 Consolidated expenses

**Consolidated Expenses
for the three months ended June 30,**
(CAD\$ millions)



**Consolidated Expenses
for the six months ended June 30,**
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020 ¹	2021	2020 ¹
Wages and salaries	\$ 14,789	\$ 9,793	\$ 29,496	\$ 19,878
Cost of goods sold	10,943	7,414	18,532	14,273
Depreciation and amortization	3,621	2,752	7,366	5,511
Information technology services	1,952	1,940	4,009	3,866
Occupancy costs	677	612	1,527	1,332
Professional and consulting services	1,678	1,339	2,436	2,130
Financial services	674	457	1,639	1,338
Other	303	285	656	785
Total expenses	\$ 34,637	\$ 24,592	\$ 65,661	\$ 49,113

¹ During the year, the Company changed the presentation of board compensation costs, including certain share-based compensation expenses related to the deferred share units on the consolidated statements of comprehensive income to reflect them in wages and salaries expense instead of professional and consulting services. With this change, all share-based compensation, including deferred share units, performance share units, share appreciation rights and stock options, is reflected in wages and salaries on the consolidated statements of comprehensive income. Management believes the revised presentation provides more relevant information to users. Refer to Note 25 in the Financial Statements for information on reclassifications.

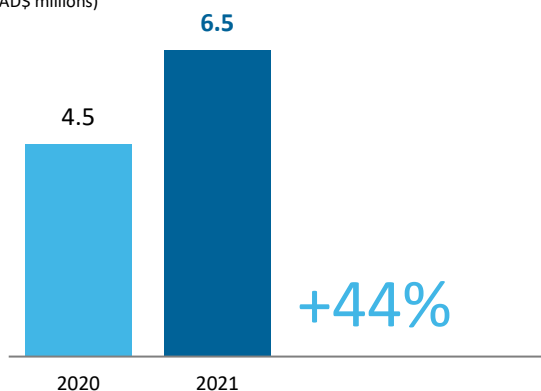
Consolidated expenses were \$34.6 million for the quarter, an increase of \$10.0 million compared to the same quarter last year and were \$65.7 million year-to-date compared to \$49.1 million last year.

The year-over-year rise in expenses was due to increased:

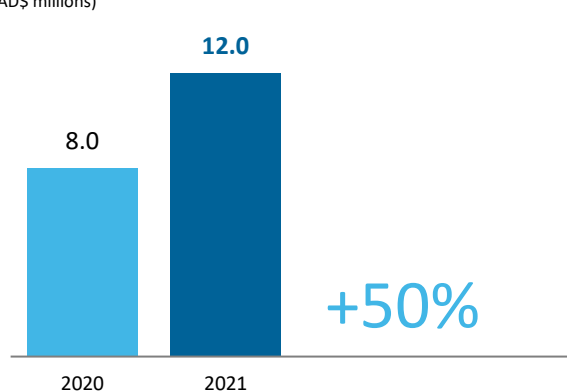
- wages and salaries related to additional staff in Recovery Solutions after the acquisition of Paragon in the third quarter of 2020, additional amounts under our share-based compensation plans as a result of the strong performance of the Company's share price, as well as normal merit-based increases and performance compensation across our business;
- cost of goods sold associated with higher revenue in Services;
- depreciation and amortization in Recovery Solutions after the acquisition of Paragon in the third quarter of 2020;
- professional and consulting services related to business growth opportunities; and
- financial services costs associated with increased revenue.

2.4 Consolidated net income

**Consolidated Net Income
for the three months ended June 30,**
(CAD\$ millions)



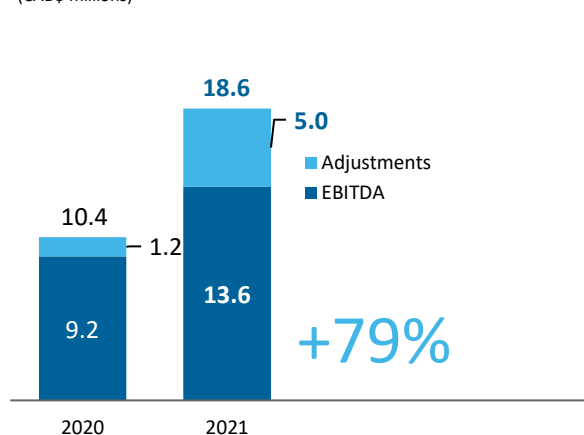
**Consolidated Net Income
for the six months ended June 30,**
(CAD\$ millions)



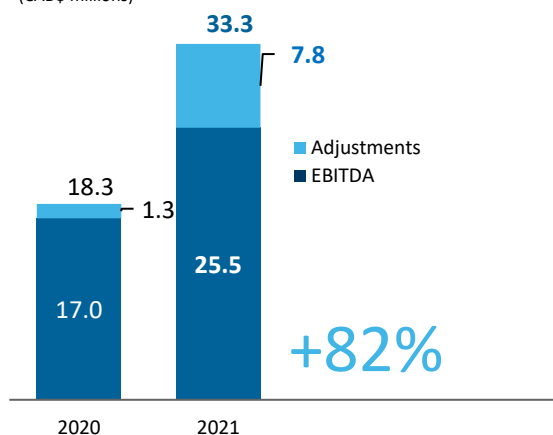
Net income for the quarter was \$6.5 million or \$0.37 per basic share and \$0.36 per diluted share, an increase compared to \$4.5 million or \$0.26 per basic and diluted earnings per share in the second quarter of 2020 and was \$12.0 million or \$0.69 per basic share and \$0.67 per diluted share year-to-date compared to \$8.0 million or \$0.46 per basic and diluted share last year. The increase was due to higher revenue achieved in Services and Registry Operations as well as continued cost management. This was partially offset by lower revenue in Technology Solutions and higher expenses associated with share-based compensation plans related to the strong performance of the Company's share price this year.

2.5 Consolidated EBITDA and adjusted EBITDA

**Consolidated EBITDA and Adjusted EBITDA
for the three months ended June 30,**
(CAD\$ millions)



**Consolidated EBITDA and Adjusted EBITDA
for the six months ended June 30,**
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income	\$ 6,503	\$ 4,505	\$ 12,000	\$ 7,975
Depreciation and amortization	3,621	2,752	7,366	5,511
Net finance expense	737	258	1,530	532
Income tax expense	2,746	1,638	4,580	2,969
EBITDA	\$ 13,607	\$ 9,153	\$ 25,476	\$ 16,987
Adjustments				
Share-based compensation expense	4,057	353	6,846	383
Stock option expense	25	62	62	143
Acquisition and integration costs	878	815	935	815
Gain on disposal of property, plant and equipment assets	-	-	-	-
Adjusted EBITDA	\$ 18,567	\$ 10,383	\$ 33,319	\$ 18,328
EBITDA margin (% of revenue)	30.5%	29.5%	30.4%	28.0%
Adjusted EBITDA margin (% of revenue)	41.6%	33.5%	39.8%	30.2%

Due to the strong earning profile and margins of our segments, revenue increases translate well into strong EBITDA and Adjusted EBITDA. Adjusted EBITDA was \$18.6 million for the three months ended June 30, 2021, an increase of 79 per cent compared to \$10.4 million in the second quarter of 2020 and was \$33.3 million year-to-date compared to \$18.3 million last year. The increase was primarily the result of the strong revenue generated in the quarter and year-to-date and notably impacted by share-based compensation expense due to the strong performance of our share price during 2021.

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:

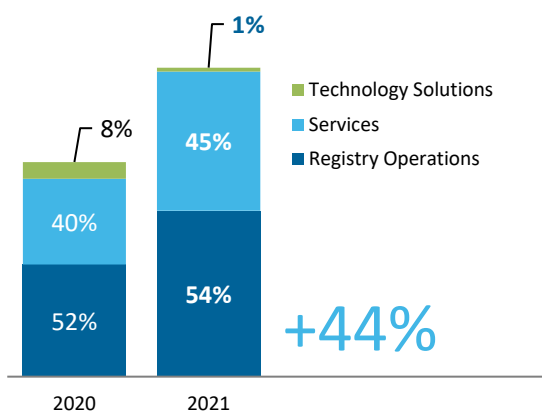
Registry Operations delivers registry and information services on behalf of governments and private sector organizations.

Services delivers products and services that utilize public records and data to provide value to customers in the financial and legal sectors.

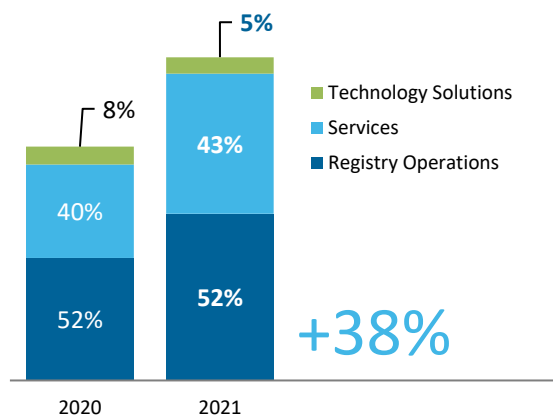
Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

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

Revenue by Segment¹
for the three months ended June 30,

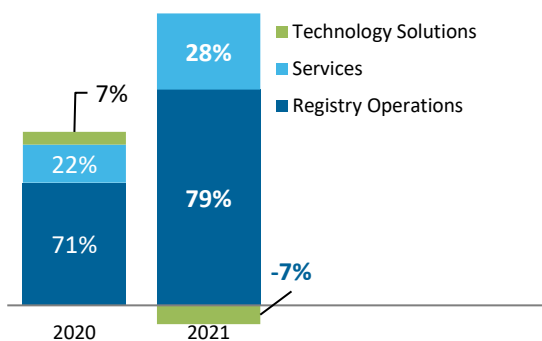


Revenue by Segment¹
for the six months ended June 30,

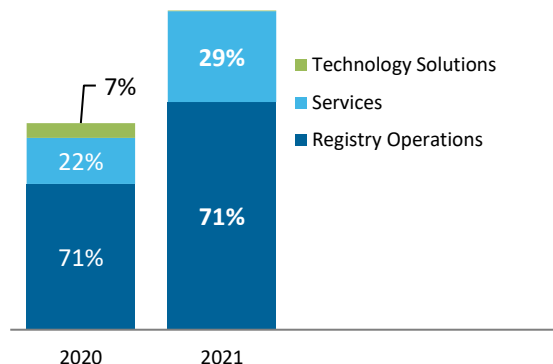


¹ Corporate and other and Inter-segment eliminations are excluded.

EBITDA by Segment¹
for the three months ended June 30,
(CAD\$ millions)



EBITDA by Segment¹
for the six months ended June 30,
(CAD\$ millions)



¹ Corporate and other and Inter-segment eliminations are excluded.



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, 2020, 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 Registry 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; however, the COVID-19 pandemic has disrupted our normal pattern of seasonality for the past year.

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 84 per cent of all Land Titles Registry registration transactions were submitted online in 2020.

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 vehicle 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

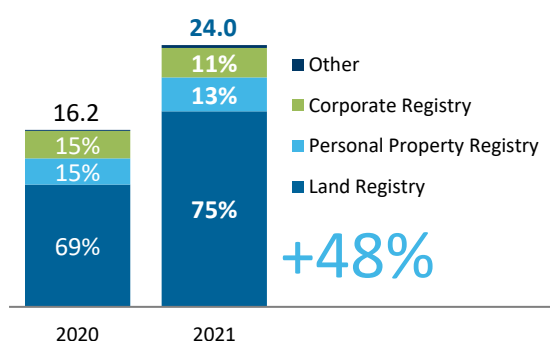
The Corporate Registry is a province-wide system for registering business entities, including business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names. Entities must maintain an active registration in the Corporate Registry to legally carry on business within Saskatchewan.

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

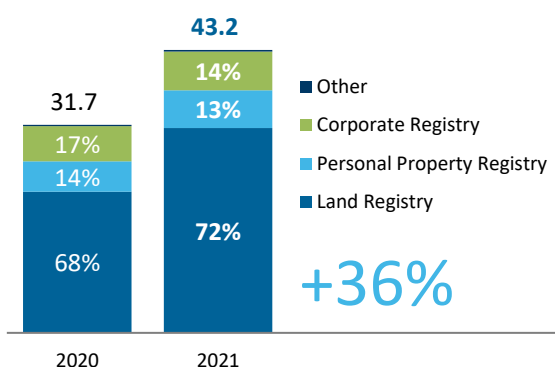
Approximately 92 per cent of all registrations in the Corporate Registry were submitted online in 2020.

REGISTRY OPERATIONS REVENUE

**Registry Operations Revenue
for the three months ended June 30,**
(CAD\$ millions)



**Registry Operations Revenue
for the six months ended June 30,**
(CAD\$ millions)



Note: Values may not add due to rounding.

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Land Registry	\$ 17,906	\$ 11,184	\$ 31,243	\$ 21,549
Personal Property Registry	3,078	2,404	5,731	4,605
Corporate Registry	2,712	2,506	5,922	5,387
Other	269	104	269	188
Registry Operations revenue	\$ 23,965	\$ 16,198	\$ 43,165	\$ 31,729

Revenue for Registry Operations was \$24.0 million for the quarter, up \$7.8 million or 48 per cent compared to \$16.2 million in the second quarter of 2020, during which we saw some impact from COVID-19 restrictions. The second quarter increase was across all registries, with the Land Registry increase being the largest. Year-to-date revenue was \$43.2 million compared to \$31.7 million during the first half of last year.

Registry Operations volumes in the second quarter of 2021 were propelled by the activity in the Saskatchewan real estate sector. In the first quarter, we experienced reasonably consistent transaction growth across all property value ranges. We again saw increases across all property value ranges in the second quarter, but with more significant increases in the higher value property ranges. This, combined with an increase in specific high-value transactions (discussed later), led to a large increase in revenue in the second quarter.

We also saw increases in personal property security registrations, along with increases in new business entity registrations when compared to the muted second quarter of 2020. This resulted in revenue for all registries surpassing the COVID-subdued 2020 second quarter levels.

Other revenue consists mainly of fees associated with the Multi-jurisdictional Registry Access Service (“MRAS”), which operates in the Saskatchewan Corporate Registry and the other initiating provinces of British Columbia, Alberta, Manitoba, Quebec and Corporations Canada. It enables businesses in Canada to register seamlessly in select provinces and territories without having to provide the same information to each jurisdiction.

The top five customers for Registry Operations made up approximately 20 per cent of the total segment revenue year-to-date. Of those customers, no single customer accounted for more than 10 per cent of total Registry Operations revenue.

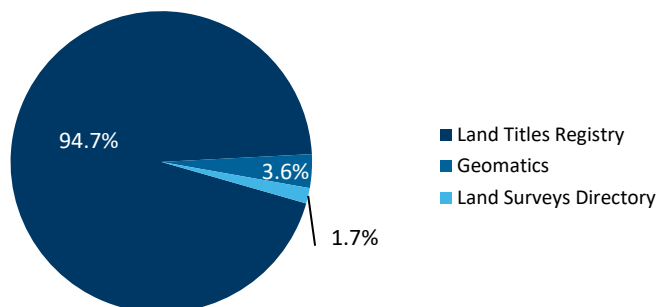
Saskatchewan Land Registry

Revenue for the Land Registry during the second quarter of 2021 was \$17.9 million, up by \$6.7 million or 60 per cent compared to the second quarter of 2020, which was weaker due to impacts from the restrictions imposed around the COVID-19 pandemic. Year-to-date, revenue was \$31.2 million in 2021 compared to \$21.5 million last year. The increase in revenue is from the exceptional results in the Land Titles Registry, which continued to see vigorous activity in the real estate sector.

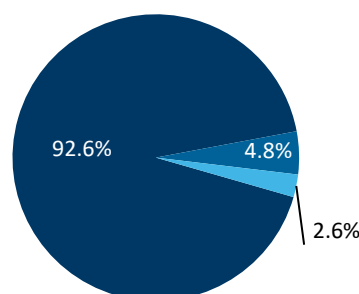
Most of the revenue generated from the Land Registry is from the Land Titles Registry and is derived from value-based (ad valorem) fees. Land Titles Registry revenue for the quarter was \$17.1 million, up \$6.7 million or 64 per cent compared to the second quarter in 2020. The increase was due to higher revenue from regular land transfers (changes of ownership) including increased high-value property registrations, mortgage registrations and title searches during the quarter relative to the same period in 2020. The real estate sector saw meaningful increases in resale volumes during the quarter and average land values for regular land transfers were also higher during the second quarter compared to the same period last year.

For the first half of 2021, Land Titles Registry revenue was higher by 48 per cent, coming in at \$29.6 million compared to \$20.0 million in the same period in 2020. This was due to transaction volumes rising by 24 per cent, greater revenue from high-value property registrations, along with a rise in average land values for regular land transfers during the second quarter.

Saskatchewan Land Registry Revenue, for the six months ended June 30, 2021



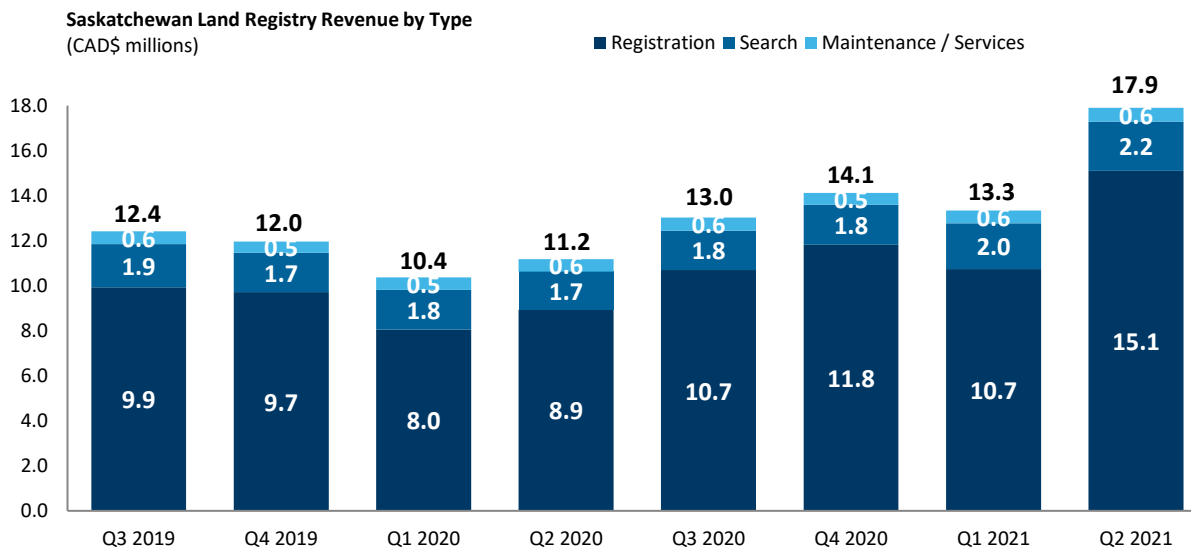
Saskatchewan Land Registry Revenue, for the six months ended June 30, 2020



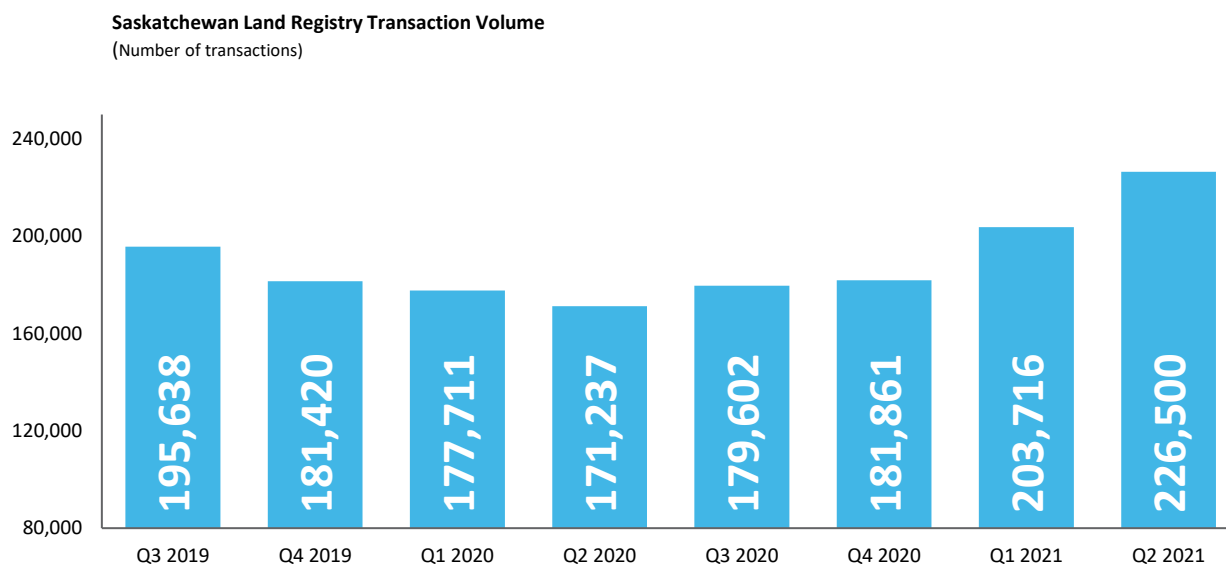
High-value property registration revenue was robust in the second quarter at \$1.7 million, more than three times the amount of \$0.5 million received during the pandemic-impacted second quarter of 2020. Each high-value registration generates revenue of \$10,000 or more, and are typically seen in both commercial and larger agricultural transactions.

The following graphs show the Land Registry revenue by type of transaction and the overall transaction volume, respectively. Typically, the second and third quarters generate the most revenue for the Land Registry. COVID-19 restrictions resulted in lower revenue during the second quarter of 2020, after which we observed higher revenue

in the third and fourth quarters, unusual compared to our historical pattern of seasonality. Results for the first and second quarter of 2021 are higher than we traditionally experience, as shown in the following graphs. For more information on seasonality, refer to section 4 “Summary of Consolidated Quarterly Results”.



Note: Values may not add due to rounding.



Overall revenue-generating transactions in the Land Titles Registry rose by 33 per cent for the second quarter, largely due to the increase in title searches, which increased by 27 per cent in the second quarter of 2021 compared to the same period last year. Title searches make up the largest component of transaction volume, comprising 72 per cent of the volume for the registry. The volume of regular land transfers and mortgage registrations improved by 46 per cent and 39 per cent, respectively.

The major customers of the Land Registry include law firms, financial institutions, governments, surveyors, developers, resource companies as well as the general public. Year-to-date, our top 20 Land Registry customers comprised just over 41 per cent of revenue, and our top 100 Land Titles Registry customers represented almost 78 per cent of revenue.

Saskatchewan Personal Property Registry

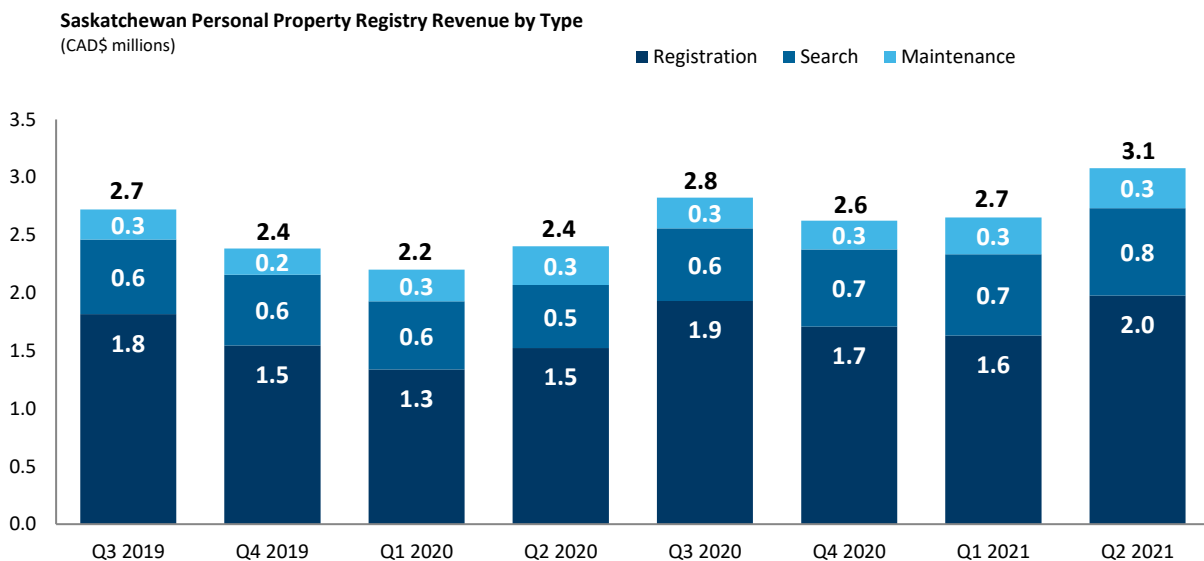
For the second quarter of 2021, revenue for the Personal Property Registry was \$3.1 million, up \$0.7 million or 28 per cent compared to the same quarter in 2020. Volume largely returned to levels similar to those seen prior to the pandemic, up 19 per cent during the quarter compared to the same period in 2020. Revenue grew at a greater rate than volumes due to pricing changes made in August 2020. Revenue for the first six months of 2021 was \$5.7 million compared to \$4.6 million during the first half of 2020, an increase of 24 per cent.

Registration revenue in the second quarter grew by 30 per cent from 2020 due to volume growth of over 16 per cent, coupled with pricing changes. Average term-length for personal property security registration setups, which impacts revenue, also improved modestly compared to the same quarter in 2020.

Search revenue increased by 39 per cent for the second quarter of 2021, a record quarter as a result of strong activity during the period. Transaction volumes grew by 25 per cent during the quarter compared to the same period in 2020.

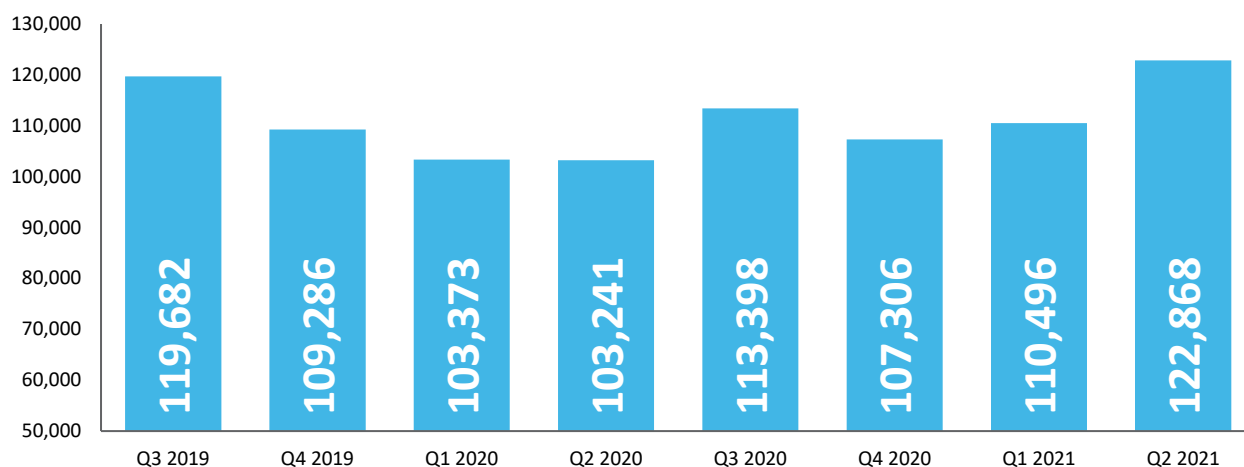
Pricing changes contributed to maintenance revenue improving by 3 per cent compared to the same quarter in 2020. However, volume declined by 4 per cent in the second quarter.

Normally, the pattern of seasonality for this registry contains higher revenues during the second and third quarter of each year. COVID-19 has impacted that trend in recent periods, where it appears to have affected customer behaviour. The registry observed stronger revenue during the fourth quarter of 2020 and the first half of 2021, as illustrated in the following graph.



Note: Values may not add due to rounding.

Saskatchewan Personal Property Registry Transaction Volume
(Number of transactions)



Customers of the Personal Property Registry are mainly in the financial sector but also include law firms. The top 20 Personal Property Registry customers accounted for about 83 per cent of the revenue year-to-date, while the top 100 generated close to 95 per cent of revenue.

Saskatchewan Corporate Registry

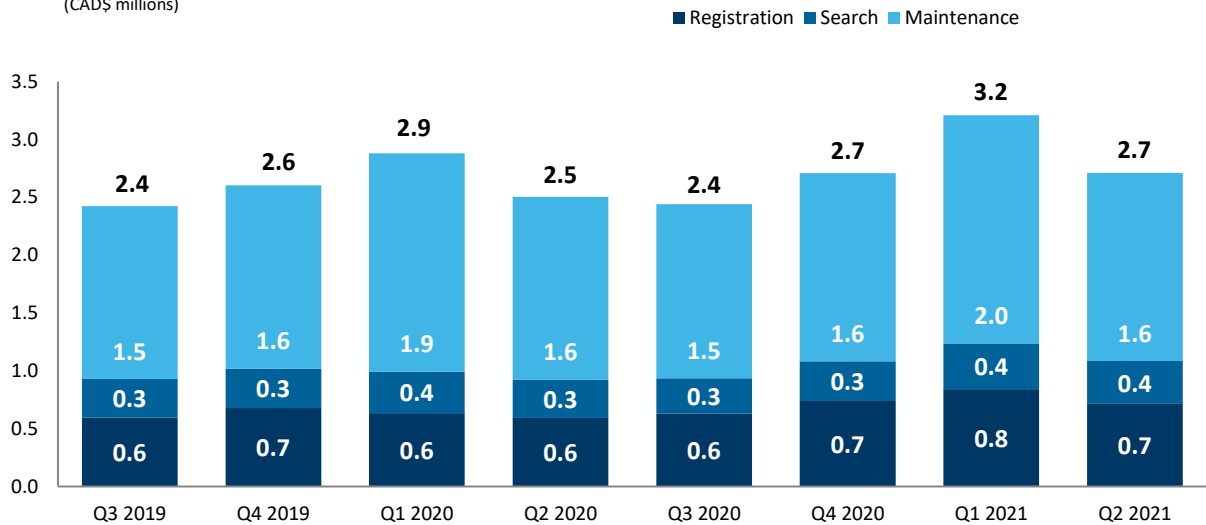
Revenue for the Corporate Registry for the second quarter of 2021 was \$2.7 million, up 8 per cent, or \$0.2 million compared to the same period in 2020, with an 8 per cent growth in overall transaction volumes. Revenue for the first half of 2021 was \$5.9 million compared to \$5.4 million during the same period in 2020, an increase of 10 per cent.

Registration, search and maintenance revenue grew by 20 per cent, 13 per cent and 3 per cent, respectively, during the quarter compared to 2020. A strong second quarter for the incorporation and registration of new business entities along with search activity drove registration revenue growth. While annual returns and renewals revenue saw a slight decline during the second quarter, increases in entity amendments drove maintenance revenue growth.

As of June 30, 2021, there were 76,518 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 74,650 as of June 30, 2020.

The following graph illustrates the Corporate Registry revenue by type of transaction. Quarterly revenue in this registry continues to mirror the usual pattern of seasonality, and so far, COVID-19 restrictions do not appear to have had an impact on overall revenue and volume seasonality for the registry.

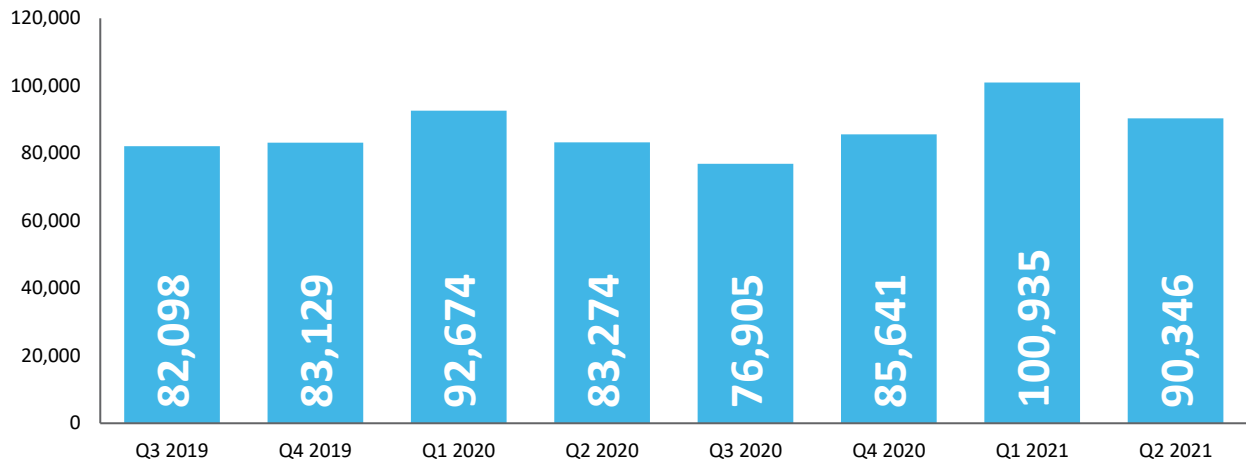
Saskatchewan Corporate Registry Revenue by Type
(CAD\$ millions)



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)

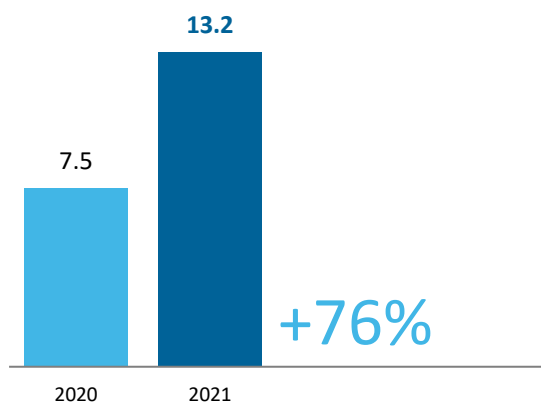


Registration and search transaction volumes have been particularly buoyant during the last three quarters. As previously mentioned, transaction volumes for the second quarter rose by 8 per cent compared to the same period last year. Specifically, registration, search and maintenance volumes grew by 13 per cent, 11 per cent and 2 per cent, respectively, compared to the same period in 2020.

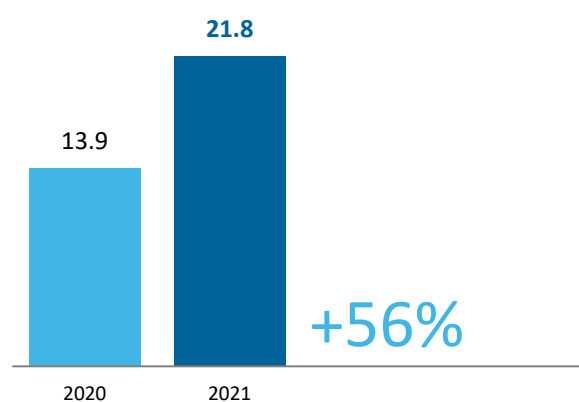
For the Corporate Registry, customers include law firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that are, were or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers produced virtually 31 per cent of revenue for the first six months of 2021, and the top 100 customers generated around 49 per cent of revenue.

REGISTRY OPERATIONS EXPENSES AND EBITDA

**Registry Operations EBITDA
for the three months ended June 30,**
(CAD\$ millions)



**Registry Operations EBITDA
for the six months ended June 30,**
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 23,965	\$ 16,198	\$ 43,165	\$ 31,729
Total expenses ¹	10,766	8,706	21,385	17,790
EBITDA	\$ 13,199	\$ 7,492	\$ 21,780	\$ 13,939

¹ Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for Registry Operations for the second quarter was \$13.2 million, up 76 per cent compared to the same period last year and was \$21.8 million year-to-date compared to \$13.9 million last year. The increase was due to increased revenue across all registries, primarily Land Registry.

Expenses increased in the quarter and year-to-date compared to last year primarily due to an increase in corporate allocated costs primarily due to higher share-based compensation plans expense related to the strong performance of the Company's share price this year partially offset by cost management savings.

3.2 Services

Services delivers solutions uniting public records data, customer authentication, corporate services, collateral management and asset recovery to support registration, due diligence and lending practices of clients across Canada.

Our offerings are generally categorized into three divisions, namely “Corporate Solutions”, “Regulatory Solutions”, and “Recovery Solutions”. The table below sets out the various offerings provided by our Services segment.

Category	Offering	Software	Products
Corporate Solutions	Incorporation Services	Business Complete Custom in-house	Nationwide Business Name Registration and Renewals Security Filings and Registrations
	Corporate Supplies	Custom in-house	Minute Books Seals and Stamps Corporate Legal Packages
Regulatory Solutions	Know-Your-Customer (“KYC”)	SIDni®, Attestanet®, LEV®	Individual Identification Legal Entity Validation Beneficial Ownership Validation Account Onboarding Services US & International Corporate Entity Validation
	Public Records Searches	Custom in-house Registry Complete	Corporate Profile or Business Name Searches NUANS ¹ Searches PPSA ² Searches Real Estate Searches Vital Statistics Searches
	Collateral Management	Custom in-house (AVS)	PPSA ² /RDPRM ³ Search & Registrations Bank Act Filing Notice of Security Interest (Fixture) Registrations US UCC ⁴ Search & Filings
Recovery Solutions	Asset Recovery	Repo>>Connect	Fully managed service across Canada and the US Identification, retrieval and disposition of movable assets

Competition

Our competitors vary by market and geography. They primarily include other intermediaries and suppliers to lenders and legal professionals.

Corporate Solutions

Corporate Solutions captures revenue from nationwide search, business name registration and corporate filing services sold to legal professionals or the general public directly or indirectly through our government relationships. It also captures revenue from our corporate supplies business. Our customers include legal professionals, the consumer market and the general public.

¹ A NUANS® report is a search which provides a comprehensive comparison of proposed corporate, business or trademark names with existing names already in use by other businesses and corporations. NUANS® name reports reserve the proposed name for 90 days providing the time necessary to prepare and file incorporation, extra-provincial registrations, amalgamations or other relevant corporate filings.

² Personal Property Security Act.

³ Registre des Droits Personnels et Réels Mobiliers (translated as Register of Personal and Real Movable Rights).

⁴ Uniform Commercial Code.



Incorporation Services

- We provide a convenient, cost-effective method to incorporate businesses online or through our staff-assisted process. Leveraging our online technology platforms, eService and Business Complete, we service legal customers and the general public through a team of experienced law clerks in both Ontario and Quebec.
- We hold one of the two exclusive licences under the Ontario Business Information System, which allows us to access the Ontario Corporate Registry electronically on behalf of clients. We have non-exclusive licences to do the same in all other provincial and federal (Corporations Canada) corporate registries across Canada.
- In addition to incorporations, various other corporate filings are often required to operate a business. Items such as amendments to a company's governing articles, amalgamations, the continuance of a company, a change in registered address or changes to a board of directors. We also provide online and real-time NUANS and business name searches, registered agents of service and corporate document preparation to assist in the organization and maintenance of a business.

Corporate Supplies

We provide a comprehensive array of corporate supplies to help companies organize and maintain their corporate legal documents. This is primarily done through the most common corporate supplies in packaged or individual formats, including customized corporate minute books, corporate seals/embossers, by-laws and share certificates, as well as a large variety of rubber and self-inking stamps.

Regulatory Solutions

Regulatory Solutions captures revenue from our KYC, collateral management and general due diligence service offerings. We use our proprietary platform to assist clients with intuitive business rules and advanced automation to deliver regulatory services to support their credit/banking and legal processes. We leverage the public registry data to provide insights and improved customer experience through a single technology. We supplement all our technology with deep subject-matter knowledge offered through our legal professionals located in three locations (Montreal, QC, Toronto, ON, and Vernon, BC).

Earlier in the year, we completed a soft launch of our newest technology platform, Registry Complete, a unified and streamlined platform that enables legal organizations to search and register with the various ministries across Canada in a secure cloud-based environment. This enhanced service allows legal organizations to take advantage of expanded Application Programming Interface ("API") service offerings, improved tools, faster turnaround and a greater array of services in the pursuit of exceptional and expedient due diligence checks and client service. It also addresses key operational gaps in the modern legal industry landscape.

Our customers include non-legal customers, such as financial institutions and auto and equipment finance companies.

Know-Your-Customer

- We support legal and financial institution due diligence activities for compliance purposes through the KYC verification (corporate and individual), public records search and registration services across Canada. Clients can obtain numerous reports and intelligence to verify and authenticate customer data to comply with their internal customer onboarding policies mandated by FINTRAC¹/Anti-Money Laundering regulations. Using a web-based tool and associated APIs that provide real-time access to validate and verify an individual or business's existence, our KYC services aggregates information from multiple trusted sources to provide reliable and accurate identification of an individual and/or a business and its principals.

¹ Financial Transactions and Reports Analysis Centre of Canada.



Collateral Management

- In order to ensure or ‘perfect’ a security interest against the personal property of a debtor, secured parties need to register in the statutory registry under the applicable personal property legislation. Registering provides the secured party with statutory protection and priority against other parties with competing security interests against the applicable movable collateral. Once a secured party has been paid out, or the security against the debtor is otherwise terminated, registrations (or liens) are then discharged and removed from the applicable security legislation.
- We service the adjudication and complete the loan fulfilment process, which involves detailed searches and registrations to be completed to perfect the security interest. We have invested in our technology, processes, and innovation to ensure we support customer and industry digitization strategies. This allows us to offer a complete lien registry solution that reaches further than the traditional registry submission services and includes PPSA/RDPRM searches and management, fixture filings, garage/repair liens, and US UCC Filings.

Public Records Search Services/Due Diligence

- Our public records search offerings include corporate profiles, business name searches, NUANS, PPSA searches, security searches, real estate searches, and birth, death and marriage certificate searches.
- Due diligence is an essential component of most merger and acquisition and financing transactions, where searches are performed to obtain a complete understanding of all legal obligations associated with a person or business. In the course of a due diligence undertaking, law firms, lenders and/or other professional advisors will often order a series of public records searches to verify third-party information. These searches are commonly referred to as security (or securities) searches.

We provide security searches that can be conducted against an individual, business or corporation, property and assets across the country. Searches will reveal both present and historical information relating to debts and liabilities, pending and potential lawsuits, bankruptcy, liens, judgments, and sales of assets across Canada.

Recovery Solutions

Recovery Solutions offers a fully managed service across Canada and the US, which aids in facilitating and coordinating asset recovery on behalf of our clients. Asset recovery involves identification, retrieval, and disposal of movable assets such as automobiles, boats, aircraft, and other forms of portable physical assets used as collateral security for primarily consumer-focused credit transactions.

Our clients enjoy a complete turnkey solution where our team manages every step in the recovery process, including coordinating bailiffs, investigators and auctions. Our customers include most of the major banks who are involved in lending in the movable asset market in Canada.

Recovery Solutions allows us to offer our clients a complete solution in the credit life cycle, from origination to recovery. By connecting the registrations from our existing Services offerings to our new Recovery Solutions offering, our clients can leverage our lien registry services platform to optimize an early stage portfolio assessment to validate the borrower identity and ensure that their security on the asset in their portfolio is perfected.

Our process also allows us to increase recoveries through our superior supply chain management experience and performance management of bailiffs, investigators and auctions.

Revenue

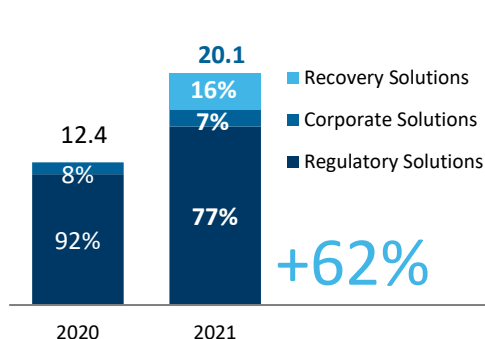
We earn revenue through transaction fees for search and registration services provided through incorporation, KYC, public records and due diligence, and collateral management services. All government fees associated with the service are either embedded in the transaction or management service fee or charged in addition to the service transaction fee. Additional revenue is earned in Recovery Solutions through management fees and commissions earned by the provision of asset recovery services. Corporate supplies are charged a per-unit fee in the same manner as a retail transaction product.

Key drivers for our revenue include increased regulatory and compliance requirements; the growing trend towards outsourcing business processes and services to realize cost savings and focus on core business activities; economic activity which can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities; and economic conditions impacting consumer behaviour which can affect the financing or default of new and used movable property in our collateral management and asset recovery business.

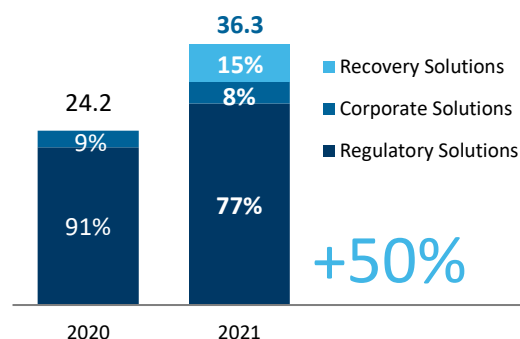
Our revenue in Corporate Solutions and Regulatory Solutions is reasonably diversified and has little seasonality; instead, it fluctuates in line with general economic drivers. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth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

SERVICES REVENUE

Services Revenue¹
for the three months ended June 30,
(CAD\$ millions)



Services Revenue¹
for the six months ended June 30,
(CAD\$ millions)



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

(thousands of CAD dollars)	Three Months Ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Regulatory Solutions	\$ 15,505	\$ 11,369	\$ 28,013	\$ 21,936
Recovery Solutions	3,154	-	5,254	-
Corporate Solutions	1,447	1,020	3,076	2,297
Internal related parties and other	-	-	-	4
Services revenue	\$ 20,106	\$ 12,389	\$ 36,343	\$ 24,237

Revenue for Services was \$20.1 million for the second quarter, up 62 per cent, or \$7.7 million compared to the same period in 2020 and was \$36.3 million year-to-date compared to \$24.2 million last year, representing a rise of 50 per cent or \$12.1 million. Revenue was higher in the second quarter compared to the pandemic-impacted same period last year. This was due to a return to pre-pandemic levels in transactions, combined with continued organic growth in Regulatory and Corporate Solutions, as well as the inclusion of new revenue from Recovery Solutions.

Regulatory Solutions

Revenue in Regulatory Solutions for the second quarter was \$15.5 million, an increase of 36 per cent compared to \$11.4 million for the same period of 2020. Revenue grew in the quarter as a result of a renewed level of transactions in automotive financing and KYC, combined with organic growth in equipment financing, strong new legal customer acquisitions supported by our Registry Complete software, as well continued organic growth in new KYC customer verification transactions and other existing customer contracts.

For the first half of 2021, revenue rose by 28 per cent, coming in at \$28.0 million compared to \$21.9 million in 2020.

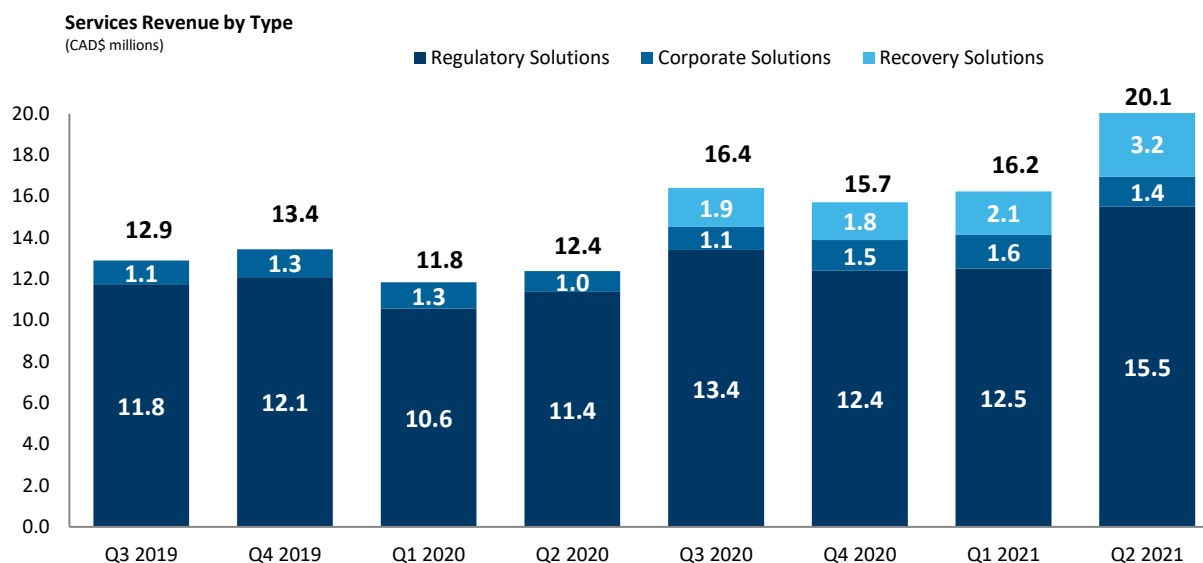
Recovery Solutions

Revenue in Recovery Solutions in the second quarter was \$3.2 million, representing an improvement over the first quarter of 2021. We have seen a steady increase in assignments from our bank partners, however, levels of recovery assignments continue to be impacted by last year's loan deferral programs and the ongoing stimulus provided by the Federal government in response to COVID-19. Revenue for the first six months of 2021 was \$5.3 million.

Corporate Solutions

Corporate Solutions revenue for the quarter was \$1.4 million, a jump of 42 per cent compared to the second quarter of 2020. Revenue improved due to increased corporate filing volumes as the overall economy was more robust in the second quarter of 2021 compared to 2020, which was impacted by COVID-19, and organic growth from new customers onboarded since last year. Year-to-date, revenue was \$3.1 million compared to \$2.3 million during the same period in 2020, an improvement of 34 per cent.

Our Services revenue by solution is shown in the following graph.

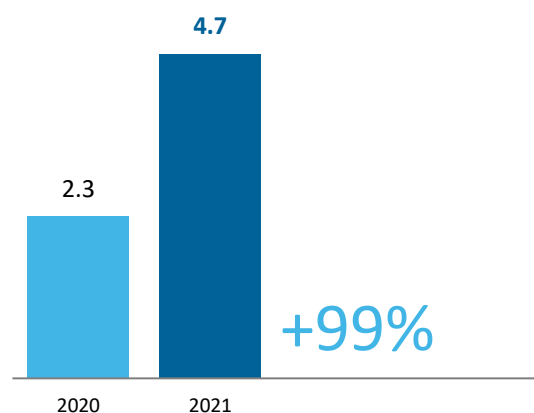


Note: Internal related parties and other revenue not displayed in graph. Values may not add due to rounding.

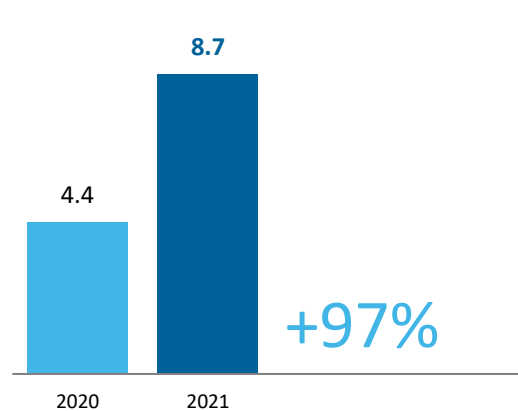
The top 20 Services customers in the quarter accounted for almost 77 per cent of the revenue, while the top 100 Services customers comprised approximately 90 per cent of the revenue. No single customer accounted for more than 25 per cent of Services revenue in the period.

SERVICES EXPENSES AND EBITDA

**Services EBITDA
for the three months ended June 30,**
(CAD\$ millions)



**Services EBITDA
for the six months ended June 30,**
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 20,106	\$ 12,389	\$ 36,343	\$ 24,237
Total expenses ¹	15,446	10,052	27,643	19,828
EBITDA	\$ 4,660	\$ 2,337	\$ 8,700	\$ 4,409

¹ Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for Services was \$4.7 million for the quarter compared to \$2.3 million for the same period last year and was \$8.7 million year-to-date compared to \$4.4 million last year. The increase was due to improved revenue from organic growth, outlined previously, and additional new revenue from Recovery Solutions.

Services expenses were \$15.4 million for the quarter compared to \$10.1 million last year and were \$27.6 million year-to-date compared to \$19.8 million last year. The increase was largely due to the addition of our Recovery Solutions division in the third quarter of 2020, higher cost of goods sold related to increased revenue and an increase in corporate allocated costs mainly due to higher share-based compensation plans expense related to the strong performance of the Company's share price this year. These increases were partially offset by savings due to continued cost management.

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 our technology platforms;
- 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.

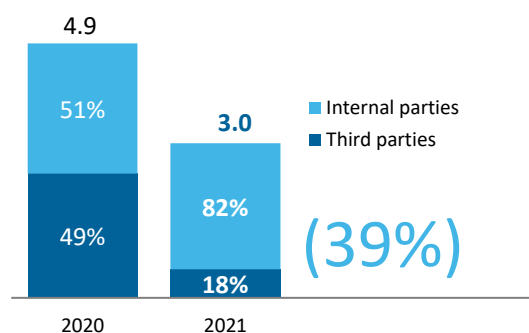
With a full suite of integrated modules that provide core functionality for submission, enforcement and enquiry processing, RegSys delivers solutions enabling the provision of core services to citizens in a user-friendly, efficient manner across multiple access points. The RegSys solution has also been 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.

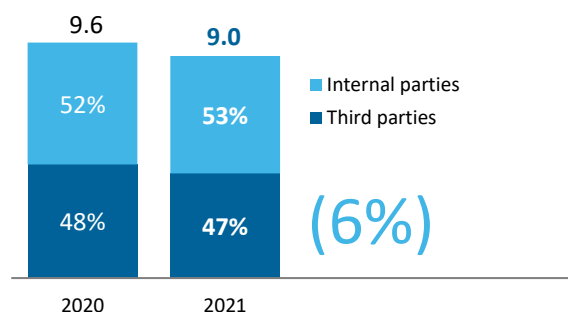
Technology Solutions does not experience seasonality but does fluctuate due to the timing of project-related revenue.

TECHNOLOGY SOLUTIONS REVENUE

**Technology Solutions Revenue
for the three months ended June 30,**
(CAD\$ millions)



**Technology Solutions Revenue
for the six months ended June 30,**
(CAD\$ millions)

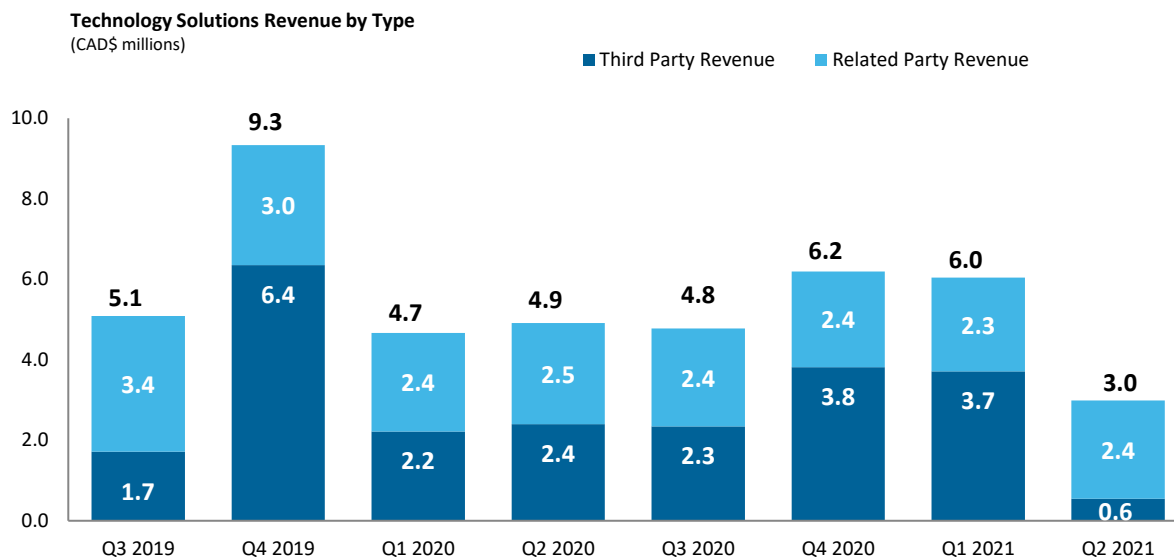


(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Third parties	\$ 550	\$ 2,401	\$ 4,261	\$ 4,621
Internal related parties	2,376	2,515	4,706	4,959
Technology Solutions revenue	\$ 2,926	\$ 4,916	\$ 8,967	\$ 9,580

Revenue in Technology Solutions was \$3.0 million for the quarter, a decrease of \$1.9 million compared to \$4.9 million for the same period in 2020 and was \$9.0 million year-to-date compared to \$9.6 million last year.

Revenue from external parties for the quarter decreased \$1.8 million compared to the second quarter of 2020 and decreased \$0.3 million year-to-date compared to the same period in 2020. The decrease was due to the timing of solution implementation projects, which impacts the timing of revenue recognition in the quarter and year-to-date as compared to the same periods last year. Revenue on our solution implementation projects will continue to be recognized in the quarters in which deliverables and milestones are achieved.

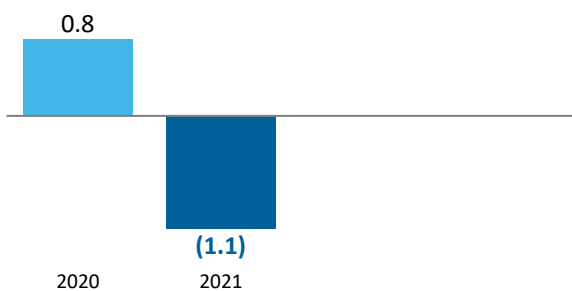
Internal related party revenue in any quarter is dependent on resources used or consumed internally, particularly in Registry Operations. Our intent is to continue to service the needs of internal customers as efficiently and effectively as possible, including the provision of service via related party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



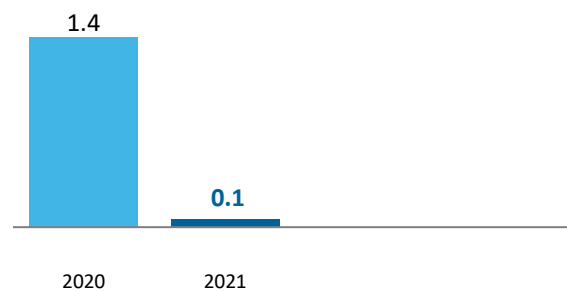
Note: Values may not add due to rounding.

TECHNOLOGY SOLUTIONS EXPENSES AND EBITDA

Technology Solutions EBITDA
for the three months ended June 30,
(CAD\$ millions)



Technology Solutions EBITDA
for the six months ended June 30,
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue	\$ 2,926	\$ 4,916	\$ 8,967	\$ 9,580
Total expenses ¹	4,070	4,140	8,909	8,162
EBITDA	\$ (1,144)	\$ 776	\$ 58	\$ 1,418

¹ Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for Technology Solutions decreased \$1.9 million for the quarter and \$1.3 million year-to-date compared to last year primarily due to decreased revenue as explained above.

For the quarter, Technology Solutions expenses were \$4.1 million, flat compared to second quarter in 2020 and were \$8.9 million year-to-date, an increase of \$0.7 million from \$8.2 million for the same period in 2020. The increase year-to-date is due to contract implementation expenses being recognized as contract milestones were completed, in addition to increased corporate allocated costs principally due to higher share-based compensation plans expense related to the strong performance of the Company's share price this year.

3.4 Corporate and other

Corporate and other includes expenses related to our corporate activities and shared services functions. The Company previously included eliminations of inter-segment revenue and costs in Corporate and other. These are now presented separately in the Financial Statements and, therefore, excluded below. Management believes this format provides a more transparent representation of the Corporate and other activities.

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Third parties	\$ 2	\$ 5	\$ 2	\$ 6
Internal related parties	36	35	87	70
Corporate and other revenue	\$ 38	\$ 40	\$ 89	\$ 76
Total expenses ¹	3,146	1,492	5,151	2,855
EBITDA	\$ (3,108)	\$ (1,452)	\$ (5,062)	\$ (2,779)

¹ Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for the quarter and year-to-date decreased compared to the same periods last year, primarily as a result of increased share-based compensation plans expense related to the strong performance of the Company's share price over the past several months.

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 Corporate Solutions and Regulatory Solutions services revenue is relatively 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 experiences seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Our Recovery Solutions revenue also does not have specific seasonality but is countercyclical to our other business in that it can perform better in poor economic conditions.

The Company has observed that its historical pattern of seasonality in Registry Operations, and to some degree in Services, has been impacted due to the COVID-19 pandemic. At this time, we are uncertain when seasonality will return to historical patterns.

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)	2021			2020			2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	\$44,623	\$39,148	\$39,013	\$37,120	\$30,993	\$29,596	\$37,942	\$32,175
Expenses	34,637	31,024	27,156	29,707	24,592	24,521	28,308	26,888
Net income before items noted below	9,986	8,124	11,857	7,413	6,401	5,075	9,634	5,287
Net finance (expense)	(737)	(793)	(1,116)	(397)	(258)	(274)	(288)	(422)
Income before tax	9,249	7,331	10,741	7,016	6,143	4,801	9,346	4,865
Income tax expense	(2,746)	(1,834)	(2,870)	(1,980)	(1,638)	(1,331)	(1,999)	(1,607)
Net income	\$ 6,503	\$5,497	\$ 7,871	\$ 5,036	\$ 4,505	\$ 3,470	\$ 7,347	\$ 3,258
Other comprehensive income (loss)	(37)	(759)	(69)	331	(226)	666	1	(133)
Total comprehensive income	\$ 6,466	\$ 4,738	\$ 7,802	\$ 5,367	\$ 4,279	\$ 4,136	\$ 7,348	\$ 3,125
EBITDA margin	30.5%	30.3%	40.2%	29.4%	29.5%	26.5%	32.5%	26.7%
Adjusted EBITDA margin	41.6%	37.7%	43.5%	38.0%	33.5%	26.8%	33.4%	26.9%
Earnings per share, basic	\$ 0.37	\$ 0.31	\$ 0.45	\$ 0.29	\$ 0.26	\$ 0.20	\$ 0.42	\$ 0.19
Earnings per share, diluted	\$ 0.36	\$ 0.31	\$ 0.45	\$ 0.29	\$ 0.26	\$ 0.20	\$ 0.42	\$ 0.19



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;*

Innovation – *emphasis on product and service innovation and exploration of new verticals; and*

Growth – *active pursuit of attainable organic and inorganic growth;*

Company Values – *prominent focus on quality of service delivery and the engagement of our customers and employees.*

While the uncertainty of COVID-19 has and will continue to hamper our ability to predict any long-term implications on our strategy, the Company is well positioned to manage through this situation as outlined throughout this MD&A (also see section 1.3 "Outlook"). As such, we remain committed to our priorities, principles and long-term strategy.

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 and other growth-related 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 through our existing Credit Facility, will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments (refer to Note 18 in our December 31, 2020, 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 Facility).

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 June 30, 2021, the Company held \$49.6 million in cash compared to \$33.9 million as at December 31, 2020, an increase of \$15.7 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$32.9 million (December 31, 2020 – \$27.3 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 June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net cash flow provided by operating activities	\$ 23,022	\$ 8,079	\$ 29,967	\$ 10,180
Net change in non-cash working capital ¹	13,415	97	11,100	(4,395)
Cash provided by operating activities excluding working capital	\$ 9,607	\$ 7,982	\$ 18,867	\$ 14,575
Cash additions to property, plant and equipment	-	(44)	-	(63)
Cash additions to intangible assets	(695)	(162)	(1,077)	(366)
Consolidated free cash flow	\$ 8,912	\$ 7,776	\$ 17,790	\$ 14,146

¹ Refer to Note 23 of the Financial Statements for reconciliation.

Consolidated free cash flow for the quarter was \$8.9 million compared to \$7.8 million for the same quarter in 2020 and was \$17.8 million year-to-date compared to \$14.1 million last year. The increase was due to higher cash flows provided by our operations partially offset by an increase to current income taxes associated with higher earnings and higher capital expenditures this year.

The following table summarizes our sources and uses of funds for the three and six months ended June 30, 2021, and 2020:

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net cash flow provided by operating activities	\$ 23,022	\$ 8,079	\$ 29,967	\$ 10,180
Net cash flow provided by investing activities	1,056	215	697	61
Net cash flow provided by (used) in financing activities	(4,788)	(4,771)	(14,639)	(9,519)
Effects of exchange rate changes on cash held in foreign currencies	(64)	(112)	(389)	119
Increase in cash	\$ 19,226	\$ 3,411	\$ 15,636	\$ 841
Cash, beginning of period	30,356	21,161	33,946	23,731
Cash, end of period	\$ 49,582	\$ 24,572	\$ 49,582	\$ 24,572

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash flow provided by operating activities was \$23.0 million for the quarter compared to \$8.1 million for the same period last year and was \$30.0 million year-to-date compared to \$10.2 million last year. The increase was due to increased results of operations as well as an increase to share-based compensation expense that has not yet been paid, higher receivables last year associated with slower collections due to the pandemic and the timing of payables and prepaid expenses.

NET CASH FLOW PROVIDED BY INVESTING ACTIVITIES

Net cash flow provided by investing activities for the quarter increased \$0.8 million compared to the same period last year and increased \$0.6 million year-to-date compared to last year. The increase was due to the recovery of the Paragon post closing adjustment.

NET CASH FLOW USED IN FINANCING ACTIVITIES

Net cash flow used in financing activities for the quarter was flat compared to the same period in 2020 and was \$14.6 million year-to-date compared to \$9.5 million last year. The increase year-to-date compared to last year was due to higher repayment of long-term debt and the related interest.

6.2 Capital expenditures

Capital expenditures were \$1.0 million for the quarter, compared to \$0.3 million last year and were \$1.3 million year-to-date compared to \$0.6 million last year. Capital expenditures in the current year were primarily related to system development work across our business segments, whereas last year also included costs for systems supporting our Corporate activities.

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Registry Operations	\$ 269	\$ 104	\$ 269	\$ 188
Services	178	70	291	161
Technology Solutions	517	16	786	37
Corporate and other	-	120	-	231
Total capital expenditures	\$ 964	\$ 310	\$ 1,346	\$ 617

6.3 Debt

At June 30, 2021, our debt was \$71.3 million compared to \$76.3 million at December 31, 2020. During the six months ended June 30, 2021, the Company made a \$5.0 million voluntary prepayment against its revolving term facility. In the comparable period last year, the Company made repayments of debt totalling \$1.0 million towards its previous facility. The aggregate amount available under the Credit Facility at June 30, 2021, remains at \$150.0 million.

For further information on our Credit Facility, refer to Note 18 in our December 31, 2020, 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 2021 and 2020 was nil.

6.4 Total assets

Total assets were \$250.0 million at June 30, 2021, compared to \$242.3 million at December 31, 2020.

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at June 30, 2021
Total assets excluding intangibles, goodwill and cash	\$ 25,503	\$ 12,261	\$ 4,265	\$ 14,844	\$ 56,873
Intangibles	1,858	58,918	4,399	1,142	66,317
Goodwill	1,200	67,372	8,652	-	77,224
Cash	-	-	-	49,582	49,582
Total assets	\$ 28,561	\$ 138,551	\$ 17,316	\$ 65,568	\$ 249,996

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at December 31, 2020
Total assets excluding intangibles, goodwill and cash	\$ 25,758	\$ 13,952	\$ 5,505	\$ 14,466	\$ 59,681
Intangibles	2,395	63,203	4,332	1,288	71,218
Goodwill	1,200	67,372	8,883	-	77,455
Cash	-	-	-	33,946	33,946
Total assets	\$ 29,353	\$ 144,527	\$ 18,720	\$ 49,700	\$ 242,300

6.5 Working capital

At June 30, 2021, working capital was \$35.2 million compared to \$28.1 million at December 31, 2020.

(thousands of CAD dollars)	As at June 30, 2021	As at December 31, 2020
Current assets	\$ 68,170	\$ 55,383
Current liabilities	(32,934)	(27,289)
Working capital	\$ 35,236	\$ 28,094

6.6 Outstanding share data

The number of issued and outstanding Class A Shares as at June 30, 2021, was 17.5 million and the number of issued and outstanding share options as of June 30, 2021, was 1,548,247. These amounts are unchanged as of the filing date.

6.7 Common share dividend

On May 5, 2021, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, paid on July 15, 2021, to shareholders of record as of June 30, 2021.



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 June 30, 2021, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities excluding share-based accrued liabilities, and long-term debt.

The Company does not currently 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 20 of the Financial Statements for information pertaining to financial instruments and related risk management.

7.2 Business risks and risk management

ISC faces certain risks which can impact its business and its financial and operational performance. For the information on the risk management approach, business risks and risk management, refer to the Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2020, which are available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com. The main risks and uncertainties that could affect our future business results and associated risk mitigation activities have not materially changed since the release of our Management's Discussion and Analysis for the year ended December 31, 2020, which includes the impacts from COVID-19, as updated below.

The COVID-19 pandemic continues to impact Canadians and economies around the world. At the outset of the pandemic, we took swift action to ensure our customers and employees remained safe and healthy during the pandemic. To reduce the risk of transmission, we enabled most of our employees to work from home while we maintained continued communication and business activity virtually. Some precautions implemented to ensure our employees working from our office locations had a safe environment to work in include the implementation of social distancing procedures, availability of safety and sanitation products and alternate arrangements for courier deliveries and pick-ups. Most of these procedures remain in place/available, and we will continue to revisit them as public health guidelines evolve.

As conditions allow, we will be introducing a methodical, cautious, phased approach as we prepare our organization to adapt to our "new normal" in the workplace. However, all of our segments have remained operational throughout the pandemic, and our staff have provided service to customers virtually, either online or by telephone.

Notwithstanding the above, any prolonged economic downturn resulting from COVID-19 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 June 30, 2021.

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 our December 31, 2020, 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 about 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.

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 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 IAS 1 – <i>Classification of Liabilities as Current or Non-current</i>	<p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment is currently being assessed by the Company to determine the impact.</p>	January 1, 2023
Amendments to IAS 37 – <i>Onerous Contracts – Cost</i>	<p>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct</p>	January 1, 2022

<i>of Fulfilling a Contract</i>	<p>labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p> <p>The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p> <p>The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted. This amendment is currently being assessed by the Company to determine the impact.</p>	January 1, 2022
Amendments to IFRS 3 – <i>Reference to the Conceptual Framework</i>	<p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 <i>Levies</i>, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p> <p>Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.</p> <p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p> <p>This change will impact the analysis of business combinations. The amendment is prospective, and the Company does not expect to be affected upon transition.</p>	January 1, 2022

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 Paragon, having been acquired less than 365 days prior to June 30, 2021. See section 8.7 “Disclosure controls and procedures” for Paragon’s contribution to the Financial Statements.

Other than as described above, 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 Paragon, having been acquired less than 365 days prior to June 30, 2021.

The contribution of Paragon to the Financial Statements for the three months ended June 30, 2021, was approximately 7 per cent of revenue and 6 per cent of expenses, and year-to-date was 6 per cent of revenue and 7 per cent of expenses.

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 financial performance 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 share-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.