May 5, 2020

# 2020 Unaudited Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2020

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# Condensed Consolidated Statements of Financial Position

| As At<br>(thousands of CAD dollars, unaudited) | Note | **March 31, 2020** | December 31, 2019 |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash | | **$ 21,161** | $ 23,731 |
| Short-term investments | | **432** | 475 |
| Trade and other receivables | 4 | **12,352** | 12,648 |
| Contract assets | 5 | **2,107** | 1,623 |
| Income tax recoverable | | **1,687** | 1,736 |
| Prepaid expenses | | **2,490** | 2,120 |
| Total current assets | | **40,229** | 42,333 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | **2,790** | 2,998 |
| Right-of-use assets | 8 | **9,195** | 9,668 |
| Intangible assets | 9 | **39,722** | 41,196 |
| Goodwill | 10 | **45,788** | 45,529 |
| Deferred tax asset | 14 | **29,440** | 29,855 |
| Total non-current assets | | **126,935** | 129,246 |
| **Total assets** | | **$ 167,164** | $ 171,579 |
| **Liabilities** | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 11 | **$ 14,841** | $ 18,096 |
| Contract liabilities | 12 | **1,264** | 1,436 |
| Lease obligations – current portion | 13 | **1,912** | 1,845 |
| Income tax payable | 14 | **534** | 810 |
| Long-term debt – current portion | 16 | **2,000** | 2,000 |
| Provisions | 17 | **207** | 468 |
| Total current liabilities | | **20,758** | 24,655 |
| Non-current liabilities | | | |
| Lease obligations | 13 | **8,484** | 8,967 |
| Deferred tax liability | 14 | **7,246** | 7,543 |
| Long-term debt | 16 | **15,500** | 16,000 |
| Other liabilities | 15 | **218** | 173 |
| Total non-current liabilities | | **31,448** | 32,683 |
| **Shareholders' equity** | | | |
| Share capital | 20 | **19,955** | 19,955 |
| Equity settled employee benefit reserve | 15 | **2,234** | 2,153 |
| Accumulated other comprehensive income | | **671** | 5 |
| Retained earnings | | **92,098** | 92,128 |
| Total shareholders' equity | | **114,958** | 114,241 |
| **Total liabilities and shareholders' equity** | | **$ 167,164** | $ 171,579 |

*See Note 26 for Commitments and Contingencies*
*See accompanying Notes*

# Condensed Consolidated Statements of Comprehensive Income

| (thousands of CAD dollars, unaudited) | Note | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|---|
| Revenue | 22 | **$ 29,596** | $ 28,607 |
| Expenses | | | |
| Wages and salaries | | **9,985** | 9,597 |
| Cost of goods sold | | **6,859** | 6,367 |
| Depreciation and amortization | 7, 8, 9 | **2,759** | 2,597 |
| Information technology services | | **1,926** | 2,101 |
| Occupancy costs | | **720** | 752 |
| Professional and consulting services | | **891** | 1,054 |
| Financial services | | **881** | 858 |
| Other | | **500** | 512 |
| Total expenses | | **24,521** | 23,838 |
| Net income before items noted below | | **5,075** | 4,769 |
| Finance income (expense) | | | |
| Interest income | | **69** | 86 |
| Interest expense | | **(343)** | (345) |
| Net finance (expense) | | **(274)** | (259) |
| Income before tax | | **4,801** | 4,510 |
| Income tax expense | 14 | **(1,331)** | (1,499) |
| **Net income** | | **$ 3,470** | $ 3,011 |
| **Other comprehensive income (loss)** | | | |
| Items that may be subsequently reclassified to net income | | | |
| Unrealized gain (loss) on translation of financial statements of foreign operations | | **711** | (314) |
| Change in fair value of marketable securities, net of tax | | **(45)** | (7) |
| Other comprehensive income (loss) | | **666** | (321) |
| **Total comprehensive income** | | **$ 4,136** | $ 2,690 |
| **Earnings per share** ($ per share) | | | |
| **Total, basic** | 19 | **$ 0.20** | $ 0.17 |
| **Total, diluted** | 19 | **$ 0.20** | $ 0.17 |

*See accompanying Notes*

# Condensed Consolidated Statements of Changes in Equity

| (thousands of CAD dollars, unaudited) | Note | Retained Earnings | Share Capital | Accumulated Other Comprehensive Income | Equity Reserve | Total |
|---|---|---|---|---|---|---|
| Balance at January 1, 2019, as audited | | $ 87,227 | $ 19,955 | $ 514 | $ 1,687 | $ 109,383 |
| Impact of IFRS 16 | | (499) | - | - | - | (499) |
| Restated balance at January 1, 2019 | | 86,728 | 19,955 | 514 | 1,687 | 108,884 |
| Restated net income for the period | | 3,011 | - | - | - | 3,011 |
| Other comprehensive income | | - | - | (321) | - | (321) |
| Stock option expense | 15 | - | - | - | 164 | 164 |
| Dividend declared | | (3,500) | - | - | - | (3,500) |
| Balance at March 31, 2019 | | $ 86,239 | $ 19,955 | $ 193 | $ 1,851 | $ 108,238 |
| Balance at January 1, 2020 | | $ 92,128 | $ 19,955 | $ 5 | $ 2,153 | $ 114,241 |
| Net income | | **3,470** | **-** | **-** | **-** | **3,470** |
| Other comprehensive income | | **-** | **-** | **666** | **-** | **666** |
| Stock option expense | 15 | **-** | **-** | **-** | **81** | **81** |
| Dividend declared | | **(3,500)** | **-** | **-** | **-** | **(3,500)** |
| **Balance at March 31, 2020** | | **$ 92,098** | **$ 19,955** | **$ 671** | **$ 2,234** | **$ 114,958** |

*See accompanying Notes*

# Condensed Consolidated Statements of Cash Flows

| (thousands of CAD dollars, unaudited) | Note | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|---|
| **Operating** | | | |
| Net income | | **$ 3,470** | $ 3,011 |
| Add: Charges not affecting cash | | | |
| Depreciation | 7, 8 | **742** | 774 |
| Amortization | 9 | **2,017** | 1,823 |
| Foreign exchange (gain) | | **(25)** | (69) |
| Deferred tax expense recognized in net income | | **118** | 164 |
| Service concession arrangements | 22 | **(84)** | - |
| Net finance expense | | **274** | 259 |
| Stock option expense | 15 | **81** | 164 |
| Net change in non-cash working capital | 25 | **(4,492)** | (4,791) |
| **Net cash flow provided by operating activities** | | **2,101** | 1,335 |
| **Investing** | | | |
| Interest received | | **69** | 86 |
| Additions to property, plant and equipment | | **(19)** | (84) |
| Additions to intangible assets | | **(204)** | (777) |
| Net cash outflow on acquisition in subsidiary | 24 | **-** | (6,768) |
| **Net cash flow used in investing activities** | | **(154)** | (7,543) |
| **Financing** | | | |
| Interest paid | | **(185)** | (143) |
| Interest paid on right-of-use assets | | **(115)** | (128) |
| Principal repayments on lease obligations | | **(448)** | (436) |
| Repayment of long-term debt | | **(500)** | (500) |
| Dividend paid | | **(3,500)** | (3,500) |
| **Net cash flow used in financing activities** | | **(4,748)** | (4,707) |
| Effects of exchange rate changes on cash held in foreign currencies | | **231** | (92) |
| Decrease in cash | | **(2,570)** | (11,007) |
| Cash, beginning of period | | **23,731** | 28,651 |
| **Cash, end of period** | | **$ 21,161** | $ 17,644 |

*See accompanying Notes*

# Notes to the Consolidated Financial Statements

## 1 Nature of the Business

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

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

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

As at March 31, 2020, ISC's principal revenue generating segments were Registry Operations and Services.

## 2 Basis of Presentation

### Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies that are consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IAS Board"). Therefore, they do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the year-end financial statements for the Company for the year ended December 31, 2019, as described in Note 3 of the December 31, 2019, consolidated financial statements, except for the impact of the adoption of new policies and the standards and interpretations as described below in the changes in accounting policy section. The significant estimates and assumptions in determining the value of assets and liabilities and the significant judgments in applying accounting policies are the same as those applied in the Company's consolidated financial statements for the year ended December 31, 2019. The unaudited condensed consolidated interim financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows.

These unaudited condensed consolidated interim financial statements were authorized by the Audit Committee of the ISC Board of Directors ("Board") for issue on May 5, 2020.

## Basis of measurement

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

## Functional and presentation currency

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

## Basis of consolidation

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

## Use of estimates and judgments

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

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

Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment (Note 7);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 9) and goodwill (Note 10);
- the recoverability of deferred tax assets (Note 14); and
- the amount and timing of revenue from contracts from customers recognized over time with milestones (Note 22) and the associated carrying value of assets recognized from the costs incurred to fulfil the contracts (Note 5).

## Changes in accounting policies

The IAS Board and International Financial Reporting Interpretations Committee ("IFRIC") issued the following new standards and amendments to standards and interpretations, which became effective January 1, 2020.

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

# 3 Summary of Significant Accounting Policies

## Recent accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

# 4 Trade and Other Receivables

The components of trade and other receivables are as follows:

| (thousands of CAD dollars) | | **March 31, 2020** | | December 31, 2019 |
|---|---|---|---|---|
| Trade receivables | **$** | **12,048** | $ | 12,320 |
| GST/HST/VAT receivables | | **91** | | 134 |
| Other | | **213** | | 194 |
| **Total trade and other receivables** | **$** | **12,352** | $ | 12,648 |

# 5 Contract Assets

The components of contract assets are as follows:

| (thousands of CAD dollars) | March 31, 2020 | December 31, 2019 |
|---|---|---|
| Unbilled revenue | **$ 1,511** | $ 1,420 |
| Contract fulfilment costs | **596** | 203 |
| **Total contract assets** | **$ 2,107** | $ 1,623 |

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

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

The Company does not have any contract acquisition costs at the end of the reporting period and did not recognize any amortization of contract acquisition costs during the period (2019 – nil).

There were no impairment losses recognized on any contract asset during the reporting period (2019 – nil).

# 6 Seasonality

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

# 7 Property, Plant and Equipment

| (thousands of CAD dollars) | Leasehold Improvements | Office Furniture | Office Equipment | Hardware | Assets Under Development | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at December 31, 2018 | $ 10,370 | $ 3,282 | $ 197 | $ 2,825 | $ - | $ 16,674 |
| Acquired assets | - | 11 | - | 12 | - | 23 |
| Additions | - | 12 | - | 38 | 604 | 654 |
| Disposals | (43) | (67) | (3) | (382) | - | (495) |
| Transfers | - | 24 | - | 580 | (604) | - |
| Foreign exchange adjustments | (3) | (3) | - | (15) | - | (21) |
| Balance at December 31, 2019 | $ 10,324 | $ 3,259 | $ 194 | $ 3,058 | $ - | $ 16,835 |
| Additions | - | - | 6 | 13 | - | 19 |
| Disposals | (378) | - | (1) | - | - | (379) |
| Foreign exchange adjustments | 2 | 3 | - | 14 | - | 19 |
| **Balance at March 31, 2020** | **$ 9,948** | **$ 3,262** | **$ 199** | **$ 3,085** | **$ -** | **$ 16,494** |
| **Accumulated depreciation** | | | | | | |
| Balance at December 31, 2018 | $ 7,548 | $ 2,886 | $ 150 | $ 2,295 | $ - | $ 12,879 |
| Depreciation | 589 | 174 | 22 | 301 | - | 1,086 |
| Impairment[1] | 368 | - | - | - | - | 368 |
| Disposals | (43) | (63) | (3) | (380) | - | (489) |
| Foreign exchange adjustments | - | (1) | - | (6) | - | (7) |
| Balance at December 31, 2019 | $ 8,462 | $ 2,996 | $ 169 | $ 2,210 | $ - | $ 13,837 |
| Depreciation | 121 | 20 | 5 | 91 | - | 237 |
| Disposals | (378) | - | (1) | - | - | (379) |
| Foreign exchange adjustments | - | - | - | 9 | - | 9 |
| **Balance at March 31, 2020** | **$ 8,205** | **$ 3,016** | **$ 173** | **$ 2,310** | **$ -** | **$ 13,704** |
| **Carrying value** | | | | | | |
| At December 31, 2019 | $ 1,862 | $ 263 | $ 25 | $ 848 | $ - | $ 2,998 |
| **At March 31, 2020** | **$ 1,743** | **$ 246** | **$ 26** | **$ 775** | **$ -** | **$ 2,790** |

[1] Impairment – see Note 17.

# 8 Right-of-use Assets

| (thousands of CAD dollars) | | Property and Equipment[1] |
|---|---|---|
| **Cost** | | |
| Balance at December 31, 2018 | $ | 17,708 |
| Additions | | 401 |
| Disposals | | (527) |
| Foreign exchange adjustments | | (78) |
| Balance at December 31, 2019 | $ | 17,504 |
| Additions | | - |
| Disposals | | (82) |
| Foreign exchange adjustments | | 69 |
| **Balance at March 31, 2020** | **$** | **17,491** |
| **Accumulated depreciation** | | |
| Balance at December 31, 2018 | $ | 6,150 |
| Depreciation | | 2,063 |
| Impairment[2] | | 173 |
| Disposals | | (527) |
| Foreign exchange adjustments | | (23) |
| Balance at December 31, 2019 | $ | 7,836 |
| Depreciation | | 505 |
| Disposals | | (82) |
| Foreign exchange adjustments | | 37 |
| **Balance at March 31, 2020** | **$** | **8,296** |
| **Carrying value** | | |
| At December 31, 2019 | $ | 9,668 |
| **At March 31, 2020** | **$** | **9,195** |

[1] The Company's right-of-use assets consist primarily of property leases associated with the lease of office space.
[2] Impairment – see Note 17.

# 9 Intangible Assets

| (thousands of CAD dollars) | Internal Use Software – Acquired | Internal Use Software – Internally Developed | Business Solutions – Acquired | Business Solutions – Internally Developed | Brand, Non-Competes, Other | Contracts, Customer & Partner Relation-ships | Assets Under Develop-ment | Total |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| Balance at December 31, 2018 | $ 25,835 | $ 77,137 | $ 2,190 | $ 4,243 | $ 2,279 | $ 27,339 | $ 1,472 | $ 140,495 |
| Acquired assets | 4,051 | - | - | - | 176 | 1,001 | - | 5,228 |
| Additions | 413 | - | - | - | - | - | 2,876 | 3,289 |
| Disposals | (984) | (257) | - | (27) | - | - | - | (1,268) |
| Transfers | 102 | - | - | 1,307 | - | - | (1,409) | - |
| Foreign exchange adjustments | - | - | (152) | (108) | (43) | (54) | (54) | (411) |
| Balance at December 31, 2019 | $ 29,417 | $ 76,880 | $ 2,038 | $ 5,415 | $ 2,412 | $ 28,286 | $ 2,885 | $ 147,333 |
| Additions | - | - | - | - | - | - | 288 | 288 |
| Disposals | - | - | - | - | - | - | - | - |
| Foreign exchange adjustments | - | - | 132 | 168 | 37 | 47 | 3 | 387 |
| **Balance at March 31, 2020** | **$ 29,417** | **$ 76,880** | **$ 2,170** | **$ 5,583** | **$ 2,449** | **$ 28,333** | **$ 3,176** | **$ 148,008** |
| **Accumulated Depreciation** | | | | | | | | |
| Balance at December 31, 2018 | $ 14,216 | $ 76,508 | $ 624 | $ 2,074 | $ 1,194 | $ 5,175 | $ - | $ 99,791 |
| Amortization | 3,371 | 318 | 309 | 688 | 286 | 2,738 | - | 7,710 |
| Disposals | (984) | (257) | - | (27) | - | - | - | (1,268) |
| Foreign exchange adjustments | - | - | (49) | (10) | (24) | (13) | - | (96) |
| Balance at December 31, 2019 | $ 16,603 | $ 76,569 | $ 884 | $ 2,725 | $ 1,456 | $ 7,900 | $ - | $ 106,137 |
| Amortization | 861 | 131 | 77 | 186 | 75 | 687 | - | 2,017 |
| Disposals | - | - | - | - | - | - | - | - |
| Foreign exchange adjustments | - | - | 61 | 26 | 29 | 16 | - | 132 |
| **Balance at March 31, 2020** | **$ 17,464** | **$ 76,700** | **$ 1,022** | **$ 2,937** | **$ 1,560** | **$ 8,603** | **$ -** | **$ 108,286** |
| **Carrying Value** | | | | | | | | |
| At December 31, 2019 | $ 12,814 | $ 311 | $ 1,154 | $ 2,690 | $ 956 | $ 20,386 | $ 2,885 | $ 41,196 |
| **At March 31, 2020** | **$ 11,953** | **$ 180** | **$ 1,148** | **$ 2,646** | **$ 889** | **$ 19,730** | **$ 3,176** | **$ 39,722** |

# 10 Goodwill

The components of goodwill are as follows:

| (thousands of CAD dollars) | **March 31, 2020** | December 31, 2019 |
|---|---|---|
| Balance, beginning of the year | **$ 45,529** | $ 44,310 |
| Additions | **-** | 1,517 |
| Foreign exchange adjustment | **259** | (298) |
| **Balance, end of period** | **$ 45,788** | $ 45,529 |

# 11 Accounts Payable and Accrued Liabilities

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

| (thousands of CAD dollars) | | March 31, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Trade payables | $ | 505 | $ | 733 |
| Accrued liabilities | | 7,011 | | 10,327 |
| Customer deposits | | 3,825 | | 3,536 |
| Dividend payable | | 3,500 | | 3,500 |
| **Total accounts payable and accrued liabilities** | **$** | **14,841** | $ | 18,096 |

# 12 Contract Liabilities

The components of contract liabilities are as follows:

| (thousands of CAD dollars) | | March 31, 2020 | | December 31, 2019 |
|---|---|---|---|---|
| Amounts received in advance of Registry Operations transaction, maintenance and support contracts (i) | $ | 164 | $ | 331 |
| Amounts received in advance of Technology Solutions support and delivery contracts (ii) | | 1,100 | | 1,105 |
| **Total contract liabilities** | **$** | **1,264** | $ | 1,436 |

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

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

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

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| (thousands of CAD dollars) | | **2020** | | 2019 |
| Registry Operations transaction, maintenance and support contracts | **$** | **249** | $ | 232 |
| Technology Solutions support and delivery contracts | | **281** | | 356 |
| Total revenue recognized that was included in the balance at the beginning of the period | **$** | **530** | $ | 588 |

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

# 13 Lease Obligations

| (thousands of CAD dollars) | Property and equipment |
|---|---|
| Balance at January 1, 2019 | $ 12,235 |
| Additions | 24 |
| Interest expense for the period | 486 |
| Effect of modification to lease terms | 375 |
| Lease payments | (2,253) |
| Foreign exchange adjustments | (55) |
| Balance at December 31, 2019 | $ 10,812 |
| Additions | - |
| Interest expense for the period[1] | 115 |
| Lease payments[1] | (563) |
| Foreign exchange adjustments | 32 |
| **Balance at March 31, 2020** | **$ 10,396** |

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

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

# 14 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2019 — 27.0 per cent).

| (thousands of CAD dollars) | Three Months Ended March 31, **2020** | 2019 |
|---|---|---|
| Current tax expense | **$ 1,213** | $ 1,335 |
| Deferred tax expense | **118** | 164 |
| **Income tax expense** | **$ 1,331** | $ 1,499 |

Tax losses related to ERS have been recognized for deferred tax purposes to the extent of taxable temporary differences against which the unused tax losses can be utilized. These tax losses do not expire.

# 15 Share-Based Compensation Plans

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

## Performance share units ("PSUs")

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

A summary of the status of the PSU plan and the changes within the three months ended March 31, 2020, are as follows:

| | Units | Weighted Average Award Price |
|---|---|---|
| Balance at December 31, 2018 | - | $ - |
| PSUs granted November 18, 2019 | 32,585.00 | 16.11 |
| PSUs credited as a result of cash dividends paid | 415.32 | 15.69 |
| Balance at December 31, 2019 | 33,000.32 | $ 16.10 |
| PSUs granted during the period | 38,701.00 | 13.71 |
| PSUs credited as a result of cash dividends paid | 1,042.84 | 13.75 |
| **Balance at March 31, 2020** | **72,744.16** | **$ 14.80** |

The share-based compensation expense related to the PSUs for the three months ended March 31, 2020, totalled $44 thousand (2019 — nil). The total carrying amount of the liability arising from the PSUs as of March 31, 2020, totalled $218 thousand (December 31, 2019 – $173 thousand).

## Share appreciation rights ("SARs")

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

A summary of the status of the SAR plan and the changes within the three months ended March 31, 2020, are as follows:

| | Units | Weighted Average Award Price |
|---|---|---|
| Balance at December 31, 2018 | - | $ - |
| SARs granted November 18, 2019 | 243,116.00 | 16.11 |
| Balance at December 31, 2019 | 243,116.00 | $ 16.11 |
| SARs granted during the period | 291,386.00 | 13.71 |
| **Balance at March 31, 2020** | **534,502.00** | **$ 14.80** |

The share-based compensation expense related to the SARs for the three months ended March 31, 2020, totalled $2 thousand (2019 — nil). The total carrying amount of the liability arising from SARs as of March 31, 2020, was $2 thousand (December 31, 2019 – nil).

## Deferred share units ("DSUs")

A summary of the status of the DSU plan and the changes within the three months ended March 31, 2020, are as follows:

| | Units | Weighted Average Award Price |
|---|---|---|
| Balance at December 31, 2018 | 72,114.15 | $ 17.44 |
| DSUs granted November 14, 2019 | 22,351.00 | 15.97 |
| DSUs credited as a result of cash dividends paid | 3,848.00 | 16.07 |
| Balance at December 31, 2019 | 98,313.15 | $ 17.05 |
| DSUs granted during the period | - | - |
| DSUs credited as a result of cash dividends paid | 1,405.00 | 13.75 |
| **Balance at March 31, 2020** | **99,718.15** | **$ 17.00** |

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

Share-based compensation expense related to the DSUs for the three months ended March 31, 2020, totalled income of $16 thousand (2019 — $99 thousand expense). The total carrying amount of the liability arising from the DSUs as of March 31, 2020, totalled $1.4 million (December 31, 2019 — $1.5 million). The liability amount is included within accounts payable and accrued liabilities on the consolidated statements of financial position.

The fair value of the DSUs at March 31, 2020, has been calculated using the market value of the Company's Class A Shares on the TSX.

## Stock options

A summary of the status of the stock option plan and the changes within the three months ended March 31, 2020, are as follows:

| | Units | Average Exercise Price |
|---|---|---|
| Balance at December 31, 2019 | 1,548,247 | $ 17.27 |
| Stock options granted during the year | - | - |
| Balance at December 31, 2019 | 1,548,247 | $ 17.27 |
| Stock options granted during the period | - | - |
| **Balance at March 31, 2020** | **1,548,247** | **$ 17.27** |

The outstanding share options at the end of the period had a weighted average exercise price of $17.27 (December 31, 2019 — $17.27). The number of options exercisable at the end of the period was 961,217 (December 31, 2019 — 961,217) and had a weighted average exercise price of $16.78 (December 31, 2019 — $16.78) based on a range of exercise prices from $15.04 to $18.85 (December 31, 2019 — $15.04 to $18.85).

The Company has recognized an equity reserve at an estimated amount based on the fair value of the stock options using the Black-Scholes option pricing model. The determination of the variables used in the Black-Sholes valuation method are described in the summary of significant accounting policies section in Note 3 of the Company's previously disclosed 2019 Annual Audited Consolidated Financial Statements.

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation expense related to the stock options for the three months ended March 31, 2020, totalled $81 thousand (2019 — $164 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of March 31, 2020, totalled $2.2 million (December 31, 2019 — $2.1 million).

# 16 Debt

At March 31, 2020, the Company had nil cash drawings on its operating facility (2019 — nil). At March 31, 2020, non-cash drawings, consisting of letters of credit and similar, were approximately $0.2 million (2019 — $0.2 million). Term debt is as follows:

| (thousands of CAD dollars) | **March 31, 2020** | December 31, 2019 |
|---|---|---|
| **Term loan facility** | | |
| Current portion | **2,000** | 2,000 |
| Long-term portion | **15,500** | 16,000 |
| **Total long-term debt** | **$ 17,500** | $ 18,000 |

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

The amount of borrowing costs capitalized during 2020 and 2019 was nil.

## 17 Provisions

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

| (thousands of CAD dollars) | Restructuring Provision | Other Provisions | Total |
|---|---|---|---|
| Balance, December 31, 2018 | $ - | $ - | $ - |
| Additions | 643 | 160 | 803 |
| Utilizations and settlements | (321) | (14) | (335) |
| Balance, December 31, 2019 | $ 322 | $ 146 | $ 468 |
| Additions | - | - | - |
| Utilizations and settlements | (246) | (15) | (261) |
| **Balance, March 31, 2020** | **$ 76** | **$ 131** | **$ 207** |

In 2019, the Company made the decision to close three of its regional service centres in Saskatchewan in addition to other services. The restructuring provision primarily consists of severance, site decommissioning and contract termination costs. The other provisions related to costs expected to be incurred under site contracts as a result of the closure decision. Management expects to settle the provisions within the next twelve months.

In 2019, the Company also recorded impairments of leasehold improvements and right-of-use assets related to these regional service centres that aggregate to $541 thousand.

## 18 Liabilities Arising from Financing Activities

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

| | Three Months Ended March 31, | |
|---|---|---|
| (thousands of CAD dollars) | **2020** | 2019 |
| **Financing activities** | | |
| Interest paid (a) | **$ (185)** | $ (143) |
| Interest paid on right-of-use assets (a) | **(115)** | (128) |
| Payments on lease obligations (b) | **(448)** | (436) |
| Repayment of long-term debt (c) | **(500)** | (500) |
| Dividends paid (d) | **(3,500)** | (3,500) |
| **Net cash flow used in financing activities** | **$ (4,748)** | $ (4,707) |

| | As at December 31, 2019 | Cash Flows | | Non-cash Changes | | **As at March 31, 2020** |
|---|---|---|---|---|---|---|
| | | | | Dividends Declared | Other | |
| Interest payable | $ 203 | $ (300) | (a) | $ - | $ 343 | **$ 246** |
| Lease obligation including current portion | 10,812 | (448) | (b) | - | 32 | **10,396** |
| Long-term debt including current portion | 18,000 | (500) | (c) | - | - | **17,500** |
| Dividends payable | 3,500 | (3,500) | (d) | 3,500 | - | **3,500** |
| | $ 32,515 | $ (4,748) | | $ 3,500 | $ 375 | **$ 31,642** |

| | As at December 31, 2018 (restated*) | Cash Flows | | Non-cash Changes: Dividends Declared | Non-cash Changes: Other | As at March 31, 2019 |
|---|---|---|---|---|---|---|
| Interest payable | $ - | $ (271) | (a) | $ - | $ 271 | $ - |
| Lease obligation including current portion | 12,235 | (436) | (b) | - | (11) | 11,788 |
| Long-term debt including current portion | 20,000 | (500) | (c) | - | - | 19,500 |
| Dividends payable | 3,500 | (3,500) | (d) | 3,500 | - | 3,500 |
| | $ 35,735 | $ (4,707) | | $ 3,500 | $ 260 | $ 34,788 |

*See Note 2 of the Company's 2019 Annual Consolidated Financial Statements.

# 19 Earnings Per Share

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

| (thousands of CAD dollars, except number of shares and earnings per share) | Three Months ended March 31, **2020** | 2019 |
|---|---|---|
| Net income | $ **3,470** | $ 3,011 |
| Weighted average number of shares, basic | **17,500,000** | 17,500,000 |
| Potential dilutive shares resulting from stock options | **3,773** | 33,185 |
| Weighted average number of shares, diluted | **17,503,773** | 17,533,185 |
| | | |
| **Earnings per share** ($ per share) | | |
| **Total, basic** | **$ 0.20** | $ 0.17 |
| **Total, diluted** | **$ 0.20** | $ 0.17 |

# 20 Equity and Capital Management

| | Class A | | Class B | |
|---|---|---|---|---|
| (thousands of CAD dollars, except number of shares) | **Number of Shares** | **Share Capital** | **Number of Shares** | **Share Capital** |
| Balance at January 1, 2019 | 17,500,000 | $ 19,955 | 1 | $ - |
| No movement | - | - | - | - |
| Balance at December 31, 2019 | 17,500,000 | $ 19,955 | 1 | $ |
| **Balance at January 1, 2020** | **17,500,000** | **$ 19,955** | **1** | **$ -** |
| No movement | - | - | - | - |
| **Balance at March 31, 2020** | **17,500,000** | **$ 19,955** | **1** | **$ -** |

## Capital management

The Company's capital at March 31, 2020, consists of long-term debt, share capital, accumulated other comprehensive income, equity settled employee benefit reserve, and retained earnings (comprising total shareholders' equity).

| (thousands of CAD dollars) | **March 31, 2020** | December 31, 2019 |
|---|---|---|
| Long-term debt | **$ 17,500** | $ 18,000 |
| Share capital | **19,955** | 19,955 |
| Accumulated other comprehensive income | **671** | 5 |
| Equity settled employee benefit reserve | **2,234** | 2,153 |
| Retained earnings | **92,098** | 92,128 |
| **Capitalization** | **$ 132,458** | $ 132,241 |

# 21 Financial Instruments and Related Risk Management

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

### *Fair value of financial instruments*

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

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

# 22 Revenue

The Company derives its revenue from the transfer of goods or services at either a point in time or over time. This is consistent with the revenue from third parties' information that is disclosed for each reportable segment under IFRS 8 — *Operating Segments* (see Note 23). The following table presents our revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

### *Segment revenue*

| | Three Months Ended March 31, | |
|---|---|---|
| (thousands of CAD dollars) | **2020** | 2019 |
| Registry Operations | | |
| Land Registry (Land Titles Registry, Land Surveys, and Geomatics) | **$ 10,365** | $ 11,308 |
| Personal Property Registry | **2,201** | 2,271 |
| Corporate Registry | **2,881** | 2,691 |
| Other | **84** | - |
| Services | **11,844** | 10,972 |
| Technology Solutions | **2,220** | 1,361 |
| Corporate and other | **1** | 4 |
| **Total revenue** | **$ 29,596** | $ 28,607 |

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

### *Timing of revenue recognition*

| (thousands of CAD dollars) | Three Months Ended March 31, 2020 | 2019 |
|---|---|---|
| **At a point in time** | | |
| Registry Operations revenue | | |
| Land Registry (Land Titles Registry, Land Surveys, and Geomatics) | **$ 9,887** | $ 10,815 |
| Personal Property Registry | **2,201** | 2,271 |
| Corporate Registry | **2,664** | 2,479 |
| Services revenue | **11,844** | 10,972 |
| Corporate and other | **1** | 4 |
| | **$ 26,597** | $ 26,541 |
| **Over time** | | |
| Registry Operations revenue | | |
| Land Registry (Land Titles Registry, Land Surveys, and Geomatics) | **478** | 493 |
| Corporate Registry | **217** | 212 |
| Other | **84** | - |
| Technology Solutions revenue | **2,220** | 1,361 |
| | **$ 2,999** | $ 2,066 |
| **Total revenue** | **$ 29,596** | $ 28,607 |

### *Service concession arrangement*

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

As at March 31, 2020, the development associated with the change order is approximately 90 per cent complete (December 31, 2019 – 85 per cent) and an incremental $0.1 million increase to both intangible assets and other revenue has been recorded in 2020 in Registry Operations related to the project. Amortization of the intangible asset is expected to commence in 2020 when the development is complete.

# 23 Segment Information

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

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

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

Corporate and other includes our corporate activities and shared services functions and eliminations of inter-segment revenue and costs. The Registry Operations and Services segments operate substantially in Canada. The Technology Solutions segment operates both in Canada and Ireland.

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

On January 1, 2020, a new methodology was adopted for allocating corporate costs to the operating segments. Management believes this revised methodology more closely reflects the level of shared service provided to the operating segments in the current year. This change is not material for the quarter.

## Revenue and EBIT

**For the three months ended March 31, 2020**

| (thousands of CAD dollars) | Registry Operations | Services | Technology Solutions | Corporate and other | Consolidated Total |
|---|---|---|---|---|---|
| **Revenue from third parties** | **$ 15,531** | **$ 11,844** | **$ 2,220** | **$ 1** | **$ 29,596** |
| Plus: inter-segment revenue | **-** | **4** | **2,444** | **(2,448)** | **-** |
| **Total revenue** | **$ 15,531** | **$ 11,848** | **$ 4,664** | **$ (2,447)** | **$ 29,596** |
| Expenses excluding depreciation and amortization | **(9,084)** | **(9,776)** | **(4,022)** | **1,120** | **(21,762)** |
| **EBITDA** | **6,447** | **2,072** | **642** | **(1,327)** | **7,834** |
| Depreciation and amortization | **(630)** | **(1,365)** | **(446)** | **(318)** | **(2,759)** |
| **EBIT** | **$ 5,817** | **$ 707** | **$ 196** | **$ (1,645)** | **$ 5,075** |
| Net finance (expense) | | | | | **(274)** |
| Income tax expense | | | | | **(1,331)** |
| **Net income** | | | | | **$ 3,470** |
| | | | | | |
| **Additions to non-current assets, including acquisitions** | **$ 84** | **$ 91** | **$ 21** | **$ 111** | **$ 307** |

For the three months ended March 31, 2019

| (thousands of CAD dollars) | Registry Operations | Services | Technology Solutions | Corporate and other | Consolidated Total |
|---|---|---|---|---|---|
| Revenue from third parties | $ 16,270 | $ 10,972 | $ 1,361 | $ 4 | $ 28,607 |
| Plus: inter-segment revenue | - | 56 | 3,517 | (3,573) | - |
| Total revenue | $ 16,270 | $ 11,028 | $ 4,878 | $ (3,569) | $ 28,607 |
| Expenses excluding depreciation and amortization | (9,495) | (9,551) | (4,495) | 2,300 | (21,241) |
| EBITDA | 6,775 | 1,477 | 383 | (1,269) | 7,366 |
| Depreciation and amortization | (513) | (1,236) | (416) | (432) | (2,597) |
| EBIT | $ 6,262 | $ 241 | $ (33) | $ (1,701) | $ 4,769 |
| Net finance (expense) | | | | | (259) |
| Income tax expense | | | | | (1,499) |
| Net income | | | | | $ 3,011 |
| | | | | | |
| Additions to non-current assets, including acquisitions | $ 108 | $ 6,925 | $ 286 | $ 310 | $ 7,629 |

Inter-segment revenues are charged among segments at arm's-length rates, based on rates charged to third parties. Total consolidated revenue is attributed to customers within Ireland and Canada. For the three months ended March 31, 2020, revenue within Ireland was $2.1 million (2019 — $1.1 million) and the remainder was in Canada. No single customer represented more than 10.0 per cent of the total consolidated revenue.

## Assets and liabilities

| **As at March 31, 2020** (thousands of CAD dollars) | **Registry Operations** | **Services** | **Technology Solutions** | **Corporate and other** | **Consolidated Total** |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Total assets, excluding intangibles, goodwill and cash | **$ 26,860** | **$ 10,478** | **$ 6,977** | **$ 16,178** | **$ 60,493** |
| Intangibles | **3,462** | **30,451** | **4,487** | **1,322** | **39,722** |
| Goodwill | **1,200** | **35,715** | **8,873** | **-** | **45,788** |
| Cash | **-** | **-** | **-** | **21,161** | **21,161** |
| **Total Assets** | **$ 31,522** | **$ 76,644** | **$ 20,337** | **$ 38,661** | **$ 167,164** |
| **Liabilities** | **$ 8,285** | **$ 10,177** | **$ 2,612** | **$ 31,132** | **$ 52,206** |

| As at December 31, 2019 (thousands of CAD dollars) | Registry Operations | Services | Technology Solutions | Corporate and other | Consolidated Total |
|---|---|---|---|---|---|
| Assets | | | | | |
| Total assets, excluding intangibles, goodwill and cash | $ 26,384 | $ 10,951 | $ 6,467 | $ 17,321 | $ 61,123 |
| Intangibles | 3,803 | 31,647 | 4,525 | 1,221 | 41,196 |
| Goodwill [1] | 1,200 | 35,715 | 8,614 | - | 45,529 |
| Cash | - | - | - | 23,731 | 23,731 |
| Total Assets | $ 31,387 | $ 78,313 | $ 19,606 | $ 42,273 | $ 171,579 |
| Liabilities | $ 8,848 | $ 11,013 | $ 4,171 | $ 33,306 | $ 57,338 |

[1] In 2019, $4.6 million of goodwill was reallocated to Technology Solutions from Registry Operations for both the current and comparative periods. See Note 12 of the Company's 2019 Annual Consolidated Financial Statements for further information.

Non-current assets are held in Canada and Ireland. At March 31, 2020, non-current assets held in Ireland were $9.1 million (December 31, 2019 — $8.8 million) while the remainder were held in Canada.

# 24 Acquisitions

On February 15, 2019, the Company through its wholly owned subsidiary ESC, acquired substantially all of the assets of Securefact Transaction Services, Inc. ("Securefact"), for $6.8 million by way of an asset purchase agreement. This acquisition is a business combination to which IFRS 3 – *Business Combinations* applies. A table outlining the net cash flow related to the acquisition is provided below.

Net cash outflow related to the acquisition

| (thousands of CAD dollars) | 2019 |
|---|---|
| Consideration paid in cash | $ 6,768 |
| Less: cash balance acquired | - |
| Total net cash outflow related to the acquisition | $ 6,768 |

There have been no changes to any of the purchase price allocations from the amounts disclosed for the year ended December 31, 2019.

# 25 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

| (thousands of CAD dollars) | | Three Months Ended March 31, 2020 | | 2019 |
|---|---|---|---|---|
| Trade and other receivables | **$** | **327** | $ | (939) |
| Prepaid expenses | | **(369)** | | (57) |
| Contract assets | | **(376)** | | (483) |
| Accounts payable and accrued liabilities | | **(3,385)** | | (752) |
| Contract liabilities | | **(246)** | | (83) |
| Contingent consideration | | **-** | | 330 |
| Provisions and other liabilities | | **(216)** | | - |
| Income taxes | | **(227)** | | (2,807) |
| **Net change in non-cash working capital** | **$** | **(4,492)** | $ | (4,791) |

Income taxes paid, net of refunds received, for the three months ended March 31, 2020, totalled $1.4 million (2019 — $4.1 million).

# 26 Commitments and Contingencies

The Company's commitments have not materially changed from those described in Note 30 of the Company's 2019 Annual Consolidated Financial Statements.

*Contingencies*

Management's estimate of liability for claims and legal actions that may be made by customers pursuant to the assurance provision and the MSA is based upon claims submitted. As at March 31, 2020, the liability was nil (December 31, 2019 — nil).

# 27 Subsequent Events

On May 5, 2020, the Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before July 15, 2020, to shareholders of record as of June 30, 2020.