



May 5, 2021

2021 Unaudited Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2021



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Condensed Consolidated Statements of Financial Position

As at (thousands of CAD dollars, unaudited)	Note	March 31, 2021	December 31, 2020
Assets			
Current assets			
Cash		\$ 30,356	\$ 33,946
Short-term investments		37	52
Trade and other receivables	4	18,531	17,031
Contract assets	5	1,495	1,053
Income tax recoverable		-	476
Prepaid expenses and deposits		3,065	2,825
Total current assets		53,484	55,383
Non-current assets			
Property, plant and equipment	7	1,957	2,160
Right-of-use assets	8	7,086	7,580
Intangible assets	9	68,321	71,218
Goodwill	10	77,233	77,455
Deferred tax asset	14	28,884	28,504
Total non-current assets		183,481	186,917
Total assets		\$ 236,965	\$ 242,300
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 21,033	\$ 21,944
Contract liabilities	12	1,194	2,024
Lease obligations – current portion	13	1,922	1,996
Income tax payable	14	958	1,179
Provisions		79	146
Total current liabilities		25,186	27,289
Non-current liabilities			
Lease obligations	13	6,380	6,856
Deferred tax liability	14	7,293	7,695
Long-term debt	16	71,316	76,316
Other liabilities	15	3,467	2,096
Total non-current liabilities		88,456	92,963
Shareholders' equity			
Share capital	20	19,955	19,955
Equity settled employee benefit reserve	15	2,413	2,376
Accumulated other comprehensive (loss) income		(53)	706
Retained earnings		101,008	99,011
Total shareholders' equity		123,323	122,048
Total liabilities and shareholders' equity		\$ 236,965	\$ 242,300

See Note 24 for Commitments and Contingencies

See accompanying Notes

Condensed Consolidated Statements of Comprehensive Income

(thousands of CAD dollars, unaudited)	Note	Three Months Ended March 31,	
		2021	2020
Revenue	21	\$ 39,148	\$ 29,596
Expenses			
Wages and salaries		14,707	10,085
Cost of goods sold		7,589	6,859
Depreciation and amortization	7, 8, 9	3,745	2,759
Information technology services		2,057	1,926
Occupancy costs		850	720
Professional and consulting services		758	791
Financial services		965	881
Other		353	500
Total expenses		31,024	24,521
Net income before items noted below		8,124	5,075
Finance income (expense)			
Interest income		23	69
Interest expense		(816)	(343)
Net finance (expense)		(793)	(274)
Income before tax		7,331	4,801
Income tax expense	14	(1,834)	(1,331)
Net income		\$ 5,497	\$ 3,470
Other comprehensive (loss) income			
Items that may be subsequently reclassified to net income			
Unrealized (loss) gain on translation of financial statements of foreign operations		(744)	711
Change in fair value of marketable securities, net of tax		(15)	(45)
Other comprehensive (loss) income		(759)	666
Total comprehensive income		\$ 4,738	\$ 4,136
Earnings per share (\$ per share)			
Total, basic	18	\$ 0.31	\$ 0.20
Total, diluted	18	\$ 0.31	\$ 0.20

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, 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
Balance at January 1, 2021		\$ 99,011	\$ 19,955	\$ 706	\$ 2,376	\$ 122,048
Net income		5,497	-	-	-	5,497
Other comprehensive loss		-	-	(759)	-	(759)
Stock option expense	15	-	-	-	37	37
Dividend declared		(3,500)	-	-	-	(3,500)
Balance at March 31, 2021		\$ 101,008	\$ 19,955	\$ (53)	\$ 2,413	\$ 123,323

See accompanying Notes

Condensed Consolidated Statements of Cash Flows

(thousands of CAD dollars, unaudited)	Note	Three Months Ended March 31,	
		2021	2020
Operating			
Net income		\$ 5,497	\$ 3,470
Add: Charges not affecting cash			
Depreciation	7, 8	678	742
Amortization	9	3,067	2,017
Foreign exchange (gain)		(37)	(25)
Deferred tax (recovery) expense recognized in net income		(775)	118
Service concession arrangements		-	(84)
Net finance expense		793	274
Stock option expense	15	37	81
Net change in non-cash working capital	23	(2,315)	(4,492)
Net cash flow provided by operating activities		6,945	2,101
Investing			
Interest received		23	69
Additions to property, plant and equipment		-	(19)
Additions to intangible assets		(382)	(204)
Net cash flow used in investing activities		(359)	(154)
Financing			
Interest paid		(721)	(185)
Interest paid on lease obligations	13	(94)	(115)
Principal repayments on lease obligations	13	(536)	(448)
Repayment of long-term debt	16	(5,000)	(500)
Dividend paid		(3,500)	(3,500)
Net cash flow used in financing activities		(9,851)	(4,748)
Effects of exchange rate changes on cash held in foreign currencies		(325)	231
Decrease in cash		(3,590)	(2,570)
Cash, beginning of period		33,946	23,731
Cash, end of period		\$ 30,356	\$ 21,161

See accompanying Notes



Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1 Nature of the Business

Information Services Corporation is the parent company of its subsidiary group (collectively, the “Company”, or “ISC”) and is a Canadian corporation with its Class A Limited Voting Shares (“Class A Shares”) listed on the Toronto Stock Exchange (“TSX”) under the symbol ISV. The 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. In addition to our head office in Regina, the Company has regional service centres across Saskatchewan and has operations in Toronto, ON, Etobicoke, 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, 2021, 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, 2020, 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, 2020, as described in Note 3 of the December 31, 2020, 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, 2020. 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, 2021.



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.

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 21).

3 Summary of Significant Accounting Policies

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 of Fulfilling a Contract</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 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 – Reference to the Conceptual Framework	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.	January 1, 2022
	<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>	

4 Trade and Other Receivables

The components of trade and other receivables are as follows:

(thousands of CAD dollars)	March 31, 2021	December 31, 2020
Trade receivables	\$ 15,643	\$ 14,247
Consideration due from vendor	2,753	1,919
Government grants receivable	-	525
GST/HST/VAT receivables	83	284
Other	52	56
Total trade and other receivables	\$ 18,531	\$ 17,031

5 Contract Assets

The components of contract assets are as follows:

(thousands of CAD dollars)	March 31, 2021	December 31, 2020
Unbilled revenue	\$ 1,402	\$ 349
Contract fulfilment costs	93	704
Total contract assets	\$ 1,495	\$ 1,053

Unbilled revenue represents invoiced 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 before 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 (2020 – nil).

There were no impairment losses recognized on any contract asset during the reporting period (2020 – nil).

6 Seasonality

Our Registry Operations segment 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 our Services segment, our Corporate Solutions and Regulatory Solutions revenue is reasonably diversified and has little seasonality; instead, it fluctuates in line with the general economic drivers. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters. In particular, our collateral management services 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. Our Technology Solutions segment 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, 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, 2019	\$ 10,324	\$ 3,259	\$ 194	\$ 3,058	\$ -	\$ 16,835
Acquired assets	-	-	-	3	-	3
Additions	-	-	6	13	44	63
Disposals	(430)	(26)	(23)	(15)	-	(494)
Transfers	-	-	-	30	(30)	-
Foreign exchange adjustments	2	3	-	15	-	20
Balance at December 31, 2020	\$ 9,896	\$ 3,236	\$ 177	\$ 3,104	\$ 14	\$ 16,427
Disposals	-	(19)	-	(249)	-	(268)
Foreign exchange adjustments	(2)	(2)	-	(13)	-	(17)
Balance at March 31, 2021	\$ 9,894	\$ 3,215	\$ 177	\$ 2,842	\$ 14	\$ 16,142
Accumulated depreciation						
Balance at December 31, 2019	\$ 8,462	\$ 2,996	\$ 169	\$ 2,210	\$ -	\$ 13,837
Depreciation	458	76	17	363	-	914
Disposals	(430)	(26)	(23)	(15)	-	(494)
Foreign exchange adjustments	1	-	-	9	-	10
Balance at December 31, 2020	\$ 8,491	\$ 3,046	\$ 163	\$ 2,567	\$ -	\$ 14,267
Depreciation	104	17	3	74	-	198
Disposals	-	(19)	-	(249)	-	(268)
Foreign exchange adjustments	(1)	(1)	-	(10)	-	(12)
Balance at March 31, 2021	\$ 8,594	\$ 3,043	\$ 166	\$ 2,382	\$ -	\$ 14,185
Carrying value						
At December 31, 2020	\$ 1,405	\$ 190	\$ 14	\$ 537	\$ 14	\$ 2,160
At March 31, 2021	\$ 1,300	\$ 172	\$ 11	\$ 460	\$ 14	\$ 1,957

8 Right-of-use Assets

(thousands of CAD dollars)	Property and Equipment ¹
Cost	
Balance at January 1, 2020	\$ 17,504
Additions and modifications	229
Disposals	(811)
Foreign exchange adjustments	71
Balance at December 31, 2020	\$ 16,993
Disposals	(100)
Foreign exchange adjustments	(58)
Balance at March 31, 2021	\$ 16,835
Accumulated depreciation	
Balance at January 1, 2020	\$ 7,836
Depreciation	1,974
Disposals	(436)
Foreign exchange adjustments	39
Balance at December 31, 2020	\$ 9,413
Depreciation	480
Disposals	(100)
Foreign exchange adjustments	(44)
Balance at March 31, 2021	\$ 9,749
Carrying value	
At December 31, 2020	\$ 7,580
At March 31, 2021	\$ 7,086

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

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, 2019	\$ 29,417	\$ 76,880	\$ 2,038	\$ 5,415	\$ 2,412	\$ 28,286	\$ 2,885	\$ 147,333
Acquired assets	260	-	-	-	260	37,600	-	38,120
Additions	-	-	-	30	-	-	1,599	1,629
Disposals	(2,726)	(116)	-	-	(320)	(560)	-	(3,722)
Transfers	-	3,143	-	388	-	-	(3,531)	-
Foreign exchange adjustments	-	-	136	176	39	49	2	402
Balance at December 31, 2020	\$ 26,951	\$ 79,907	\$ 2,174	\$ 6,009	\$ 2,391	\$ 65,375	\$ 955	\$ 183,762
Additions	-	-	-	-	-	-	382	382
Foreign exchange adjustments	-	-	(113)	(149)	(32)	(40)	(41)	(375)
Balance at March 31, 2021	\$ 26,951	\$ 79,907	\$ 2,061	\$ 5,860	\$ 2,359	\$ 65,335	\$ 1,296	\$ 183,769
Accumulated depreciation								
Balance at December 31, 2019	\$ 16,603	\$ 76,569	\$ 884	\$ 2,725	\$ 1,456	\$ 7,900	\$ -	\$ 106,137
Amortization	3,476	625	318	761	332	4,465	-	9,977
Disposals	(2,716)	(116)	-	-	(320)	(560)	-	(3,712)
Foreign exchange adjustments	-	-	65	29	31	17	-	142
Balance at December 31, 2020	\$ 17,363	\$ 77,078	\$ 1,267	\$ 3,515	\$ 1,499	\$ 11,822	\$ -	\$ 112,544
Amortization	873	157	80	193	60	1,704	-	3,067
Foreign exchange adjustments	-	-	(69)	(44)	(32)	(18)	-	(163)
Balance at March 31, 2021	\$ 18,236	\$ 77,235	\$ 1,278	\$ 3,664	\$ 1,527	\$ 13,508	\$ -	\$ 115,448
Carrying value								
At December 31, 2020	\$ 9,588	\$ 2,829	\$ 907	\$ 2,494	\$ 892	\$ 53,553	\$ 955	\$ 71,218
At March 31, 2021	\$ 8,715	\$ 2,672	\$ 783	\$ 2,196	\$ 832	\$ 51,827	\$ 1,296	\$ 68,321

10 Goodwill

The components of goodwill are as follows:

(thousands of CAD dollars)	March 31, 2021	December 31, 2020
Balance, beginning of the period	\$ 77,455	\$ 45,529
Additions	-	31,657
Foreign exchange adjustment	(222)	269
Balance, end of period	\$ 77,233	\$ 77,455

11 Accounts Payable and Accrued Liabilities

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

(thousands of CAD dollars)	March 31, 2021	December 31, 2020
Trade payables	\$ 3,435	\$ 3,338
Accrued liabilities	6,481	8,939
Customer deposits	3,663	3,664
Dividend payable	3,500	3,500
Share-based accrued liabilities	3,954	2,503
Total accounts payable and accrued liabilities	\$ 21,033	\$ 21,944

12 Contract Liabilities

The components of contract liabilities are as follows:

(thousands of CAD dollars)		March 31, 2021	December 31, 2020
Amounts received in advance of Registry Operations transaction, maintenance and support contracts	(i)	\$ 136	\$ 326
Amounts received in advance of Technology Solutions support and delivery contracts	(ii)	1,058	1,698
Total contract liabilities		\$ 1,194	\$ 2,024

- (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 and other income related to Technology Solutions contracts, including government assistance, is recognized over time as the performance obligations in the contract are achieved. These obligations may be based on a time period or on performance-based milestones identified in the contract. A contract liability is recognized for payments received from customers in advance and is recognized into revenue either over the service period or when performance milestones are achieved.

Revenue recognized in 2021 that was included in the contract liability balance at December 31, 2020 and December 31, 2019:

(thousands of CAD dollars)		Three Months Ended March 31, 2021	2020
Registry Operations transaction, maintenance and support contracts		\$ 246	\$ 249
Technology Solutions support and delivery contracts		1,043	281
Total revenue recognized that was included in the balance at the beginning of the period		\$ 1,289	\$ 530

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, 2020	\$ 10,812
Additions	106
Interest expense for the period	425
Effect of modification to lease terms	(178)
Lease payments	(2,345)
Foreign exchange adjustments	32
Balance at December 31, 2020	\$ 8,852
Additions	-
Interest expense for the period ¹	94
Lease payments ¹	(630)
Foreign exchange adjustments	(14)
Balance at March 31, 2021	\$ 8,302

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. 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 (2020 — 27.0 per cent).

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Current tax expense	\$ 2,609	\$ 1,213
Deferred tax (recovery) expense	(775)	118
Income tax expense	\$ 1,834	\$ 1,331

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, 2021, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2019	33,000.32	\$ 16.10
PSUs granted March 26, 2020	38,701.00	\$ 13.71
PSUs credited as a result of cash dividends paid	3,545.90	16.51
Balance at December 31, 2020	75,247.22	\$ 14.89
PSUs granted March 25, 2021	22,900.00	\$ 23.86
PSUs credited as a result of cash dividends paid	817.77	24.00
Balance at March 31, 2021	98,964.99	\$ 17.04

The share-based compensation expense related to the PSUs for the three months ended March 31, 2021, totalled \$0.4 million (2020 — \$44 thousand). The total carrying amount of the liability arising from the PSUs as of March 31, 2021, totalled \$1.3 million (December 31, 2020 — \$0.9 million). The current portion of the liability amount is included within accounts payable and accrued liabilities and the non-current portion is within other non-current liabilities on the consolidated statements of financial position.

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 cash payment 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, 2021, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2019	243,116.00	\$ 16.11
SARs granted March 31, 2020	291,386.00	13.71
Balance at December 31, 2020	534,502.00	\$ 14.80
SARs granted March 25, 2021	133,791.00	23.86
Balance at March 31, 2021	668,293.00	\$ 16.61

The share-based compensation expense related to the SARs for the three months ended March 31, 2021, totalled \$1.7 million (2020 — \$2 thousand). The total carrying amount of the liability arising from SARs as of March 31, 2021, was \$2.9 million (December 31, 2020 — \$1.2 million). The current portion of the liability amount is included within accounts payable and accrued liabilities and the non-current portion is within other non-current liabilities on the consolidated statements of financial position.

Deferred share units (“DSUs”)

A summary of the status of the DSU plan and the changes within the three months ended March 31, 2021, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2019	98,313.15	\$ 17.05
DSUs granted June 30, 2020	23,800.00	15.00
DSUs credited as a result of cash dividends paid	5,554.00	16.66
Balance at December 31, 2020	127,667.15	\$ 16.65
DSUs granted during the period	-	-
DSUs credited as a result of cash dividends paid	1,030.00	24.00
Balance at March 31, 2021	128,697.15	\$ 16.71

Share-based compensation expense related to the DSUs for the three months ended March 31, 2021, totalled \$0.7 million (2020 — \$16 thousand income). The total carrying amount of the liability arising from the DSUs as of March 31, 2021, totalled \$3.2 million (December 31, 2020 — \$2.5 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, 2021, 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, 2021, are as follows:

	Options	Average Exercise Price
Balance at December 31, 2019	1,548,247	\$ 17.27
Stock options granted during the year	-	-
Balance at December 31, 2020	1,548,247	\$ 17.27
Stock options granted during the period	-	-
Balance at March 31, 2021	1,548,247	\$ 17.27

At the end of the period, the outstanding share options had a weighted average exercise price of \$17.27 (December 31, 2020 — \$17.27). The number of options exercisable at the end of the period was 1,233,095 (December 31, 2020 — 1,233,095) and had a weighted average exercise price of \$17.05 (December 31, 2020 — \$17.05) based on a range of exercise prices from \$15.04 to \$18.85 (December 31, 2020 — \$15.04 to \$18.85).

Compensation expense is recognized in proportion to the number of stock options vested. Share-based compensation expense related to the stock options for the three months ended March 31, 2021, totalled \$37 thousand (2020 — \$81 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of March 31, 2021, totalled \$2.4 million (December 31, 2020 — \$2.3 million).

16 Debt

Term debt is as follows:

(thousands of CAD dollars)	March 31, 2021	December 31, 2020
Non-current		
Revolving term facility	\$ 71,316	\$ 76,316
Total non-current and total debt	\$ 71,316	\$ 76,316

During the period, the Company made a \$5.0 million voluntary prepayment against its revolving term facility. In the comparable quarter last year, the Company made a repayment of debt of \$0.5 million towards its previous facility. The aggregate amount available under the Credit Facility at March 31, 2021, remains at \$150.0 million.

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

The amount of borrowing costs capitalized during 2021 and 2020 was nil.

17 Liabilities Arising from Financing Activities

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

(thousands of CAD dollars)		Three Months Ended March 31,	
		2021	2020
Financing activities			
Interest paid	(a)	\$ (721)	\$ (185)
Interest paid on right-of-use assets	(b)	(94)	(115)
Principal repayments on lease obligations	(b)	(536)	(448)
Repayment of long-term debt	(c)	(5,000)	(500)
Dividends paid	(d)	(3,500)	(3,500)
Net cash flow used in financing activities		\$ (9,851)	\$ (4,748)

	As at December 31, 2020	Cash Flows		Non-cash Changes		As at March 31, 2021
				Dividends Declared	Other	
Interest payable	\$ 223	\$ (721)	(a)	\$ -	\$ 721	\$ 223
Lease obligation including current portion and interest paid	8,852	(630)	(b)	-	80	8,302
Long-term debt including current portion	76,316	(5,000)	(c)	-	-	71,316
Dividends payable	3,500	(3,500)	(d)	3,500	-	3,500
	\$ 88,891	\$ (9,851)		\$ 3,500	\$ 801	\$ 83,341

	As at December 31, 2019	Cash Flows		Non-cash Changes		As at March 31, 2020
				Dividends Declared	Other	
Interest payable	\$ 203	\$ (185)	(a)	\$ -	\$ 228	\$ 246
Lease obligation including current portion and interest paid	10,812	(563)	(b)	-	147	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

18 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,	
	2021	2020
Net income	\$ 5,497	\$ 3,470
Weighted average number of shares, basic	17,500,000	17,500,000
Potential dilutive shares resulting from stock options	352,205	3,773
Weighted average number of shares, diluted	17,852,205	17,503,773
Earnings per share (\$ per share)		
Total, basic	\$ 0.31	\$ 0.20
Total, diluted	\$ 0.31	\$ 0.20

19 Equity and Capital Management

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

(thousands of CAD dollars, except number of shares)	Class A		Class B	
	Number of Shares	Share Capital	Number of Shares	Share Capital
Balance at January 1, 2020	17,500,000	\$ 19,955	1	\$ -
No movement	-	-	-	-
Balance at December 31, 2020	17,500,000	\$ 19,955	1	\$ -
Balance at January 1, 2021	17,500,000	\$ 19,955	1	\$ -
No movement	-	-	-	-
Balance at March 31, 2021	17,500,000	\$ 19,955	1	\$ -

Capital management

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

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

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

The Company's capital at March 31, 2021, consists of long-term debt, share capital, employee benefit reserve, accumulated other comprehensive income and retained earnings (comprising total shareholders' equity).

(thousands of CAD dollars)	March 31, 2021	December 31, 2020
Long-term debt	\$ 71,316	\$ 76,316
Share capital	19,955	19,955
Accumulated other comprehensive (loss) income	(53)	706
Equity settled employee benefit reserve	2,413	2,376
Retained earnings	101,008	99,011
Capitalization	\$ 194,639	\$ 198,364

20 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, accounts payable and accrued liabilities excluding share-based accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. With long-term debt, ISC has amended and restated its borrowings under the Credit Facility, which is managed with prime loans, short-term bankers' acceptance, letters of credit or letters of guarantee. These borrowings will bear interest at a base rate of prime plus applicable margin varying between 0.45 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.

21 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 disclosed for each reportable segment under IFRS 8 — *Operating Segments* (see Note 22). The following table presents our revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

Segment revenue

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Registry Operations	\$ 19,200	\$ 15,531
Services	16,237	11,844
Technology Solutions	3,711	2,220
Corporate and other	-	1
Total revenue	\$ 39,148	\$ 29,596

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

Timing of revenue recognition

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
At a point in time		
Registry Operations revenue	\$ 18,479	\$ 14,752
Services revenue	14,137	11,844
Corporate and other	-	1
	\$ 32,616	\$ 26,597
Over time		
Registry Operations revenue	721	779
Services revenue	2,100	-
Technology Solutions revenue	3,711	2,220
	\$ 6,532	\$ 2,999
Total revenue	\$ 39,148	\$ 29,596



22 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 to assess each segment's performance and 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, net finance expense, and income tax expense.

ISC has three reportable segments – Registry Operations, Services, and Technology Solutions, summarized as follows:

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

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

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

Revenue and EBIT

For the three months ended March 31, 2021

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 19,200	\$ 16,237	\$ 3,711	\$ -	\$ -	\$ 39,148
Plus: inter-segment revenue	-	-	2,330	51	(2,381)	-
Total revenue	\$ 19,200	\$ 16,237	\$ 6,041	\$ 51	\$ (2,381)	\$ 39,148
Expenses excluding depreciation and amortization	(10,619)	(12,197)	(4,839)	(2,005)	2,381	(27,279)
EBITDA	8,581	4,040	1,202	(1,954)	-	11,869
Depreciation and amortization	(602)	(2,365)	(428)	(350)	-	(3,745)
EBIT	\$ 7,979	\$ 1,675	\$ 774	\$ (2,304)	\$ -	\$ 8,124
Net finance (expense)						(793)
Income tax expense						(1,834)
Net income						\$ 5,497
Additions to non-current assets, including acquisitions	\$ -	\$ 113	\$ 269	\$ -	\$ -	\$ 382

For the three months ended March 31, 2020

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 15,531	\$ 11,844	\$ 2,220	\$ 1	\$ -	\$ 29,596
Plus: inter-segment revenue	-	4	2,444	35	(2,483)	-
Total revenue	\$ 15,531	\$ 11,848	\$ 4,664	\$ 36	\$ (2,483)	\$ 29,596
Expenses excluding depreciation and amortization	(9,084)	(9,776)	(4,022)	(1,363)	2,483	(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

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, 2021, revenue within Ireland was \$3.5 million (2020 — \$2.1 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, 2021 (thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Assets						
Total assets, excluding intangibles, goodwill and cash	\$ 25,552	\$ 15,936	\$ 5,514	\$ 14,053	\$ -	\$ 61,055
Intangibles	1,995	61,017	4,094	1,215	-	68,321
Goodwill	1,200	67,372	8,661	-	-	77,233
Cash	-	-	-	30,356	-	30,356
Total Assets	\$ 28,747	\$ 144,325	\$ 18,269	\$ 45,624	\$ -	\$ 236,965
Liabilities	\$ 8,874	\$ 12,660	\$ 4,141	\$ 87,967	\$ -	\$ 113,642
As at December 31, 2020 (thousands of CAD dollars)						
Assets						
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
Liabilities	\$ 10,092	\$ 13,270	\$ 4,844	\$ 92,046	\$ -	\$ 120,252

Non-current assets are held in Canada and Ireland. At March 31, 2021, non-current assets held in Ireland were \$8.5 million (December 31, 2020 — \$8.9 million), while the remainder were held in Canada.

23 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,	
	2021	2020
Trade and other receivables	\$ (1,547)	\$ 327
Prepaid expenses and deposits	(242)	(369)
Contract assets	(484)	(376)
Accounts payable and accrued liabilities	(848)	(3,385)
Contract liabilities	(758)	(246)
Other liabilities and provisions	1,304	(216)
Income taxes	260	(227)
Net change in non-cash working capital	\$ (2,315)	\$ (4,492)

Income taxes paid, net of refunds received, for the three months ended March 31, 2021, totalled \$2.3 million (2020 — \$1.4 million).

24 Commitments and Contingencies

The Company's commitments have not materially changed from those described in Note 31 of the Company's 2020 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, 2021, the liability was nil (December 31, 2020 — nil).

25 Reclassifications

During the period, the Company changed the presentation of board compensation costs including certain share-based compensation expenses related to the DSUs 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 DSUs, PSUs, SARs 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. The impact of the reclassification on the comparative 2020 results are as follows:

(thousands of CAD dollars)	2020	Three Months Ended March 31,	
	(as reported)	Reclassification	2020 (as reclassified)
Wages and salaries	\$ 9,985	\$ 100	\$ 10,085
Professional and consulting services	891	(100)	791
All other expenses in total expenses	13,645	-	13,645
Total Expenses	\$ 24,521	\$ -	\$ 24,521

These reclassifications have no impact on net income or earnings per share.

26 Subsequent Events

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