



November 6, 2019

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2019

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INTRODUCTION

This Management's Discussion and Analysis ("MD&A") for Information Services Corporation ("ISC") discusses our financial and operating performance, business indicators and outlook from management's viewpoint.

This document should be read in its entirety and is intended to complement and supplement ISC's unaudited condensed consolidated interim financial statements ("Financial Statements") for the three and nine months ended September 30, 2019, and 2018. Additional information, including our Annual Information Form for the year ended December 31, 2018, is available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

This MD&A contains information from the Financial Statements, prepared in accordance with International Accounting Standard 34 — *Interim Financial Reporting*, using accounting policies that are consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IAS Board"). The financial information that appears throughout our MD&A is consistent with the Financial Statements.

This MD&A also includes certain measures, which have not been prepared in accordance with IFRS, such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Rather, these measures are provided as additional information to complement those IFRS measures, refer to section 8.8 "Non-IFRS Financial Measures". Refer to section 2 "Consolidated Financial Analysis" for a reconciliation of EBITDA and adjusted EBITDA to net income.

Unless otherwise noted, or unless the context indicates otherwise, "ISC", the "Company", "we", "us" and "our" refer to Information Services Corporation, its subsidiaries and its predecessors. Any statements in this MD&A made by, or on behalf of, management are made in such persons' capacities as officers of ISC and not in their personal capacities.

The Financial Statements are presented in Canadian dollars ("CAD"). In this MD&A, all references to "\$" or "dollars" are to Canadian dollars and amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information and should be read in conjunction with the "Caution Regarding Forward-Looking Information" section. This MD&A is current as of November 6, 2019.

RESPONSIBILITY FOR DISCLOSURE

The ISC Board of Directors ("Board") carries out its responsibility for review of this disclosure primarily through the Audit Committee ("Audit Committee") of the Board, which is comprised exclusively of independent directors.

The Audit Committee reviews and approves the fiscal year-end MD&A and recommends it to the Board for approval. Interim MD&As are reviewed and approved by the Audit Committee. Other key responsibilities of the Audit Committee include reviewing our existing internal control procedures and planned revisions to those procedures and advising the directors on auditing matters and financial reporting issues.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A and certain information incorporated by reference herein contains forward-looking information within the meaning of applicable Canadian securities legislation. The purpose of the forward-looking information is to provide a description of management's expectations regarding future events or developments and may not be appropriate for other purposes.

Forward-looking information which may be found in this MD&A includes, without limitation, that contained in the "Outlook" section hereof, and management's expectations, intentions and beliefs concerning the industries in which we operate, business strategy and strategic direction, growth opportunities, integration, contingent consideration, development and completion of projects, the competitive landscape, seasonality, our future financial position and results, capital and operating expectations, projected costs, the impact of certain payments to the Government of Saskatchewan, access to financing, debt levels, free cash flow, expectations for meeting future cash requirements, the economy and the real estate market, reporting currency and currency fluctuations, dividend expectations, market trends and other plans and objectives of or involving ISC. The words *may*, *will*, *should*, *expect*, *plan*, *intend*, *anticipate*, *believe*, *estimate*, *strategy*, *continue*, *likely*, *potential* or the negative or other variations of these words or other comparable words or phrases are intended to identify forward-looking information.

Forward-looking information is based on estimates and assumptions made by us in light of ISC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that ISC believes are appropriate and reasonable in the circumstances. There can be no assurance that such estimates and assumptions will prove to be correct. Certain assumptions with respect to our ability to implement our business strategy and compete for business (other than our exclusive service offerings to the Government of Saskatchewan), as well as business, economic, market and other conditions, availability of financing, currency exchange rates, consumer confidence, interest rates, level of unemployment, inflation, liabilities, income taxes and our ability to attract and retain skilled staff, are material factors in preparing forward-looking information.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such forward-looking information. Factors that could cause our actual results or events to differ materially from those expressed or implied by such forward-looking information, include, without limitation, operational, economic, market, financial, competitive, regulatory, technological and other risks detailed from time to time in the filings made by the Company including those detailed in our Annual Information Form for the year ended December 31, 2018, and the Financial Statements, copies of which are available on our website at www.company.isc.ca and in the Company's profile filed on SEDAR at www.sedar.com. You should consider these factors carefully. We caution that the foregoing list is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, this forward-looking information. See "Business Risks and Risk Management".

Furthermore, unless otherwise stated, the forward-looking information contained in this MD&A is made as of the date of this MD&A. We have no intention and undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

You should not place undue reliance on forward-looking information contained herein.

1 Overview

As required by IFRS, effective January 1, 2019, we have adopted IFRS 16 — *Leases* (“IFRS 16”), as described in section 8.4 “Changes in Accounting Policies”, using the full retrospective method to each period in 2018 previously reported, with an impact to opening retained earnings. We have also reclassified some amounts from previous periods to make them consistent with the presentation for the current period.

During the quarter, the Company made the decision to close three of its regional service centres in Saskatchewan in addition to other services due to customers’ reduced need for counter service given online services offered by the Company. As a result, included in the quarterly results are \$1.4 million of costs related to severance, site decommissioning, contract termination costs and the impairment of related assets.

It should also be noted, an adjustment to the fair value estimate of the contingent consideration associated with our AVS Systems Inc. (“AVS”) acquisition resulted in a \$2.8 million gain for the third quarter of 2018 (\$3.8 million year-to date). Where possible, we have tried to present comparisons with and without this unusual item.

1.1 Consolidated highlights

SELECT CONSOLIDATED FINANCIAL INFORMATION

For the three months ended September 30, 2019:

EBITDA ¹	Adjusted EBITDA ¹	Revenue	Earnings per share	Free cash flow ¹
\$8.6M	\$8.7M	\$32.2M	\$0.19	\$6.6M
(29%) ² vs Q3 2018	(11%) vs Q3 2018	+7% vs Q3 2018	(59%) ² vs Q3 2018	(13%) vs Q3 2018

¹ EBITDA, adjusted EBITDA and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations, refer to section 8.8 “Non-IFRS Financial Measures”. Refer to section 2 “Consolidated Financial Analysis” for a reconciliation of EBITDA and adjusted EBITDA to net income. Refer to section 6.1 “Cash Flow” for a reconciliation of free cash flow.

² Includes the change in contingent consideration in 2018 and one-time costs associated with our office closures in 2019.

ISC® Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2019

The select consolidated quarterly financial information set out for the three and nine months ended September 30, 2019, and 2018, is derived from the Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods.

(thousands of CAD dollars)	Three months ended September 30,		Nine months ended September 30,	
	2019	2018 (restated) ²	2019	2018 (restated) ²
Revenue	\$ 32,175	\$ 30,186	\$ 95,026	\$ 88,116
Net income	3,258	7,762	12,053	15,479
EBITDA ¹	\$ 8,578	\$ 12,145	\$ 26,696	\$ 30,040
Adjusted EBITDA ¹	8,668	9,738	27,344	27,312
EBITDA margin (% of revenue) ¹	26.7%	40.2%	28.1%	34.1%
Adjusted EBITDA margin (% of revenue) ¹	26.9%	32.3%	28.8%	31.0%
Free cash flow ¹	\$ 6,596	\$ 7,562	\$ 20,446	\$ 21,483
Dividend declared per share	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.60
Earnings per share, basic	0.19	0.44	0.69	0.88
Earnings per share, diluted	0.19	0.44	0.69	0.88
			As at September 30,	December 31,
			2019	2018 (as restated)
Total assets			\$ 167,156	\$ 173,682
Total non-current liabilities			\$ 33,137	\$ 36,420

¹ EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations, refer to section 8.8 "Non-IFRS Financial Measures". Refer to section 2 "Consolidated Financial Analysis" for a reconciliation of EBITDA and adjusted EBITDA to net income. Refer to section 6.1 "Cash Flow" for a reconciliation of free cash flow.

² On January 1, 2019, the Company adopted IFRS 16 using the full retrospective method and therefore the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. Refer to Note 2 of the Financial Statements for further details.

THIRD QUARTER CONSOLIDATED HIGHLIGHTS

- Revenue was \$32.2 million for the three months ended September 30, 2019, an increase of \$2.0 million or 6.6 per cent compared to the third quarter of 2018 due to continued growth in our Services segment.
- Net income for the three months ended September 30, 2019, was \$3.3 million or \$0.19 per basic and diluted share, a decrease of \$4.5 million compared to the same period of 2018. The year-over-year decrease is largely due to (i) a gain in 2018 from an adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition (\$2.8 million) and (ii) one-time costs this quarter related to the closure of three of our regional service centres (\$1.4 million).
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the third quarter of 2019 was \$8.6 million, compared to \$12.1 million for the same quarter last year. Excluding the \$2.8 million fair value estimate of the contingent consideration adjustment in 2018 and the \$0.8 million one-time costs this quarter related to office closures that are included in EBITDA, EBITDA was flat for the three months ended September 30, 2019, versus 2018.

- The EBITDA margin for the third quarter of 2019 was 26.7 per cent compared to 40.2 per cent in the same quarter in 2018, down, as expected, due to the continued growth in our lower margin Services collateral management product line and the impact of the contingent consideration adjustment last year.
- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was \$8.7 million for the quarter compared to \$9.7 million in the same quarter last year, down largely due to the one-time costs associated with our office closures, with a corresponding lower adjusted EBITDA margin of 26.9 per cent for the quarter compared to 32.3 per cent in the third quarter of 2018.
- Free cash flow for the three months ended September 30, 2019, was \$6.6 million, a decrease of \$1.0 million compared to the third quarter of 2018 mainly due to the one-time costs associated with our office closures.
- On August 6, 2019, our Board declared a quarterly cash dividend of \$0.20 per Class A Limited Voting Share ("Class A Share"), paid on October 15, 2019, to shareholders of record as of September 30, 2019.
- During the quarter, the Company made the decision to close three of its regional service centres in Saskatchewan in addition to other services due to customers' reduced need for counter service, given online services offered by the Company. As a result, included in the quarterly results are \$1.4 million of costs related to severance, site decommissioning, contract termination costs and the impairment of related assets.

YEAR-TO-DATE CONSOLIDATED HIGHLIGHTS

- Revenue was \$95.0 million for the nine months ended September 30, 2019, an increase of \$6.9 million or 7.8 per cent compared to \$88.1 million for the nine months ended September 30, 2018. The increase was due to the higher revenue generated in Services.
- Net income for the nine months ended September 30, 2019, was \$12.1 million or \$0.69 per basic and diluted share compared to \$15.5 million or \$0.88 per basic share and diluted share last year. The decrease was primarily the result of the \$3.8 million adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition last year and our one-time costs associated with our office closures, partially offset by increased net income from our Services segment.
- EBITDA for the nine months ended September 30, 2019, was \$26.7 million compared to \$30.0 million in the same period last year, a decrease of \$3.3 million. Excluding the \$3.8 million fair value adjustment in 2018 and the \$0.8 million one-time costs associated with our office closures that are included in EBITDA, EBITDA was \$1.3 million higher for the nine months ended September 30, 2019, compared to the same period last year reflecting revenue growth in Services.

- The EBITDA margin for the nine months ended September 30, 2019, was 28.1 per cent compared to 34.1 per cent in the same period in 2018. As expected, the reduction in year-over-year EBITDA margin was due to the growth of our collateral management product line, which is a high revenue, low margin line as well as the impact of the contingent consideration adjustment last year and our one-time costs associated with our office closures this year.
- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was \$27.3 million for the nine months ended September 30, 2019, flat compared to the same period last year, with an adjusted EBITDA margin of 28.8 per cent year-to-date compared to 31.0 per cent for the nine months ended September 30, 2018. The margin has decreased as a result of continued growth in our lower margin profile collateral management product line combined with the one-time costs associated with office closures.
- Free cash flow for the nine months ended September 30, 2019, decreased to \$20.4 million, compared to \$21.5 million for the same period of 2018 primarily due to additions to intangible assets and property, plant and equipment
- On February 19, 2019, the Company announced that its wholly owned subsidiary, ESC Corporate Services Ltd. ("ESC"), acquired substantially all the assets used in the business of Securefact Transaction Services, Inc ("Securefact") for \$6.8 million by way of an asset purchase agreement.

1.2 Subsequent events

- On October 9, 2019, we announced that our wholly owned Irish subsidiary, Enterprise Registry Solutions Limited ("ERS"), signed an agreement with the Irish Aviation Authority to implement and support its new Safety Regulation System. ERS will utilize its RegSys product ("RegSys") to provide the platform upon which this innovative system will be built. The total value of the implementation contract is approximately \$7.0 million, with a subsequent agreement expected for system support and maintenance. The new system is expected to go-live in 2021.
- On November 6, 2019, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before January 15, 2020, to shareholders of record as of December 31, 2019.

1.3 Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities and our future financial position and results, including expected revenue, EBITDA, EBITDA margin and capital expenditures. Refer to "Caution Regarding Forward-Looking Information".

The diversification of our business remains a key part of our strategy, as evidenced by the positive impact our Services segment is having on the business overall. For the balance of 2019, ISC will continue

to drive the organic growth of all our segments by looking to expand our service offerings, secure new business and explore appropriate acquisition targets which are complementary to, or add value to, our existing lines of business.

We continue to expect consolidated revenue growth in 2019 to be primarily driven by Services through the continuing expansion of the collateral management product line, legal due diligence and Know-Your-Customer ("KYC") services, including new and organic customer growth and new product development. We are also focused on consolidating servicing platforms and implementing additional automation within Services to better serve our customers and thereby reduce cost of delivery. We have completed the integration of Securefact, an identity and beneficial ownership attestation program acquired in February 2019, which allows us to provide a strengthened portfolio of KYC solutions and services, including individual verification, beneficial ownership solution and enhanced business verification. The overall outlook for Services remains positive and strong.

Saskatchewan economic conditions are expected to remain muted for the remainder of 2019, which continues to impact the Land Registry within Registry Operations. Recently introduced government programs aimed at improving access to home ownership have not had and are not expected to have significant impact on the Saskatchewan real estate market. Rather we continue to see reduced transaction levels and we anticipate the Registry Operations revenue and volume trends we have witnessed in the first nine months of this year will continue for the balance of 2019 and into 2020.

In Technology Solutions, certain project milestones were delayed due in part to changing customer requirements and timelines, resulting in lower than expected revenue realization during the quarter and projected for year-end. Some of the milestones are expected to be realized in the fourth quarter while others are expected to be delayed until 2020. We will continue to work with our clients to achieve performance-related milestones on a timely basis.

In all segments, we will continue to focus on efficiencies with the key drivers of our expenses being wages and salaries, cost of goods sold and information technology costs, as well as costs associated with the pursuit of new business opportunities. We continue to expect to spend between \$2.0 million and \$4.0 million on business-as-usual capital expenditures.

With that in mind, our guidance remains unchanged with revenue expected to be between \$129.0 million and \$135.0 million, EBITDA to be between \$31.0 million and \$35.0 million and an EBITDA margin between 24.0 per cent and 27.0 per cent.

2 Consolidated Financial Analysis

Consolidated revenue was up 6.6 per cent and 7.8 per cent for the three and nine months ended September 30, 2019, compared to the same periods last year. Net Income was down in the quarter and year-to-date compared to last year largely due to the contingent consideration adjustment last year and one-time costs this quarter related to the closure of three of our regional service centres.

2.1 Consolidated statements of comprehensive income

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Revenue				
Registry Operations	\$ 17,562	\$ 17,867	\$ 52,330	\$ 53,479
Services	12,887	10,447	37,711	30,793
Technology Solutions	5,090	5,509	14,913	14,949
Corporate and other	(3,364)	(3,637)	(9,928)	(11,105)
Total revenue	32,175	30,186	95,026	88,116
Expenses				
Wages and salaries	10,589	9,028	30,110	27,586
Cost of goods sold	7,881	6,395	22,935	18,051
Depreciation and amortization	3,291	2,885	8,704	8,624
Information technology services	2,237	2,057	6,247	6,140
Occupancy costs	1,072	759	2,698	2,510
Professional and consulting services	899	1,481	2,930	3,823
Financial services	383	525	1,676	1,718
Other	536	558	1,734	2,010
Total expenses	26,888	23,688	77,034	70,462
Net income before items noted below	5,287	6,498	17,992	17,654
Finance (expense) income				
Interest income	64	117	212	299
Interest expense	(486)	306	(1,170)	(918)
Net finance (expense) income	(422)	423	(958)	(619)
Change in contingent consideration	-	2,762	-	3,762
Income before tax	4,865	9,683	17,034	20,797
Income tax expense	(1,607)	(1,921)	(4,981)	(5,318)
Net income	3,258	7,762	12,053	15,479
Other comprehensive income (loss)				
Unrealized loss on translation of financial statements of foreign operations	(263)	(129)	(616)	(16)
Change in fair value of marketable securities, net of tax	130	(30)	106	(71)
Other comprehensive loss for the period	(133)	(159)	(510)	(87)
Total comprehensive income	\$ 3,125	\$ 7,603	\$ 11,543	\$ 15,392

¹ On January 1, 2019, the Company adopted IFRS 16 using the full retrospective method and therefore the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. Refer to Note 2 of the Financial Statements for further details.

The primary driver of growth continues to come from Services, largely through the continued expansion of our customer base in collateral management and KYC, with very modest growth in our legal product line.

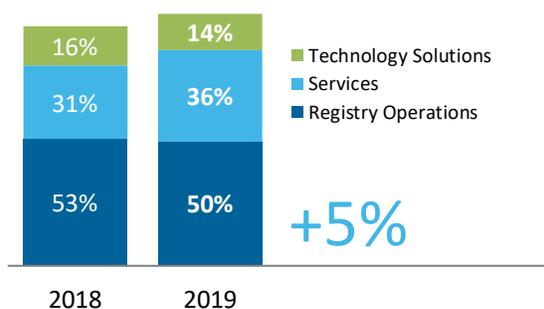
EBITDA margin and adjusted EBITDA margin are down year-over-year, as expected, due to the high revenue, lower margin nature of our collateral management product line as well as the impact of the adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition last year. However, it is the diversification of our business over the last three years that has allowed us to offset the economic impact to Registry Operations and deliver growth.

Registry Operations continues to be challenged by the effects of economic conditions in Saskatchewan, yet it continues to deliver robust results while generating strong free cash flow.

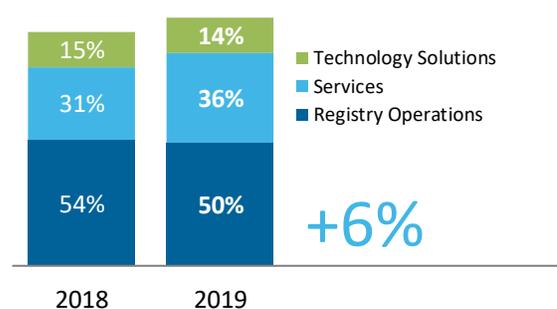
Technology Solutions continues to focus on executing current implementations of new contracts won in 2018 and results are down year-over-year due to timing of these contract milestones.

2.2 Consolidated revenue

Consolidated revenue¹
for the three months ended September 30,



Consolidated revenue¹
for the nine months ended September 30,



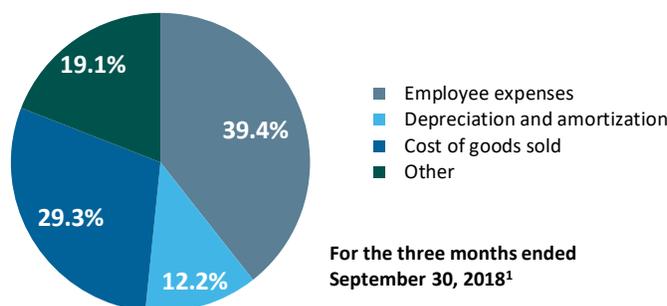
¹ Technology Solutions and Services are net of Corporate and other revenue/eliminations.

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Registry Operations	\$ 17,562	\$ 17,867	\$ 52,330	\$ 53,479
Services	12,887	10,447	37,711	30,793
Technology Solutions	5,090	5,509	14,913	14,949
Corporate and other	(3,364)	(3,637)	(9,928)	(11,105)
Total revenue	\$ 32,175	\$ 30,186	\$ 95,026	\$ 88,116

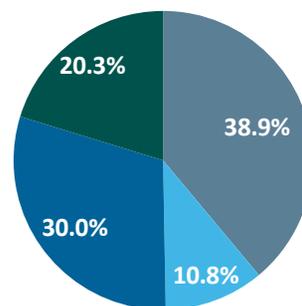
Total revenue increased this quarter compared to last year, with Services revenue increasing organically in the quarter and year-to-date which offset lower revenue in Registry Operations and Technology Solutions as noted previously.

2.3 Consolidated expenses

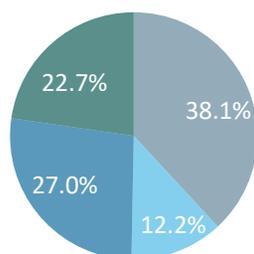
For the three months ended September 30, 2019¹



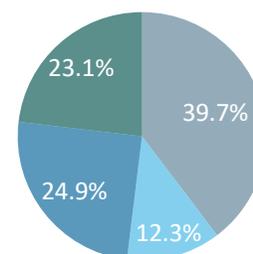
For the nine months ended September 30, 2019¹



For the three months ended September 30, 2018¹



For the nine months ended September 30, 2018¹



(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Wages and salaries	\$ 10,589	\$ 9,028	\$ 30,110	\$ 27,586
Cost of goods sold	7,881	6,395	22,935	18,051
Depreciation and amortization	3,291	2,885	8,704	8,624
Information technology services	2,237	2,057	6,247	6,140
Occupancy costs	1,072	759	2,698	2,510
Professional and consulting services	899	1,481	2,930	3,823
Financial services	383	525	1,676	1,718
Other	536	558	1,734	2,010
Total expenses	\$ 26,888	\$ 23,688	\$ 77,034	\$ 70,462

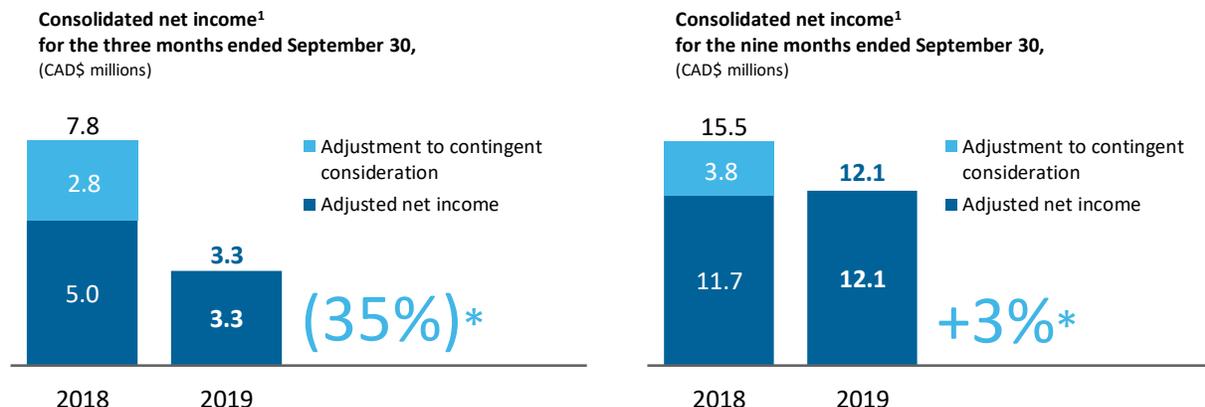
¹ On January 1, 2019, the Company adopted IFRS 16 using the full retrospective method and therefore the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. Refer to Note 2 of the Financial Statements for further details.

Consolidated expenses were \$26.9 million for the three months ended September 30, 2019, an increase of \$3.2 million compared to the third quarter last year and were \$77.0 million year-to-date, an increase of \$6.6 million compared to the same period last year. The increase in the quarter and year-to-date was due to:

- increased cost of goods sold related to new revenue in Services;
- one-time costs in wages and salaries, depreciation and amortization and occupancy, associated with office closures announced during the quarter; and
- increased staffing in Services and Technology Solutions to service growing business.

These increases were partially offset by lower costs for technology services, decreased staffing in Registry Operations as well as decreased professional and consulting services across our segments.

2.4 Consolidated net income



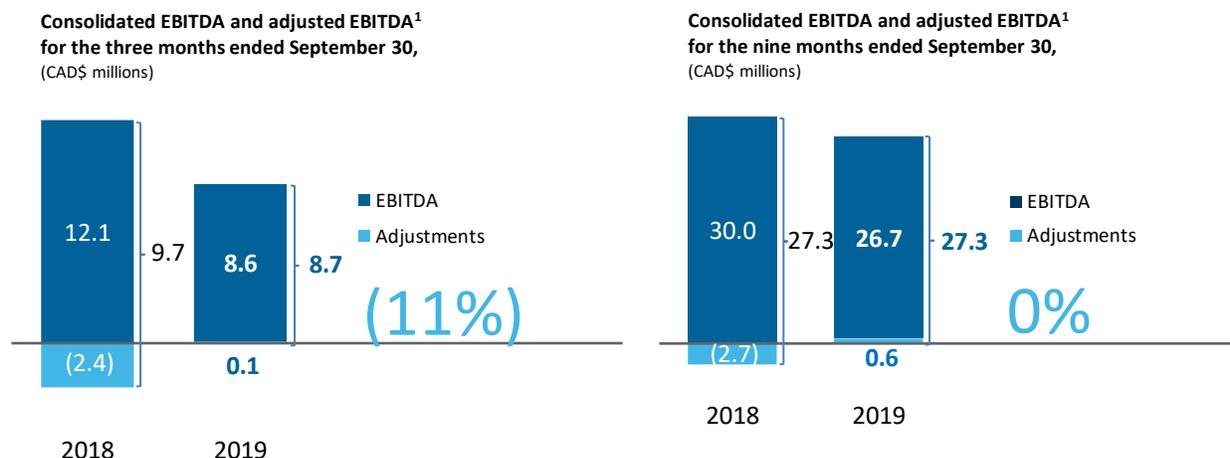
¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 “Consolidated highlights” – footnote 2 for further details.

* Represents the change in net income excluding the change in contingent consideration, but includes the one-time costs associated with our office closures.

Net income for the quarter was \$3.3 million or \$0.19 per basic and diluted share, a decrease of \$4.5 million compared to the third quarter of 2018 and was \$12.1 million or \$0.69 per basic and diluted share year-to-date compared to \$15.5 million or 0.88 per basic and diluted share last year.

As reported in 2018, net income in the third quarter and year-to-date of 2018 included the positive impact of adjustments to the fair value estimate of the contingent consideration associated with our AVS acquisition, which is not present in 2019. The adjustment in the third quarter of 2018 was \$2.8 million and year-to-date of 2018 was \$3.8 million. Excluding the net adjustments to the contingent consideration, net income for the three and nine months ended September 30, 2018, would have been \$5.0 million and \$11.7 million respectively as shown in the chart above.

2.5 Consolidated EBITDA and Adjusted EBITDA



Adjusted EBITDA was \$8.7 million for the three months ended September 30, 2019, a decrease of 11.0 per cent compared to \$9.7 million in the third quarter of 2018 and was \$27.3 million for the nine months ended September 30, 2019, flat compared to the same period last year. The decrease in the quarter was mainly due to the one-time costs related to office closures. As expected, the decreased adjusted EBITDA margin of 29.7 per cent, reflects the lower margin profile of our collateral management product line.

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Net income	\$ 3,258	\$ 7,762	\$ 12,053	\$ 15,479
Depreciation and amortization	3,291	2,885	8,704	8,624
Net finance expense (income)	422	(423)	958	619
Income tax expense	1,607	1,921	4,981	5,318
EBITDA	\$ 8,578	\$ 12,145	\$ 26,696	\$ 30,040
Adjustments				
Stock-based compensation expense	-	119	101	212
Stock option expense	89	178	384	451
Acquisition and integration costs	2	(2,758)	164	(3,446)
Gain (loss) on disposal of property, plant and equipment assets	(1)	54	(1)	55
Adjusted EBITDA	\$ 8,668	\$ 9,738	\$ 27,344	\$ 27,312
EBITDA margin (% of revenue)	26.7%	40.2%	28.1%	34.1%
Adjusted EBITDA margin (% of revenue)	26.9%	32.3%	28.8%	31.0%

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

The decreased adjusted EBITDA margin of 26.7 per cent for the quarter and 28.1 per cent year-to-date reflects the lower margin profile of our collateral management product line as expected, the impact of the one-time costs associated with the office closures and the impact of the gain on the AVS contingent consideration. The adjusted EBITDA margin removes the impact of the AVS gain and more accurately reflects operation performance via the lower margin profile of collateral management and the office closure costs.

2.6 Consolidated finance costs

Net finance expense was \$0.4 million and \$1.0 million for the three and nine months ended September 30, 2019, respectively, up compared to last year due to a reclassification of the interest portion of the contingent consideration related to AVS in the third quarter of 2018, in addition to increased fees in 2019 on our debt facility. With the adoption of IFRS 16, finance expense now also includes interest expense related to lease obligations associated with our right-of-use assets.

3 Business Segment Analysis

Headquartered in Canada, ISC is the leading provider of registry and information management services for public data and records. Throughout our history, we have delivered value to our clients by providing solutions to manage, secure and administer information.

ISC currently has three operating segments 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.

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

3.1 Registry Operations

When providing registry and information services to governments and private sector organizations, we work with those clients to support their policies and execute procedures to ensure the integrity of the data, and manage the information technology, data management and authentication processes.

Most significantly, Registry Operations provides services on behalf of the Province of Saskatchewan under a 20-year Master Service Agreement (“MSA”), in effect until 2033 and is the exclusive full-service solution provider of the Saskatchewan Land Registry (including the Saskatchewan Land Titles Registry (“Land Titles Registry”), the Saskatchewan Land Surveys Directory (“Land Surveys”) and Saskatchewan Geomatics services (“Geomatics”), collectively the “Land Registry”), the Saskatchewan Personal Property Registry (“Personal Property Registry”) and the Saskatchewan Corporate Registry (“Corporate Registry”). Additional information about the MSA is available in our Annual Information Form for the year ended December 31, 2018, on our website at www.company.isc.ca and in the Company’s profile on SEDAR at www.sedar.com.

Competitors in this segment include infrastructure funds and private equity firms as well as information services companies, registry software providers and other such information-based companies that develop and provide software platforms to manage registry and related information services. These types of companies may compete with ISC by acting as, or partnering with, businesses that can provide other required processes, such as customer service and delivery, in conjunction with software platforms to provide full-service solutions.

Registry Operations experiences moderate seasonality, primarily because land titles 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.

Saskatchewan Land Registry

The Land Titles Registry issues titles to land and registers transactions affecting titles, including changes of ownership and the registration of interests in land, in Saskatchewan.

Revenue for the Land Titles Registry is earned through registration, search and maintenance fees. Registration fees are either a flat fee or value-based, calculated as a percentage of the value of the land and/or property being registered. Approximately 80.0 per cent of all Land Titles Registry registration transactions were submitted online in 2018.

We typically charge a flat fee per transaction for search and maintenance transactions. However, in certain instances, we may charge a negotiated fee for a customized search or maintenance transaction such as certain mineral certification or bulk data requests.

Because the Land Titles Registry revenue is comprised of both residential and non-residential activity, mortgage rates and business lending rates may affect revenue. Changes in land values, provincial population and mortgage qualifying requirements also affect the housing market which, in turn, influences changes of ownership and revenue.

Land Surveys registers land survey plans and creates a representation of Saskatchewan land parcels in the cadastral parcel mapping system. Revenue related to all Land Survey services is earned as a flat fee per transaction.

Geomatics manages geographic data related to the cadastral parcel mapping system, which is integrated with the Land Titles Registry and Land Surveys. Fees for Geomatics services are typically negotiated per transaction, based on the type and nature of services required.

Saskatchewan Personal Property Registry

The Personal Property Registry is a notice-based public registry in which security interests and other certain interests in personal property (property other than land, buildings and other property affixed to land) may be registered.

Customers are charged flat fees per transaction and the automated web-based system enables real-time completion of search and registration services as well as minimizes operational effort to deliver services.

General provincial economic drivers, including automotive sales, interest rates and the strength of commercial activity across the province, influence the revenue in the Personal Property Registry.

Customers complete almost all searches in the registry online. The high online usage is stable with minimal numbers of end-use consumers needing staff assistance to complete their transactions.

Saskatchewan Corporate Registry

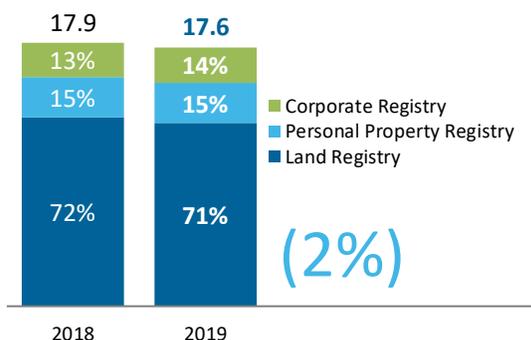
The Corporate Registry is a province-wide system for registering business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names. Every corporation must be registered in the Corporate Registry to maintain its legal status and carry on business within Saskatchewan.

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

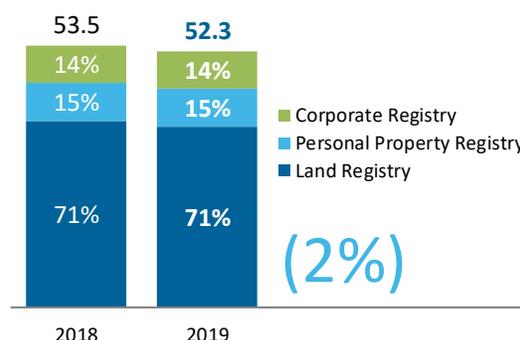
Approximately 89.0 per cent of all registrations in the Corporate Registry were submitted online in 2018.

REGISTRY OPERATIONS REVENUE

Registry Operations revenue
for the three months ended September 30,
(CAD\$ millions)



Registry Operations revenue
for the nine months ended September 30,
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Land Registry	\$ 12,417	\$ 12,801	\$ 36,933	\$ 38,111
Personal Property Registry	2,722	2,723	7,771	7,806
Corporate Registry	2,423	2,343	7,627	7,563
Registry Operations revenue	\$ 17,562	\$ 17,867	\$ 52,330	\$ 53,479

Revenue for Registry Operations was \$17.6 million for the three months ended September 30, 2019, a decline of \$0.3 million, or 1.7 per cent, compared to the third quarter in 2018 due to decreased revenue from the Land Registry, which is explained further in the following sections. Year-to-date, revenue was \$52.3 million compared to \$53.5 million for the nine months ended September 30, 2018, a decline of 2.1 per cent.

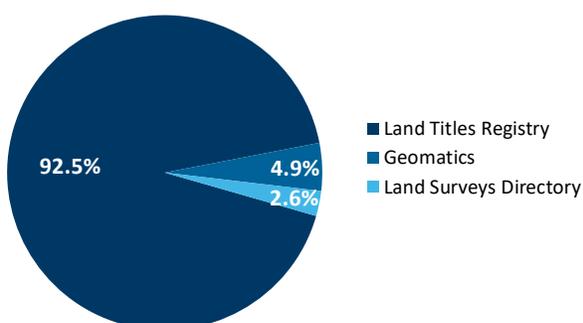
The top five customers for Registry Operations denoted 19.7 per cent of the total segment revenue for the first nine months of 2019. Of those customers, no single customer signified more than 10.0 per cent of total Registry Operations revenue.

Saskatchewan Land Registry

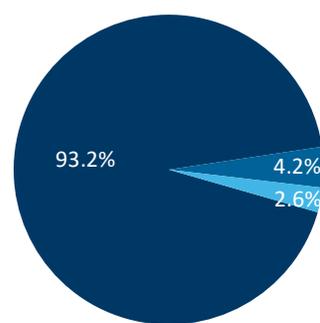
Revenue for the Land Registry was \$12.4 million for the quarter, a slight decline of \$0.4 million or 3.0 per cent compared to the same period in 2018. For the nine months ended September 30, 2019, revenue was \$36.9 million compared to \$38.1 million last year, a reduction of 3.1 per cent.

Most of the revenue generated from the Land Registry is from the Land Titles Registry and is derived from value-based fees. Land Titles Registry revenue for the quarter ended September 30, 2019, was \$11.6 million, a modest decrease of \$0.4 million or 3.1 per cent compared to the same period in 2018, due to transaction volumes being down by 2.1 per cent. The revenue drop was partially offset by pricing changes made in July 2019 which primarily affected title searches. Revenue was lower by 3.8 per cent for the first nine months of 2019, at \$34.2 million compared to \$35.5 million in the same period in 2018.

Saskatchewan Land Registry Revenue by Type, for the nine months ended September 30, 2019



Saskatchewan Land Registry Revenue by Type, for the nine months ended September 30, 2018



High-value property registration revenue was higher in the third quarter of 2019 at \$0.8 million as compared to 2018 at \$0.7 million. Each high-value registration generated revenue of \$10,000 or more.

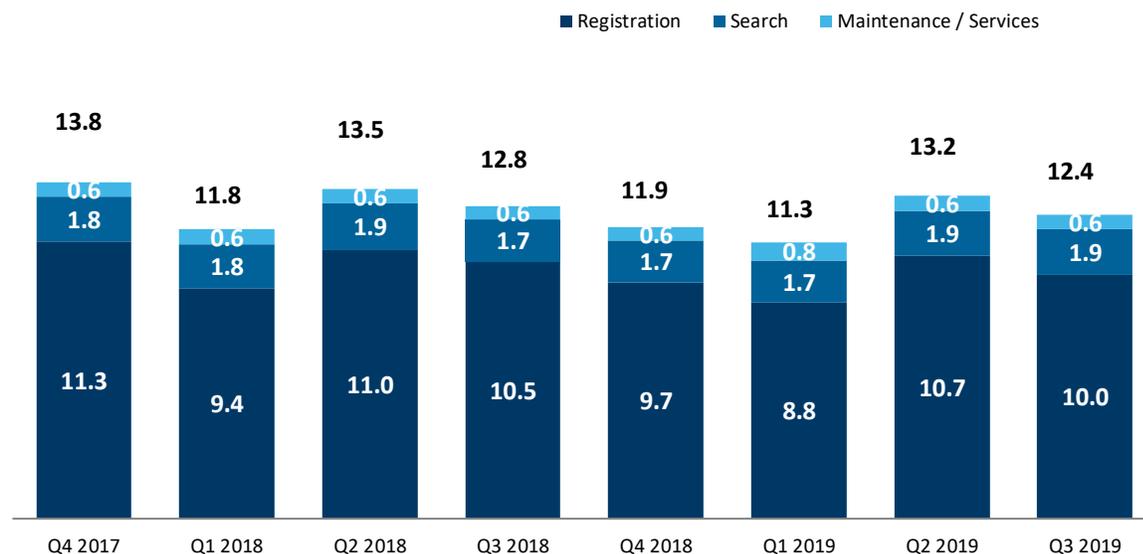
The Saskatchewan real estate market continues to display softness given the lower transaction volumes we have experienced year-to-date in 2019. Overall transaction volumes for the Land Registry decreased by 3.4 per cent for the third quarter of 2019 compared to the same period last year.

The following graphs show the Land Registry revenue by type of transaction and the overall transaction volume, respectively. Seasonality remains consistent year-over-year wherein the second and third quarter generally generate the most revenue, with the third quarter characteristically generating less revenue than the second quarter. For more information on seasonality, please refer to section 4 “Summary of Consolidated Quarterly Results”.

ISC® Management's Discussion and Analysis

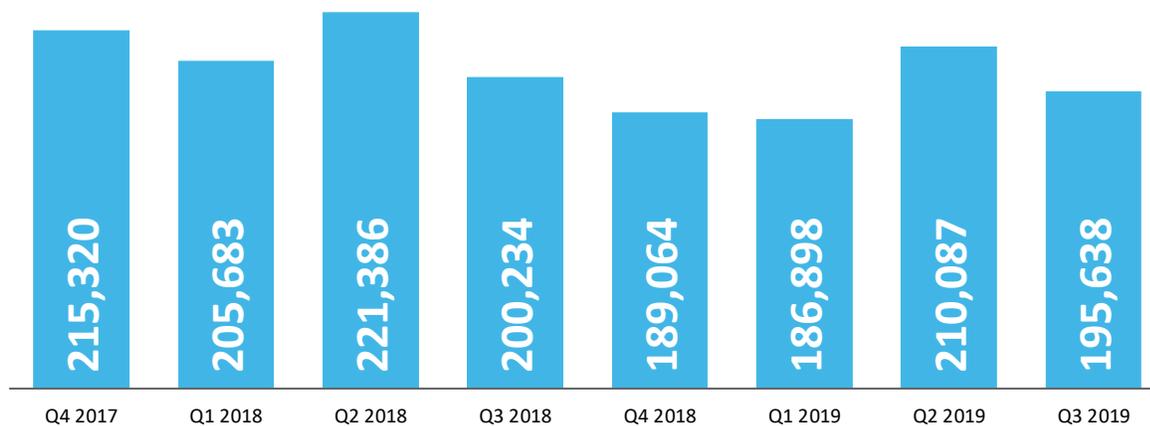
For the Three and Nine Months Ended September 30, 2019

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



Note: Values may not add up due to rounding.

Saskatchewan Land Registry Transaction Volume (Number of transactions)



The primary customers of the Land Titles Registry are law firms, financial institutions, developers and resource companies. For the first nine months of 2019, our top 20 Land Titles Registry customers accounted for roughly 41.7 per cent of revenue, and our top 100 Land Titles Registry customers made up 77.5 per cent of revenue.

Land Surveys customers include surveyors, developers, resource companies, governments and other businesses that access our mapping systems and survey plans to support their development plans. For the first three quarters of 2019, our top 20 Land Surveys customers represented 89.7 per cent of revenue and the top 100 customers comprised 94.9 per cent of revenue.

Geomatics customers include government departments (provincial and municipal), resource companies, land developers, other businesses and the general public. They also include utility, pipeline and transportation companies. Year to date, the top 20 Geomatics customers yielded 88.2 per cent of revenue, while the top 100 customers generated 98.1 per cent of revenue.

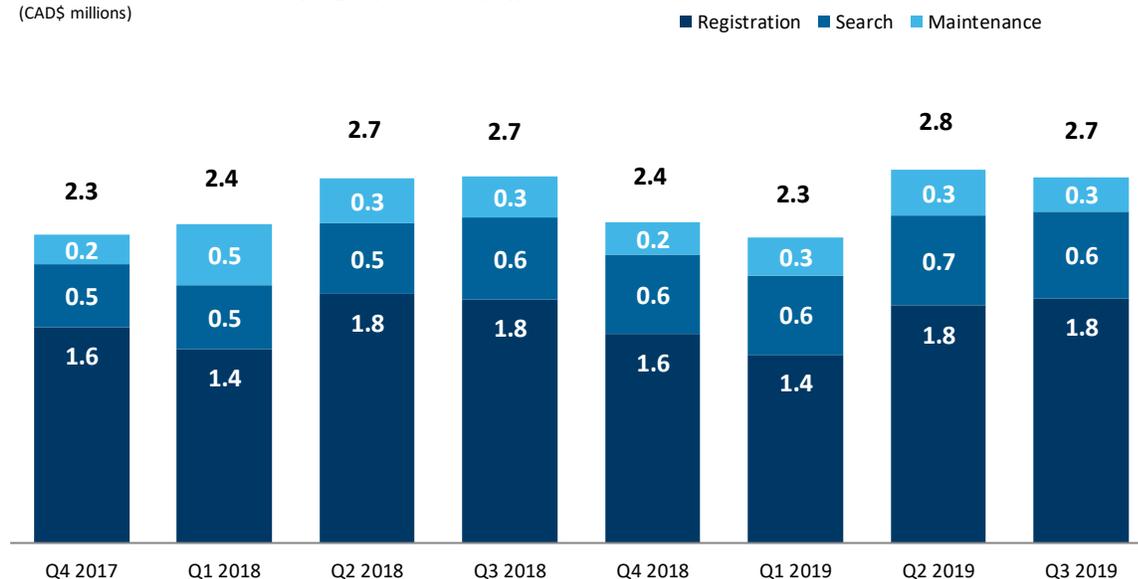
Saskatchewan Personal Property Registry

Revenue for the Personal Property Registry for the third quarter of 2019 was \$2.7 million, flat compared to the same quarter in 2018. Overall volume was down 1.1 per cent for the quarter compared to the same period in 2018. Registration revenue was in line with 2018 results, up by 0.4 per cent, while search revenue grew by 5.4 per cent.

For the first nine months of 2019, revenue has been stable at \$7.8 million compared to the same period last year, down only 0.4 per cent, or \$35 thousand. Nominal year-over-year search revenue growth offsets slight pressure on registration and maintenance transaction revenues.

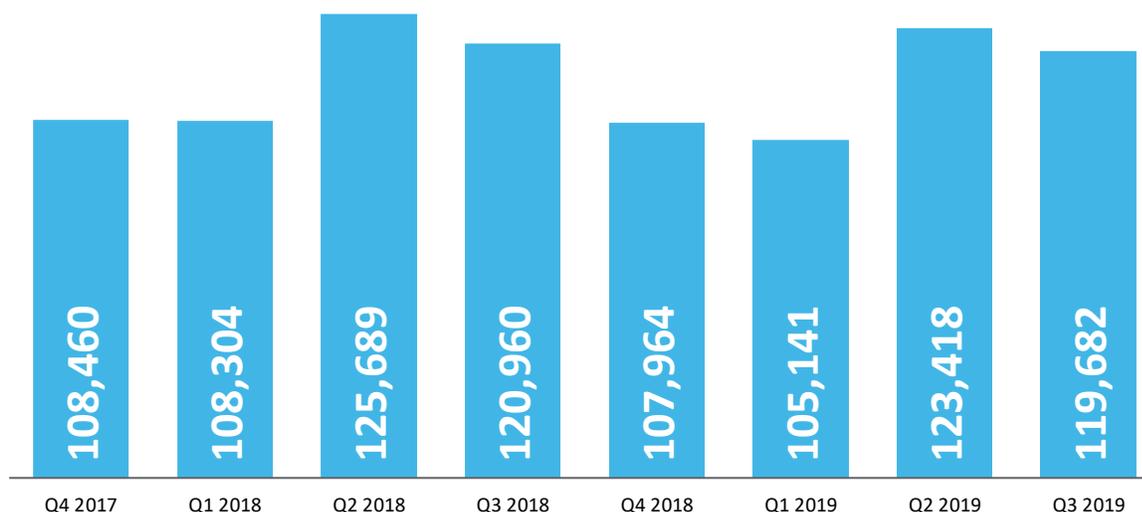
Revenue results for the third quarter, shown by type of transaction on the following graph, are generally similar compared to the second quarter, reflecting the typical pattern of seasonality.

Saskatchewan Personal Property Registry Revenue by Type
(CAD\$ millions)



Note: Values may not add due to rounding.

Saskatchewan Personal Property Registry Transaction Volume (Number of transactions)



Customers of the Personal Property Registry are primarily in the financial sector but also include law firms. The top 20 Personal Property Registry customers accounted for about 81.3 per cent of the revenue for the first nine months of 2019, while the top 100 produced were 93.7 per cent of revenue.

Saskatchewan Corporate Registry

Revenue for the Corporate Registry for the quarter was \$2.4 million, up \$80 thousand or 3.4 per cent compared to the same period in 2018, largely due to pricing changes that came into effect during the third quarter of 2019. Revenue from the filing of annual returns and renewals rose by 8.4 per cent in the quarter compared to the same period in 2018 mainly due to pricing changes, increasing maintenance revenue by 5.4 per cent. Pricing changes also impacted revenue from the incorporation and registration of new business entities, which edged up by 0.9 per cent compared to the third quarter last year and moderated a 1.6 per cent decrease in the registration category overall. Search revenue during the quarter experienced growth, up 4.1 per cent, compared to the third quarter of 2018.

For the first nine months of 2019, revenue was \$7.6 million, a small improvement of 0.8 per cent compared to the same period last year. Year-over-year increases in annual returns and renewals, as well as search activities have offset lower incorporation and registration revenues.

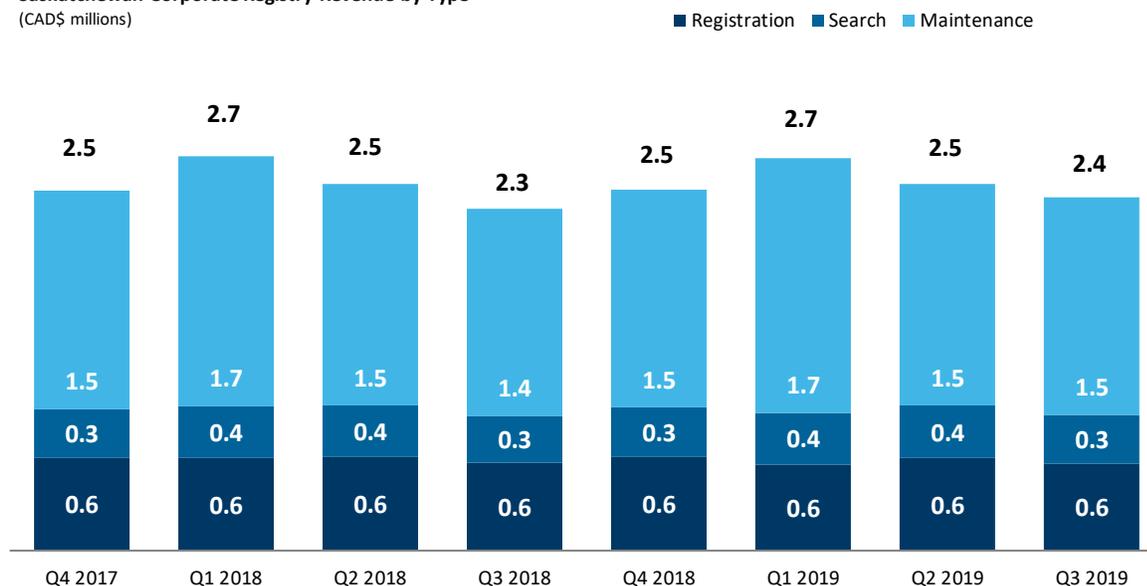
As of September 30, 2019, there were roughly 74,426 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 73,994 as at September 30, 2018.

The following graph illustrates the Corporate Registry revenue by type of transaction. Quarterly revenue continues to mirror the Corporate Registry's typical pattern of seasonality.

ISC® Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2019

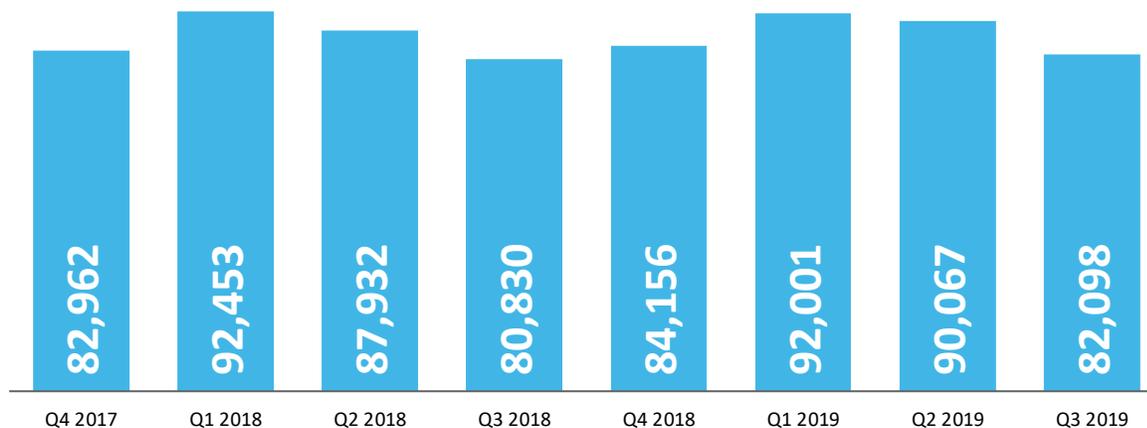
Saskatchewan Corporate Registry Revenue by Type
(CAD\$ millions)



Note: Values may not add due to rounding.

The following graph shows the transaction volumes for the Corporate Registry by quarter.

Saskatchewan Corporate Registry Transaction Volume
(Number of transactions)



Transaction volumes for the third quarter grew by 1.6 per cent compared to the same period last year. Specifically, search and maintenance volumes grew by 3.1 per cent and 1.3 per cent, respectively, while registration volume fell by 8.4 per cent, compared to the same period in 2018.

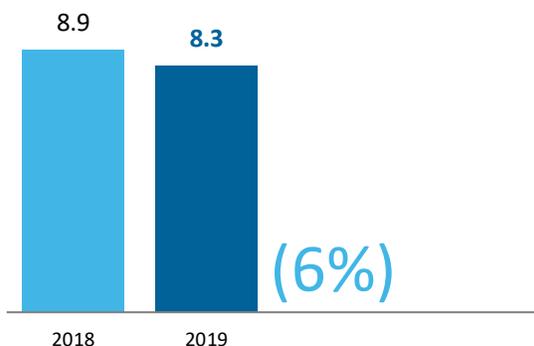
ISC® Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2019

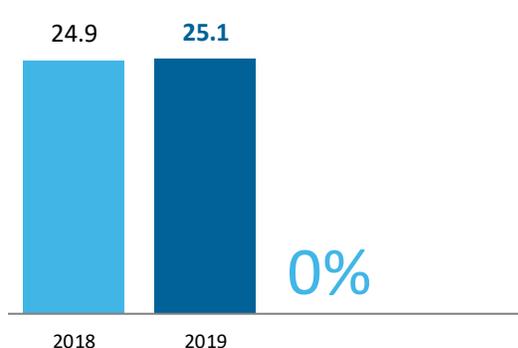
For the Corporate Registry, customers include law firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that were, or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers formed nearly 31.9 per cent of revenue for the first nine months of 2019 and the top 100 customers delivered about 49.4 per cent of revenue.

REGISTRY OPERATIONS EXPENSES AND EBITDA

Registry Operations EBITDA¹
for the three months ended September 30,
(CAD\$ millions)



Registry Operations EBITDA¹
for the nine months ended September 30,
(CAD\$ millions)



¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 – footnote 2 for further details.

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenue	\$ 17,562	\$ 17,867	\$ 52,330	\$ 53,479
Total expenses (excluding depreciation and amortization)	9,238	8,980	27,262	28,535
EBITDA	8,324	8,887	25,068	24,944

EBITDA for Registry Operations for the third quarter of 2019 was \$8.3 million, compared to \$8.9 million for the same period last year and was \$25.1 million for the first nine months of 2019, compared to \$24.9 million for the same period in 2018. The decrease in the quarter was due to lower revenue and increased expenses in relation to the closure of some of our regional offices.

Registry Operations expenses were \$9.2 million for the quarter, an increase of \$0.2 million, compared to \$9.0 million for the same period in 2018 and were \$27.3 million for the nine months ended September 30, 2019, compared to \$28.5 million for the same period of 2018. The increase in the quarter was due to one-time costs related to office closures, while the decrease year to date was due to lower costs for technology services and lower corporate allocated costs.

3.2 Services

Services delivers solutions uniting public record data, customer authentication, corporate legal services and collateral management to support lending practices of clients with business across Canada.

We earn revenue through transaction fees for search and registration services, as well as KYC services. All government fees associated with the service are either embedded in the search fee or charged in addition to the service transaction fee. Corporate supplies are charged a per unit fee in the same manner as a product in a retail transaction.

We classify our services as either Legal Support Services or Financial Support Services for the purposes of categorizing revenue.

Key drivers for Services include increased regulatory and compliance requirements for financial institutions, as well as the growing trend to outsource business processes and services to realize cost savings and focus on core business activities. Economic activity can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities, which also impacts activity for our Services segment.

This core revenue is fairly diversified and has little seasonality; rather, it fluctuates in line with the general economic drivers. Our collateral management product line experiences 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.

Legal Support Services

Legal Support Services captures revenue from nationwide search, registration and filing services to legal professionals directly or indirectly. This also includes our corporate supplies business which helps companies to organize and maintain their corporate legal documents and provides customized corporate minute books, corporate seals, share certificates, legal supplies and related ancillary accessories for businesses and corporations. We also service the consumer market through direct supply relationships with office products providers.

We have an online workflow platform to service legal customers through a team of experienced law clerks in both Ontario and Quebec. We hold an official service licence under the Ontario Business Information System from the Government of Ontario's Ministry of Government and Consumer Services, which is currently renewed until January 2021. ESC also holds licences from the Government of Ontario to distribute and register *Personal Property Security Act* searches and registrations, as well as the Government of Quebec's Corporate Registry and Corporations Canada for registering corporations directly within each of these two registry systems.

Our competitors vary by market and geography. They primarily include other intermediaries and suppliers to legal professionals that provide value through convenience and intermediation of various public registries. There is a small number of competitors supplying the legal market with customized

products, while the consumer market is typically serviced by big box office supply retailers.

Financial Support Services

We support financial and credit institutions' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources.

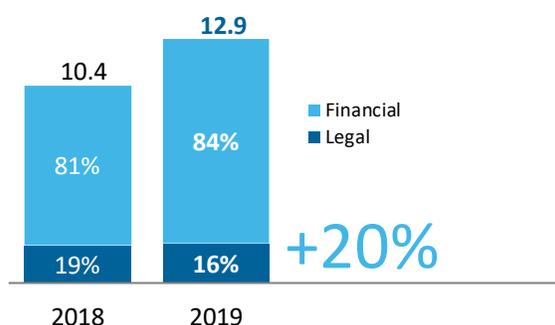
We use our proprietary platform to assist clients in on-boarding new commercial accounts. The customer on-boarding verification reports we generate leverage our search services to provide our clients with a process and system to verify, retrieve and store information about corporate clients to meet regulatory requirements.

In addition, we provide automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. We service the full credit-lending cycle and deliver proven credit due diligence, protection and default solutions to the Canadian financing industry.

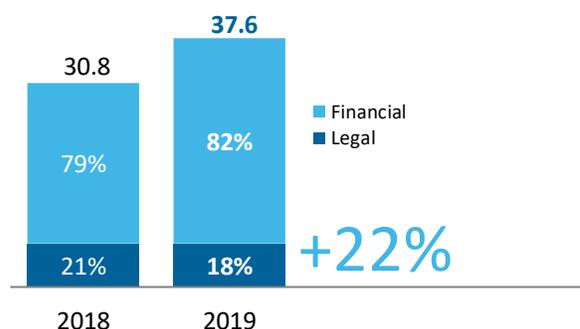
In the financial support services marketplace, we compete against a small number of distinctly different service providers, some of whom offer KYC programs as part of their other services.

SERVICES REVENUE

Services revenue¹
for the three months ended September 30,
(CAD\$ millions)



Services revenue¹
for the nine months ended September 30,
(CAD\$ millions)



¹ Internal related party and other revenue too small to display in graph.

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Legal support services	\$ 2,087	\$ 1,983	\$ 6,589	\$ 6,526
Financial support services	10,800	8,464	30,979	24,267
Internal related parties and other	-	-	143	-
Services revenue	\$ 12,887	\$ 10,447	37,711	30,793

SERVICES REVENUE

Revenue for Services was \$12.9 million for the third quarter an increase of \$2.4 million compared to the

third quarter of 2018, up as a result of a mixture of organic growth within existing customers and the ramping-up of new customers, particularly in KYC, due diligence and collateral security registration. For the first nine months, revenue was \$37.6 million compared to \$30.8 million last year, an improvement of 22.0 per cent from the same organic growth activities.

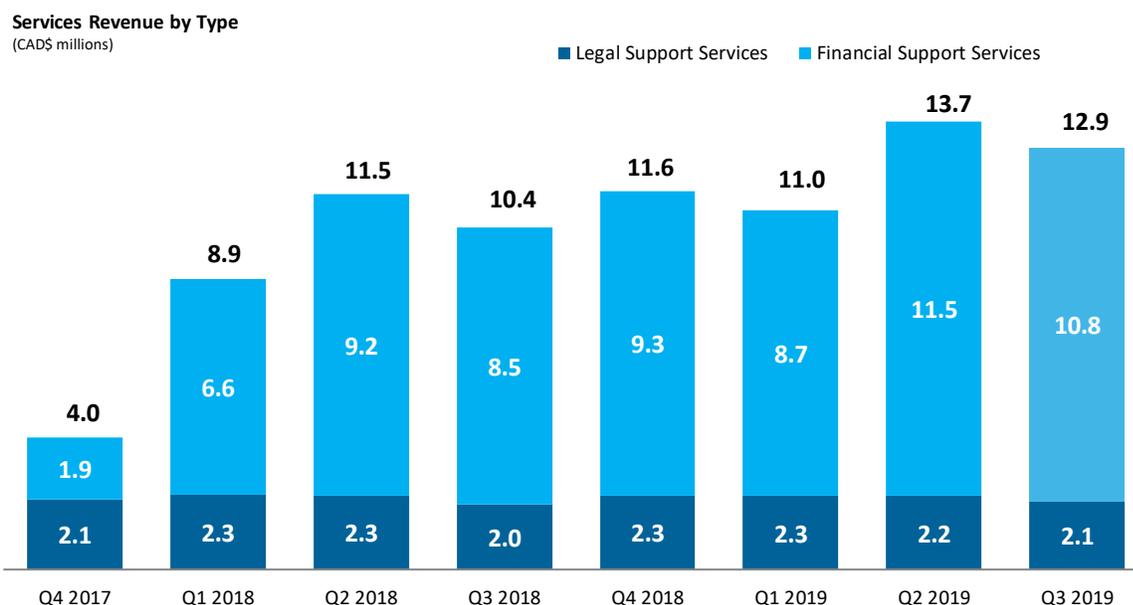
Legal Support Services

Revenue in the third quarter of 2019 for Legal Support Services increased to \$2.1 million, up 5.2 per cent compared to the third quarter of 2018. Revenue for the first nine months of 2019 was \$6.6 million, a modest increase of 1.0 per cent compared to the same period last year.

Financial Support Services

Revenue in the third quarter of 2019 for Financial Support Services was \$10.8 million, up \$2.3 million or 27.6 per cent compared to \$8.5 million for the same period of 2018. The improvement represents the strong advancement in our collateral management product line combined with further extension into KYC, including growth with existing customers. Revenue for the first nine months of 2019 was \$31.0 million, an increase of \$6.7 million or 27.7 per cent, when compared to the same period last year.

Our Services revenue for the last eight quarters is shown in the following graph.



The top 20 Services customers comprised approximately 74.8 per cent of the revenue for the first nine months of 2019, while the top 100 Services customers made up about 87.7 per cent of revenue. No single customer accounted for more than 25.0 per cent of Services revenue in the same period.

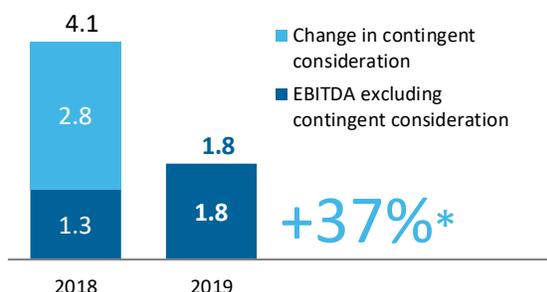
ISC® Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2019

SERVICES EXPENSES AND EBITDA

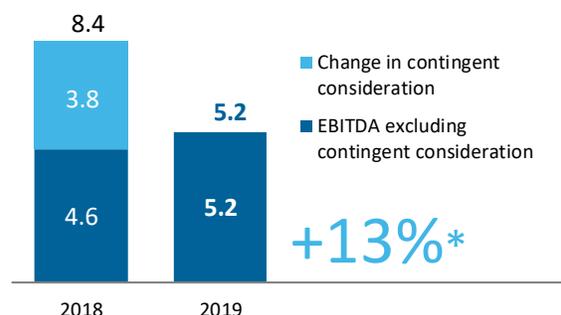
Services EBITDA¹

for the three months ended September 30,
(CAD\$ millions)



Services EBITDA¹

for the nine months ended September 30,
(CAD\$ millions)



* Represents the change in EBITDA excluding the change in contingent consideration.

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Revenue	\$ 12,887	\$ 10,447	\$ 37,711	\$ 30,793
Total expenses (excluding depreciation and amortization)	11,096	9,142	32,463	26,156
EBITDA excluding contingent consideration	\$ 1,791	\$ 1,305	\$ 5,248	\$ 4,637
Change in contingent consideration	-	(2,762)	-	(3,762)
EBITDA	\$ 1,791	\$ 4,067	\$ 5,248	\$ 8,399

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

EBITDA for Services was \$1.8 million for the three months ended September 30, 2019, compared to \$4.1 million for the same period last year, and was \$5.2 million for the nine months ended September 30, 2019, compared to \$8.4 million for the same period of 2018. EBITDA in the third quarter and year-to-date of 2018 was augmented by adjustments to the fair value estimate of the contingent consideration associated with our AVS acquisition.

Excluding the \$2.8 million fair value adjustment in the third quarter of 2018, EBITDA for Services was \$0.5 million higher for the third quarter of 2019 versus 2018. Excluding the \$3.8 million fair value adjustment year-to-date in 2018, EBITDA was \$0.6 million higher for the nine months ended September 30, 2019, compared to the same period of 2018.

For the quarter, Services' expenses were \$11.1 million, an increase of \$2.0 million, compared to \$9.1 million for the same period in 2018 and were \$32.5 million for the first nine months of 2019, compared to \$26.2 million for the same period of 2018, primarily due to:

- Wages and salaries were up \$0.4 million in the quarter compared to the same period in 2018 and were up \$1.1 million year-to-date compared the same period last year. The increase was due to increased staffing levels required to support the growing business as well the addition of staff related to our acquisition of Securefact in the first quarter of 2019.

- Cost of goods sold for the third quarter were up \$1.5 million compared to the third quarter of 2018 and were up \$4.9 million year-to-date compared to the same period of 2018, consistent with the rise in related revenue in the quarter.
- Information technology services were up in the quarter and year-to-date compared to last year due to our acquisition of Securefact and planned integration and technology improvements as we look to optimize our platforms and offerings for our growing business.

3.3 Technology Solutions

Technology Solutions provides the development, delivery and support of registry (and related) technology solutions, generating revenue through the following:

- Sale of software licences related to the technology platform;
- Provision of technology solution definition and implementation services; and
- Provision of monthly hosting, support and maintenance services.

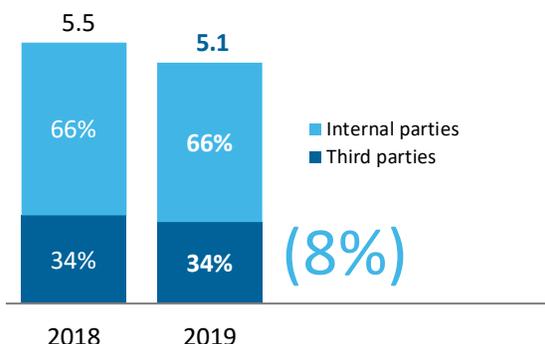
We offer RegSys — a complete registry solution that provides a readily transferable technology platform capable of serving a wide range of registry needs. RegSys is a multi-register platform that delivers the flexibility, scalability and features that enable public sector organizations to deliver enhanced services to businesses and citizens.

With a full suite of integrated modules which provide core functionality for submission, enforcement and enquiry processing, RegSys delivers solutions enabling the provision of core services to citizens in a user-friendly, efficient manner across multiple access points. The RegSys solution has also been used to manage other legal registers such as intellectual property, securities, licences, charities, Uniform Commercial Code and pension schemes.

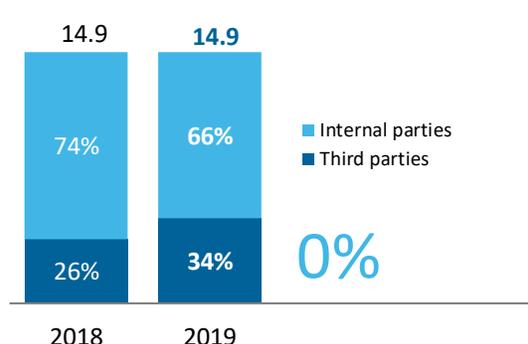
Competitors in this segment include technology services organizations that provide application development, systems integration and/or application management services. This includes large multinationals or local niche players, both of which we can partner with to complement our offering depending on the clients' needs.

TECHNOLOGY SOLUTIONS REVENUE

Technology Solutions revenue for the three months ended September 30, (CAD\$ millions)



Technology Solutions revenue for the nine months ended September 30, (CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Third parties	\$ 1,715	\$ 1,870	\$ 5,064	\$ 3,836
Internal related parties	3,375	3,639	9,849	11,113
Technology solutions revenue	\$ 5,090	\$ 5,509	\$ 14,913	\$ 14,949

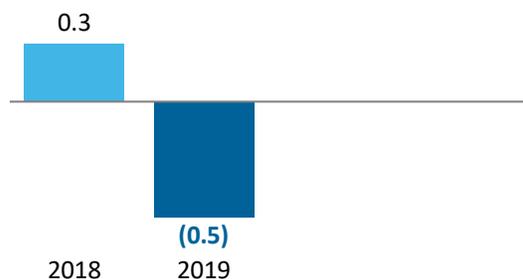
Revenue in Technology Solutions was \$5.1 million for the quarter, compared to \$5.5 million for the same period in 2018 and was \$14.9 million year-to-date, flat compared to the same period of 2018.

Revenue from external parties for the three months ended September 30, 2019, was \$1.7 million, a decrease of \$0.2 million compared to the same period in 2018 while year-to-date increased to \$5.1 million compared to \$3.8 million last year. The changes in the quarter and year-to-date were primarily due to the timing of milestone-based contracts.

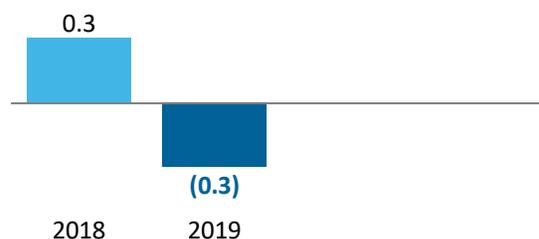
Internal related party revenue in any quarter is dependent on resources used or consumed internally, particularly in Registry Operations. Our intent is to continue to service the needs of internal customers as efficiently and effectively as possible, including the provision of service via related party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

TECHNOLOGY SOLUTIONS EXPENSES AND EBITDA

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



**Technology Solutions EBITDA
for the nine months ended September 30,**
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Revenue	\$ 5,090	\$ 5,509	\$ 14,913	\$ 14,949
Total expenses (excluding depreciation and amortization)	5,604	5,252	15,187	14,669
EBITDA	\$ (514)	\$ 257	\$ (274)	\$ 280

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

EBITDA for Technology Solutions decreased \$0.8 million in the quarter, and decreased \$0.6 million in the nine months ended September 30, 2019, compared to the same periods in 2018 due to the timing of contract milestones completed this year compared to the same periods last year, as well as increased staffing requirements to service the growing business.

For the quarter, Technology Solutions' expenses were up \$0.3 million, compared to the same period in 2018 and were up \$0.5 million for the nine months ended September 30, 2019, compared to the same period of 2018. The increase in both periods was due to higher wages and salaries as we increased employee levels to service the contracted customers and the growing business, which was partially offset by decreases in information technology costs under our renewed service contract.

3.4 Corporate and other

Corporate and other includes expenses related to our corporate activities and shared services functions, any share of profit (loss) in associate(s) not included in operating segments, and eliminations of inter-segment revenue and costs.

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Third parties	\$ 11	\$ 2	\$ 17	\$ 8
Internal related parties	(3,375)	(3,639)	(9,945)	(11,113)
Corporate and other revenue	\$ (3,364)	\$ (3,637)	\$ (9,928)	\$ (11,105)
Total expenses (excluding depreciation and amortization)	2,341	2,571	6,582	7,522
EBITDA	\$ (1,023)	\$ (1,066)	\$ (3,346)	\$ (3,583)

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

EBITDA for the quarter was flat when compared to the third quarter of 2018 and increased \$0.2 million for the nine months ended September 30, 2019, compared to the same period last year.

4 Summary of Consolidated Quarterly Results

The following table sets out select quarterly results for the past eight quarters. As outlined earlier, Registry Operations experiences moderate seasonality, primarily because Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest.

In Services, our core legal and financial services revenue is fairly diversified and has little seasonality; rather, it fluctuates in line with the general economic drivers. More specifically, our collateral management product line experiences 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.

Technology Solutions does not experience seasonality but does fluctuate due to the timing of project-related revenue. The balance of our corporate activities and shared services functions do not experience seasonality. Expenses are generally consistent from quarter to quarter but can fluctuate due to the timing of project-related or acquisition activities.

As a result, our EBITDA margin fluctuates in line with the cumulative impact of the above factors. It should be noted that in 2018, the EBITDA margin profile for the Company changed compared to previous years, following the acquisition of AVS, which has a high revenue, lower margin profile.

(thousands of CAD dollars)	2019			2018 (restated) ⁴				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$32,175	\$34,244	\$28,607	\$31,015	\$30,186	\$31,058	\$26,872	\$23,589
Expenses	26,888	26,308	23,838	25,887	23,688	24,227	22,547	17,539
Net income before items noted below	5,287	7,936	4,769	5,128	6,498	6,831	4,325	6,050
Net finance (expense)/income	(422)	(277)	(259)	(153)	423	(526)	(516)	(75)
Gain on sale of associate	-	-	-	-	-	-	-	15,438
Change in contingent consideration	-	-	-	(195)	2,762	1,000	-	-
Income before tax	4,865	7,659	4,510	4,780	9,683	7,305	3,809	21,414
Income tax expense	(1,607)	(1,875)	(1,499)	(1,621)	(1,921)	(2,155)	(1,242)	(2,640)
Net income	\$ 3,258	\$ 5,784	\$ 3,011	\$ 3,159	\$ 7,762	\$ 5,150	\$ 2,567	\$18,774
Other comprehensive income (loss)	(133)	(56)	(321)	211	(159)	(265)	337	(3)
Total comprehensive income	\$ 3,125	\$ 5,728	\$ 2,690	\$ 3,370	\$ 7,603	\$ 4,885	\$ 2,904	\$18,771
EBITDA margin (% of revenue) ^{1, 2}	26.7%	31.4%	25.7%	26.1%	40.2%	34.4%	26.8%	33.2%
Adjusted EBITDA margin (% of revenue) ¹	26.9%	31.8%	27.3%	26.7%	32.3%	32.3%	28.0%	38.0%
Earnings per share, basic ³	\$ 0.19	\$ 0.33	\$ 0.17	\$ 0.18	\$ 0.44	\$ 0.29	\$ 0.15	\$ 1.07
Earnings per share, diluted ³	\$ 0.19	\$ 0.33	\$ 0.17	\$ 0.18	\$ 0.44	\$ 0.29	\$ 0.15	\$ 1.07

¹ EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. Refer to section 8.8 "Non-IFRS Financial Measures". Refer to section 2 "Consolidated Financial Analysis" for a reconciliation of EBITDA and adjusted EBITDA to net income.

² The Q2, Q3 and Q4 2018 EBITDA include net adjustments in relation to the fair value estimate of the contingent consideration associated with our AVS acquisition of \$1.0 million, \$2.8 million and \$(0.2) million, respectively.

³ The calculation of earnings per share was based on net income after tax and the weighted average number of shares outstanding during the period.

⁴ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

5 Business Strategy

STRATEGIC PRIORITIES

ISC's core goal is to deliver value to shareholders through the consistent performance of its existing business and the execution of appropriate growth opportunities. The Company's strategy is focused on three key functions:

- Operating registries on behalf of governments;
- Implementing and supporting registry and related technology solutions; and
- Delivering value-add services utilizing public data and records.

ISC's strategy is executed through effective operations, reasonable growth and acquisitions, with strategic priorities supporting the achievement of the core goal:

- To be the global leader in registry operations and solutions and the Canadian leader in the provision of value-add services utilizing public data and records;
- To deliver organic revenue growth with continued emphasis on EBITDA growth, and increasing revenue from our products, registry expertise and advisory services; and
- To provide an enhanced customer experience for those interacting with ISC, registry systems and registry information.

6 Financial and Capital Management

6.1 Cash flow

Our primary source of operating cash flow is generated from revenue related to our Registry Operations and Services segments. Our primary uses of funds are operational expenses, capital expenditures and dividends.

Historically, ISC has financed its operations and met its capital and finance expenditure requirements through cash provided from operating activities. Most recently, the Company has also utilized borrowing to supplement cash generated from operations to finance acquisition activities. The Company believes that internally generated cash flow, supplemented by additional borrowing that may be available to us, will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments (refer to Note 17 in the December 31, 2018, consolidated financial statements which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com for our existing Credit Facilities).

Liquidity risk is managed based on financial forecasts and anticipated cash flow. The majority of cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at September 30, 2019, the Company held \$19.3 million in cash, compared to \$28.7 million as at December 31, 2018, a decrease of \$9.4 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$23.1 million (December 31, 2018 – \$28.4 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities.

CONSOLIDATED FREE CASH FLOW

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Net cash flow provided by operating activities	\$ 5,649	\$ 10,799	\$ 14,150	\$ 21,580
Net change in non-cash working capital ²	1,740	(2,572)	8,798	1,553
Cash provided by operating activities excluding working capital	7,389	8,227	22,948	23,133
Cash additions to property, plant and equipment	(300)	(83)	(538)	(216)
Cash additions to intangible assets	(493)	(582)	(1,964)	(1,434)
Consolidated free cash flow ¹	\$ 6,596	\$ 7,562	\$ 20,446	\$ 21,483

¹ On January 1, 2019, the Company adopted IFRS 16 See section 1.1 "Consolidated highlights" – footnote 2 for further details.

² Refer to Note 24 of the Financial Statements for reconciliation.

ISC® Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2019

Consolidated free cash flow for the three months ended September 30, 2019, was \$6.6 million compared to \$7.6 million for the three months ended September 30, 2018, and was \$20.4 million for the nine months ended September 30, 2019, compared to \$21.5 for the same period of 2018. The decrease in the quarter was primarily due to the one-time costs related to office closures while the decrease year-to-date is also due to additions to intangible assets and property, plant and equipment.

The following table summarizes our sources and uses of funds for the three and nine months ended September 30, 2019, and 2018:

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 (restated) ¹	2019	2018 (restated) ¹
Net cash flow provided by operating activities	\$ 5,649	\$ 10,799	\$ 14,150	\$ 21,580
Net cash flow used in investing activities	(726)	(548)	(9,055)	(1,601)
Net cash flow used in financing activities	(4,841)	(4,566)	(14,323)	(13,919)
Effects of exchange rate changes on cash held in foreign currencies	(20)	(13)	(160)	(21)
Increase (decrease) in cash	62	5,672	(9,388)	6,039
Cash, beginning of period	\$ 19,201	\$ 31,632	\$ 28,651	\$ 31,265
Cash, end of period	\$ 19,263	\$ 37,304	\$ 19,263	\$ 37,304

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash flow provided by operating activities was \$5.6 million and \$14.2 million for the three and nine months ended September 30, 2019, respectively, compared to \$10.8 million and \$21.6 million for the three and nine months ended September 30, 2018, respectively. The decrease is mainly the result of changes in working capital related to the payment of contingent consideration related to our ERS acquisition, higher income taxes paid and changes in receivables driven by the timing of sales contracts and higher overall revenue.

NET CASH FLOW USED IN INVESTING ACTIVITIES

Net cash flow used in investing activities for the quarter was \$0.7 million compared to \$0.5 million in the same period last year as a result of increased property, plant and equipment additions, and was \$9.1 million year-to-date compared to \$1.6 million in the nine months ended September 30, 2018, due to our acquisition of Securefact in February 2019.

NET CASH FLOW USED IN FINANCING ACTIVITIES

Net cash flow used in financing activities for the quarter was \$4.8 million compared to \$4.6 million for the same period in 2018 and was \$14.3 million year-to-date compared to \$13.9 million in the same period of 2018. The increase was due to higher debt payments and related interest pursuant to our credit agreement that went into effect in the fourth quarter of 2018.

6.2 Capital expenditures

Capital expenditures were \$0.8 million and \$2.6 million for the three and nine months ended September 30, 2019, respectively, up compared to \$0.6 million and \$1.0 million for same periods in 2018, due to systems supporting Corporate and other and system development work across our business segments.

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Registry Operations	\$ 396	\$ 158	\$ 663	\$ 259
Services	109	133	467	325
Technology Solutions	106	422	603	1,077
Corporate and other	182	(48)	769	(11)
Total capital expenditures	\$ 793	\$ 583	\$ 2,502	\$ 1,650

6.3 Debt

Debt at September 30, 2019 was \$18.5 million compared to \$20.0 million at December 31, 2018.

At September 30, 2019, the Company had nil cash drawings on the operating facility (2018 — nil); non-cash drawings, consisting of letters of credit and similar, were approximately \$0.2 million (2018 — \$0.2 million). For further information on our credit facilities, refer to Note 17 in the December 31, 2018 consolidated financial statements which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

The Company was in compliance with all covenants throughout the period. The amount of borrowing costs capitalized during 2019 and 2018 was nil.

6.4 Total assets

Total assets were at \$167.2 million at September 30, 2019, compared to \$173.7 million at December 31, 2018.

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at September 30, 2019
Total assets excluding intangibles, goodwill and cash	\$ 27,336	\$ 11,149	\$ 5,084	\$ 17,035	\$ 60,604
Intangibles	3,249	32,760	4,749	1,038	41,796
Goodwill	5,800	35,715	3,978	-	45,493
Cash	-	-	-	19,263	19,263
Total assets	\$ 36,385	\$ 79,624	\$ 13,811	\$ 37,336	\$ 167,156

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at December 31, 2018 (restated) ¹
Total assets excluding intangibles, goodwill and cash	\$ 29,258	\$ 8,269	\$ 3,999	\$ 18,491	\$ 60,017
Intangibles	4,054	30,815	5,418	417	40,704
Goodwill	5,800	34,198	4,312	-	44,310
Cash	-	-	-	28,651	28,651
Total assets	\$ 39,112	\$ 73,282	\$ 13,729	\$ 47,559	\$ 173,682

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

6.5 Working capital

As at September 30, 2019, working capital was \$12.8 million, compared to \$13.2 million at December 31, 2018. The decrease in working capital is primarily the result of the acquisition of Securefact in our Services segment in the first quarter of 2019.

(thousands of CAD dollars)	As at September 30, 2019	As at December 31, 2018 (restated) ¹
Current assets	\$ 36,550	\$ 41,573
Current liabilities	(23,707)	(28,378)
Working capital	\$ 12,843	\$ 13,195

¹ On January 1, 2019, the Company adopted IFRS 16. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

6.6 Outstanding share data

The number of issued and outstanding Class A Shares as at September 30, 2019, was 17.5 million and the number of issued and outstanding share options as of September 30, 2019, was 1,548,247. These amounts are unchanged as of the filing date.

6.7 Common share dividend

On August 6, 2019, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, paid on October 15, 2019, to shareholders of record as of September 30, 2019.

7 Business Risks

7.1 Financial instruments and financial risks

Financial instruments held in the normal course of business, included in our consolidated statement of financial position as at September 30, 2019, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities, long-term debt and provisions.

The Company does not use any form of derivative financial instruments to manage our exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk. Refer to Note 20 of the Financial Statements for information pertaining to financial instruments and related risk management.

7.2 Business risks and risk management

ISC faces certain risks which can impact its business and its financial and operational performance. For the information on the risk management approach, business risks and risk management, refer to the Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2018, which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com. The main risks and uncertainties that could affect our future business results and associated risk mitigation activities have not materially changed since December 31, 2018.

8 Accounting Policies, Financial Measures and Controls

8.1 Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as at September 30, 2019.

8.2 Related party transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 23 in the December 31, 2018, consolidated financial statements which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com, for information pertaining to transactions with related parties.

8.3 Critical accounting estimates

ISC's critical accounting estimates are contained in Note 2 of the Financial Statements under the summary of use of estimates and judgments and include references to:

- the carrying value, impairment and estimated useful lives of property, plant and equipment;
- the carrying value, impairment and estimated useful lives of intangible assets and goodwill;
- the recoverability of deferred tax assets; and
- the amount and timing of revenue from contracts from customers and the associated carrying value of assets recognized from the costs incurred to fulfil the contracts.

The preparation of the Financial Statements, in conformity with IFRS, requires management to make estimates and underlying assumptions and judgments that affect the accounting policies and reported amounts of assets, liabilities, revenue and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

8.4 Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions. Refer to Note 2 of the Financial Statements for further information pertaining to the adoption and changes in these policies.

Standard	Description
<i>IFRS 16 — Leases</i>	The Company adopted IFRS 16 — <i>Leases</i> ("IFRS 16") using the full retrospective method and therefore the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. IFRS 16 supersedes previous accounting standards for leases, including IAS 17 — <i>Leases</i> ("IAS 17").

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. The Company, as a lessee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. There are recognition exemptions for short-term leases and leases of low-value items.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as a discount rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under the residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

In situations where the lease liability is remeasured, the incremental amount of the remeasurement is also reflected as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement is recognized in profit or loss.

The IAS Board and International Financial Reporting Interpretations Committee have not issued any new standards and amendments to standards and interpretations, which become effective for future periods.

8.5 Financial measures and key performance indicators

Revenue, expenses and net income are key performance indicators the Company uses to manage its business and evaluate its financial results and operating performance. In addition to these results, which are reported in accordance with IFRS, certain non-IFRS measures are supplemental indicators of operating performance and financial position as well as for internal planning purposes. The Company evaluates its performance against these metrics by comparing actual results to management budgets,

forecasts and prior period results. These non-IFRS financial measures include EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Refer to section 8.8 "Non-IFRS Financial Measures".

8.6 Internal controls over financial reporting

The Company's management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, is responsible for establishing and maintaining appropriate internal controls over financial reporting. Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

The design scope of internal controls over financial reporting has been limited to exclude controls, policies and procedures of Securefact, having been acquired less than 365 days prior to September 30, 2019.

No changes in our internal controls over financial reporting that have occurred during the period have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

8.7 Disclosure controls and procedures

The Company's management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, is responsible for establishing and maintaining appropriate disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosures.

The design scope of disclosure controls and procedures has been limited to exclude controls, policies and procedures of Securefact, having been acquired less than 365 days prior to September 30, 2019.

The contribution of Securefact to the Financial Statements for the three months ended September 30, 2019, was approximately 1.0 per cent of revenue and 2.0 per cent of expenses and for the nine months ended September 30, 2019, was approximately 1.0 per cent of revenue and 3.0 per cent of expenses. Securefact contributed 5.0 per cent of non-current assets. Securefact did not contribute to our current assets, current liabilities or non-current liabilities.

8.8 Non-IFRS financial measures

This MD&A includes certain measures, which have not been prepared in accordance with IFRS, such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Rather, these

measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective, to provide investors with supplemental measures of our operating performance and, thus, highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Management also uses non-IFRS measures to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future capital expenditure and working capital requirements.

Accordingly, these non-IFRS measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. Such measures do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other corporations.

8.9 Non-IFRS financial measures definition

EBITDA is defined as earnings before interest, taxes, depreciation and amortization expense. Adjusted EBITDA adjusts EBITDA for stock-based compensation expense or income, stock option expense, transactional gains or losses on assets, asset impairment charges, and acquisition and integration costs. These measures, in addition to net income and income from operations, measure business performance and cash flow generation because it removes cash flow fluctuations caused by the above adjustments. Furthermore, we use adjusted EBITDA for business planning purposes and to evaluate and price potential acquisitions. In addition to use by management, we also believe these measures are widely used by securities analysts, investors and others to evaluate the financial performance of the Company and for comparing our results with those of other companies. EBITDA margin and adjusted EBITDA margin are calculated as a percentage of overall revenue.

Free cash flow is used as a financial measure in our evaluation of liquidity and financial strength. Adjusting for the swings in non-cash working capital items due to seasonality or other timing issues and cash additions to property, plant and equipment and intangible assets, free cash flow assists in the long-term assessment of liquidity and financial strength. This measurement is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Free cash flow does not represent residual cash flow available for discretionary expenditures.