August 6, 2019

Management's Discussion and Analysis

For the Three and Six Months Ended June 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 six months ended June 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 August 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.

1.1 Consolidated highlights

SELECT CONSOLIDATED FINANCIAL INFORMATION

EBITDA[1]	Adjusted EBITDA[1]	Revenue	Earnings per share	Free cash flow[1]
$10.8M	$10.9M	$34.2M	$0.33	$8.6M
+1% vs Q2 2018	+8% vs Q2 2018	+10% vs Q2 2018	+12% vs Q2 2018	+14% vs Q2 2018

The select consolidated quarterly financial information set out for the three and six months ended June 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.

	Three months ended June 30,		Six months ended June 30,	
(thousands of CAD dollars)	**2019**	2018 (restated)[2]	**2019**	2018 (restated)[2]
Revenue	**$ 34,244**	$ 31,058	**$ 62,851**	$ 57,930
Net income	**5,784**	5,150	**8,795**	7,717
EBITDA[1]	**$ 10,752**	$ 10,684	**$ 18,118**	$ 17,895
Adjusted EBITDA[1]	**10,873**	10,041	**18,677**	17,574
EBITDA margin (% of revenue)[1]	**31.4%**	34.4%	**28.8%**	30.9%
Adjusted EBITDA margin (% of revenue)[1]	**31.8%**	32.3%	**29.7%**	30.3%
Free cash flow[1]	**$ 8,585**	$ 7,547	**$ 13,850**	$ 13,921
Dividend declared per share	**$ 0.20**	$ 0.20	**$ 0.40**	$ 0.40
Earnings per share, basic	**0.33**	0.29	**0.50**	0.44
Earnings per share, diluted	**0.33**	0.29	**0.50**	0.44
			As at June 30, 2019	December 31, 2018 (as restated)
Total assets			**$ 169,620**	$ 173,682
Total non-current liabilities			**$ 34,092**	$ 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.

SECOND QUARTER CONSOLIDATED HIGHLIGHTS

- Revenue was $34.2 million for the three months ended June 30, 2019, an increase of $3.2 million or 10.3 per cent compared to the second quarter of 2018 as a result of continued growth in our Services segment.

- Net income for the three months ended June 30, 2019, was $5.8 million or $0.33 per basic and per diluted share, an increase of $0.6 million compared to the second quarter of 2018.

- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the second quarter of 2019 was $10.8 million, flat compared to the same quarter last year. In the second quarter of 2018, we made a $1.0 million adjustment to the fair value estimate of the contingent consideration associated with our AVS Systems Inc. ("AVS") acquisition. Excluding the $1.0 million fair value adjustment in 2018, EBITDA was $1.1 million higher for the three months ended June 30, 2019 versus 2018.

- The EBITDA margin for the second quarter of 2019 was 31.4 per cent compared to 34.4 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.

- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was $10.9 million for the quarter compared to $10.0 million in the same quarter last year, with an adjusted EBITDA margin of 31.8 per cent for the quarter compared to 32.3 per cent in the second quarter of 2018.

- Free cash flow for the three months ended June 30, 2019, was $8.6 million, an increase of $1.1 million or 14.0 per cent compared to the second quarter of 2018 due to higher results in Services.

- On May 8, 2019, our Board declared a quarterly cash dividend of $0.20 per Class A Limited Voting Share ("Class A Share"), paid on July 15, 2019, to shareholders of record as of June 30, 2019.

YEAR-TO-DATE CONSOLIDATED HIGHLIGHTS

- Revenue was $62.9 million for the six months ended June 30, 2019, an increase of $4.9 million or 8.5 per cent compared to $57.9 million for the six months ended June 30, 2018. The increase was due to the higher revenue generated in Services.

- Net income for the six months ended June 30, 2019, was $8.8 million or $0.50 per basic and diluted share compared to $7.7 million or $0.44 per basic and diluted share last year. The increase was the result of the strong revenue generated in Services.

- EBITDA for the six months ended June 30, 2019, was $18.1 million compared to $17.9 million in the same period last year, an increase of $0.2 million. Our continued focus on cost savings helped offset increased costs in Services from the acquisition of Securefact Transaction Services, Inc. ("Securefact") completed in the first quarter of 2019. As noted previously, in the second quarter of 2018, we made a $1.0 million adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition. Excluding the $1.0 million fair value adjustment in 2018, EBITDA was $1.3 million higher for the six months ended June 30, 2019 compared to the same period last year.

- The EBITDA margin for the six months ended June 30, 2019, was 28.8 per cent compared to 30.9 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.

- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was $18.7 million for the six months ended June 30, 2019, compared to $17.6 million in the same period last year, with an adjusted EBITDA margin of 29.7 per cent year-to-date compared to 30.3 per cent for the six months ended June 30, 2018. The margin has decreased in line with expectations due to the high revenue, lower margin profile in our collateral management product line.

- Free cash flow for the six months ended June 30, 2019 was $13.9 million, flat compared to the same period of 2018.

- On February 19, 2019, the Company announced that its wholly owned subsidiary ESC Corporate Services Ltd. ("ESC"), acquired substantially all of the assets used in the business of Securefact for $6.8 million by way of an asset purchase agreement.

1.2 Subsequent events

On August 6, 2019, our Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before October 15, 2019, to shareholders of record as of September 30, 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 expect consolidated revenue growth in 2019 to be primarily driven by Services through the continuing expansion of the collateral management product line, including new and organic customer growth and new product development. We are also focused on consolidating servicing platforms and automation within Services, thereby reducing cost of delivery. Further supporting Services' growth is our acquisition of Securefact, an identity and beneficial ownership attestation program acquired in February 2019, which allows us to provide a strengthened portfolio of Know-Your-Customer ("KYC") solutions and services, including individual verification, beneficial ownership solution and enhanced business verification. The overall outlook for Services remains, in our view, positive.

Registry Operations is expected to remain a good free cash flow contributor and a direct beneficiary of any future upswing in economic conditions. Economic conditions are expected to remain subdued and we do not expect any substantial impact to the Saskatchewan Land Registry from the First-Time Home Buyer Incentive and Home Buyers' Plan limit changes which come into effect later in 2019. We expect the Registry Operations revenue and volume trends we have observed during the first half of the year will continue during the remainder of 2019.

In Technology Solutions and as in the first quarter, there were limited milestones scheduled and achieved in the second quarter, as the contract deliverables are scheduled for later in the year. Therefore, the revenue from project delivery is expected to continue to grow as the Company achieves performance-related milestones for customers whose implementations are scheduled in the remainder of 2019.

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 10.3 per cent and 8.5 per cent for the three and six months ended June 30, 2019, compared to the same periods last year. Net Income was also up in the quarter and year-to-date compared to last year.

2.1 Consolidated statements of comprehensive income

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2019**	2018 (restated)[1]	**2019**	2018 (restated)[1]
Revenue				
Registry Operations	**$ 18,498**	$ 18,702	**$ 34,768**	$ 35,612
Services	**13,796**	11,474	**24,824**	20,346
Technology Solutions	**4,945**	4,553	**9,823**	9,440
Corporate and other	**(2,995)**	(3,671)	**(6,564)**	(7,468)
Total revenue	**34,244**	31,058	**62,851**	57,930
Expenses				
Wages and salaries	**9,924**	9,258	**19,521**	18,558
Cost of goods sold	**8,687**	6,675	**15,054**	11,656
Depreciation and amortization	**2,816**	2,853	**5,413**	5,739
Information technology services	**1,909**	2,052	**4,010**	4,083
Occupancy costs	**874**	930	**1,626**	1,751
Professional and consulting services	**977**	1,239	**2,031**	2,342
Financial services	**435**	406	**1,293**	1,193
Other	**686**	814	**1,198**	1,452
Total expenses	**26,308**	24,227	**50,146**	46,774
Net income before items noted below	**7,936**	6,831	**12,705**	11,156
Finance (expense) income				
Interest income	**62**	92	**148**	182
Interest expense	**(339)**	(618)	**(684)**	(1,224)
Net finance (expense) income	**(277)**	(526)	**(536)**	(1,042)
Change in contingent consideration	**-**	1,000	**-**	1,000
Income before tax	**7,659**	7,305	**12,169**	11,114
Income tax expense	**(1,875)**	(2,155)	**(3,374)**	(3,397)
Net income	**5,784**	5,150	**8,795**	7,717
Other comprehensive income (loss)				
Unrealized gain (loss) on translation of financial statements of foreign operations	**(39)**	(248)	**(353)**	113
Change in fair value of marketable securities, net of tax	**(17)**	(17)	**(24)**	(41)
Other comprehensive income (loss) for the period	**(56)**	(265)	**(377)**	72
Total comprehensive income	**$ 5,728**	$ 4,885	**$ 8,418**	$ 7,789

[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.

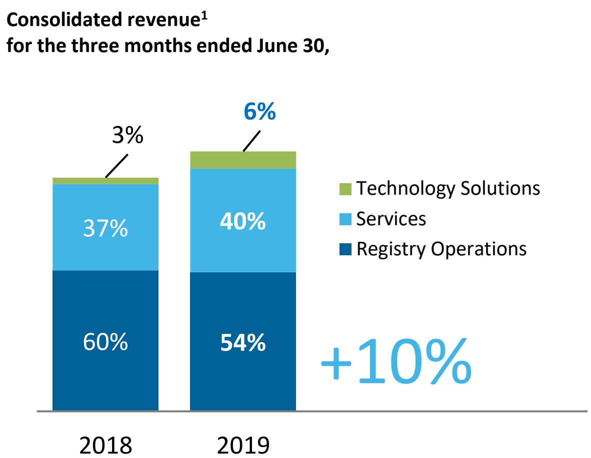
The primary driver of growth continues to come from Services, largely through the continued growth of our customer base in the collateral management product line. We expect to continue to compete effectively in the KYC and collateral management spaces while increasing our market share over the course of 2019.

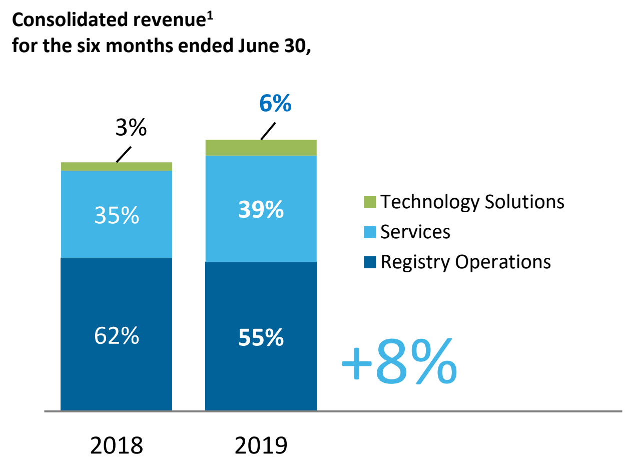
EBITDA margin and adjusted EBITDA margin were down year-over-year, as expected, due to the high revenue, lower margin nature of our collateral management product line. However, it is the diversification of our business over the last three years that has allowed us to offset the economic impact to Registry Operations and deliver top and bottom line growth.

While Registry Operations continues to feel the effects of economic conditions, it continues to deliver strong results while generating strong free cash flow.

Technology Solutions continues to focus on executing on current implementations of the new contracts acquired in 2018 and we expect to realize additional revenue from this segment in 2019.

2.2 Consolidated revenue





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

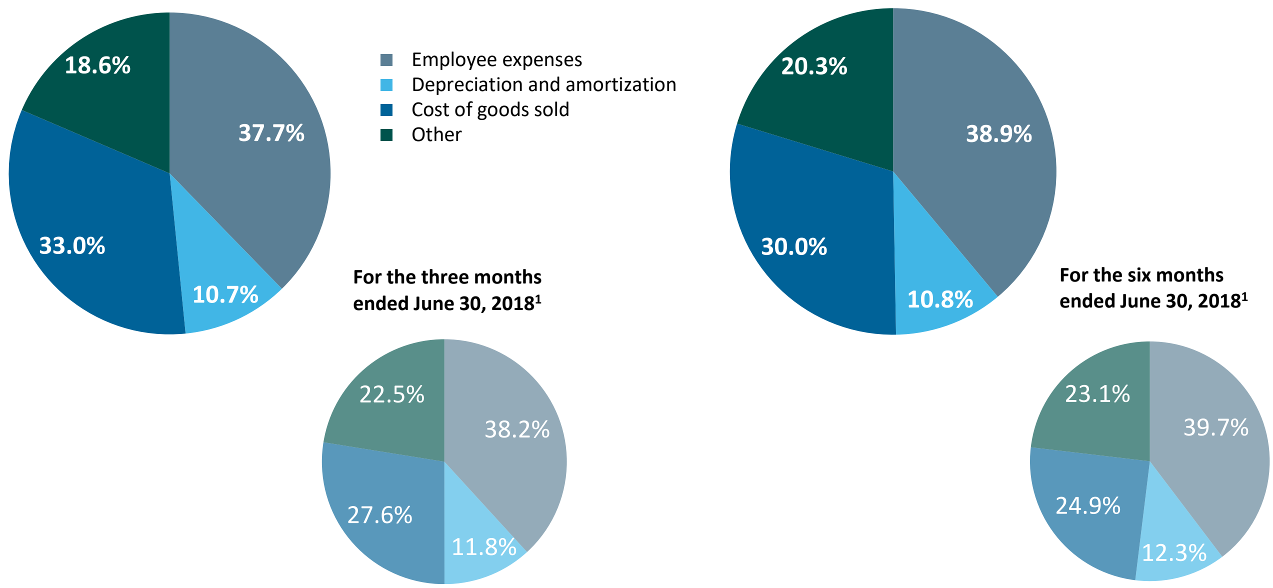
(thousands of CAD dollars)	Three Months Ended June 30, 2019	2018	Six Months Ended June 30, 2019	2018
Registry Operations	**$ 18,498**	$ 18,702	**$ 34,768**	$ 35,612
Services	**13,796**	11,474	**24,824**	20,346
Technology Solutions	**4,945**	4,553	**9,823**	9,440
Corporate and other	**(2,995)**	(3,671)	**(6,564)**	(7,468)
Total revenue	**$ 34,244**	$ 31,058	**$ 62,851**	$ 57,930

Total revenue increased this quarter compared to last year, with Services revenue increasing organically in the quarter and year-to-date and offsetting lower revenue in Registry Operations which has been impacted by the continued challenging economic climate.

2.3 Consolidated expenses

For the three months ended June 30, 2019[1]

For the six months ended June 30, 2019[1]

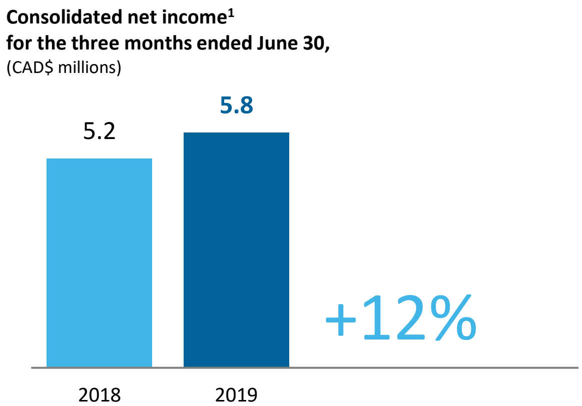


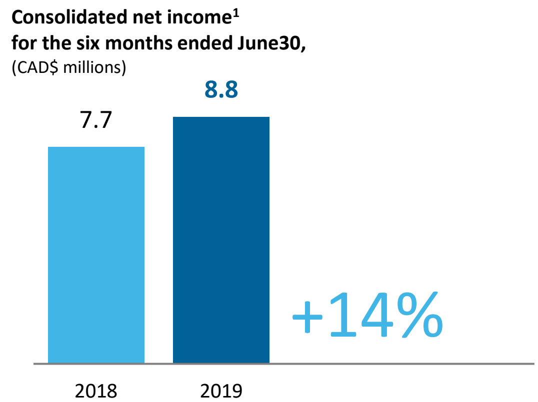
(thousands of CAD dollars)		Three Months Ended June 30, 2019		2018 (restated)[1]		Six Months Ended June 30, 2019		2018 (restated)[1]
Wages and salaries	$	**9,924**	$	9,258	$	**19,521**	$	18,558
Cost of goods sold		**8,687**		6,675		**15,054**		11,656
Depreciation and amortization		**2,816**		2,853		**5,413**		5,739
Information technology services		**1,909**		2,052		**4,010**		4,083
Occupancy costs		**874**		930		**1,626**		1,751
Professional and consulting services		**977**		1,239		**2,031**		2,342
Financial services		**435**		406		**1,293**		1,193
Other		**686**		814		**1,198**		1,452
Total expenses	$	**26,308**	$	24,227	$	**50,146**	$	46,774

[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 $26.3 million for the three months ended June 30, 2019, an increase of $2.1 million compared to the second quarter last year and were $50.1 million for the six months ended June 30, 2019, an increase of $3.3 million compared to $46.8 million for 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 and increased staffing in Services and Technology Solutions. These increases were partially offset by lower costs for technology services and decreased staffing in Registry Operations as well as decreased depreciation and professional and consulting services in Services.

2.4 Consolidated net income



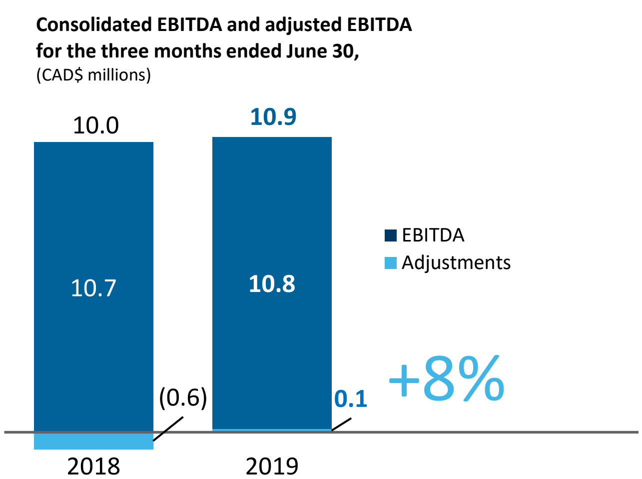


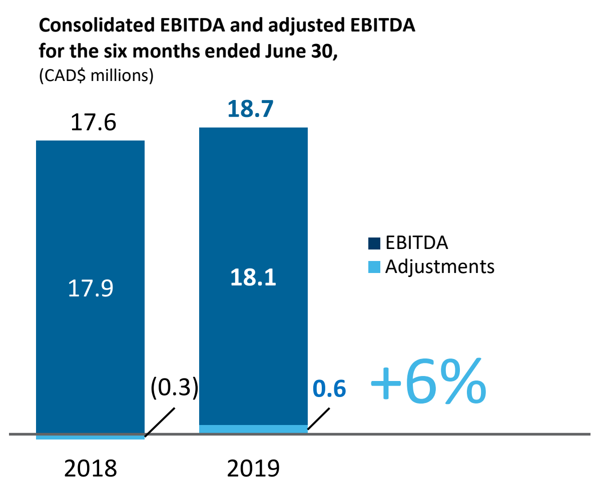
[1] On January 1, 2019, the Company adopted IFRS 16. See section 1.1 – footnote 2 for further details.

Net income for the three months ended June 30, 2019, was $5.8 million or $0.33 per basic and diluted share, an increase of $0.6 million compared to the second quarter of 2018 and was $8.8 million or $0.50 per basic and diluted share year-to-date compared to $7.7 million for the six months ended June 30, 2018, due to the strong revenue generated in Services.

As reported last year, net income in the second quarter of 2018 included the positive impact of a $1.0 million adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition, which is not present in 2019.

2.5 Consolidated EBITDA and Adjusted EBITDA





Adjusted EBITDA was $10.9 million for the three months ended June 30, 2019, and was $18.7 million for the six months ended June 30, 2019, up due to increased earnings from Services and cost savings in Registry Operations. As expected, the decreased adjusted EBITDA margin of 29.7 per cent, reflects the lower margin profile of our collateral management product line.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	**2019**	2018
(thousands of CAD dollars)		(restated)[1]		(restated)[1]
Net income	**$ 5,784**	$ 5,150	**$ 8,795**	$ 7,717
Depreciation and amortization	**2,816**	2,853	**5,413**	5,739
Net finance expense	**277**	526	**536**	1,042
Income tax expense	**1,875**	2,155	**3,374**	3,397
EBITDA	**$ 10,752**	$ 10,684	**$ 18,118**	$ 17,895
Adjustments				
Stock-based compensation expense	**3**	129	**102**	93
Stock option expense	**132**	155	**295**	273
Acquisition and integration costs	**(14)**	(927)	**162**	(687)
Adjusted EBITDA	**$ 10,873**	$ 10,041	**$ 18,677**	$ 17,574
EBITDA margin (% of revenue)	**31.4%**	34.4%	**28.8%**	30.9%
Adjusted EBITDA margin (% of revenue)	**31.8%**	32.3%	**29.7%**	30.3%

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

2.6 Consolidated finance costs

Net finance expense was $0.3 million and $0.5 million for the three and six months ended June 30, 2019, respectively, down compared to last year as a result of decreased accretion expense for the contingent consideration associated with our acquisition of AVS in 2017. 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

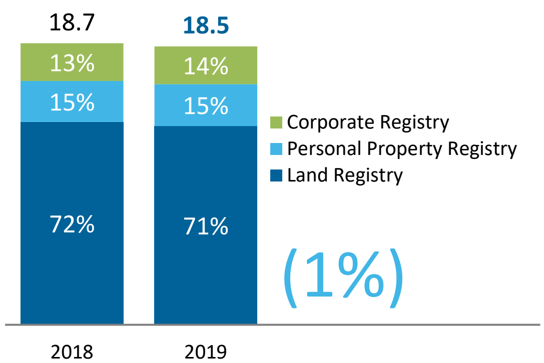
The Corporate Registry is a province-wide system for registering business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names. Every corporation must be registered in the Corporate Registry to maintain its legal status and carry on business within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

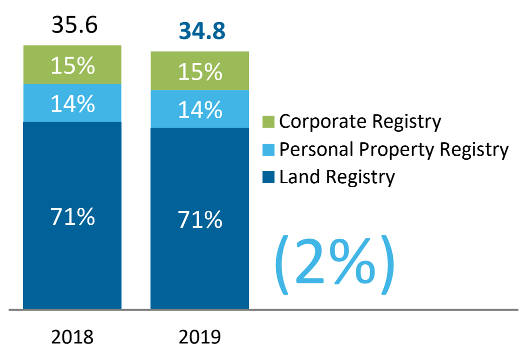
Approximately 89.0 per cent of all registrations in the Corporate Registry were submitted online in 2018.

REGISTRY OPERATIONS REVENUE

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



Registry Operations revenue
for the six months ended June 30,
(CAD$ millions)



	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2019**	2018	**2019**	2018
Land Registry	**$ 13,208**	$ 13,475	**$ 24,516**	$ 25,310
Personal Property Registry	**2,778**	2,712	**5,049**	5,083
Corporate Registry	**2,512**	2,515	**5,203**	5,219
Registry Operations revenue	**$ 18,498**	$ 18,702	**$ 34,768**	$ 35,612

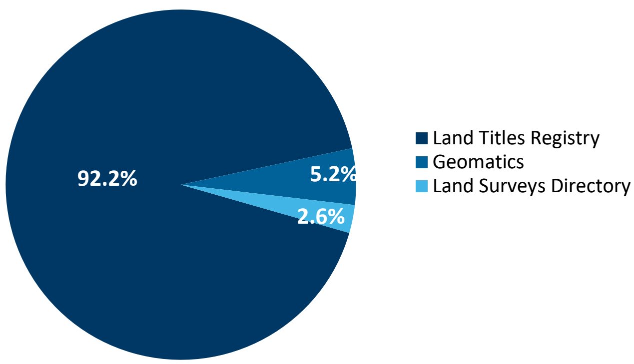
Revenue for Registry Operations was $18.5 million for the three months ended June 30, 2019, a decline of $0.2 million, or 1.1 per cent, compared to the second quarter in 2018 and was $34.8 million year-to-date compared to $35.6 million for the six months ended June 30, 2018, due to decreased revenue from the Land Registry, which is explained further in the sections below.

The Company's top five customers for the Registry Operations segment represent 19.0 per cent of the total Registry Operations segment revenue for the first six months of 2019. Of those customers, no single customer represented more than 10.0 per cent of total Registry Operations segment revenue.

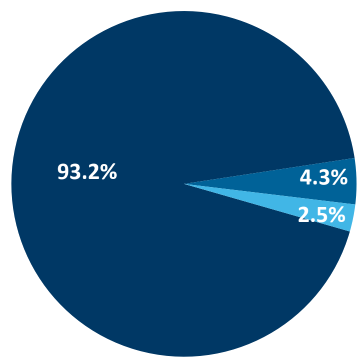
Saskatchewan Land Registry

Revenue for the Land Registry was $13.2 million for the quarter ended June 30, 2019, a slight decline of $0.3 million or 2.0 per cent compared to the same period in 2018. For the six months ended June 30, 2019, revenue was $24.5 million compared to $25.3 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 June 30, 2019, was $12.4 million, a modest drop of $0.3 million or 2.4 per cent compared to the same period in 2018, mainly due to lower transaction volumes which were down 5.9 per cent, partially offset by increased high-value transactions. Revenue was lower by 4.1 per cent for the first half of 2019, at $22.6 million compared to $23.6 million in the same period in 2018.

Saskatchewan Land Registry Revenue by Type, for the six months ended June 30, 2019



Saskatchewan Land Registry Revenue by Type, for the six months ended June 30, 2018

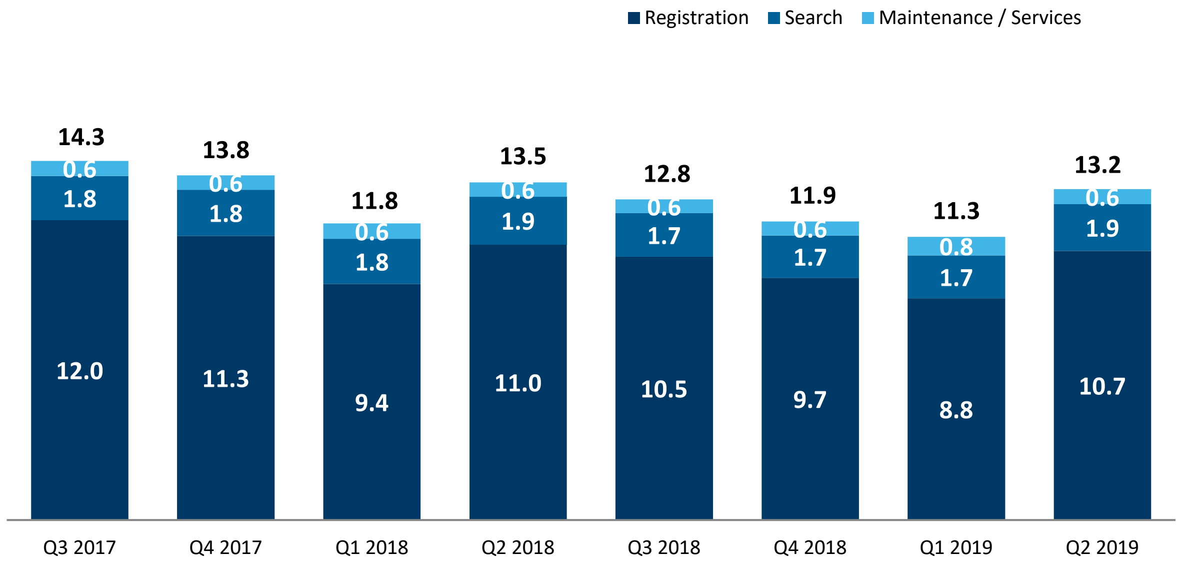


High-value property registration revenue was higher in the second quarter of 2019 at $1.0 million as compared to 2018 at $0.9 million. Each high-value registration generated revenue of $10,000 or more.

Overall transaction volumes for the Land Registry decreased by 4.5 per cent for the second quarter of 2019 compared to the same period last year. The Land Titles Registry saw the volume of mortgage registrations and title searches each decline by 4.3 per cent, compared to the same quarter in 2018, while regular land transfers volume increased by 1.0 per cent compared to the second quarter of 2018. With muted economic growth observed thus far for Saskatchewan in 2019, the Saskatchewan real estate market continues to show signs of weakness given the overall transaction volumes observed during the first half of 2019.

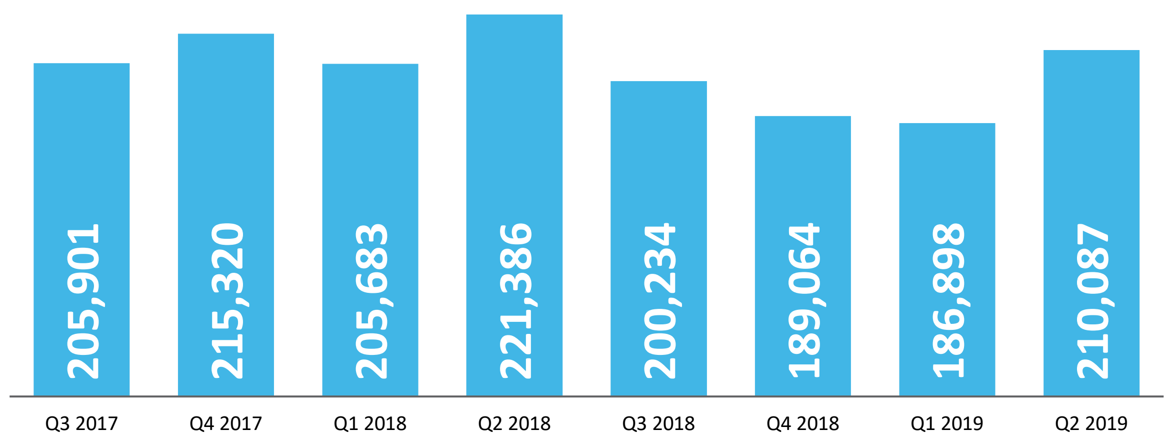
The following graphs show the Land Registry revenue by type of transaction and the overall transaction volume, respectively. Seasonality remains consistent year-over-year with the second quarter typically generating more revenue than the first quarter. For more information on seasonality, please refer to section 4 "Summary of Consolidated Quarterly Results".

Saskatchewan Land Registry Revenue by Type
(CAD$ millions)



Note: Values may not add up due to rounding from minor Maintenance transactions not displayed.

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 half of 2019, our top 20 Land Titles Registry customers represented 41.2 per cent of revenue, and our top 100 Land Titles Registry customers represented 77.7 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 six months of 2019, our top 20 Land Surveys customers represented 90.2 per cent of revenue and the top 100 customers accounted for 95.7 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 comprised 88.7 per cent of revenue, while the top 100 customers represented 98.5 per cent of revenue.

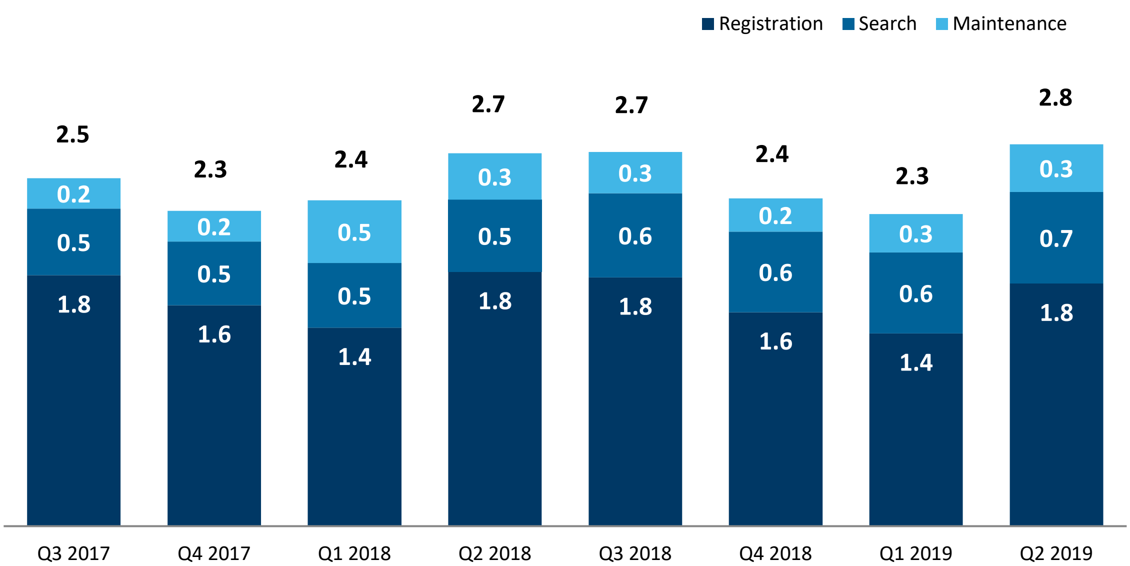
Saskatchewan Personal Property Registry

Revenue for the Personal Property Registry for the second quarter of 2019 was $2.8 million. Despite overall volumes being down 1.8 per cent, revenue was up slightly by $65 thousand or 2.4 per cent compared with the same period in 2018 as a result of pricing changes made to search services in 2018. For the first six months of 2019, revenue was relatively flat at $5.1 million compared to the same period last year, down 0.7 per cent, or $34 thousand.

Registration revenue declined by 4.6 per cent due to personal property security registration setups, which saw volumes decline by 1.0 per cent and revenue decrease by 4.4 per cent compared to the same period in 2018. Revenue declined by a greater rate than volume, illustrating that average registration term-length decreased during this period.

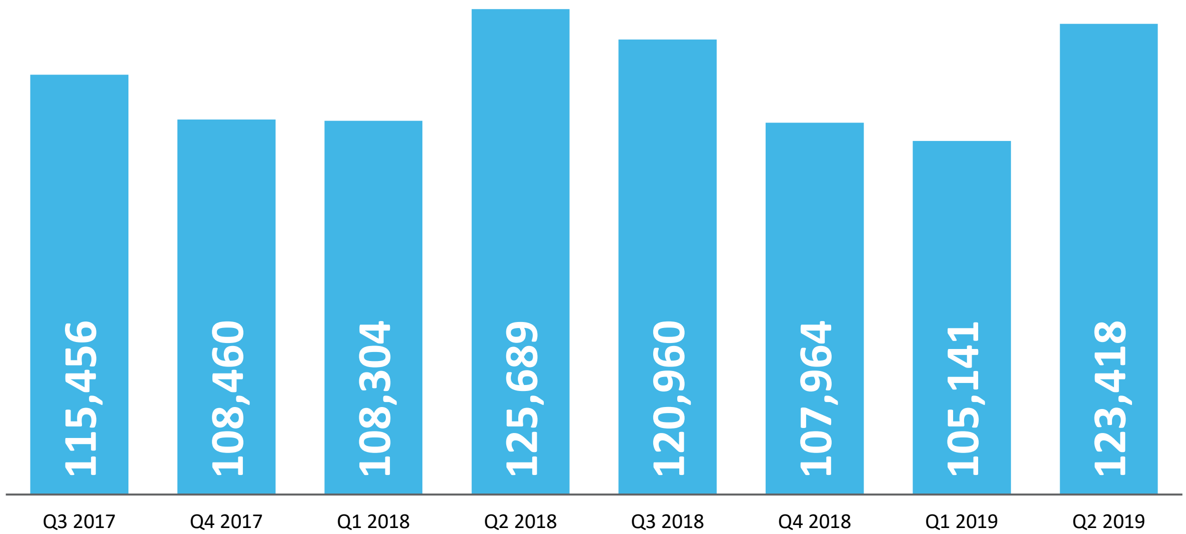
Revenue results for the second quarter, shown by type of transaction on the following graph, are generally higher compared to the first quarter, reflecting the typical pattern of seasonality.

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 produced 81.4 per cent of the revenue for the first six months of 2019, while the top 100 signified 93.7 per cent of revenue.

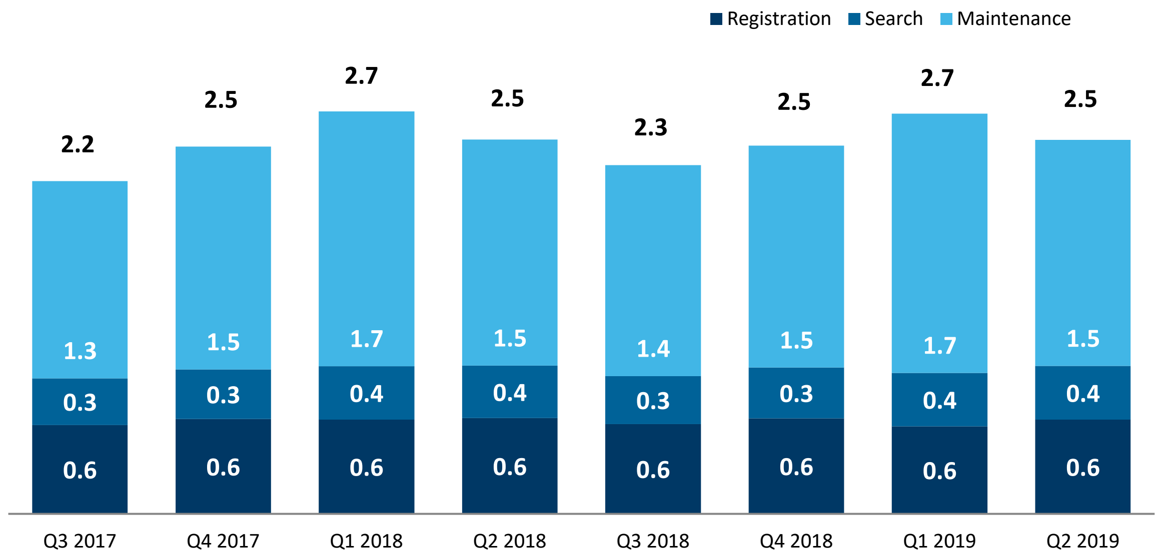
Saskatchewan Corporate Registry

Revenue for the Corporate Registry for the quarter ended June 20, 2019, was stable at $2.5 million, compared to the same period in 2018. Registration revenue decreased by 1.6 per cent, compared to the second quarter in 2018, which was largely offset by an increase in search revenue, which was up 2.1 per cent. Maintenance revenue was flat. For the first half of 2019, revenue was $5.2 million, flat compared to the same period last year.

Revenue from the filing of annual returns and renewals, included as part of maintenance revenue, rose by 4.1 per cent in the quarter compared to the same period in 2018, while revenue from the incorporation and registration of new business entities fell by 3.6 per cent compared to the second quarter last year. As of June 30, 2019, there were approximately 74,545 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 73,822 as at June 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.

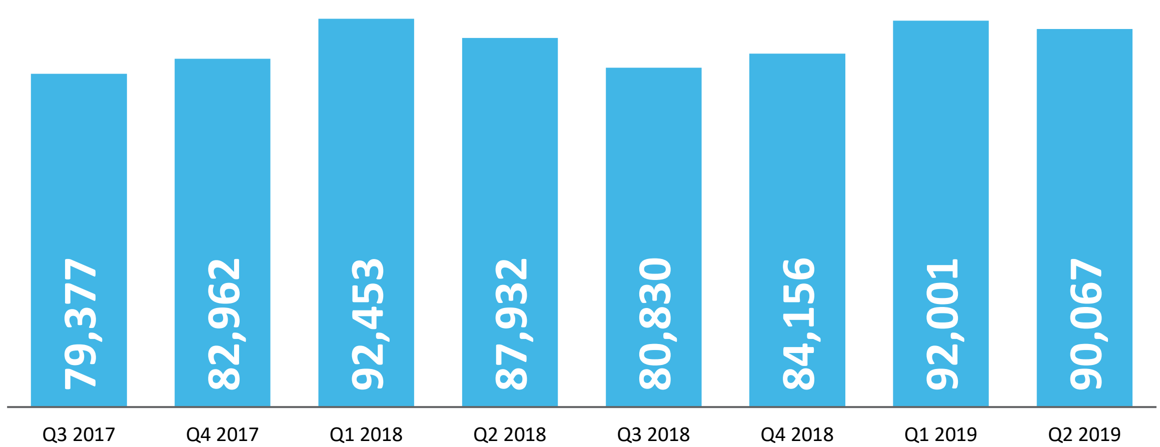
Saskatchewan Corporate Registry Revenue by Type
(CAD$ millions)



Note: Values may not add due to rounding.

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

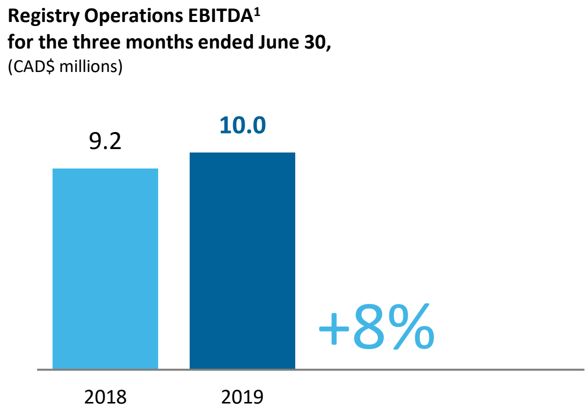
Saskatchewan Corporate Registry Transaction Volume
(Number of transactions)

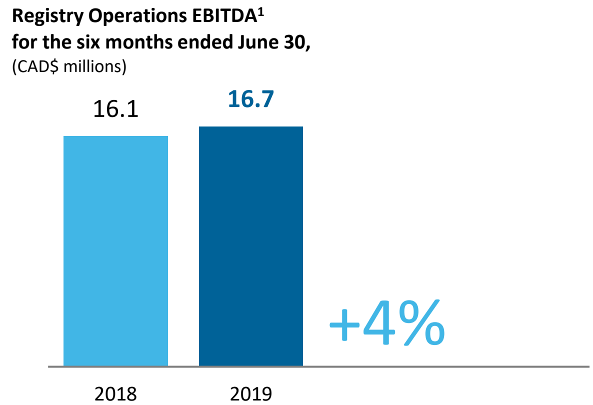


Transaction volumes for the second quarter grew by 2.4 per cent compared to the same period last year. Specifically, registration, search and maintenance volumes grew by 0.6 per cent, 2.2 per cent and 3.5 per cent, respectively, compared to the same period in 2018.

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 accounted for nearly 32.2 per cent of revenue for the first six months of 2019 and the top 100 customers made up about 50.0 per cent of revenue.

REGISTRY OPERATIONS EXPENSES AND EBITDA





[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 June 30, 2019	2018	Six Months Ended June 30, 2019	2018
Revenue	**$ 18,498**	$ 18,702	**$ 34,768**	$ 35,612
Total expenses (excluding depreciation and amortization)	**8,529**	9,457	**18,024**	19,555
EBITDA	**9,969**	9,245	**16,744**	16,057

EBITDA for our Registry Operations segment for the second quarter of 2019 was $10.0 million, compared to $9.2 million for the same period last year and was $16.7 million for the six months ended June 30, 2019, compared to $16.0 million for the same period of 2018 as the overall decrease in costs more than offset the lower revenue.

Registry Operations expenses were $8.5 million for the quarter, a decrease of $1.0 million, compared to $9.5 million for the same period in 2018 and were $18.0 million for the six months ended June 30, 2019, compared to $19.6 million for the same period of 2018 due to lower related party costs for technology services and lower staffing expenses.

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

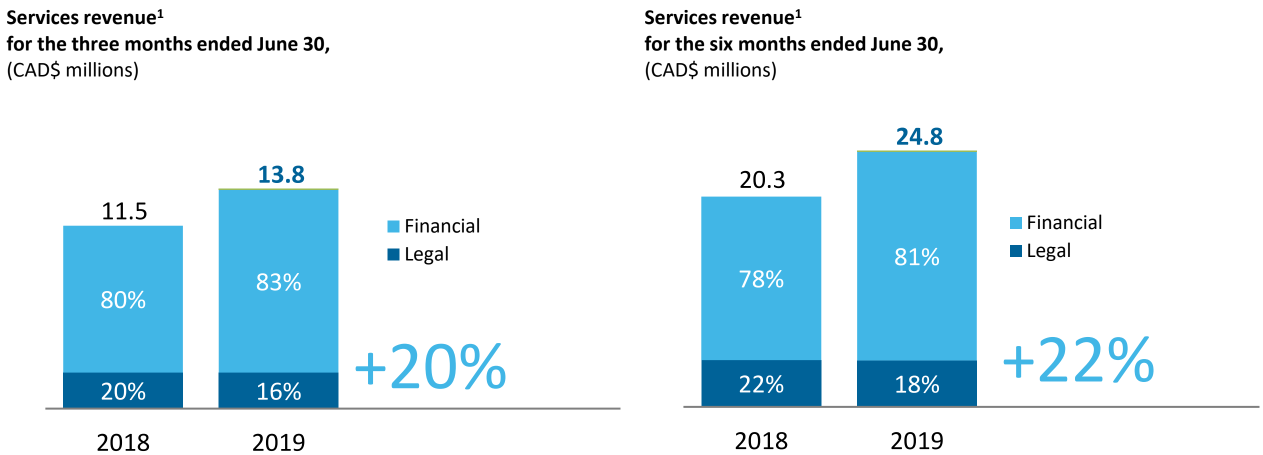
We support financial and credit institutions' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources.

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



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

(thousands of CAD dollars)	Three Months Ended June 30, 2019	2018	Six Months Ended June 30, 2019	2018
Legal support services	$ 2,250	$ 2,261	$ 4,502	$ 4,542
Financial support services	11,459	9,213	20,179	15,804
Internal related parties and other	87	-	143	-
Services revenue	$ 13,796	$ 11,474	24,824	20,346

SERVICES REVENUE

Revenue for Services was $13.8 million for the three months ended June 30, 2019, an increase of $2.3 million compared to the second 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 space. For the six months ended June 30, 2019, revenue was $24.8 million compared to $20.3 million last year, an improvement of 22.0 per cent.

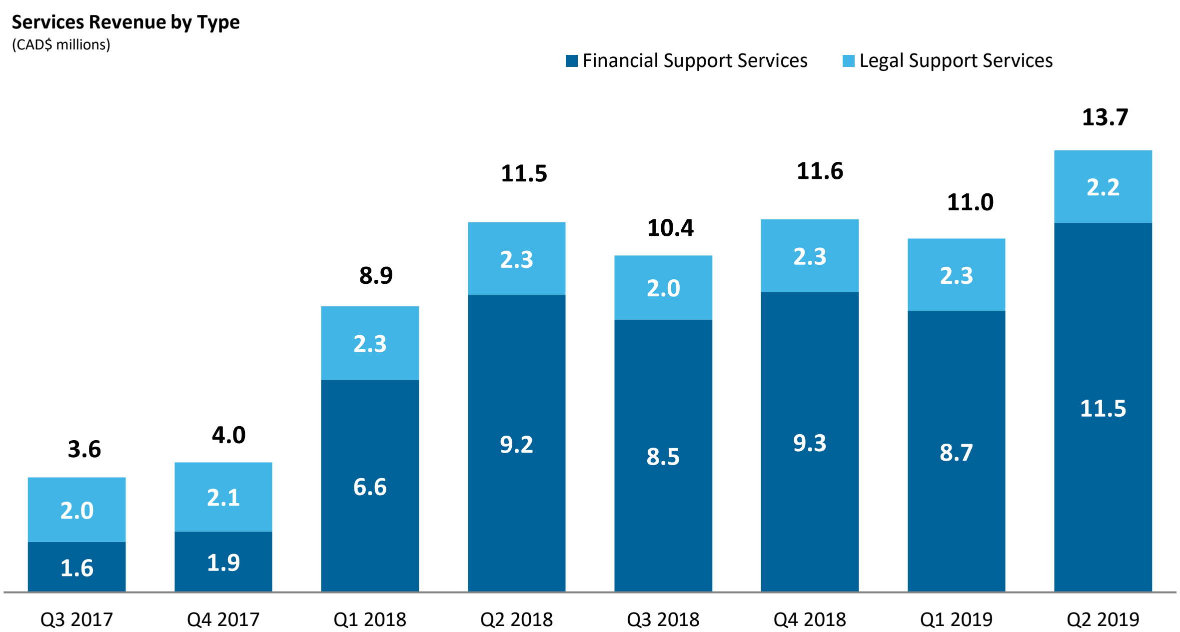
Legal Support Services

Revenue in the second quarter of 2019 for Legal Support Services was flat at $2.2 million compared to the first quarter in 2018. Revenue for the first half of 2019 was $4.5 million flat compared to the same period last year.

Financial Support Services

Revenue in the second quarter of 2019 for Financial Support Services was $11.5 million, up $2.2 million or 24.4 per cent compared to $9.2 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 six months of 2019 was $20.2 million, an increase of $4.4 million or 27.7 per cent, when compared to the same period last year.

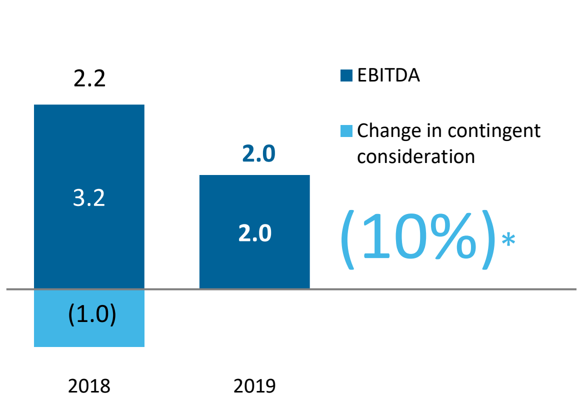
Our Services revenue for the last eight quarters is shown in the following graph.



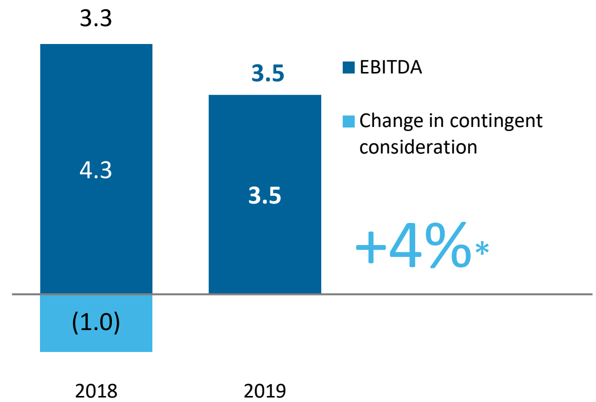
The top 20 Services customers comprised approximately 75.2 per cent of the revenue for the first six months of 2019, while the top 100 Services customers made up about 87.4 per cent of revenue. No single customer accounted for more than 25.0 per cent of Services revenue in the same period.

SERVICES EXPENSES AND EBITDA

Services EBITDA[1]
for the three months ended June 30,
(CAD$ millions)



Services EBITDA[1]
for the six months ended June 30,
(CAD$ millions)



* Represents the change in EBITDA excluding the $1.0 million change in contingent consideration.

(thousands of CAD dollars)	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018 (restated)[1]	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018 (restated)[1]
Revenue	$ **13,796**	$ 11,474	**24,824**	20,346
Total expenses (excluding depreciation and amortization)	**11,816**	9,274	**21,367**	17,014
Change in contingent consideration	-	(1,000)	-	(1,000)
EBITDA	$ **1,980**	$ 3,200	$ **3,457**	$ 4,332

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

EBITDA for Services was $2.0 million for the three months ended June 30, 2019, a decrease of $1.2 million compared to $3.2 million for the same period last year, and was $3.5 million for the six months ended June 30, 2019, compared to $4.3 million for the same period of 2018. EBITDA in the second quarter of 2018 was augmented by a $1.0 million adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition.

Excluding the $1.0 million fair value adjustment in 2018, EBITDA for Services was $0.2 million lower for the three months ended June 30, 2019 versus 2018 and was $0.2 million higher for the six months ended June 30, 2019 compared to the same period of 2018.

For the period ended June 30, 2019, expenses in Services were higher based on our acquisition of Securefact and planned integration and technology improvements as we look to optimize our existing platforms and offerings.

Specifically, for the quarter ended June 30, 2019, Services expenses were $11.8 million, an increase of $3.5 million, compared to $8.3 million for the same period in 2018 and were $21.4 million for the six months ended June 30, 2019 compared to $16.0 million for the same period of 2018, primarily due to:

- Wages and salaries were $1.9 million, up $0.4 million, for the three months ended June 30, 2019, compared to the same period in 2018 and were $3.9 million for the six months ended June 30, 2019, compared to $3.1 for the six months ended June 30, 2018. 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 was $8.7 million for the second quarter of 2019, an increase of $2.0 million compared to the second quarter of 2018 and was $15.1 million for the six months ended June 30, 2019, compared to $11.6 million for the same period of 2018, consistent with the rise in related revenue in the quarter.

- Depreciation and amortization costs were $1.4 million for the three months ended June 30, 2019, down compared to $1.6 million in the same period in 2018 and were $2.6 million year-to-date compared to $3.1 million for the same period of 2018, due to the full amortization of certain assets.

- Information technology services were up in the quarter and year-to-date compared to last year due to our acquisition of Securefact in the first quarter and planned integration and technology improvements as we look to optimize our AVS, Securefact and existing ESC 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.

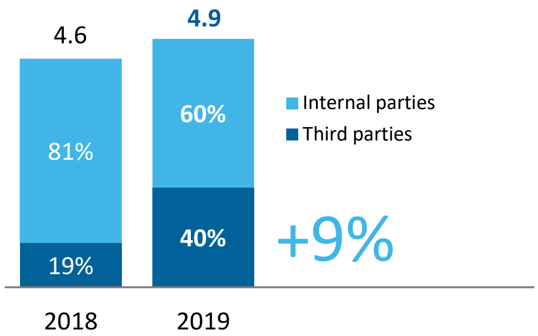
We offer RegSys — a complete registry solution that provides a readily transferable technology platform capable of serving a wide range of registry needs. RegSys is a multi-register platform that delivers the flexibility, scalability and features that enable public sector organizations to deliver enhanced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

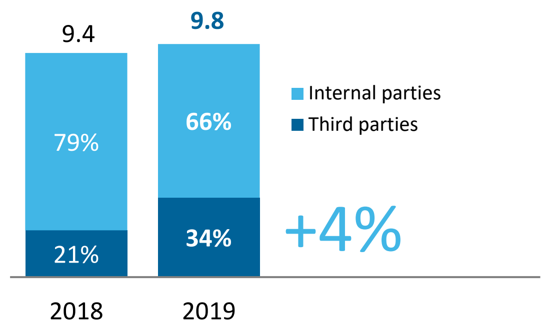
Competitors in this segment include technology services organizations that provide application development, systems integration and/or application management services. This includes large multinationals or local niche players, both of which we can partner with to complement our offering depending on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

TECHNOLOGY SOLUTIONS REVENUE

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



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



	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2019**	2018	**2019**	2018
Third parties	**$ 1,988**	$ 880	**$ 3,349**	$ 1,966
Internal related parties	**2,957**	3,673	**6,474**	7,474
Technology solutions revenue	**$ 4,945**	$ 4,553	**$ 9,823**	$ 9,440

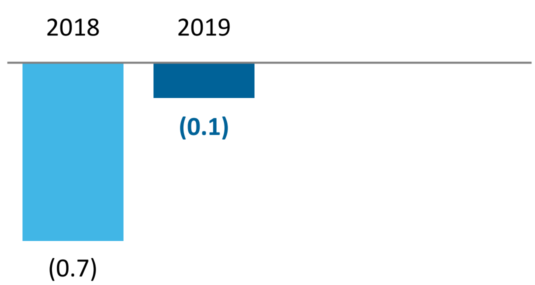
Revenue in our Technology Solutions segment was $4.9 million for the three months ended June 30, 2019, compared to $4.6 million for the same period in 2018 and was $9.8 million for the six months ended June 30, 2019, compared to $9.4 million for the same period of 2018.

Revenue from external parties increased in the three and six months ended June 30, 2019, due to technology solution definition and implementation services and software licenses. As expected, the revenue from external parties continues to grow as the Company achieves performance-related milestones for customers whose implementations are scheduled throughout 2019.

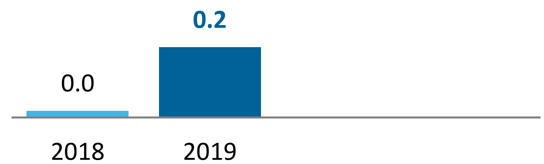
Internal related party revenue in any quarter is dependent on resources used or consumed internally, particularly in Registry Operations. Our intent is to continue to become more efficient with both software and processes to continue to reduce the internal charges in favour of external revenue.

TECHNOLOGY SOLUTIONS EXPENSES AND EBITDA

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



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



(thousands of CAD dollars)	Three Months Ended June 30, 2019	2018 (restated)[1]	Six Months Ended June 30, 2019	2018 (restated)[1]
Revenue	**$ 4,945**	$ 4,553	**$ 9,823**	$ 9,440
Total expenses (excluding depreciation and amortization)	**5,088**	5,283	**9,583**	9,417
EBITDA	**$ (143)**	$ (730)	**$ 240**	$ 23

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

EBITDA for our Technology Solutions segment increased $0.6 million in the quarter, and increased $0.2 million in the six months ended June 30, 2019, compared to the same periods in 2018 due to higher third-party revenue.

For the quarter ended June 30, 2019, Technology Solutions expenses were $5.1 million, a decrease of $0.2 million, compared to $5.3 million for the same period in 2018 and were $9.6 million for the six months ended June 30, 2019, compared to $9.4 million for the same period of 2018. The increase year-to-date versus 2018 was due to an increase in 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 recently renewed service contract.

3.4 Corporate and other

Corporate and other includes 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2019**	2018 (restated)[1]	**2019**	2018 (restated)[1]
Third parties	**$ 2**	$ 2	**$ 6**	$ 6
Internal related parties	**(2,997)**	(3,673)	**(6,570)**	(7,474)
Corporate and other revenue	**$ (2,995)**	$ (3,671)	**$ (6,564)**	$ (7,468)
Total expenses (excluding depreciation and amortization)	**1,941**	2,640	**4,241**	4,951
EBITDA	**$ (1,054)**	$ (1,031)	**$ (2,323)**	$ (2,517)

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

Corporate and other revenue is primarily made up of the elimination of internal related parties revenue reported in our Technology Solutions segment.

Expenses relate to our corporate activities and shared services functions and include the elimination portion of internal related parties' expenses.

EBITDA for the three months ended June 30, 2019, was flat when compared to the second quarter of 2018 and increased $0.2 million for the six months ended June 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.

	2019		2018 (restated)[4]				2017	
(thousands of CAD dollars)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**$34,244**	$28,607	$31,015	$30,186	$31,058	$26,872	$23,589	$23,862
Expenses	**26,308**	23,838	25,887	23,688	24,227	22,547	17,539	18,168
Net income before items noted below	**7,936**	4,769	5,128	6,498	6,831	4,325	6,050	5,694
Net finance expense	**(277)**	(259)	(153)	422	(526)	(516)	(75)	(215)
Share of profit (loss) in associate	**-**	-	-	-	-	-	-	200
Gain on sale of associate	**-**	-	-	-	-	-	15,438	-
Change in contingent consideration	**-**	-	(195)	2,762	1,000	-	-	-
Income before tax	**7,659**	4,510	4,780	9,682	7,305	3,809	21,414	5,679
Income tax expense	**(1,875)**	(1,499)	(1,621)	(1,921)	(2,155)	(1,242)	(2,640)	(3,823)
Net income	**$ 5,784**	$ 3,011	$ 3,159	$ 7,761	$ 5,150	$ 2,567	$18,774	$ 1,856
Other comprehensive income (loss)	**(56)**	(321)	211	(159)	(265)	337	(3)	(57)
Total comprehensive income	**$ 5,728**	$ 2,690	$ 3,370	$ 7,602	$ 4,885	$ 2,904	$18,771	$ 1,799
EBITDA margin (% of revenue)[1, 2]	**31.4%**	25.7%	26.1%	40.2%	34.4%	26.8%	33.2%	31.8%
Adjusted EBITDA margin (% of revenue)[1]	**31.8%**	27.3%	26.7%	32.3%	32.3%	28.0%	38.0%	36.4%
Earnings per share, basic[3]	**$ 0.33**	$ 0.17	$ 0.18	$ 0.44	$ 0.29	$ 0.15	$ 1.07	$ 0.11
Earnings per share, diluted[3]	**$ 0.33**	$ 0.17	$ 0.18	$ 0.44	$ 0.29	$ 0.15	$ 1.07	$ 0.11

[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 – 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 June 30, 2019, the Company held $19.2 million in cash, compared to $28.7 million as at December 31, 2018, a decrease of $9.5 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of $24.9 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

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2019**	2018 (restated)[1]	**2019**	2018 (restated)[1]
Net cash flow provided by operating activities	**$ 7,166**	$ 10,110	**$ 8,501**	$ 10,782
Net change in non-cash working capital[2]	**2,267**	(1,976)	**7,058**	4,124
Cash provided by operating activities excluding working capital	**9,433**	8,134	**15,559**	14,906
Cash additions to property, plant and equipment	**(154)**	(51)	**(238)**	(133)
Cash additions to intangible assets	**(694)**	(536)	**(1,471)**	(852)
Consolidated free cash flow[1]	**$ 8,585**	$ 7,547	**$ 13,850**	$ 13,921

[1] On January 1, 2019, the Company adopted IFRS 16 See section 1.1 – footnote 2 for further details.
[2] Refer to Note 23 of the Financial Statements for reconciliation.

Consolidated free cash flow for the three months ended June 30, 2019, was $8.6 million compared to $7.5 million for the three months ended June 30, 2018 and was $13.9 million for the six months ended June 30, 2019, flat compared to the same period of 2018. The increase in the quarter was due to higher results of operations driven by higher revenue in Services; the decrease year-to-date was a result of our Securefact acquisition in February 2019.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2019**	2018 (restated)[1]	**2019**	2018 (restated)[1]
Net cash flow provided by operating activities	**$ 7,166**	$ 10,110	**$ 8,501**	$ 10,782
Net cash flow used in investing activities	**(786)**	(495)	**(8,329)**	(1,053)
Net cash flow used in financing activities	**(4,775)**	(5,099)	**(9,482)**	(9,354)
Effects of exchange rate changes on cash held in foreign currencies	**(48)**	(34)	**(140)**	(8)
Increase (decrease) in cash	**1,557**	4,482	**(9,450)**	367
Cash, beginning of period	**$ 17,644**	$ 27,150	**$ 28,651**	$ 31,265
Cash, end of period	**$ 19,201**	$ 31,632	**$ 19,201**	$ 31,632

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

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash flow provided by operating activities was $7.2 million and 8.5 million for the three months ended and six months ended June 30, 2019, respectively, compared to $10.1 million and 10.8 million for the three and six months ended June 30, 2018, respectively as a result of changes in working capital from higher accounts receivable in-line with higher sales, and lower accounts payable and accrued liabilities.

NET CASH FLOW USED IN INVESTING ACTIVITIES

Net cash flow used in investing activities for the three months ended June 30, 2019, was $0.8 million compared to $0.5 million in the same period last year and was $8.3 million in the six months ended June 30, 2019, compared to $1.1 million in the six months ended June 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 three months ended June 30, 2019, was $4.8 million compared to $5.1 million for the three months ended June 30, 2018, and was $9.5 million for the six months ended June 30, 2019, compared to $9.4 million in the same period of 2018. The decrease in the quarter was due to the timing of repayment of long-term debt, while the increase year-to-date was due to higher debt payments 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 $1.7 million for the three and six months ended June 30, 2019, respectively, up compared to $0.6 million and $1.0 million for three and six months ended June 30, 2018, as a result of enhancements to the systems supporting Corporate and other and system development work across our business segments.

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2019**	2018	**2019**	2018
Registry Operations	**$ 160**	$ 42	**$ 268**	$ 101
Services	**201**	173	**357**	192
Technology Solutions	**211**	340	**497**	655
Corporate and other	**276**	28	**587**	37
Total capital expenditures	**$ 848**	$ 583	**$ 1,709**	$ 985

6.3 Debt

Debt for the three months ended June 30, 2019, was $19.0 million compared to $20.0 million at December 31, 2018.

At June 30, 2019, the Company had nil cash drawings on the operating facility (2018 — nil). At June 30, 2019, 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 facility, 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 $169.6 million at June 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 June 30, 2019**
Total assets excluding intangibles, goodwill and cash	$ 28,331	$ 10,936	$ 4,165	$ 17,970	**$ 61,402**
Intangibles	3,535	33,918	5,095	849	**43,397**
Goodwill	5,800	35,715	4,105	-	**45,620**
Cash	-	-	-	19,201	**19,201**
Total assets	$ 37,666	$ 80,569	$ 13,365	$ 38,020	**$ 169,620**

(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 – footnote 2 for further details.

6.5 Working capital

As at June 30, 2019, working capital was $10.9 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 June 30, 2019**	As at December 31, 2018 (restated)[1]
Current assets	**$ 35,852**	$ 41,573
Current liabilities	**(24,930)**	(28,378)
Working capital	**$ 10,922**	$ 13,195

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

6.6 Outstanding share data

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

6.7 Common share dividend

On May 8, 2019, our Board declared a quarterly cash dividend of $0.20 per Class A Share, paid on July 15, 2019, to shareholders of record as of June 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 June 30, 2019, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities and long-term debt.

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 19 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 June 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
IFRS 16 — Leases	The Company adopted IFRS 16 — *Leases* ("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 — *Leases* ("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-or-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 June 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 June 30, 2019.

The contribution of Securefact to the Financial Statements for the three and six months ended June 30, 2019, was approximately 1.0 per cent of revenue and 2.0 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.