



2020 Unaudited Condensed Consolidated Interim Financial Statements

For the Three Months and Nine Months Ended September 30, 2020

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Condensed Consolidated Statements of Financial Position

As At (thousands of CAD dollars, unaudited)	Note	September 30, 2020	December 31, 2019
Assets			
Current assets			
Cash		\$ 22,516	\$ 23,731
Short-term investments		51	475
Trade and other receivables	4	17,254	12,648
Contract assets	5	1,216	1,623
Income tax recoverable		357	1,736
Prepaid expenses and deposits		2,586	2,120
Total current assets		43,980	42,333
Non-current assets			
Property, plant and equipment	7	2,379	2,998
Right-of-use assets	8	7,962	9,668
Intangible assets	9	73,394	41,196
Goodwill	10	77,476	45,529
Deferred tax asset	14	28,710	29,855
Total non-current assets		189,921	129,246
Total assets		\$ 233,901	\$ 171,579
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 20,083	\$ 18,096
Contract liabilities	12	1,714	1,436
Lease obligations – current portion	13	1,981	1,845
Income tax payable	14	188	810
Long-term debt – current portion	16	-	2,000
Provisions	17	174	468
Total current liabilities		24,140	24,655
Non-current liabilities			
Lease obligations	13	7,264	8,967
Deferred tax liability	14	7,420	7,543
Long-term debt	16	76,080	16,000
Other liabilities	15	1,290	173
Total non-current liabilities		92,054	32,683
Shareholders' equity			
Share capital	20	19,955	19,955
Equity settled employee benefit reserve	15	2,337	2,153
Accumulated other comprehensive income		776	5
Retained earnings		94,639	92,128
Total shareholders' equity		117,707	114,241
Total liabilities and shareholders' equity		\$ 233,901	\$ 171,579

See Note 26 for Commitments and Contingencies

See accompanying Notes

Condensed Consolidated Statements of Comprehensive Income

(thousands of CAD dollars, unaudited)	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
Revenue	22	\$ 37,120	\$ 32,175	\$ 97,709	\$ 95,026
Expenses					
Wages and salaries		10,342	10,589	29,850	30,110
Cost of goods sold		9,199	7,881	23,472	22,935
Depreciation and amortization	7, 8, 9	3,517	3,291	9,028	8,704
Information technology services		1,913	2,237	5,779	6,247
Occupancy costs		792	1,072	2,124	2,698
Professional and consulting services		3,134	899	5,634	2,930
Financial services		537	383	1,875	1,676
Other		273	536	1,058	1,734
Total expenses		29,707	26,888	78,820	77,034
Net income before items noted below		7,413	5,287	18,889	17,992
Finance income (expense)					
Interest income		274	64	364	212
Interest expense		(671)	(486)	(1,293)	(1,170)
Net finance (expense)		(397)	(422)	(929)	(958)
Income before tax		7,016	4,865	17,960	17,034
Income tax expense	14	(1,980)	(1,607)	(4,949)	(4,981)
Net income		\$ 5,036	\$ 3,258	\$ 13,011	\$ 12,053
Other comprehensive income (loss)					
Items that may be subsequently reclassified to net income					
Unrealized gain (loss) on translation of financial statements of foreign operations		336	(263)	802	(616)
Change in fair value of marketable securities, net of tax		(5)	130	(31)	106
Other comprehensive income (loss)		331	(133)	771	(510)
Total comprehensive income		\$ 5,367	\$ 3,125	\$ 13,782	\$ 11,543
Earnings per share (\$ per share)					
Total, basic	19	\$ 0.29	\$ 0.19	\$ 0.74	\$ 0.69
Total, diluted	19	\$ 0.29	\$ 0.19	\$ 0.74	\$ 0.69

See accompanying Notes

Condensed Consolidated Statements of Changes in Equity

(thousands of CAD dollars, unaudited)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive Income	Equity Reserve	Total
Balance at January 1, 2019		86,728	19,955	514	1,687	108,884
Net income for the period		12,053	-	-	-	12,053
Other comprehensive income		-	-	(510)	-	(510)
Stock option expense	15	-	-	-	385	385
Dividend declared		(10,500)	-	-	-	(10,500)
Balance at September 30, 2019		\$ 88,281	\$ 19,955	\$ 4	\$ 2,072	\$ 110,312
Balance at January 1, 2020		\$ 92,128	\$ 19,955	\$ 5	\$ 2,153	\$ 114,241
Net income		13,011	-	-	-	13,011
Other comprehensive income		-	-	771	-	771
Stock option expense	15	-	-	-	184	184
Dividend declared		(10,500)	-	-	-	(10,500)
Balance at September 30, 2020		\$ 94,639	\$ 19,955	\$ 776	\$ 2,337	\$ 117,707

See accompanying Notes

Condensed Consolidated Statements of Cash Flows

(thousands of CAD dollars, unaudited)	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
Operating					
Net income		\$ 5,036	\$ 3,258	\$ 13,011	\$ 12,053
Add: Charges not affecting cash					
Depreciation	7, 8	707	1,333	2,183	2,959
Amortization	9	2,810	1,958	6,845	5,745
Foreign exchange loss (gain)		1	(34)	43	(69)
Deferred tax expense recognized in net income		536	364	1,023	918
(Gain) on disposal of property, plant and equipment		-	(1)	-	(1)
Service concession arrangements	22	(61)	-	(249)	-
Right-of-use asset modifications loss		-	-	73	-
Net finance expense		397	422	929	958
Stock option expense	15	41	89	184	385
Net change in non-cash working capital	25	3,954	(1,740)	(441)	(8,798)
Net cash flow provided by operating activities		13,421	5,649	23,601	14,150
Investing					
Interest received		22	64	112	212
Short-term investments		(3)	-	397	-
Cash received on disposal of property, plant and equipment		-	3	-	3
Additions to property, plant and equipment		-	(300)	(63)	(538)
Additions to intangible assets		(29)	(493)	(395)	(1,964)
Acquisition through business combination	24	(70,161)	-	(70,161)	(6,768)
Net cash flow used in investing activities		(70,171)	(726)	(70,110)	(9,055)
Financing					
Interest paid		(361)	(278)	(671)	(633)
Interest paid on right-of-use assets		(101)	(119)	(326)	(370)
Principal repayments on lease obligations		(439)	(444)	(1,423)	(1,320)
Repayment of long-term debt		(17,000)	(500)	(18,000)	(1,500)
Proceeds of long-term debt net of financing fees		76,058	-	76,058	-
Repayment of operating loan		(9,816)	-	(9,816)	-
Proceeds of operating loan		9,816	-	9,816	-
Dividend paid		(3,500)	(3,500)	(10,500)	(10,500)
Net cash flow provided (used) in financing activities		54,657	(4,841)	45,138	(14,323)
Effects of exchange rate changes on cash held in foreign currencies		37	(20)	156	(160)
(Decrease) increase in cash		(2,056)	62	(1,215)	(9,388)
Cash, beginning of period		24,572	19,201	23,731	28,651
Cash, end of period		\$ 22,516	\$ 19,263	\$ 22,516	\$ 19,263

See accompanying Notes

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1 Nature of the Business

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

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

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

As at September 30, 2020, ISC’s principal revenue generating segments were Registry Operations and Services.

2 Basis of Presentation

Statement of compliance

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

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

These unaudited condensed consolidated interim financial statements were authorized by the Audit Committee of the ISC Board of Directors (“Board”) for issue on November 4, 2020.

Basis of measurement

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

Functional and presentation currency

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

Basis of consolidation

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

Use of estimates and judgments

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

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

Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment (Note 7);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 9) and goodwill (Note 10);
- the fair value of assets and liabilities acquired in a business combination (Note 24);
- the recoverability of deferred tax assets (Note 14); and
- the amount and timing of revenue from contracts from customers recognized over time with milestones (Note 22) and the associated carrying value of assets recognized from the costs incurred to fulfil the contracts (Note 5).

Changes in accounting policies

The IAS Board issued the following new standards and amendments to standards and interpretations, which became effective January 1, 2020.

Standard	Description
Amendments to IFRS 3 – <i>Definition of a Business</i>	<p>The amendments to IFRS 3 result in a change to the definition of a business which:</p> <ul style="list-style-type: none"> clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired; removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. <p>This change will impact the analysis of business combinations. The Company has adopted this amendment to IFRS 3 from January 1, 2020 and has applied this to the acquisitions completed during 2020 (see Note 24).</p>
Amendments to IAS 1 and IAS 8 – <i>Definition of Material</i>	<p>The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of “material” and align the definition used in the Conceptual Framework and the standards.</p> <p>The change in definition may impact the quantity and level of detail of disclosures in the Company’s financial statements. The amendment is prospective and the Company has not been affected upon transition.</p>

3 Summary of Significant Accounting Policies

Revenue

Recovery solutions revenue in our services segment includes management fees and commissions earned by the provision of asset recovery services. Revenue is earned over time throughout the management of each asset recovery file, and is not recognized until any variable component can be determined with sufficient certainty such that a significant reversal in the amount recognised will not occur.

All other revenue accounting policies are consistent with Note 3 of the Company’s 2019 Annual Audited Consolidated Financial Statements.

Recent accounting pronouncements

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

4 Trade and Other Receivables

The components of trade and other receivables are as follows:

(thousands of CAD dollars)	September 30, 2020	December 31, 2019
Trade receivables	\$ 14,094	\$ 12,320
GST/HST/VAT receivables	197	134
Other	2,963	194
Total trade and other receivables	\$ 17,254	\$ 12,648

5 Contract Assets

The components of contract assets are as follows:

(thousands of CAD dollars)	September 30, 2020	December 31, 2019
Unbilled revenue	\$ 289	\$ 1,420
Contract fulfilment costs	927	203
Total contract assets	\$ 1,216	\$ 1,623

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

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

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

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

6 Seasonality

Our Registry Operations segment experiences moderate seasonality, primarily because Saskatchewan Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest. In our Services segment, our corporate and regulatory solutions revenue is reasonably diversified and has little seasonality; instead, it fluctuates in line with the general economic drivers. In particular, our collateral management services experiences seasonality aligned to vehicle and equipment financing cycles, which are generally more robust in the second and fourth quarters. Our recovery solutions revenue also does not have specific seasonality but is countercyclical to our other business, in that it can perform better in poor economic conditions. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters. Our Technology Solutions segment does not experience seasonality but can fluctuate due to the timing of project-related revenue. The balance of our corporate activities and shared services functions, reported under Corporate and other, also 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.

We note that while COVID-19 has impacted revenues, at this point, we do not expect any other substantive change to our normal seasonality.

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2020

7 Property, Plant and Equipment

(thousands of CAD dollars)	Leasehold Improvements	Office Furniture	Office Equipment	Hardware	Assets Under Development	Total
Cost						
Balance at December 31, 2018	\$ 10,370	\$ 3,282	\$ 197	\$ 2,825	\$ -	\$ 16,674
Acquired assets	-	11	-	12	-	23
Additions	-	12	-	38	604	654
Disposals	(43)	(67)	(3)	(382)	-	(495)
Transfers	-	24	-	580	(604)	-
Foreign exchange adjustments	(3)	(3)	-	(15)	-	(21)
Balance at December 31, 2019	\$ 10,324	\$ 3,259	\$ 194	\$ 3,058	\$ -	\$ 16,835
Acquired assets	-	-	-	3	-	3
Additions	-	-	6	13	44	63
Disposals	(430)	(11)	(23)	(15)	-	(479)
Foreign exchange adjustments	3	3	-	16	-	22
Balance at September 30, 2020	\$ 9,897	\$ 3,251	\$ 177	\$ 3,075	\$ 44	\$ 16,444
Accumulated depreciation						
Balance at December 31, 2018	\$ 7,548	\$ 2,886	\$ 150	\$ 2,295	\$ -	\$ 12,879
Depreciation	589	174	22	301	-	1,086
Impairment ¹	368	-	-	-	-	368
Disposals	(43)	(63)	(3)	(380)	-	(489)
Foreign exchange adjustments	-	(1)	-	(6)	-	(7)
Balance at December 31, 2019	\$ 8,462	\$ 2,996	\$ 169	\$ 2,210	\$ -	\$ 13,837
Depreciation	350	58	14	273	-	695
Disposals	(430)	(11)	(23)	(15)	-	(479)
Foreign exchange adjustments	1	1	-	10	-	12
Balance at September 30, 2020	\$ 8,383	\$ 3,044	\$ 160	\$ 2,478	\$ -	\$ 14,065
Carrying value						
At December 31, 2019	\$ 1,862	\$ 263	\$ 25	\$ 848	\$ -	\$ 2,998
At September 30, 2020	\$ 1,514	\$ 207	\$ 17	\$ 597	\$ 44	\$ 2,379

¹ Impairment – see Note 17.

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2020

8 Right-of-use Assets

(thousands of CAD dollars)		Property and Equipment ¹
Cost		
Balance at January 1, 2019	\$	17,708
Additions		401
Disposals		(527)
Foreign exchange adjustments		(78)
Balance at December 31, 2019	\$	17,504
Additions		123
Disposals		(811)
Foreign exchange adjustments		77
Balance at September 30, 2020	\$	16,893
Accumulated depreciation		
Balance at January 1, 2019	\$	6,150
Depreciation		2,063
Impairment ²		173
Disposals		(527)
Foreign exchange adjustments		(23)
Balance at December 31, 2019	\$	7,836
Depreciation		1,488
Disposals		(436)
Foreign exchange adjustments		43
Balance at September 30, 2020	\$	8,931
Carrying value		
At December 31, 2019	\$	9,668
At September 30, 2020	\$	7,962

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

² Impairment – see Note 17.

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2020

9 Intangible Assets

(thousands of CAD dollars)	Internal Use Software – Acquired	Internal Use Software – Internally Developed	Business Solutions – Acquired	Business Solutions – Internally Developed	Brand, Non- Competes, Other	Contracts, Customer & Partner Relation- ships	Assets Under Develop- ment	Total
Cost								
Balance at December 31, 2018	\$ 25,835	\$ 77,137	\$ 2,190	\$ 4,243	\$ 2,279	\$ 27,339	\$ 1,472	\$ 140,495
Acquired assets	4,051	-	-	-	176	1,001	-	5,228
Additions	413	-	-	-	-	-	2,876	3,289
Disposals	(984)	(257)	-	(27)	-	-	-	(1,268)
Transfers	102	-	-	1,307	-	-	(1,409)	-
Foreign exchange adjustments	-	-	(152)	(108)	(43)	(54)	(54)	(411)
Balance at December 31, 2019	\$ 29,417	\$ 76,880	\$ 2,038	\$ 5,415	\$ 2,412	\$ 28,286	\$ 2,885	\$ 147,333
Acquired assets	260	-	-	-	260	37,600	-	38,120
Additions	-	-	-	-	-	-	644	644
Disposals	-	-	-	-	-	-	-	-
Transfers	-	3,143	-	388	-	-	(3,531)	-
Foreign exchange adjustments	-	-	147	190	42	53	2	434
Balance at September 30, 2020	\$ 29,677	\$ 80,023	\$ 2,185	\$ 5,993	\$ 2,714	\$ 65,939	\$ -	\$ 186,531
Accumulated Depreciation								
Balance at December 31, 2018	\$ 14,216	\$ 76,508	\$ 624	\$ 2,074	\$ 1,194	\$ 5,175	\$ -	\$ 99,791
Amortization	3,371	318	309	688	286	2,738	-	7,710
Disposals	(984)	(257)	-	(27)	-	-	-	(1,268)
Foreign exchange adjustments	-	-	(49)	(10)	(24)	(13)	-	(96)
Balance at December 31, 2019	\$ 16,603	\$ 76,569	\$ 884	\$ 2,725	\$ 1,456	\$ 7,900	\$ -	\$ 106,137
Amortization	2,597	445	238	566	239	2,760	-	6,845
Disposals	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-	-	70	32	34	19	-	155
Balance at September 30, 2020	\$ 19,200	\$ 77,014	\$ 1,192	\$ 3,323	\$ 1,729	\$ 10,679	\$ -	\$ 113,137
Carrying Value								
At December 31, 2019	\$ 12,814	\$ 311	\$ 1,154	\$ 2,690	\$ 956	\$ 20,386	\$ 2,885	\$ 41,196
At September 30, 2020	\$ 10,477	\$ 3,009	\$ 993	\$ 2,670	\$ 985	\$ 55,260	\$ -	\$ 73,394

10 Goodwill

The components of goodwill are as follows:

(thousands of CAD dollars)	September 30, 2020	December 31, 2019
Balance, beginning of the year	\$ 45,529	\$ 44,310
Additions (Note 24)	31,657	1,517
Foreign exchange adjustment	290	(298)
Balance, end of period	\$ 77,476	\$ 45,529

11 Accounts Payable and Accrued Liabilities

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

(thousands of CAD dollars)	September 30, 2020	December 31, 2019
Trade payables	\$ 3,963	\$ 733
Accrued liabilities	9,000	10,327
Customer deposits	3,620	3,536
Dividend payable	3,500	3,500
Total accounts payable and accrued liabilities	\$ 20,083	\$ 18,096

12 Contract Liabilities

The components of contract liabilities are as follows:

(thousands of CAD dollars)	September 30, 2020	December 31, 2019
Amounts received in advance of Registry Operations transaction, maintenance and support contracts (i)	\$ 525	\$ 331
Amounts received in advance of Technology Solutions support and delivery contracts (ii)	1,189	1,105
Total contract liabilities	\$ 1,714	\$ 1,436

- (i) Revenue that relates to Registry Operations transactions is recognized at a point in time. Revenue that relates to Registry Operations maintenance and support contracts is recognized over time. A contract liability is recognized for payments received from end-use customers in advance of services being provided and is recognized into revenue either at the point in time the service is rendered or over the service period.
- (ii) Revenue that relates to Technology Solutions contracts is recognized over time as the performance obligations in the contract are achieved. These obligations may be based on a time period or on performance-based milestones identified in the contract. A contract liability is recognized for payments received from customers in advance and is recognized into revenue either over the service period or when performance milestones are achieved.

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

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Registry Operations transaction, maintenance and support contracts	\$ 19	\$ 19	\$ 325	\$ 316
Technology Solutions support and delivery contracts	144	63	711	970
Total revenue recognized that was included in the balance at the beginning of the period	\$ 163	\$ 82	\$ 1,036	\$ 1,286

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

13 Lease Obligations

(thousands of CAD dollars)	Property and equipment
Balance at January 1, 2019	\$ 12,235
Additions	24
Interest expense for the period	486
Effect of modification to lease terms	375
Lease payments	(2,253)
Foreign exchange adjustments	(55)
Balance at December 31, 2019	\$ 10,812
Additions	-
Interest expense for the period ¹	326
Effect of modification to lease terms	(178)
Lease payments ¹	(1,749)
Foreign exchange adjustments	34
Balance at September 30, 2020	\$ 9,245

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

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

14 Tax Provision

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

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Current tax expense	\$ 1,444	\$ 1,243	\$ 3,926	\$ 4,063
Deferred tax expense	536	364	1,023	918
Income tax expense	\$ 1,980	\$ 1,607	\$ 4,949	\$ 4,981

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

15 Share-Based Compensation Plans

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

Performance share units ("PSUs")

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

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A summary of the status of the PSU plan and the changes within the nine months ended September 30, 2020, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2018	-	\$ -
PSUs granted November 18, 2019	32,585.00	16.11
PSUs credited as a result of cash dividends paid	415.32	15.69
Balance at December 31, 2019	33,000.32	\$ 16.10
PSUs granted March 26, 2020	38,701.00	\$ 13.71
PSUs credited as a result of cash dividends paid	2,820.70	\$ 15.47
Balance at September 30, 2020	74,522.02	\$ 14.84

The share-based compensation expense related to the PSUs for the three months ended September 30, 2020, totalled \$213 thousand (2019 — nil) and for the nine months ended September 30, 2020, totalled \$413 thousand (2019 — nil). The total carrying amount of the liability arising from the PSUs as of September 30, 2020, totalled \$586 thousand (December 31, 2019 — \$173 thousand). The liability amount is included within other non-current liabilities on the consolidated statements of financial position.

Share appreciation rights (“SARs”)

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

A summary of the status of the SAR plan and the changes within the three months ended September 30, 2020, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2018	-	\$ -
SARs granted November 18, 2019	243,116.00	16.11
Balance at December 31, 2019	243,116.00	\$ 16.11
SARs granted March 31, 2020	291,386.00	\$ 13.71
Balance at September 30, 2020	534,502.00	\$ 14.80

The share-based compensation expense related to the SARs for the three months ended September 30, 2020, totalled \$658 thousand (2019 — nil) and for the nine months ended September 30, 2020, totalled \$704 thousand (2019 — nil). The total carrying amount of the liability arising from SARs as of September 30, 2020, was \$704 thousand (December 31, 2019 — nil). The liability amount is included within other non-current liabilities on the consolidated statements of financial position.

Deferred share units (“DSUs”)

A summary of the status of the DSU plan and the changes within the nine months ended September 30, 2020, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2018	72,114.15	\$ 17.44
DSUs granted November 14, 2019	22,351.00	15.97
DSUs credited as a result of cash dividends paid	3,848.00	16.07
Balance at December 31, 2019	98,313.15	\$ 17.05
DSUs granted June 30, 2020	23,800.00	15.00
DSUs credited as a result of cash dividends paid	4,356.00	15.60
Balance at September 30, 2020	126,469.15	\$ 16.61

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

Share-based compensation expense related to the DSUs for the three months ended September 30, 2020, totalled \$661 thousand (2019 — nil) and for the nine months ended September 30, 2020, totalled of \$798 thousand (2019 — \$102 thousand). The total carrying amount of the liability arising from the DSUs as of September 30, 2020, totalled \$2.3million (December 31, 2019 — \$1.5 million). The liability amount is included within accounts payable and accrued liabilities on the consolidated statements of financial position.

The fair value of the DSUs at September 30, 2020, has been calculated using the market value of the Company's Class A Shares on the TSX.

Stock options

A summary of the status of the stock option plan and the changes within the nine months ended September 30, 2020, are as follows:

	Units	Average Exercise Price
Balance at December 31, 2019	1,548,247	\$ 17.27
Stock options granted during the year	-	-
Balance at December 31, 2019	1,548,247	\$ 17.27
Stock options granted during the period	-	-
Balance at September 30, 2020	1,548,247	\$ 17.27

The outstanding share options at the end of the period had a weighted average exercise price of \$17.27 (December 31, 2019 — \$17.27). The number of options exercisable at the end of the period was 1,233,095 (December 31, 2019 — 961,217) and had a weighted average exercise price of \$17.05 (December 31, 2019 — \$16.78) based on a range of exercise prices from \$15.04 to \$18.85 (December 31, 2019 — \$15.04 to \$18.85).

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

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation expense related to the stock options for the three months ended September 30, 2020, totalled \$41 thousand (2019 — \$89 thousand) and for the nine months ended September 30, 2020, totalled \$184 thousand (2019 — \$385 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of September 30, 2020, totalled \$2.3 million (December 31, 2019 — \$2.1 million).

16 Debt

The Company drew \$59.8 million on its previous credit facilities to fund the majority of the July 31, 2020, asset acquisition (see Note 24).

On August 5, 2020, the Company entered into a new credit agreement in connection with its secured credit facility (the "Credit Facility"). The aggregate amount available under the new Credit Facility is \$150.0 million, up from \$80 million. The new Credit Facility was used to refinance amounts under the previous facilities, with the balance available to the Company for future growth opportunities, capital expenditures, and for general corporate purposes. The new agreement, which added an additional Canadian

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chartered bank as a lender, was considered to be an extinguishment of debt for accounting purposes. No termination costs were incurred.

Maturing on August 5, 2022, the Credit Facility bears interest at a base rate of prime, bankers' acceptance, or letter of credit fee plus a margin varying between 0.75 per cent and 3.25 per cent per annum depending on the type of advance and the performance on certain covenants.

The Company is also required to pay a commitment fee quarterly in arrears on the unutilized portion of the Credit Facility, at a rate between 0.35 per cent and 0.65 per cent per annum depending on the performance on certain covenants.

Prior to maturity there are no mandatory repayments on the Credit Facility, except for repayments associated with assets sales with proceeds exceeding \$5.0 million. However, the Company may make voluntary prepayments provided they are in minimum aggregate amounts of \$1.0 million.

The Company is amortizing costs of \$0.3 million attributable to securing the Credit Facility over the life of the facility using an effective interest rate of 3.62%. For the three months ended September 30, 2020, an expense of \$22 thousand (2019 - nil) was recognized in the condensed consolidated statements of comprehensive income.

The Credit Facility can be used for working capital needs and for general corporate purposes. At September 30, 2020, non-cash drawings, consisting of letters of credit and similar, were approximately \$0.2 million (2019 — \$0.2 million). Term debt is as follows:

(thousands of CAD dollars)	September 30, 2020	December 31, 2019
Term loans		
Revolving facility	\$ 76,080	\$ -
Term loan facility		
Current portion	-	2,000
Long-term portion	-	16,000
Total long-term debt	\$ 76,080	\$ 18,000

The Credit Facility contains financial covenants which require the Company to maintain a ratio of Consolidated Net Funded Debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") of less than 4:1 and an EBITDA to interest expense ratio of greater than 3:1.

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

The indebtedness under the Credit Facility is secured by a first ranking security interest over substantially all of the Company's assets (subject to the security of the Government of Saskatchewan under a debenture), including security interests, pledges and guarantees granted by certain of its subsidiaries.

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

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17 Provisions

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

(thousands of CAD dollars)	Restructuring Provision	Other Provisions	Total
Balance, December 31, 2018	\$ -	\$ -	\$ -
Additions	643	160	803
Utilizations and settlements	(321)	(14)	(335)
Balance, December 31, 2019	\$ 322	\$ 146	\$ 468
Additions	-	-	-
Utilizations and settlements	(250)	(44)	(294)
Balance, September 30, 2020	\$ 72	\$ 102	\$ 174

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

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

18 Liabilities Arising from Financing Activities

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

(thousands of CAD dollars)		Three Months Ended September 30,		Nine Months Ended September 30,	
		2020	2019	2020	2019
Financing activities					
Interest paid	(a)	\$ (361)	\$ (278)	\$ (671)	\$ (633)
Interest paid on right-of-use assets	(a)	(101)	(119)	(326)	(370)
Payments on lease obligations	(b)	(439)	(444)	(1,423)	(1,320)
Repayment of long-term debt	(c)	(17,000)	(500)	(18,000)	(1,500)
Proceeds from long-term debt net of financing fees	(c)	76,058	-	76,058	-
Repayment of operating loan	(d)	(9,816)	-	(9,816)	-
Drawdown of operating loan	(d)	9,816	-	9,816	-
Dividends paid	(e)	(3,500)	(3,500)	(10,500)	(10,500)
Net cash flow used in financing activities		\$ 54,657	\$ (4,841)	\$ 45,138	\$ (14,323)

	As at December 31, 2019	Cash Flows	Non-cash Changes		As at September 30, 2020
			Dividends Declared	Other	
Interest payable	\$ 203	\$ (997)	(a) \$ -	\$ 1,010	\$ 216
Lease obligation including current portion	10,812	(1,423)	(b) -	(144)	9,245
Long-term debt including current portion	18,000	58,058	(c) -	-	76,058
Dividends payable	3,500	(10,500)	(e) 10,500	-	3,500
	\$ 32,515	\$ 45,138	\$ 10,500	\$ 866	\$ 89,019

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	As at January 1, 2019	Cash Flows		Non-cash Changes		As at September 30, 2019
				Dividends Declared	Other	
Interest payable	\$ -	\$ (1,003)	(a)	\$ -	\$ 1,162	\$ 159
Lease obligation including current portion	12,235	(1,320)	(b)	-	(46)	10,869
Long-term debt including current portion	20,000	(1,500)	(c)	-	-	18,500
Dividends payable	3,500	(10,500)	(e)	10,500	-	3,500
	\$ 35,735	\$ (14,323)		\$ 10,500	\$ 1,116	\$ 33,028

19 Earnings Per Share

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

(thousands of CAD dollars, except number of shares and earnings per share)	Three Months ended September 30,		Nine Months ended September 30,	
	2020	2019	2020	2019
Net income	\$ 5,036	\$ 3,258	\$ 13,011	\$ 12,053
Weighted average number of shares, basic	17,500,000	17,500,000	17,500,000	17,500,000
Potential dilutive shares resulting from stock options	46,573	27,667	11,090	30,920
Weighted average number of shares, diluted	17,546,573	17,527,667	17,511,090	17,530,920

Earnings per share (\$ per share)

Total, basic	\$ 0.29	\$ 0.19	\$ 0.74	\$ 0.69
Total, diluted	\$ 0.29	\$ 0.19	\$ 0.74	\$ 0.69

20 Equity and Capital Management

(thousands of CAD dollars, except number of shares)	Class A		Class B	
	Number of Shares	Share Capital	Number of Shares	Share Capital
Balance at January 1, 2019	17,500,000	\$ 19,955	1	\$ -
No movement	-	-	-	-
Balance at December 31, 2019	17,500,000	\$ 19,955	1	\$ -
Balance at January 1, 2020	17,500,000	\$ 19,955	1	\$ -
No movement	-	-	-	-
Balance at September 30, 2020	17,500,000	\$ 19,955	1	\$ -

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Capital management

The Company's capital at September 30, 2020, consists of long-term debt, share capital, accumulated other comprehensive income, equity settled employee benefit reserve, and retained earnings (comprising total shareholders' equity).

(thousands of CAD dollars)	September 30, 2020	December 31, 2019
Long-term debt	\$ 76,080	\$ 18,000
Share capital	19,955	19,955
Accumulated other comprehensive income	776	5
Equity settled employee benefit reserve	2,337	2,153
Retained earnings	94,639	92,128
Capitalization	\$ 193,787	\$ 132,241

21 Financial Instruments and Related Risk Management

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

Fair value of financial instruments

The carrying values of cash, short-term investments, trade and other receivables, contract assets – unbilled revenue, accounts payable and accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. Long-term debt is managed with prime loans, short-term bankers' acceptance, letters of credit or letters of guarantee. These borrowings will bear interest at a base rate of prime plus applicable margin (see Note 16). The Company does not currently have any fixed interest rate debt instruments, therefore, fair value approximates carrying value. The Company is not exposed to significant interest rate risk because interest bearing financial instruments are at a low level relative to total assets and equity.

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

22 Revenue

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

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Registry Operations				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 13,027	\$ 12,417	\$ 34,576	\$ 36,933
Personal Property Registry	2,825	2,722	7,430	7,771
Corporate Registry	2,441	2,423	7,828	7,626
Other	61	-	249	-
Services	16,420	12,887	40,653	37,615
Technology Solutions	2,346	1,715	6,967	5,064
Corporate and other	-	11	6	17
Total revenue	\$ 37,120	\$ 32,175	\$ 97,709	\$ 95,026

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For the three and nine months ended September 30, 2020

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

Timing of revenue recognition

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
At a point in time				
Registry Operations revenue				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 12,527	\$ 11,924	\$ 33,089	\$ 35,441
Personal Property Registry	2,825	2,722	7,430	7,771
Corporate Registry	2,223	2,207	7,176	6,986
Services revenue	14,516	12,887	38,749	37,615
Corporate and other	-	11	6	17
	\$ 32,091	\$ 29,751	\$ 86,450	\$ 87,830
Over time				
Registry Operations revenue				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	500	493	1,487	1,492
Corporate Registry	218	216	652	640
Other	61	-	249	-
Technology Solutions revenue	2,346	1,715	6,967	5,064
Services revenue	1,904	-	1,904	-
	\$ 5,029	\$ 2,424	\$ 11,259	\$ 7,196
Total revenue	\$ 37,120	\$ 32,175	\$ 97,709	\$ 95,026

Service concession arrangement

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

As at September 30, 2020, the development associated with the change order is 100 per cent complete (December 31, 2019 — 85 per cent) and an incremental \$0.2 million increase to both intangible assets and other revenue has been recorded in 2020 in Registry Operations related to the project. The intangible asset was put into use in the third quarter of 2020; as a result, amortization commenced in the third quarter.

23 Segment Information

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

ISC has three reportable segments – Registry Operations, Services, and Technology Solutions.

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

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

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

On January 1, 2020, a new methodology was adopted for allocating corporate costs to the operating segments. Management believes this revised methodology more closely reflects the level of shared service provided to the operating segments in the current year. Certain related party revenues are also impacted by this change. The impact of the change to results in the current period are estimated in the table below¹. The effect of the change on future periods is impracticable to estimate.

Revenue and EBIT

For the three months ended September 30, 2020

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 18,354	\$ 16,420	\$ 2,346	\$ -	\$ -	\$ 37,120
Plus: inter-segment revenue	-	-	2,430	35	(2,465)	-
Total revenue	\$ 18,354	\$ 16,420	\$ 4,776	\$ 35	\$ (2,465)	\$ 37,120
Expenses excluding depreciation and amortization	(8,283)	(12,820)	(4,244)	(3,308)	2,465	(26,190)
EBITDA¹	10,071	3,600	532	(3,273)	-	10,930
Depreciation and amortization	(621)	(2,072)	(467)	(357)	-	(3,517)
EBIT¹	\$ 9,450	\$ 1,528	\$ 65	\$ (3,630)	\$ -	\$ 7,413
Net finance (expense)						(397)
Income tax expense						(1,980)
Net income						\$ 5,036
Additions to non-current assets, including acquisitions	\$ 61	\$ 69,780	\$ -	\$ 29	\$ -	\$ 69,870

¹ Had the methodology change noted above not been made, EBITDA and EBIT is estimated as:

EBITDA	\$ 10,575	\$ 3,081	\$ 561	\$ (3,287)	-	\$ 10,930
EBIT	\$ 9,954	\$ 1,009	\$ 94	\$ (3,644)	-	\$ 7,413

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For the three months ended September 30, 2019

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 17,562	\$ 12,887	\$ 1,715	\$ 11	\$ -	\$ 32,175
Plus: inter-segment revenue	-	-	3,375	10	(3,385)	-
Total revenue	\$ 17,562	\$ 12,887	\$ 5,090	\$ 21	\$ (3,385)	\$ 32,175
Expenses excluding depreciation and amortization	(9,238)	(11,096)	(5,604)	(1,044)	3,385	(23,597)
EBITDA	8,324	1,791	(514)	(1,023)	-	8,578
Depreciation and amortization	(521)	(1,355)	(439)	(435)	-	(2,750)
Impairment	(541)	-	-	-	-	(541)
EBIT	\$ 7,262	\$ 436	\$ (953)	\$ (1,458)	\$ -	\$ 5,287
Net finance (expense)						(422)
Income tax expense						(1,607)
Net income						\$ 3,258

Additions to non-current assets, including acquisitions	\$ 395	\$ 110	\$ 105	\$ 183	\$ -	\$ 793
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For the nine months ended September 30, 2020

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 50,083	\$ 40,653	\$ 6,967	\$ 6	\$ -	\$ 97,709
Plus: inter-segment revenue	-	4	7,389	105	(7,498)	-
Total revenue	\$ 50,083	\$ 40,657	\$ 14,356	\$ 111	\$ (7,498)	\$ 97,709
Expenses excluding depreciation and amortization	(26,073)	(32,648)	(12,406)	(6,163)	7,498	(69,792)
EBITDA ¹	24,010	8,009	1,950	(6,052)	-	27,917
Depreciation and amortization	(1,867)	(4,801)	(1,368)	(992)	-	(9,028)
EBIT ¹	\$ 22,143	\$ 3,208	\$ 582	\$ (7,044)	\$ -	\$ 18,889
Net finance (expense)						(929)
Income tax expense						(4,949)
Net income						\$ 13,011

Additions to non-current assets, including acquisitions	\$ 249	\$ 69,941	\$ 37	\$ 260	\$ -	\$ 70,487
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¹ Had the methodology change not been made, EBITDA and EBIT is estimated as:

EBITDA	\$ 25,049	\$ 6,483	\$ 2,089	\$ (5,704)	-	\$ 27,917
EBIT	\$ 23,182	\$ 1,682	\$ 721	\$ (6,696)	-	\$ 18,889

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For the three and nine months ended September 30, 2020

For the nine months ended September 30, 2019

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 52,330	\$ 37,615	\$ 5,064	\$ 17	\$ -	\$ 95,026
Plus: inter-segment revenue	-	96	9,849	22	(9,967)	-
Total revenue	\$ 52,330	\$ 37,711	\$ 14,913	\$ 39	\$ (9,967)	\$ 95,026
Expenses excluding depreciation and amortization	(27,262)	(32,463)	(15,187)	(3,385)	9,967	(68,330)
EBITDA	25,068	5,248	(274)	(3,346)	-	26,696
Depreciation and amortization	(1,537)	(3,965)	(1,286)	(1,375)	-	(8,163)
Impairment	(541)	-	-	-	-	(541)
EBIT	\$ 22,990	\$ 1,283	\$ (1,560)	\$ (4,721)	\$ -	\$ 17,992
Net finance (expense)						(958)
Income tax expense						(4,981)
Net income						\$ 12,053
Additions to non-current assets, including acquisitions	\$ 663	\$ 7,236	\$ 602	\$ 769	\$ -	\$ 9,270

Inter-segment revenues are charged among segments at arm's-length rates, based on rates charged to third parties. Total consolidated revenue is attributed to customers within Ireland and Canada. For the three months ended September 30, 2020, revenue within Ireland was \$2.2 million (2019 — \$1.6 million) and the remainder was in Canada. For the nine months ended September 30, 2020, revenue within Ireland was \$6.5 million (2019 — \$4.0 million) and the remainder was in Canada. No single customer represented more than 10.0 per cent of the total consolidated revenue.

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Assets and liabilities

As at September 30, 2020 (thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Assets						
Total assets, excluding intangibles, goodwill and cash	\$ 26,512	\$ 13,630	\$ 5,781	\$ 14,592	\$ -	\$ 60,515
Intangibles	2,796	65,355	3,882	1,361	-	73,394
Goodwill	1,200	67,372	8,904	-	-	77,476
Cash	-	-	-	22,516	-	22,516
Total Assets	\$ 30,508	\$ 146,357	\$ 18,567	\$ 38,469	\$ -	\$ 233,901
Liabilities	\$ 8,911	\$ 11,916	\$ 3,496	\$ 91,871	\$ -	\$ 116,194

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

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

Non-current assets are held in Canada and Ireland. At September 30, 2020, non-current assets held in Ireland were \$8.5 million (December 31, 2019 — \$8.8 million) while the remainder were held in Canada.

24 Acquisitions

On July 31, 2020, the Company's Services segment, through its wholly-owned subsidiary, ESC, acquired substantially all of the assets used in the business of Paragon Inc. ("Paragon" or "acquiree") for \$70.0 million, subject to customary purchase price adjustments, by way of an asset purchase agreement. The operations are located in Etobicoke, ON and it is a technology-enabled business whose primary focus is the facilitation and coordination of asset recovery on behalf of many of Canada's major banks. The addition of Paragon's assets is expected to strengthen our current service offering and means that we will be able to offer our clients a complete solution in the credit life cycle, from origination to recovery.

On February 15, 2019, the Company, through its wholly owned subsidiary, ESC, acquired substantially all of the assets of Securefact Transaction Services, Inc. ("Securefact"), for \$6.8 million by way of an asset purchase agreement.

Management has determined that the assets and processes acquired through each acquisition, comprised a business and therefore has accounted for each transaction as a business combination using acquisition accounting as per IFRS 3 – *Business Combinations*. A table outlining the net cash flow related to each acquisition is provided below.

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2020

Net cash outflow related to the acquisitions

(thousands of CAD dollars)	2020	2019
Consideration paid in cash	\$ 10,345	\$ 6,768
Working capital adjustment - preliminary	(1,972)	-
Consideration from operating loan	9,816	-
Consideration from long-term debt	50,000	-
Subtotal	\$ 68,189	\$ 6,768
Add (deduct) items not yet paid in cash:		
Working capital not yet cash settled at September 30, 2020	1,972	-
Total net cash outflow related to the acquisition	\$ 70,161	\$ 6,768

The table below presents the preliminary allocation of the net purchase price for accounting purposes for the Paragon acquisition. There have been no changes to any of the purchase price allocations related to the Securefact acquisition from the amounts disclosed for the year ended December 31, 2019.

(thousands of CAD dollars)	Preliminary
Assets	
Trade and other receivables	\$ 233
Prepaid expenses and deposits	63
Property, plant and equipment	3
Intangible assets	38,120
	\$ 38,419
Liabilities	
Accounts payable and accrued liabilities	1,887
Net assets acquired	\$ 36,532
Goodwill arising on acquisition	
Total consideration allocated	68,189
Net assets acquired	36,532
Total goodwill arising on acquisition	\$ 31,657

Goodwill arising on the acquisition relates to an increased market presence and competency, related market growth, and the opportunities to strengthen and complement offerings with greater breadth and depth to both existing and acquired clients. All of the goodwill recognized is expected to be deductible for income tax purposes.

The intangible assets above consist of existing customer relationships of \$37.6 million, technology of \$0.3 million and brand of \$0.2 million.

Trade and other receivables acquired in this transaction with a fair value of \$0.2 million are estimated to be fully collectible.

Professional fees associated with the cost of the acquisition expensed during the three and nine months ended September 30, 2020, were \$1.5 million and \$2.0 million, respectively, and have been recorded in professional and consulting services expense on the condensed consolidated statements of comprehensive income.

The revenue and net earnings of the acquiree since the acquisition date included in the condensed consolidated statement of comprehensive income for 2020 were \$1.9 million and nil, respectively.

The consolidated revenue and comprehensive income for the Company and the acquiree combined for 2020, as though the acquisition date for the business combination occurred during the year had been as of January 1, 2020, would have been \$104.9 million, and \$13.2 million, respectively.

25 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

(thousands of CAD dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Trade and other receivables	\$ (627)	\$ (861)	\$ (2,279)	\$ (3,243)
Prepaid expenses and deposits	1,823	266	(402)	351
Contract assets	(245)	204	504	(535)
Accounts payable and accrued liabilities	2,470	1,195	(39)	(482)
Contract liabilities	(37)	(203)	195	(257)
Contingent consideration	-	(2,830)	-	(2,171)
Provisions and other liabilities	854	803	823	803
Income taxes	(284)	(314)	757	(3,264)
Net change in non-cash working capital	\$ 3,954	\$ (1,740)	\$ (441)	\$ (8,798)

Income taxes paid, net of refunds received, for the three months ended September 30, 2020, totalled \$1.8 (2019 — \$1.5 million) and for the nine months ended September 30, 2020, totalled \$3.2 million (2019 — \$7.3 million).

26 Commitments and Contingencies

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

Contingencies

Management's estimate of liability for claims and legal actions that may be made by customers pursuant to the assurance provision and the MSA is based upon claims submitted. As at September 30, 2020, the liability was nil (December 31, 2019 — nil).

27 Subsequent Events

On November 4, 2020, the Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before January 15, 2021, to shareholders of record as of December 31, 2020.