



May 5, 2021

Management's Discussion and Analysis

For the Three Months Ended March 31, 2021





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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 months ended March 31, 2021, and 2020. Additional information, including our Annual Information Form for the year ended December 31, 2020, 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 and its subsidiaries. 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" that follows. This MD&A is current as of May 5, 2021.

A reference made in this MD&A to other documents or to information or documents available on a website does not constitute the incorporation by reference into this MD&A of such other documents or such other information or documents available on such website, unless otherwise stated.

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 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.



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 laws. 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 of operations, 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, would, should, could, expect, plan, intend, anticipate, believe, estimate, predict, strive, 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), and market our technology assets and capabilities, our ability to integrate the business of Paragon Inc. ("Paragon") on terms consistent with our expectations and the business of Paragon performing in a manner consistent with our expectations, 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 (including those arising from public health concerns such as COVID-19) 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, 2020, 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 section 7.2 "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

Our financial performance for the first quarter of 2021 was very strong, building on the strength we experienced in the third and fourth quarters of 2020. While the impact of the COVID-19 pandemic was evident in our second quarter last year, our business has performed remarkably well since that time. An unexpected dynamic from 2020 is that the seasonality that was generally consistent pre-pandemic is now much less so, as evidenced in our first quarter of 2021. Our first quarter is historically one of our slower quarters, particularly in Registry Operations.

The robust year-over-year performance of our three segments is due to a combination of strength in specific economic drivers in Registry Operations, focus on new customer acquisition and growth in Services, and successful delivery and implementation of technology in Technology Solutions. This has been paired with continued cost management across all areas of our business.

In particular, Registry Operations volumes were stronger than expected during the first quarter of 2021, primarily driven by robust activity in the Saskatchewan real estate sector and increases in personal property security registrations, along with increases in new business entity registrations.

Our focus on customer service and satisfaction, combined with our new cloud-based Registry Complete software, helped drive continued organic growth in Services and the successful ongoing transition of customers to our new technology. In doing so, we have successfully empowered our remote workforce, advanced our product roadmap and reduced our cost of delivery.

The successful implementations in our Technology Solutions segment also showed our ability to deliver world-class software to our customers, even during a pandemic.

1.1 Consolidated highlights

SELECT CONSOLIDATED FINANCIAL INFORMATION

Revenue

\$39.1M

+32% vs Q1 2020

Net income

\$5.5M

+58% vs Q1 2020

Earnings per share, diluted

\$0.31

+55% vs Q1 2020

EBITDA¹

\$11.9M

+52% vs Q1 2020

Adjusted EBITDA¹

\$14.8M

+86% vs Q1 2020

Free Cash Flow¹

\$8.9M

+39% vs Q1 2020

Dividends Paid

\$3.5M

¹ EBITDA, adjusted EBITDA and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other companies; 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.

SELECT FINANCIAL INFORMATION

The select quarterly financial information set out for the three months ended March 31, 2021, and 2020, is derived from the Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods.

(thousands of CAD dollars)	Three months ended March 31,	
	2021	2020
Revenue	\$ 39,148	\$ 29,596
Net income	5,497	3,470
EBITDA ¹	\$ 11,869	\$ 7,834
Adjusted EBITDA ¹	14,752	7,945
EBITDA margin (% of revenue) ¹	30.3%	26.5%
Adjusted EBITDA margin (% of revenue) ¹	37.7%	26.8%
Free cash flow ¹	\$ 8,878	\$ 6,370
Dividend declared per share	\$ 0.20	\$ 0.20
Earnings per share, basic	0.31	0.20
Earnings per share, diluted	0.31	0.20
	As at March 31,	December 31,
	2021	2020
Total assets	\$ 236,965	\$ 242,300
Total non-current liabilities	\$ 88,456	\$ 92,963

¹ EBITDA, EBITDA margin, adjusted EBITDA, 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 companies; 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.

FIRST QUARTER CONSOLIDATED HIGHLIGHTS

- **Revenue** was \$39.1 million for the quarter, an increase of 32 percent compared to the first quarter of 2020 due to continued organic growth in Services and revenue from our new Recovery Solutions division, higher revenue in Registry Operations related to strong activity in the real estate sector, increases in personal property security registrations and new business entity registrations, as well as the completion of contract milestones in Technology Solutions.
- **Net income** was \$5.5 million or \$0.31 per basic and diluted share compared to \$3.5 million or \$0.20 per basic and diluted share in the first quarter of 2020. The increase is due to the increased revenue across all segments and continued effective cost management.
- **EBITDA** was \$11.9 million compared to \$7.8 million for the same quarter last year, again due to increased revenue and cost management, resulting in strong margins across all segments, and a consolidated **EBITDA margin** of 30.3 per cent for the quarter compared to 26.5 per cent last year.
- **Adjusted EBITDA** was \$14.8 million for the quarter compared to \$7.9 million in the same quarter last year. The increase is due to the strong EBITDA and increased adjustments for share-based compensation amounts in the quarter. **Adjusted EBITDA margin** was 37.7 per cent compared to 26.8 per cent last year.
- **Free cash flow** for the quarter was \$8.9 million, an increase of 39 per cent compared to the first quarter of 2020 due to higher results of operations.
- On March 16, 2021, our Board declared a quarterly cash dividend of \$0.20 per Class A Limited Voting Share ("Class A Share"), paid on April 15, 2021, to shareholders of record as of March 31, 2021.



1.2 Subsequent events

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

1.3 Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities, our future financial position and results of operations, capital and operating expectations and the expected impact of COVID-19. Refer to “Caution Regarding Forward-Looking Information”.

Our long-term strategy remains centred on delivering value for shareholders through the consistent performance of our existing business and the execution of appropriate growth opportunities, including acquisition targets that are complementary to or add value to existing lines of business.

Registry Operations has performed well over the past three quarters despite pandemic conditions. The typical seasonality has been impacted, resulting in a very strong first quarter, and indicators suggest that volumes should remain steady, perhaps with some return to normal seasonality.

For Services, we expect to see volumes remain strong in Regulatory and Corporate Solutions, while volumes in Recovery Solutions will likely remain at current levels while pandemic subsidy programs are in place, which are expected to continue into the fall of 2021. Our ongoing investment in the technology supporting our Services segment, combined with our focus on our customers, is translating into robust organic growth through new customer acquisition.

In Technology Solutions, project implementation work continues. Work that was delayed due to the pandemic has progressed, and another customer's implementation was completed during the quarter. As we move through 2021, we anticipate advancing remaining in-progress implementation projects, while new sales continue to be delayed due to the government worldwide focus on COVID-19.

We remain confident in the strength and long-term potential of the business, but at this point, given the continued uncertainty surrounding the duration and potential outcomes of the COVID-19 pandemic, we will not be providing formal financial guidance for the year.

2 Consolidated Financial Analysis

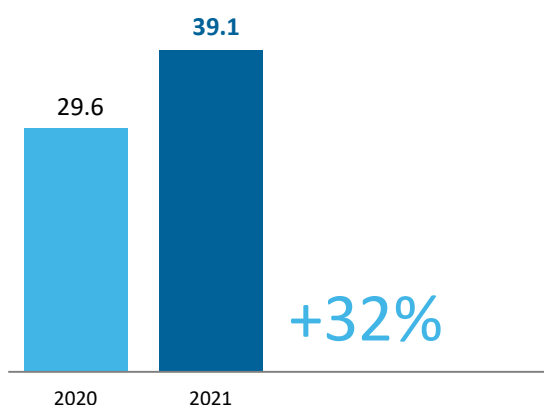
Consolidated revenue was up 32 per cent for the three months ended March 31, 2021, compared to same period last year. Net income was up 58 per cent compared to the same quarter last year due to increased revenue across all segments.

2.1 Consolidated statements of comprehensive income

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Revenue		
Registry Operations	\$ 19,200	\$ 15,531
Services	16,237	11,844
Technology Solutions	3,711	2,220
Corporate and other	-	1
Total revenue	39,148	29,596
Expenses		
Wages and salaries	14,707	10,085
Cost of goods sold	7,589	6,859
Depreciation and amortization	3,745	2,759
Information technology services	2,057	1,926
Occupancy costs	850	720
Professional and consulting services	758	791
Financial services	965	881
Other	353	500
Total expenses	31,024	24,521
Net income before items noted below	8,124	5,075
Finance income (expense)		
Interest income	23	69
Interest expense	(816)	(343)
Net finance expense	(793)	(274)
Income before tax	7,331	4,801
Income tax expense	(1,834)	(1,331)
Net income	5,497	3,470
Other comprehensive income (loss)		
Unrealized gain (loss) on translation of financial statements of foreign operations	(744)	711
Change in fair value of marketable securities, net of tax	(15)	(45)
Other comprehensive income (loss) for the period	(759)	666
Total comprehensive income	\$ 4,738	\$ 4,136

2.2 Consolidated revenue

Consolidated Revenue
for the three months ended March 31,
(CAD\$ millions)



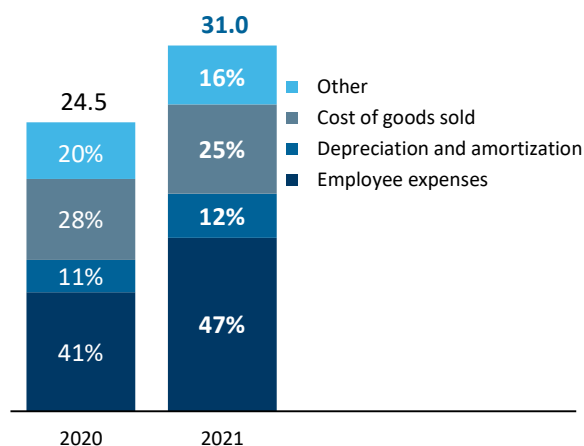
	Three Months Ended March 31,	
	(thousands of CAD dollars)	
	2021	2020
Registry Operations	\$ 19,200	\$ 15,531
Services	16,237	11,844
Technology Solutions	3,711	2,220
Corporate and other	-	1
Total revenue	\$ 39,148	\$ 29,596

Total revenue increased during the quarter as a result of:

- higher revenue in Registry Operations from increased activity in the real estate sector, increases in personal property security registrations, and increases in new business entity registrations;
- continued growth in Services, as well as new revenue from our Recovery Solutions division; and
- the completion of contract milestones in Technology Solutions.

2.3 Consolidated expenses

Consolidated Expenses
for the three months ended March 31,
(CAD\$ millions)



	Three Months Ended March 31,	
	(thousands of CAD dollars)	
	2021	2020 ¹
Wages and salaries	\$ 14,707	\$ 10,085
Cost of goods sold	7,589	6,859
Depreciation and amortization	3,745	2,759
Information technology	2,057	1,926
Occupancy costs	850	720
Professional and consulting	758	791
Financial services	965	881
Other	353	500
Total expenses	\$ 31,024	\$ 24,521

¹ During the period, the Company changed the presentation of board compensation costs including certain share-based compensation expenses related to the deferred share units on the consolidated statements of comprehensive income to reflect them in wages and salaries expense instead of professional and consulting services. With this change, all share based compensation, including deferred share units, performance share units, share appreciation rights and stock options, is reflected in wages and salaries on the consolidated statements of comprehensive income. Management believes the revised presentation provides more relevant information to users. Refer to note 25 in the Financial Statements for information pertaining to reclassifications.

Consolidated expenses were \$31.0 million for the quarter, an increase of \$6.5 million compared to the same quarter last year.

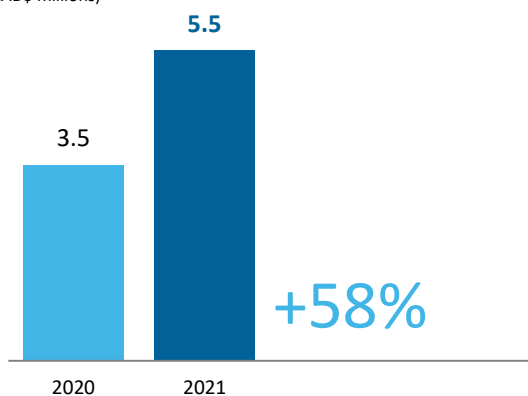
The year-over-year increase in the quarter was due to:

- an increase in wages and salaries related to new wages and salaries from Recovery Solutions after the acquisition of Paragon in the third quarter of 2020, additional amounts under our share-based compensation plans as a result of the strong performance of the Company's share price, as well as normal merit-based increases and performance compensation across our business; and
- an increase in cost of goods sold related to higher revenue in Services.

All other expenses were largely consistent with the prior year.

2.4 Consolidated net income

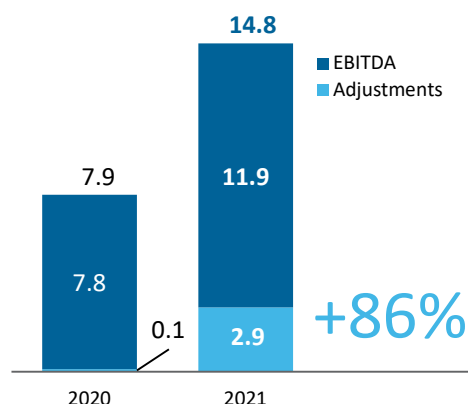
Consolidated Net Income
for the three months ended March 31,
(CAD\$ millions)



Net income for the quarter was \$5.5 million or \$0.31 per basic and diluted share, an increase of \$2.0 million compared to \$3.5 million or \$0.20 per basic and diluted share for the first quarter last year, due to increased revenue across all segments.

2.5 Consolidated EBITDA and adjusted EBITDA

**Consolidated EBITDA and adjusted EBITDA
for the three months ended March 31,**
(CAD\$ millions)



EBITDA for the quarter was \$11.9 million compared to \$7.8 million for the same quarter last year, due to improved results across all segments. Adjusted EBITDA was \$14.8 million for the quarter, compared to \$7.9 million in the first quarter of 2020. The increase in the quarter compared to the same quarter last year was due to higher results of operations.

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Net income	\$ 5,497	\$ 3,470
Depreciation and amortization	3,745	2,759
Net finance expense	793	274
Income tax expense	1,834	1,331
EBITDA	\$ 11,869	\$ 7,834
Adjustments		
Share-based compensation expense	2,788	30
Stock option expense	37	81
Acquisition and integration costs	58	-
Gain on disposal of property, plant and equipment assets	-	-
Adjusted EBITDA	\$ 14,752	\$ 7,945
EBITDA margin (% of revenue)	30.3%	26.5%
Adjusted EBITDA margin (% of revenue)	37.7%	26.8%

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:

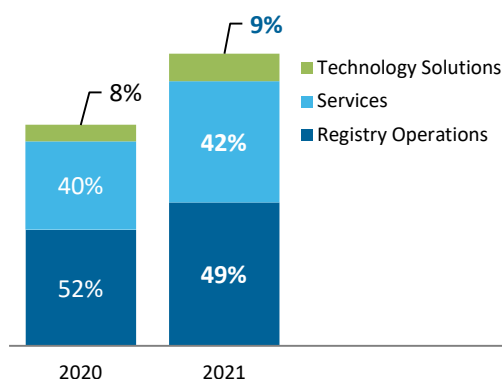
Registry Operations delivers registry and information services on behalf of governments and private sector organizations.

Services delivers products and services that utilize public records and data to provide value to customers in the financial and legal sectors.

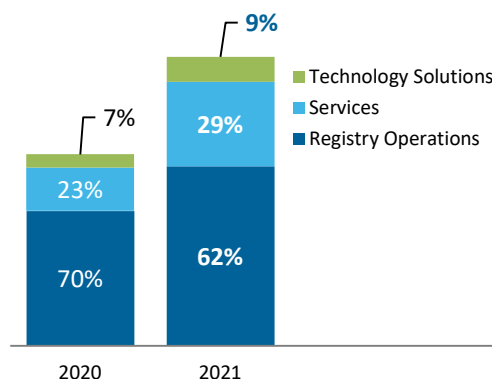
Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

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

Revenue by Segment¹
for the three months ended March 31,



EBITDA by Segment¹
for the three months ended March 31,
(CAD\$ millions)



¹ Corporate and other and Inter-segment eliminations are excluded.

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, 2020, 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 Registry 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, however the COVID-19 pandemic has disrupted our normal pattern of seasonality for the past year.

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 84 per cent of all Land Titles Registry registration transactions were submitted online in 2020.

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

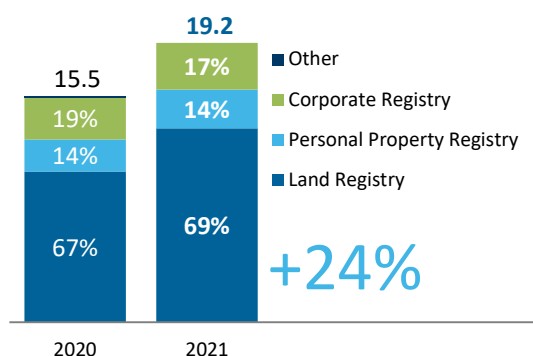
The Corporate Registry is a province-wide system for registering business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names. Every corporation must be registered in the Corporate Registry to maintain its legal status and carry on business within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

Transactions are billed as flat fees. 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 92 per cent of all registrations in the Corporate Registry were submitted online in 2020.

REGISTRY OPERATIONS REVENUE

Registry Operations Revenue
for the three months ended March 31,
(CAD\$ millions)



	Three Months Ended March 31,	
(thousands of CAD dollars)	2021	2020
Land Registry	\$ 13,337	\$ 10,365
Personal Property Registry	2,653	2,201
Corporate Registry	3,210	2,881
Other	-	84
Registry Operations revenue	\$ 19,200	\$ 15,531

Revenue for Registry Operations was \$19.2 million for the quarter, up \$3.7 million or 24 per cent compared to \$15.5 million in the first quarter of 2020. The increase was across all registries, with the Land Registry being the largest.

Registry Operations volumes were stronger than expected during the first quarter of 2021, primarily driven by robust activity in the Saskatchewan real estate sector, with strong demand coupled with declining supply in some markets. We also saw increases in personal property security registrations, along with increases in new business entity registrations. This resulted in revenue in all registries surpassing the 2020 first quarter levels.

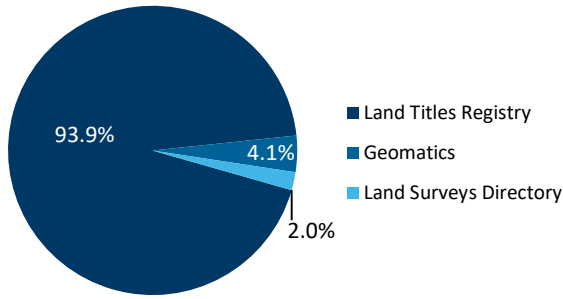
The top five customers for Registry Operations made up nearly 19 per cent of the total segment revenue for the first quarter of 2021. Of those customers, no single customer accounted for more than 10.0 per cent of total Registry Operations revenue.

Saskatchewan Land Registry

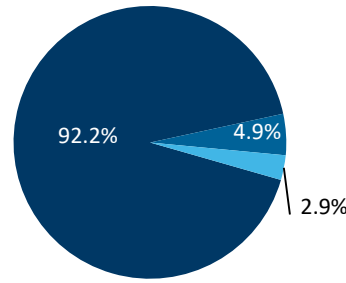
For the first quarter, revenue for the Land Registry was \$13.3 million, up by \$3.0 million or 29 per cent compared to the same period in 2020, due to strong results in the Land Titles Registry from increased activity in the real estate sector.

Most of the revenue generated from the Land Registry is from the Land Titles Registry and is derived from value-based (ad valorem) fees. Land Titles Registry revenue for the quarter was \$12.5 million, up \$3.0 million or 31 per cent compared to the first quarter in 2020. The increase was due to higher revenue from regular land transfers, mortgage registrations and title searches during the quarter relative to the same period in 2020. The real estate sector saw strong increases in resale volumes during the quarter. Average land values for regular land transfers were fairly flat in the first quarter.

Saskatchewan Land Registry Revenue, for the quarter ended March 31, 2021



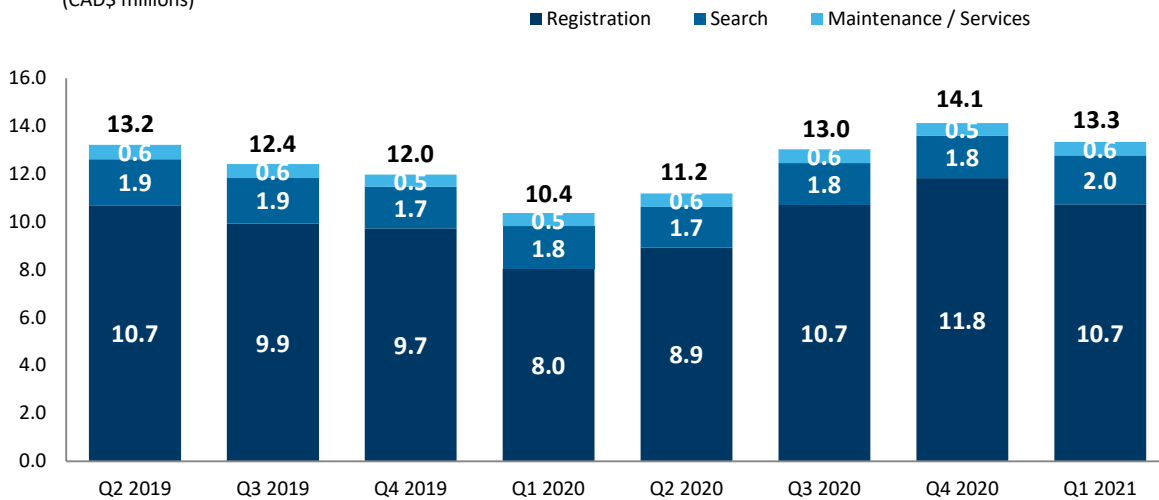
Saskatchewan Land Registry Revenue, for the quarter ended March 31, 2020



High-value property registration revenue was also strong in the quarter at \$1.1 million in the first quarter, relatively consistent when compared to \$1.0 million in the first quarter of 2020, which was also a strong high-value transaction quarter. Each high-value registration generates revenue of \$10,000 or more.

The following graphs show the Land Registry revenue by type of transaction and the overall transaction volume, respectively. Typically, the second and third quarters generate the most revenue for the Land Registry. COVID-19 restrictions resulted in lower revenue during the second quarter of 2020, after which we observed higher revenue in the third and fourth quarters, contrary to our historical pattern of seasonality. Results for the first quarter of 2021 are higher than we traditionally experience, as shown in the following graphs. For more information on seasonality, refer to section 4 “Summary of Consolidated Quarterly Results”.

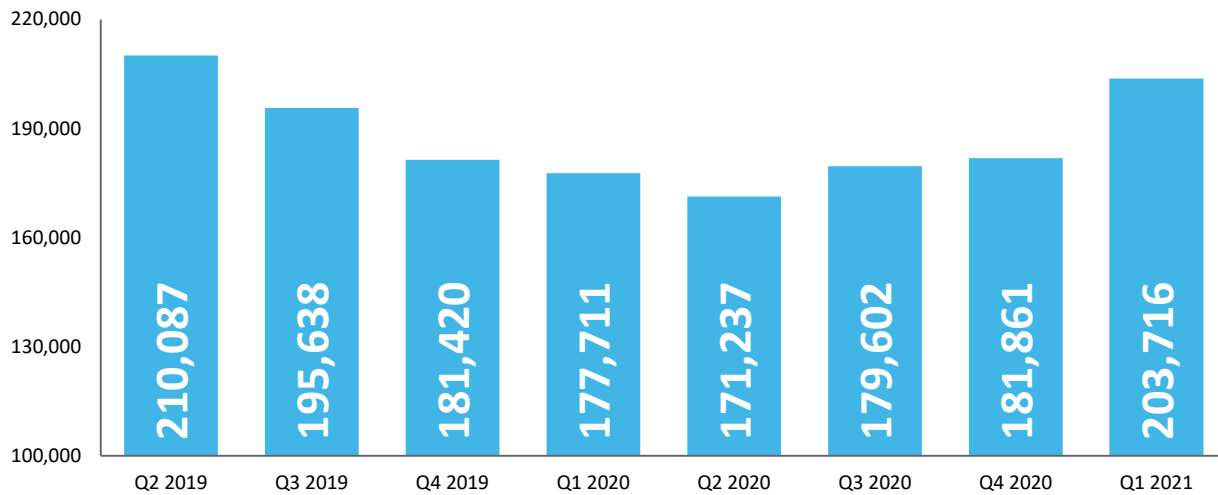
Saskatchewan Land Registry Revenue by Type (CAD\$ millions)



Note: Values may not add due to rounding.



Saskatchewan Land Registry Transaction Volume
(Number of transactions)



Overall revenue-generating transactions in the Land Titles Registry rose by 15 per cent for the first quarter, largely due to the increase in title searches, which rose by 14 per cent in the first quarter of 2021 compared to the same quarter last year. Title searches make up the largest component of transaction volume, comprising 76 per cent of the volume for the registry. The volume of regular land transfers and mortgage registrations improved by 48 per cent and 29 per cent, respectively.

The main customers of the Land Registry include law firms, financial institutions, governments, surveyors, developers, resource companies as well as the general public. For the quarter, our top 20 Land Registry customers comprised just over 39 per cent of revenue, and our top 100 Land Titles Registry customers represented almost 78 per cent of revenue.



Saskatchewan Personal Property Registry

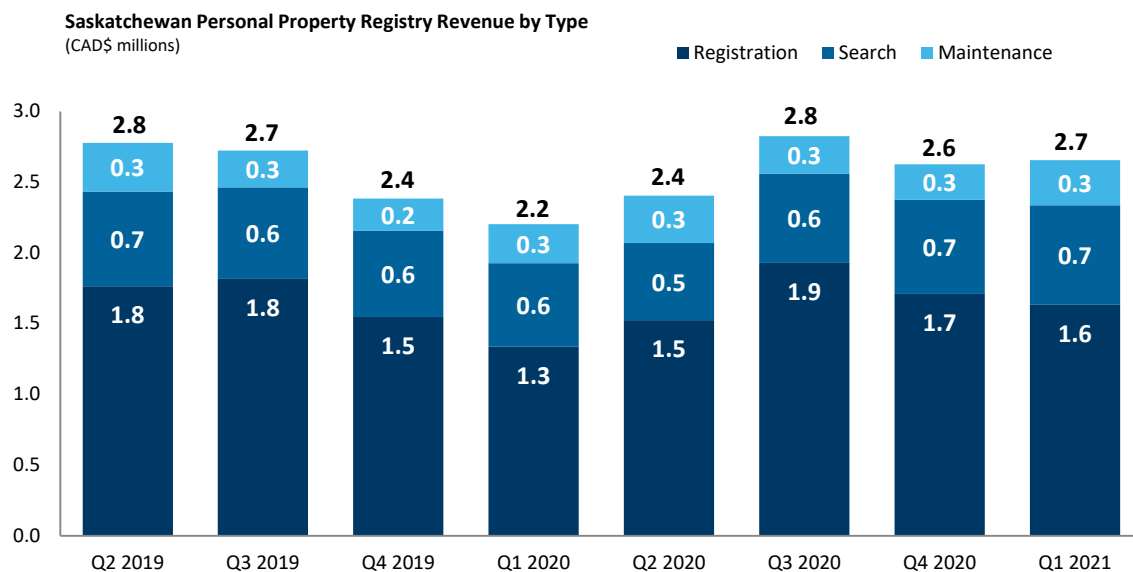
For the first quarter of 2021, revenue for the Personal Property Registry was \$2.7 million, up \$0.5 million or 21 per cent compared to the same quarter in 2020. Volume was up 7 per cent compared to the same period in 2020. Revenue grew at a greater rate due to pricing changes made in August 2020.

Registration revenue in the quarter was up by 22 per cent from 2020 due to volume growth of over 6 per cent, coupled with pricing changes. Average term-length for personal property security registration setups, which impacts revenue, also increased slightly compared to the same quarter in 2020.

Search revenue improved by 19 per cent for the first quarter of 2021, a record quarter as a result of strong activity during March. Transaction volumes grew by 7 per cent during the quarter compared to the same period in 2020.

Pricing changes and volume increases contributed to maintenance revenue growing by 16 per cent compared to the same quarter in 2020. Volume moved up 7 per cent in the first quarter.

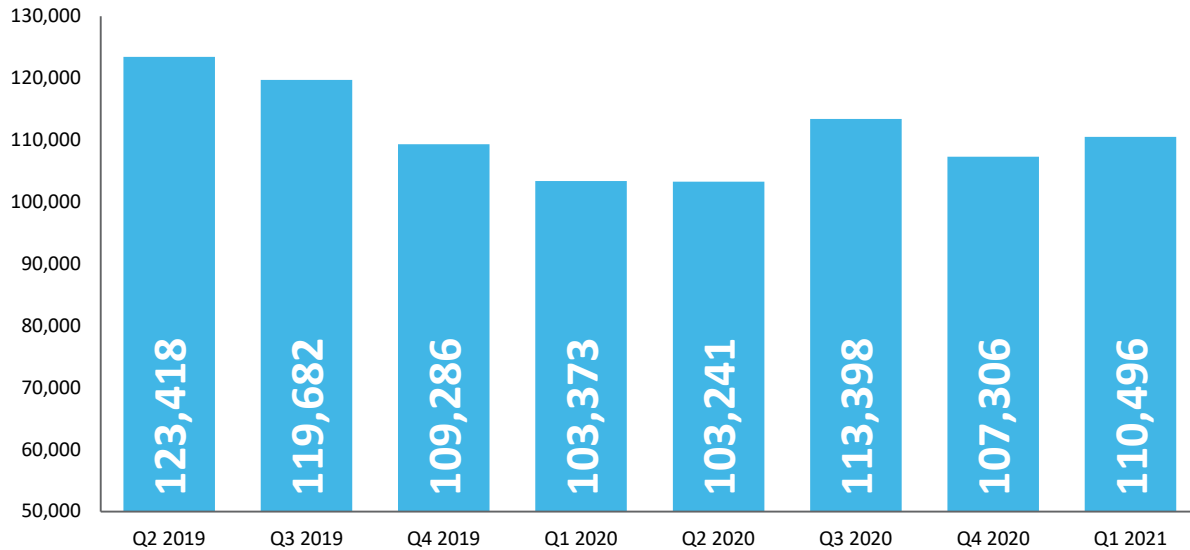
Normally, the pattern of seasonality for this registry contains higher revenues during the second and third quarter each year. COVID-19 has impacted that trend in recent periods, where it appears to have affected customer sentiment and behaviour. The registry observed stronger revenue during the fourth quarter of 2020 and first quarter of 2021, as illustrated in the following graph.



Note: Values may not add due to rounding.



Saskatchewan Personal Property Registry Transaction Volume
(Number of transactions)



Customers of the Personal Property Registry are primarily in the financial sector but also include law firms. The top 20 Personal Property Registry customers accounted for about 82. per cent of the revenue for the first quarter of 2021, while the top 100 generated 95 per cent of revenue.

Saskatchewan Corporate Registry

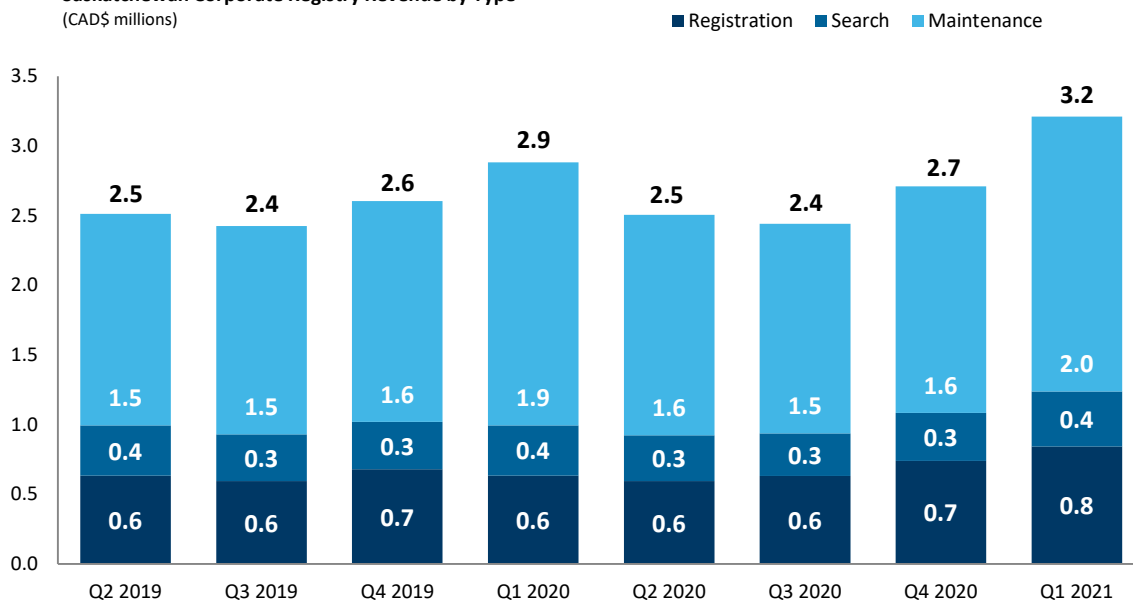
Revenue for the Corporate Registry for the first quarter of 2021 was \$3.2 million, up 11 per cent, or \$0.3 million compared to the same period in 2020, with a 9 per cent growth in overall transaction volumes.

Registration, search and maintenance revenue grew by 33 per cent, 10 per cent and 5 per cent, respectively, during the quarter compared to 2020. A record first quarter for the incorporation and registration of new business entities drove registration revenue growth, meanwhile search transactions saw higher volumes. While annual returns and renewals revenue was stable, increases in entity amendments drove maintenance revenue growth.

As of March 31, 2021, there were 75,977 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 74,663 as at March 31, 2020.

The following graph illustrates the Corporate Registry revenue by type of transaction. Quarterly revenue in this registry continues to mirror the typical pattern of seasonality and so far, COVID-19 restrictions do not appear to have had an impact on revenues and volumes. Transaction volumes have been particularly resilient during the last six months, and particularly in the first quarter of 2021.

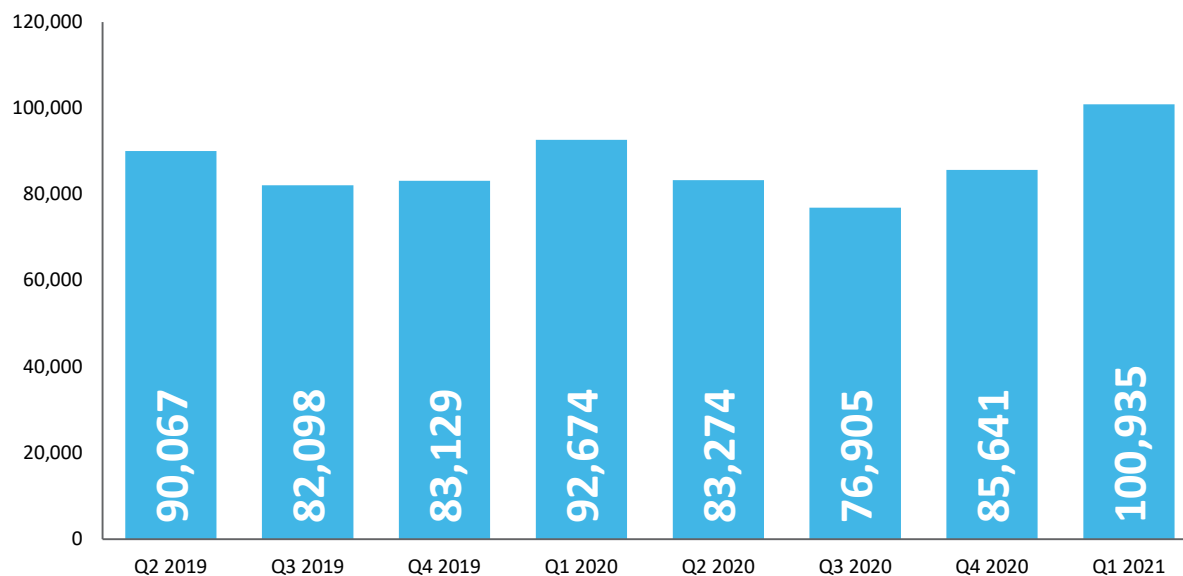
Saskatchewan Corporate Registry Revenue by Type
(CAD\$ millions)



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)

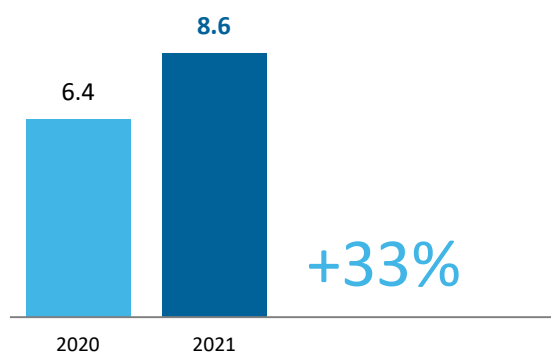


Transaction volumes for the first quarter rose by 9 per cent compared to the same period last year. Specifically, registration, search and maintenance volumes grew by 35 per cent, 10 per cent and 2 per cent, respectively, compared to the same period in 2020.

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 are, were, or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers produced nearly 32 per cent of revenue for the quarter and the top 100 customers generated about 50 per cent of revenue.

REGISTRY OPERATIONS EXPENSES AND EBITDA

Registry Operations EBITDA
for the three months ended March 31,
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Revenue	\$ 19,200	\$ 15,531
Total expenses ¹	10,619	9,084
EBITDA	\$ 8,581	\$ 6,447

¹ Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for Registry Operations for the first quarter was \$8.6 million, up 33 per cent compared to the same period last year. The increase was due to further strength in the volumes in the first quarter of 2021 which resulted in revenues in all registries surpassing 2020 first quarter levels.

Expenses increased in the quarter compared to last year due to an increase in corporate allocated costs, partially offset by decreases in information technology costs.

3.2 Services

Services delivers solutions uniting public records data, customer authentication, corporate services, collateral management and asset recovery to support registration, due diligence and lending practices of clients across Canada.

Effective July 1, 2020, we recategorized our reporting to include our new Recovery Solutions division from the Paragon acquisition, which closed on July 31, 2020. We believe this will provide readers with a more comprehensive understanding of our Services segment.

Our offerings are generally categorized into three divisions, namely “Corporate Solutions”, “Regulatory Solutions”, and “Recovery Solutions”. The table below sets out the various offerings provided by our Services segment.

Category	Offering	Software	Products
Corporate Solutions	Incorporation Services	Business Complete Custom in-house	Nationwide Business Name Registration and Renewals Security Filings and Registrations
	Corporate Supplies	Custom in-house	Minute Books Seals and Stamps Corporate Legal Packages
Regulatory Solutions	Know-Your-Customer (“KYC”)	SIDni®, Attestanet®, LEV®	Individual Identification Legal Entity Validation Beneficial Ownership Validation Account Onboarding Services US & International Corporate Entity Validation
	Public Records Searches	Custom in-house Registry Complete	Corporate Profile or Business Name Searches NUANS ¹ Searches PPSA ² Searches Real Estate Searches Vital Statistics Searches
	Collateral Management	Custom in-house (AVS)	PPSA ² /RDPRM ³ Search & Registrations Bank Act Filing Notice of Security Interest (Fixture) Registrations US UCC ⁴ Search & Filings
Recovery Solutions	Asset Recovery	Repo>>Connect	Fully managed service across Canada and the US Identification, retrieval and disposition of movable assets

Competition

Our competitors vary by market and geography. They primarily include other intermediaries and suppliers to lenders and legal professionals.

Corporate Solutions

Corporate Solutions captures revenue from nationwide search, business name registration and corporate filing services sold to legal professionals or the general public directly or indirectly through our government relationships. It also captures revenue from our corporate supplies business. Our customers include legal professionals, the consumer market and the general public.

¹ A NUANS® report is a search which provides a comprehensive comparison of proposed corporate, business or trademark names with existing names already in use by other businesses and corporations. NUANS® name reports reserve the proposed name for 90 days providing the time necessary to prepare and file incorporation, extra-provincial registrations, amalgamations or other relevant corporate filings.

² Personal Property Security Act.

³ Registre des Droits Personnels et Réels Mobiliers (translated as Register of Personal and Real Movable Rights).

⁴ Uniform Commercial Code.



Incorporation Services

- We provide a convenient, cost-effective method to incorporate businesses online or through our staff-assisted process. Leveraging our online technology platforms, eService and Business Complete, we service legal customers and the general public through a team of experienced law clerks in both Ontario and Quebec.
- We hold one of the two exclusive licences under the Ontario Business Information System, which allows us to access the Ontario Corporate Registry electronically on behalf of clients. We have non-exclusive licences to do the same in all other provincial and federal (Corporations Canada) corporate registries across Canada.
- In addition to incorporations, various other corporate filings are often required to operate a business. Items such as amendments to a company's governing articles, amalgamations, the continuance of a company, a change in registered address or changes to a board of directors. We also provide online and real-time NUANS and business name searches, registered agents of service and corporate document preparation to assist in the organization and maintenance of a business.

Corporate Supplies

We provide a comprehensive array of corporate supplies to help companies organize and maintain their corporate legal documents. This is primarily done through the most common corporate supplies in packaged or individual formats, including customized corporate minute books, corporate seals/embossers, by-laws and share certificates, as well as a large variety of rubber and self-inking stamps.

Regulatory Solutions

Regulatory Solutions captures revenue from our KYC, collateral management and general due diligence service offerings. We use our proprietary platform to assist clients with intuitive business rules and advanced automation to deliver regulatory services to support their credit/banking and legal processes. We leverage the public registry data to provide insights and improved customer experience through a single technology. We supplement all our technology with deep subject-matter knowledge offered through our legal professionals located in three locations (Montreal, QC, Toronto, ON, and Vernon, BC).

During the year, we completed a soft launch of our newest technology platform, Registry Complete, a unified and streamlined platform that enables legal organizations to search and register with the various ministries across Canada in a secure cloud-based environment. This enhanced service allows legal organizations to take advantage of expanded Application Programming Interface ("API") service offerings, improved tools, faster turnaround and a greater array of services in the pursuit of exceptional and expedient due diligence checks and client service. It also addresses key operational gaps in the modern legal industry landscape.

Our customers include non-legal customers, such as financial institutions and auto and equipment finance companies.

Know-Your-Customer

- We support legal and financial institution due diligence activities for compliance purposes through the KYC verification (corporate and individual), public records search and registration services across Canada. Clients can obtain numerous reports and intelligence to verify and authenticate customer data to comply with their internal customer onboarding policies mandated by FINTRAC¹/Anti-Money Laundering regulations. Using a web-based tool and associated APIs that provide real-time access to validate and verify an individual or business's existence, our KYC services aggregates information from multiple trusted sources to provide reliable and accurate identification of an individual and/or a business and its principals.

¹ Financial Transactions and Reports Analysis Centre of Canada.



Collateral Management

- In order to ensure or ‘perfect’ a security interest against the personal property of a debtor, secured parties need to register in the statutory registry under the applicable personal property legislation. Registering provides the secured party with statutory protection and priority against other parties with competing security interests against the applicable movable collateral. Once a secured party has been paid out, or the security against the debtor is otherwise terminated, registrations (or liens) are then discharged and removed from the applicable security legislation.
- We service the adjudication and complete the loan fulfilment process, which involves detailed searches and registrations to be completed to perfect the security interest. We have invested in our technology, processes, and innovation to ensure we support customer and industry digitization strategies. This allows us to offer a complete lien registry solution that reaches further than the traditional registry submission services and includes PPSA/RDPRM searches and management, fixture filings, garage/repair liens, and US UCC Filings.

Public Records Search Services/Due Diligence

- Our public records search offerings include corporate profiles, business name searches, NUANS, PPSA searches, security searches, real estate searches, and birth, death and marriage certificate searches.
- Due diligence is an essential component of most merger and acquisition and financing transactions, where searches are performed to obtain a complete understanding of all legal obligations associated with a person or business. In the course of a due diligence undertaking, law firms, lenders and/or other professional advisors will often order a series of public records searches to verify third-party information. These searches are commonly referred to as security (or securities) searches.

We provide security searches that can be conducted against an individual, business or corporation, property and assets across the country. Searches will reveal both present and historical information relating to debts and liabilities, pending and potential lawsuits, bankruptcy, liens, judgments, and sales of assets across Canada.

Recovery Solutions

Recovery Solutions offers a fully managed service across Canada and the US, which aids in facilitating and coordinating asset recovery on behalf of our clients. Asset recovery involves identification, retrieval, and disposal of movable assets such as automobiles, boats, aircraft, and other forms of portable physical assets used as collateral security for primarily consumer-focused credit transactions.

Our clients enjoy a complete turnkey solution where our team manages every step in the recovery process, including coordinating bailiffs, investigators and auctions. Our customers include most of the major banks who are involved in lending in the movable asset market in Canada.

Recovery Solutions allows us to offer our clients a complete solution in the credit life cycle, from origination to recovery. By connecting the registrations from our existing Services offerings to our new Recovery Solutions offering, our clients can leverage our lien registry services platform to optimize an early stage portfolio assessment to validate the borrower identity and ensure that their security on the asset in their portfolio is perfected.

Our process also allows us to increase recoveries through our superior supply chain management experience and performance management of bailiffs, investigators and auctions.

Revenue

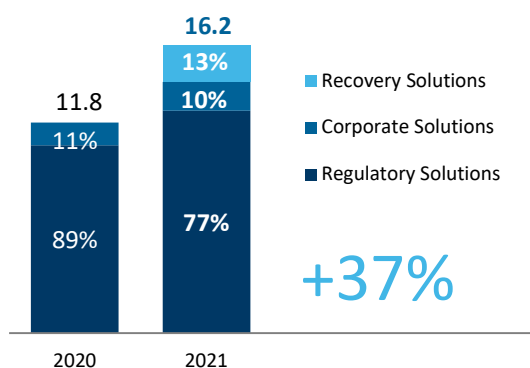
We earn revenue through transaction fees for search and registration services provided through incorporation, KYC, public records and due diligence, and collateral management services. All government fees associated with the service are either embedded in the transaction or management service fee or charged in addition to the service transaction fee. Additional revenue is earned in Recovery Solutions through management fees and commissions earned by the provision of asset recovery services. Corporate supplies are charged a per-unit fee in the same manner as a retail transaction product.

Key drivers for our revenue include increased regulatory and compliance requirements; the growing trend towards outsourcing business processes and services to realize cost savings and focus on core business activities; economic activity which can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities; and economic conditions impacting consumer behaviour which can affect the financing or default of new and used movable property in our collateral management and asset recovery business.

Our revenue in Corporate Solutions and Regulatory Solutions is reasonably diversified and has little seasonality; instead, it fluctuates in line with general economic drivers. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters. In particular, our collateral management services experiences seasonality aligned to vehicle and equipment financing cycles, which are generally more robust in the second and fourth quarters. Recovery Solutions does not have specific seasonality but is countercyclical to our other business, in that it can perform better in poor economic conditions.

SERVICES REVENUE

Services Revenue
for the three months ended March 31,
(CAD\$ millions)



	Three Months Ended March 31,	
(thousands of CAD dollars)	2021	2020
Regulatory Solutions	\$ 12,508	\$ 10,567
Recovery Solutions	2,100	-
Corporate Solutions	1,629	1,277
Internal related parties and other	-	4
Services revenue	\$ 16,237	\$ 11,848

Note: Internal related parties and other revenue not displayed in graph. Values may not add due to rounding.

Revenue for Services was \$16.2 million for the first quarter, up 37 per cent, or \$4.4 million compared to the same period in 2020. Revenue was higher in the first quarter compared to the same period last year due to organic growth in Regulatory and Corporate Solutions as we onboarded new customers, as well as the inclusion of new revenue from Recovery Solutions.

Regulatory Solutions

Revenue in Regulatory Solutions for the first quarter was \$12.5 million, an increase of 18 per cent compared to \$10.6 million for the same period of 2020. Revenue grew in the quarter as a result of strong new customer acquisitions, supported by our recently launched Registry Complete, as well as increased KYC customer verification transactions and organic growth from our existing customer contracts.

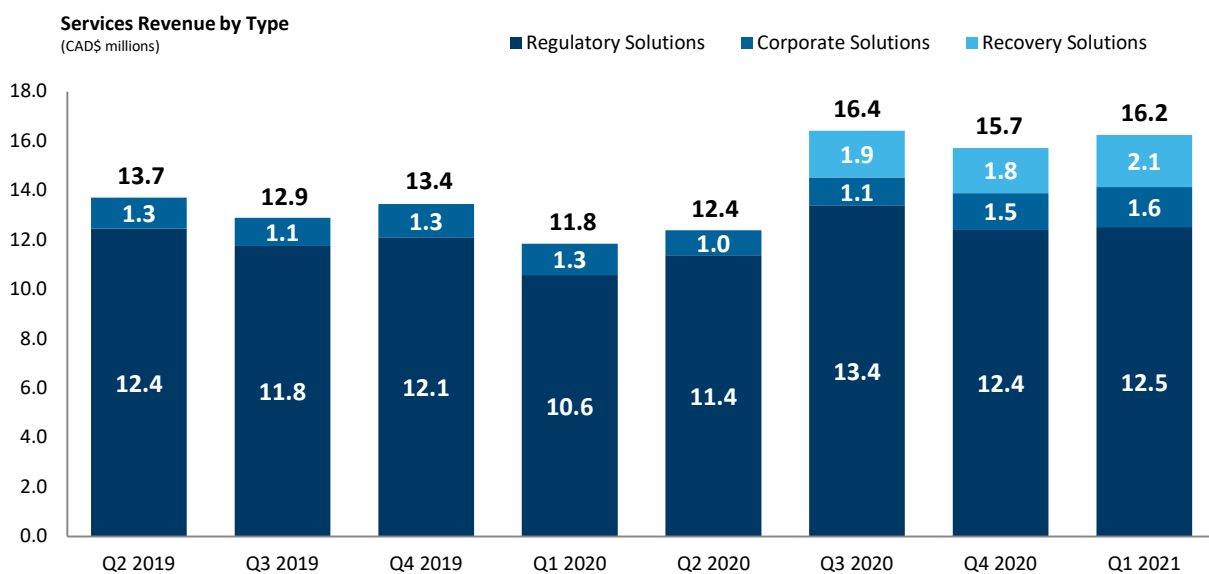
Recovery Solutions

Revenue in Recovery Solutions in the first quarter was \$2.1 million. While we have seen a steady increase in assignments from our bank partners, revenue continues to be limited by last year's loan deferral programs and the ongoing stimulus provided by the Federal government in response to COVID-19.

Corporate Solutions

Corporate Solutions revenue for the quarter was \$1.6 million, an increase of 28 per cent compared to the first quarter of 2020. Revenue rose due to increased corporate filing volumes as the overall economy was stronger in the first quarter of 2021 compared to 2020, where the last month of the first quarter of 2020 was particularly impacted by COVID-19.

Our Services revenue by solution is shown in the following graph.

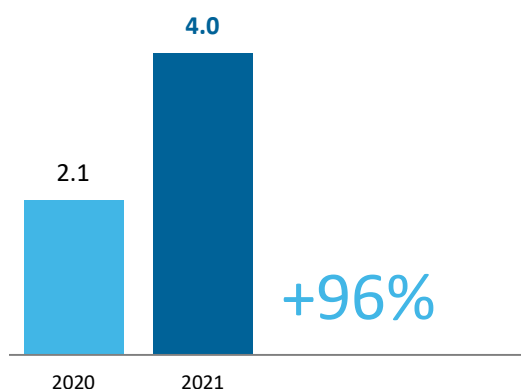


Note: Internal related parties and other revenue not displayed in graph. Values may not add due to rounding.

The top 20 Services customers in the quarter accounted for approximately 76 per cent of the revenue, while the top 100 Services customers encompassed nearly 90 per cent of revenue. No single customer accounted for more than 25 per cent of Services revenue in the period.

SERVICES EXPENSES AND EBITDA

Services EBITDA
for the three months ended March 31,
(CAD\$ millions)



(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Revenue	\$ 16,237	\$ 11,848
Total expenses ¹	12,197	9,776
EBITDA	\$ 4,040	\$ 2,072

¹Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for Services was \$4.1 million for the quarter compared to \$2.1 million for the same period last year. The increase was due to the increased revenue from the organic growth outlined previously and the additional new revenue from Recovery Solutions.

Services expenses were \$12.2 million for the quarter compared to \$9.8 million last year. The increase was primarily due to the addition of our Recovery Solutions division in the third quarter of 2020, as well as higher cost of goods sold (from Regulatory Solutions) related to the increased revenue this quarter as mentioned above.

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 our technology platforms;
- 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.

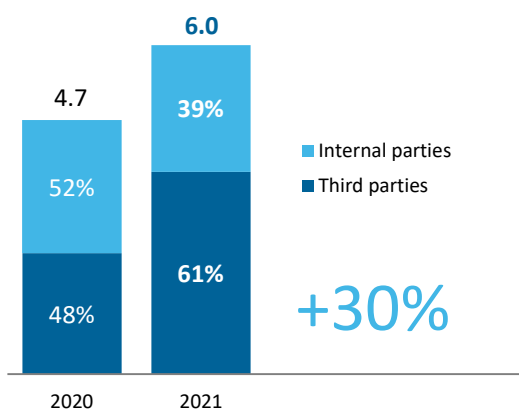
With a full suite of integrated modules that provide core functionality for submission, enforcement and enquiry processing, RegSys delivers solutions enabling the provision of core services to citizens in a user-friendly, efficient manner across multiple access points. The RegSys solution has also been 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 does not experience seasonality but does fluctuate due to the timing of project-related revenue.

TECHNOLOGY SOLUTIONS REVENUE

Technology Solutions Revenue
for the three months ended March 31,
(CAD\$ millions)

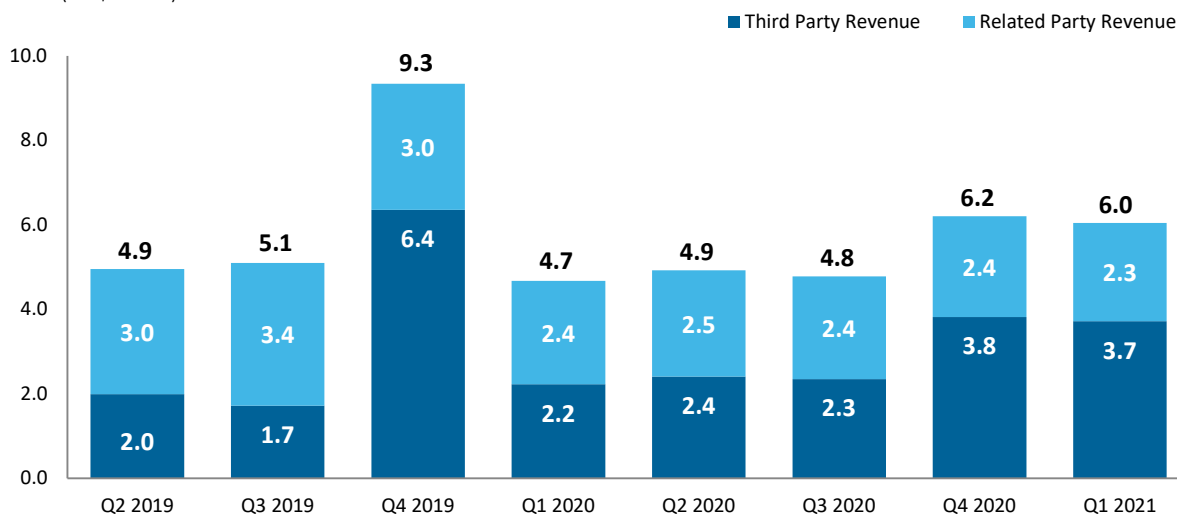


(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Third parties	\$ 3,711	\$ 2,220
Internal related parties	2,330	2,444
Technology Solutions revenue	\$ 6,041	\$ 4,664

Revenue in Technology Solutions was \$6.0 million for the quarter, an increase of \$1.3 million compared to \$4.7 million for the same period in 2020. The increase this quarter compared to the last year was due to the completion of certain milestones on current contracts. As part of the completed milestones, the system for one client was fully implemented.

Internal related party revenue in any quarter is dependent on resources used or consumed internally, particularly in Registry Operations. Our intent is to continue to service the needs of internal customers as efficiently and effectively as possible, including the provision of service via related party resources; therefore, this figure may vary from quarter to quarter.

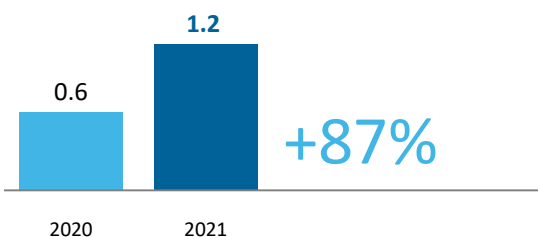
Technology Solutions Revenue by Type (CAD\$ millions)



Note: Values may not add due to rounding.

TECHNOLOGY SOLUTIONS EXPENSES AND EBITDA

Technology Solutions EBITDA for the three months ended March 31, (CAD\$ millions)



	Three Months Ended March 31, (thousands of CAD dollars)	
	2021	2020
Revenue	\$ 6,041	\$ 4,664
Total expenses ¹	4,839	4,022
EBITDA	\$ 1,202	\$ 642

¹Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for Technology Solutions was \$1.1 million for the quarter compared to \$0.6 million in the first quarter of 2020.

For the quarter, Technology Solutions expenses were \$4.9 million compared to \$4.0 million in the same period of 2020 due to contract implementation expenses being recognized as contract milestones were completed, in addition to increased corporate allocated costs.

3.4 Corporate and other

Corporate and other includes expenses related to our corporate activities and shared services functions. The Company previously included eliminations of inter-segment revenue and costs in Corporate and other. These are now presented separately in the Financial Statements and therefore excluded below. Management believes this format provides a more transparent representation of the Corporate and other activities.

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Third parties	\$ -	\$ 1
Internal related parties	51	35
Corporate and other revenue	\$ 51	\$ 36
Total expenses ¹	(2,005)	(1,363)
EBITDA	\$ (1,954)	\$ (1,327)

¹ Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for the quarter decreased compared to the same quarter last year, as a result of increased share-based compensation plans expense related to the strong performance of the Company's share price over the past several months. All other expenses were largely consistent with the previous year, other than certain travel and other COVID-related expenses that were incurred in the first quarter of 2020 but not in the first quarter of 2021.

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 Corporate Solutions and Regulatory Solutions services revenue is relatively diversified and has little seasonality; instead, it fluctuates in line with general economic drivers. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters. In particular, our collateral management services experiences seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Our Recovery Solutions revenue also does not have specific seasonality but is countercyclical to our other business, in that it can perform better in poor economic conditions.

The Company has observed that its historical pattern of seasonality in Registry Operations, and to some degree in Services, has been impacted due to the COVID-19 pandemic. At this time, we are uncertain when seasonality will return to historical patterns.

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.

(thousands of CAD dollars)	2021	2020				2019			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Revenue	\$39,148	\$39,013	\$37,120	\$30,993	\$29,596	\$37,942	\$32,175	\$34,244	
Expenses	31,024	27,156	29,707	24,592	24,521	28,308	26,888	26,308	
Net income before items noted below	8,124	11,857	7,413	6,401	5,075	9,634	5,287	7,936	
Net finance (expense)/income	(793)	(1,116)	(397)	(258)	(274)	(288)	(422)	(277)	
Income before tax	7,331	10,741	7,016	6,143	4,801	9,346	4,865	7,659	
Income tax expense	(1,834)	(2,870)	(1,980)	(1,638)	(1,331)	(1,999)	(1,607)	(1,875)	
Net income	\$ 5,497	\$ 7,871	\$ 5,036	\$ 4,505	\$ 3,470	\$ 7,347	\$ 3,258	\$ 5,784	
Other comprehensive income (loss)	(759)	(69)	331	(226)	666	1	(133)	(56)	
Total comprehensive income	\$ 4,738	\$ 7,802	\$ 5,367	\$ 4,279	\$ 4,136	\$ 7,348	\$ 3,125	\$ 5,728	
EBITDA margin	30.3%	40.2%	29.4%	29.5%	26.5%	32.5%	26.7%	31.4%	
Adjusted EBITDA margin	37.7%	43.5%	38.0%	33.5%	26.8%	33.4%	26.9%	31.8%	
Earnings per share, basic	\$ 0.31	\$ 0.45	\$ 0.29	\$ 0.26	\$ 0.20	\$ 0.42	\$ 0.19	\$ 0.33	
Earnings per share, diluted	\$ 0.31	\$ 0.45	\$ 0.29	\$ 0.26	\$ 0.20	\$ 0.42	\$ 0.19	\$ 0.33	



5 Business Strategy

STRATEGIC PRIORITIES

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

- operating registries on behalf of governments;
- implementing and supporting registry and regulatory technology solutions; and
- delivering value-add services utilizing public data and records.

Through these functions, ISC's strategy is executed with the intent to:

- deliver leading registry and regulatory services and solutions to customers around the world through existing lines of business and potential extension into adjacent opportunities through innovation and/or acquisition;
- produce increasing revenue with continued emphasis on EBITDA growth; and
- provide an enhanced customer experience for those interacting with ISC's systems, people and information.

ISC's strategy is influenced by a set of principles:

Long-term Orientation – *strategic focus on the sustainability of the business and the services we deliver;*

Innovation – *emphasis on product and service innovation and exploration of new verticals; and*

Growth – *active pursuit of attainable organic and inorganic growth;*

Company Values – *prominent focus on quality of service delivery and the engagement of our customers and employees.*

While the uncertainty of COVID-19 has and will continue to hamper our ability to predict any long-term implications on our strategy, the Company is well positioned to manage through this situation as outlined throughout this MD&A (also see section 1.3 "Outlook"). As such, we remain committed to our priorities, principles and long-term strategy.

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 and other growth-related expenditures and the payment of 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 through our existing Credit Facility, will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments (refer to Note 18 in the December 31, 2020, 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 Facility).

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 March 31, 2021, the Company held \$30.4 million in cash compared to \$33.9 million as at December 31, 2020, a decrease of \$3.6 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$25.2 million (December 31, 2020 – \$27.3 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities.

CONSOLIDATED FREE CASH FLOW

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Net cash flow provided by operating activities	\$ 6,945	\$ 2,101
Net change in non-cash working capital ¹	2,315	4,492
Cash provided by operating activities excluding working capital	9,260	6,593
Cash additions to property, plant and equipment	-	(19)
Cash additions to intangible assets	(382)	(204)
Consolidated free cash flow	\$ 8,878	\$ 6,370

¹ Refer to Note 23 of the Financial Statements for reconciliation.

Consolidated free cash flow for the quarter was \$8.9 million compared to \$6.4 million for the same quarter in 2020. The increase was due to higher cash flows provided by our operations, partially offset by changes in non-cash working capital.

The following table summarizes our sources and uses of funds for the three months ended March 31, 2021, and 2020:

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Net cash flow provided by operating activities	\$ 6,945	\$ 2,101
Net cash flow used in investing activities	(359)	(154)
Net cash flow provided by (used) in financing activities	(9,851)	(4,748)
Effects of exchange rate changes on cash held in foreign currencies	(325)	231
Increase (decrease) in cash	\$ (3,590)	\$ (2,570)
Cash, beginning of period	33,946	23,731
Cash, end of period	\$ 30,356	\$ 21,161

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash flow provided by operating activities was \$6.9 million for the quarter compared to \$2.1 million for the same period last year. The increase was due to increased results of operations and associated accounts receivable as well as increased accounts payable and accrued liabilities primarily related to share-based compensation plans and the timing of payables.

NET CASH FLOW USED IN INVESTING ACTIVITIES

Net cash flow used in investing activities for the quarter was \$0.4 million compared to \$0.2 million in the same period last year. The slight increase in the quarter was due to higher additions to intangible assets as we continue system development.

NET CASH FLOW USED IN FINANCING ACTIVITIES

Net cash flow used in financing activities for the quarter was \$9.9 million, compared to \$4.7 million for the same period in 2020. The increase in the quarter compared to last year was due to higher repayment of long-term debt and the related interest.

6.2 Capital expenditures

Capital expenditures were \$0.4 million for the quarter, compared to \$0.3 million last year. During the first quarter of 2021, capital expenditures were primarily related to system development work in our Technology Solutions and Services segments. Capital expenditures in the first three months of 2020 were primarily related to the purchase of systems supporting our Corporate activities.

(thousands of CAD dollars)	Three Months Ended March 31,	
	2021	2020
Registry Operations	\$ -	\$ 84
Services	113	91
Technology Solutions	269	21
Corporate and other	-	111
Total capital expenditures	\$ 382	\$ 307

6.3 Debt

At March 31, 2021, our debt was \$71.3 million compared to \$76.3 million at December 31, 2020. During the quarter, the Company made a \$5.0 million voluntary prepayment against its revolving term facility due to excess cash and the desire to minimize interest expense. The aggregate amount available under the Credit Facility at March 31, 2021, remains at \$150.0 million.

For further information on our Credit Facility, refer to Note 18 in the December 31, 2020, 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 2021 and 2020 was nil.

6.4 Total assets

Total assets were \$237.0 million at March 31, 2021, compared to \$242.3 million at December 31, 2020.

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at March 31, 2021
Total assets excluding intangibles, goodwill and cash	\$ 25,552	\$ 15,936	\$ 5,514	\$ 14,053	\$ 61,055
Intangibles	1,995	61,017	4,094	1,215	68,321
Goodwill	1,200	67,372	8,661	-	77,233
Cash	-	-	-	30,356	30,356
Total assets	\$ 28,747	\$ 144,325	\$ 18,269	\$ 45,624	\$ 236,965

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at December 31, 2020
Total assets excluding intangibles, goodwill and cash	\$ 25,758	\$ 13,952	\$ 5,505	\$ 14,466	\$ 59,681
Intangibles	2,395	63,203	4,332	1,288	71,218
Goodwill	1,200	67,372	8,883	-	77,455
Cash	-	-	-	33,946	33,946
Total assets	\$ 29,353	\$ 144,527	\$ 18,720	\$ 49,700	\$ 242,300

6.5 Working capital

At March 31, 2021, working capital was nearly flat at \$28.3 million compared to \$28.1 million at December 31, 2020.

(thousands of CAD dollars)	As at March 31, 2021	As at December 31, 2020
Current assets	\$ 53,484	\$ 55,383
Current liabilities	(25,186)	(27,289)
Working capital	\$ 28,298	\$ 28,094

6.6 Outstanding share data

The number of issued and outstanding Class A Shares as at March 31, 2021, was 17.5 million and the number of issued and outstanding share options as of March 31, 2021, was 1,548,247. These amounts are unchanged as of the filing date.

6.7 Common share dividend

On March 16, 2021, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, paid on April 15, 2021, to shareholders of record as of March 31, 2021.



7 Business Risks

7.1 Financial instruments and financial risks

Financial instruments held in the normal course of business, included in our consolidated statements of financial position as at March 31, 2021, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities excluding share-based accrued liabilities, and long-term debt.

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

7.2 Business risks and risk management

ISC faces certain risks which can impact its business and its financial and operational performance. For the information on the risk management approach, business risks and risk management, refer to the Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2020, which are available on the Company's 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 the release of our Management's Discussion and Analysis for the year ended December 31, 2020, which includes the impacts from COVID-19, as updated below.

The COVID-19 pandemic continues to significantly impact Canadians and economies around the world. We took swift action to ensure our customers and employees remained safe and healthy during the pandemic. To reduce the risk of transmission, we enabled most of our employees to work from home while we maintained continued communication and business activity virtually. Some precautions implemented to ensure our employees working from our office locations had a safe environment to work in include the implementation of social distancing procedures, availability of safety and sanitation products and alternate arrangements for courier deliveries and pick-ups.

As conditions allow, we will be introducing a methodical, cautious, phased approach as we prepare our organization to adapt to our "new normal" in the workplace. However, all of our segments have remained operational throughout the pandemic, and our staff have provided service to customers virtually, either online or by telephone.

Notwithstanding the above, any prolonged economic downturn resulting from COVID-19 could have an adverse effect on our business, results of operations and financial condition.

8 Accounting Policies, Financial Measures and Controls

8.1 Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as at March 31, 2021.

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 25 in the December 31, 2020, 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 recognized over time with milestones.

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. Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment.

8.4 Recent accounting pronouncements

The IAS Board and International Financial Reporting Interpretations Committee ("IFRIC") issued the following new standards and amendments to standards and interpretations, which become effective for future periods.

Proposed Standard	Description	Effective Date
Amendments to IAS 1 – <i>Classification of Liabilities as Current or Non-current</i>	<p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment is currently being assessed by the Company to determine the impact.</p>	January 1, 2023
Amendments to IAS 37 – <i>Onerous Contracts – Cost</i>	<p>The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct</p>	January 1, 2022

<i>of Fulfilling a Contract</i>	labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	
	The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.	
	The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted. This amendment is currently being assessed by the Company to determine the impact.	
Amendments to IFRS 3 – <i>Reference to the Conceptual Framework</i>	<p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 <i>Levies</i>, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p> <p>Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.</p> <p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p> <p>This change will impact the analysis of business combinations. The amendment is prospective, and the Company does not expect to be affected upon transition.</p>	January 1, 2022

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 Paragon, having been acquired less than 365 days prior to March 31, 2021. See section 8.7 “Disclosure controls and procedures” for Paragon’s contribution to the Financial Statements.

Other than as described above, 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 Paragon, having been acquired less than 365 days prior to March 31, 2021.

The contribution of Paragon to the Financial Statements for the three months ended March 31, 2021, was approximately 5.0 per cent of revenue and 7.0 per cent of expenses. Paragon contributed 9.0 per cent of current assets, 36.0 per cent of non-current assets and 4.0 per cent of 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 financial performance 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 companies.

8.9 Non-IFRS financial measures definition

EBITDA is defined as earnings before interest, taxes, depreciation and amortization expense. Adjusted EBITDA adjusts EBITDA for share-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.