August 7, 2018

Management's Discussion and Analysis

For the Three and Six Months Ended June 30, 2018

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1 Introduction

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

This document should be read in its entirety and is intended to complement and supplement ISC's unaudited condensed consolidated interim financial statements ("Financial Statements") for the three and six months ended June 30, 2018, and 2017. Additional information, including our Annual Information Form for the year ended December 31, 2017, 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 our 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 ("IASB"). 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 21 "Non-IFRS Financial Measures". Refer to section 9 "Financial Measures and Key Performance Indicators" for a reconciliation of EBITDA and adjusted EBITDA to net income.

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

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

This MD&A contains forward-looking information and should be read in conjunction with the "Caution Regarding Forward-Looking Information" section below.

This MD&A is current as of August 7, 2018.

2 Responsibility for Disclosure

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

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

3 Caution Regarding Forward-Looking Information

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

Forward-looking information which may be found in this MD&A includes, without limitation, those contained in the "Outlook" section hereof, and management's expectations, intentions and beliefs concerning the industries in which we operate, business strategy and strategic direction, growth opportunities, integration, contingent consideration, development and completion of projects, the competitive landscape, seasonality, our future financial position and results, capital and operating expectations, projected costs, the impact of certain payments to the Government of Saskatchewan, access to financing, debt levels, free cash flow, expectations for meeting future cash requirements, the economy and the real estate market, reporting currency and currency fluctuations, dividend expectations, and other plans and objectives of or involving ISC. The words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indicate", "anticipate", "believe", "estimate", "predict", "project", "targets", "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, compete for business (other than our exclusive service offerings to the Government of Saskatchewan), market our technology assets and capabilities, as well as business and economic conditions, availability of financing, the value of the Canadian dollar, consumer confidence, interest rates, level of unemployment, inflation, the real estate market in Saskatchewan, liabilities, income taxes, our ability to attract and retain skilled staff, the extent of any labour, equipment or other disruptions, goodwill and intangibles 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, the following: changes to or loss of the MSA (as that term is defined herein) and potential disagreements with the

Government of Saskatchewan; limitations on our ability to increase fees under the MSA; reliance on key customers and licences; dependence on key projects and clients, securing new business and fixed-price contracts; changes in economic, market and other conditions; reliance on information technology systems; ability to realize growth opportunities, including the ability to complete and integrate new acquisitions and to secure contracts to provide new service offerings; ability to manage our foreign operations; competition for service offerings (other than our exclusive service offerings to the Government of Saskatchewan); undisclosed liabilities acquired pursuant to past or future acquisitions; ability to attract and retain qualified personnel; ability to obtain future financing; failure to protect our intellectual property rights; legislative changes; changes in anticipated tax liabilities; risk of litigation; adequacy of our insurance coverage; reliance on third-party suppliers or other contractors; adverse changes in labour relations; liability to the Government of Saskatchewan; any compromise to the integrity or security of our information assets; any failure in our financial reporting safeguards or internal controls; ownership restrictions and director appointment rights and restrictions under *The Information Services Corporation Act* (Saskatchewan); and our ability to continue to pay dividends. You should consider these factors carefully. We caution that the foregoing list is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, this forward-looking information. See "Business Risks and Risk Management".

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

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

4 Consolidated Highlights

4.1 Second quarter consolidated highlights

- Revenue was $31.1 million for the three months ended June 30, 2018, an increase of $6.4 million or 26.0 per cent from quarter two of 2017. The increase was driven largely by new revenue from the acquisitions of AVS Systems Inc. ("AVS") and Alliance Online Ltd. ("Alliance") and strong growth in our Services segment, which more than offset lower revenue in our Registry Operations segment.

- Net income for the three months ended June 30, 2018, was $5.2 million or $0.29 per basic and diluted share, a 9.1 per cent increase from the second quarter of 2017 when net income was $4.7 million or $0.27 per basic and diluted share. This increase was mainly due to increased earnings in our Services segment and a $1.0 million adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition, partially offset by the share of our profit in associate in 2017.

- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the second quarter of 2018 was $10.1 million compared to $8.8 million in the same quarter last year, an increase of $1.3 million or 14.6 per cent. The increase is due in part to additional revenue in our Services segment and a $1.0 million adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition.

- The EBITDA margin for the second quarter of 2018 was 32.6 per cent compared to 35.8 per cent in the same quarter in 2017.

- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was $9.5 million for the second quarter compared to $9.6 million in the same quarter last year, with an adjusted EBITDA margin of 30.5 per cent for the quarter compared to 38.8 per cent in the second quarter of 2017.

- On May 3, 2018, our Board declared a quarterly cash dividend of $0.20 per Class A Limited Voting Share ("Class A Share"), paid on July 15, 2018, to shareholders of record as of June 30, 2018.

- On June 7, 2018, the Company, through its wholly owned subsidiary, Enterprise Registry Solutions Limited ("ERS"), entered into an agreement with the Secretary of State of Missouri to replace the current technology supporting the business services division of the Office of the Missouri Secretary of State with the RegSys platform. The total value of the contract is approximately USD $2.1 million and is for a period of two years.

4.2 Year-to-date consolidated highlights

- Revenue was $57.9 million for the six months ended June 30, 2018, an increase of $11.8 million or 25.5 per cent compared to $46.1 million for the six months ended June 30, 2017. The increase is due to the higher revenue generated in our Services segment.

- Net income for the six months ended June 30, 2018, was $7.7 million or $0.44 per basic and diluted share. For the six months ended June 30, 2017, net income was $7.2 million or $0.41 per basic and $0.40 per diluted share. The 8.2 per cent increase was the result of increased earnings in our Services segment and a $1.0 million adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition.

- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the six months ended June 30, 2018, was $16.8 million compared to $14.6 million in the same period last year, an increase of $2.2 million. The increase is due to additional revenue in our Services segment from both organic growth and acquisitions and a $1.0 million adjustment to the fair value estimate of the contingent consideration associated with our AVS acquisition.

- The EBITDA margin for the six months ended June 30, 2018, was 28.9 per cent compared to 31.6 per cent in the same period in 2017.

- Excluding stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, adjusted EBITDA was $16.4 million for the six months ended June 30, 2018, compared to $15.8 million in the same period last year, with an adjusted EBITDA margin of 28.4 per cent for the quarter compared to 34.2 per cent in the six months ended June 30, 2017. The increase is attributed to the additional revenue in our Services segment following the acquisition of AVS, with a high revenue, lower margin profile, which changes the EBITDA margin profile of the Company as compared to previous years.

4.3 Subsequent events

- On August 7, 2018, our Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before October 15, 2018, to shareholders of record as of September 30, 2018.

4.4 Select consolidated financial information

The select consolidated quarterly financial information set out for the three and six months ended June 30, 2018, and 2017, is derived from ISC's Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods.

	Three months ended June 30,		Six months ended June 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Revenue	**$ 31,058**	$ 24,646	**$ 57,930**	$ 46,142
Net income	**5,162**	4,733	**7,747**	7,159
EBITDA[1, 2]	**$ 10,117**	$ 8,824	**$ 16,756**	$ 14,592
Adjusted EBITDA[1, 2]	**9,474**	9,553	**16,435**	15,775
EBITDA margin (% of revenue)[1, 2]	**32.6%**	35.8%	**28.9%**	31.6%
Adjusted EBITDA margin (% of revenue)[1, 2]	**30.5%**	38.8%	**28.4%**	34.2%
Free cash flow[1]	**$ 6,980**	$ 7,738	**$ 12,782**	$ 13,434
Dividend declared per share	**$ 0.20**	$ 0.20	**$ 0.20**	$ 0.40
Earnings per share, basic[3]	**0.29**	0.27	**0.44**	0.41
Earnings per share, diluted[3]	**0.29**	0.27	**0.44**	0.40
			As at June 30, 2018	December 31, 2017
Total assets			**$ 169,305**	$ 171,825
Total non-current liabilities			**$ 29,538**	$ 45,202

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations, refer to section 21 "Non-IFRS Financial Measures". Refer to section 9 "Financial Measures and Key Performance Indicators" for a reconciliation of EBITDA and adjusted EBITDA to net income.

[2] The 2018 EBITDA figure includes a $1.0 million adjustment in relation to the fair value estimate of the contingent consideration associated with our AVS acquisition.

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

5 Business Overview

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.

We continue to examine and pursue growth initiatives in Canada and internationally, including other potential strategic acquisitions and opportunities to provide registry and other services in additional jurisdictions.

5.1 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.

Effective January 1, 2018, we redefined our reportable segments as a result of recent acquisitions and an increased emphasis on technology solutions to complement existing registry operations and services businesses, as well as how we allocate resources amongst, and the general management of, our reportable segments. As such, the results of our technology solutions, including our subsidiary, ERS, are presented within the Technology Solutions segment. These results were previously reported in Corporate. We have retrospectively amended our 2017 comparative segment results to account for this redefinition. A functional summary of these three 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.

5.2 Registry Operations Segment

Our Registry Operations segment involves the provision of registry and information services to governments and private sector organizations. We work with our 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.

Currently, ISC provides registry and information services on behalf of the Province of Saskatchewan under the MSA and is the exclusive full-service solution provider of the Saskatchewan Land Registry, the Saskatchewan Personal Property Registry, the Saskatchewan Corporate Registry, the Saskatchewan Common Business Identifier Program and the Business Registration Saskatchewan Program in Saskatchewan (collectively, the "Saskatchewan Registries"). Additional information about the MSA is available in the Company's Annual Information Form for the year ended December 31, 2017, on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

For all services in this segment, competitors 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.

5.3 Services Segment

Our Services segment delivers solutions uniting public record data, customer authentication, corporate legal services and collateral management to support lending practices of clients with business across Canada. These solutions are provided through our wholly-owned subsidiary, ESC Corporate Services Ltd. ("ESC").

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

Following the acquisition of AVS in December 2017, our Services segment broadened its existing market share in collateral management with the addition of large financial institutions and auto and equipment finance company customers across Canada. We now distinguish ourselves further from our competitors through a technology platform that provides a fully automated workflow for our clients to handle their collateral management needs.

This segment currently has two revenue components: transactional fees and per unit charges. We earn revenue through transaction fees for search and registration services, as well as Know-Your-Customer ("KYC") services. All government fees associated with the service are either embedded in the search fee or charged in addition to the service transaction fee. Corporate supplies are charged a per unit fee in the same manner as a product in a retail transaction.

Effective January 1, 2018, we simplified the way in which we classify and describe revenue for our Services segment. Formerly, we reported revenue in three categories: search and registration services, KYC services and corporate supplies. With the addition of AVS, we have simplified that to two revenue categories, namely Legal Support Services and Financial Support Services. This allows us to better reflect the business by the industries and customers we serve. Legal Support Services revenue consists of revenue from the corporate supplies business, as well as search and registration services provided to our legal customers. Financial Support Services consists of search and registration, KYC and other services ESC provides to non-legal customers, such as financial institutions and auto and equipment finance companies.

Our Services segment is diversified with little seasonality to its revenue performance.

Legal Support Services

This category captures revenue from nationwide search and registration services to legal professionals directly or indirectly. We provide search services, including corporate, business name, personal property, real property, corporate name search reports (also known as NUANS reports), trademark and the *Bank Act* (Canada). We also provide registration and filing services such as personal property, trademark, business incorporations, amendments and amalgamations to legal professionals.

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

Our corporate supplies business helps companies to organize and maintain their corporate legal documents and include customized corporate minute books, corporate seals, share certificates, legal supplies and related ancillary accessories for businesses and corporations. We also service the consumer market through direct supply relationships with office products providers.

Our competitors vary by market and geography. They primarily include other intermediaries and suppliers to legal professionals that provide value through convenience and intermediation of various public registries. There is a small number of competitors supplying the legal market with customized products, while the consumer market is typically serviced by big box office supply retailers.

Financial Support Services

We support financial and credit institutions' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources such as corporate registry, personal property registry, land registry, litigation, bankruptcy and *Bank Act* (Canada) searches.

We use our proprietary platform for financial institutions and companies in the financial services sector to on-board new commercial accounts while remaining compliant with Canadian KYC and Anti-Money Laundering regulations captured under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada). The customer on-boarding verification reports we generate leverage our search service to provide our clients with a process and system to verify, retrieve and store information about corporate clients to meet these regulatory requirements.

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

In the financial support services marketplace, we compete against a small number of distinctly different service providers, all of whom offer additional services beyond our KYC programs.

5.4 Technology Solutions Segment

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

We generate revenue through the following:

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

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

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

Our customers include governments and regulatory organizations, such as chambers of commerce, that have responsibility to authorize, licence, maintain and revoke the function of a registry.

Competitors include other registry software providers that develop and provide software platforms to manage registries. On the technology services side, our competitors include all 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 partner with to complement our offering depending on the clients' needs.

6 Business Strategy

Strategic Priorities

ISC's goal is to deliver value to shareholders through the consistent performance of its existing business and the execution of appropriate growth opportunities. The Company has identified the following key strategic priorities to support the achievement of this goal:

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

7 Results of Operations

Consolidated statements of comprehensive income

(thousands of CAD dollars)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenue	$ **31,058**	$ 24,646	$ **57,930**	$ 46,142
Expenses				
Wages and salaries	**9,223**	7,966	**18,519**	16,277
Cost of goods sold	**6,675**	897	**11,656**	1,812
Depreciation and amortization	**2,375**	1,997	**4,778**	4,029
Information technology services	**2,052**	3,076	**3,935**	5,464
Occupancy costs	**1,497**	1,379	**2,888**	2,687
Professional and consulting services	**1,185**	1,425	**2,123**	2,505
Financial services	**407**	467	**1,194**	1,143
Project initiatives	**91**	541	**424**	959
Other	**811**	658	**1,435**	1,113
Total expenses	**24,316**	18,406	**46,952**	35,989
Net income before items noted below	**6,742**	6,240	**10,978**	10,153
Finance (expense) income				
Interest income	**92**	57	**182**	109
Interest expense	**(516)**	(162)	**(1,015)**	(326)
Net finance expense	**(424)**	(105)	**(833)**	(217)
Share of profit in associate		587	**-**	410
Change in contingent consideration	**1,000**	-	**1,000**	-
Income before tax	**7,318**	6,722	**11,145**	10,346
Income tax expense	**(2,156)**	(1,989)	**(3,398)**	(3,187)
Net income	**5,162**	4,733	**7,747**	7,159
Other comprehensive income (loss)				
Unrealized gain (loss) on translation of financial statements of foreign operations	**(248)**	547	**113**	496
Change in fair value of marketable securities, net of tax	**(17)**	(1)	**(41)**	(46)
Other comprehensive income (loss) for the period	**(265)**	546	**72**	450
Total comprehensive income	$ **4,897**	$ 5,279	$ **7,819**	$ 7,609

Second quarter results

Consolidated revenue

Revenue was $31.1 million for the three months ended June 30, 2018, an increase of $6.4 million or 26.0 per cent compared to the same period in 2017. For the six months ended June 30, 2018, revenue increased $11.8 million or 25.5 per cent to $57.9 million compared to $46.1 million in 2017. The increase for both the three and six-month periods ended June 30, 2018, was due to additional revenue in our Services segment following our acquisitions in 2017 as well as through organic growth.

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**$ 13,475**	$ 14,942	**$ 25,310**	$ 26,696
Personal Property Registry	**2,712**	2,781	**5,083**	5,128
Corporate Registry	**2,515**	2,621	**5,219**	5,438
Registry Operations revenue	**$ 18,702**	$ 20,344	**$ 35,612**	$ 37,262
Services revenue	**11,474**	3,552	**20,346**	7,306
Technology Solutions revenue	**4,553**	5,559	**9,440**	10,064
Corporate and other	**(3,671)**	(4,809)	**(7,468)**	(8,490)
Total revenue	**$ 31,058**	$ 24,646	**$ 57,930**	$ 46,142

Registry Operations

Overall

Revenue for our Registry Operations segment was $18.7 million for the three months ended June 30, 2018, a decline of $1.6 million, or 8.1 per cent, compared to the second quarter in 2017. For the six months ended June 30, 2018, revenue was $35.6 million, a decrease of $1.6 million, or 4.4 per cent, compared to the same period last year. Our second quarter results were lower primarily due to decreased revenue from the Land Registry.

The Company's top five customers for the Registry Operations segment represent 18.9 per cent of the total Registry Operations segment revenue for the first six months of 2018. Of those customers, no single customer represented more than 10.0 per cent of total Registry Operations segment revenue.

Saskatchewan Land Registry

Revenue for the Land Registry was $13.5 million for the quarter ended June 30, 2018, a decline of 9.8 per cent compared to the same period in 2017. Revenue for the Land Registry was $25.3 million for the six months ended June 30, 2018, a decrease of $1.4 million or 5.2 per cent, compared to the same period in 2017.

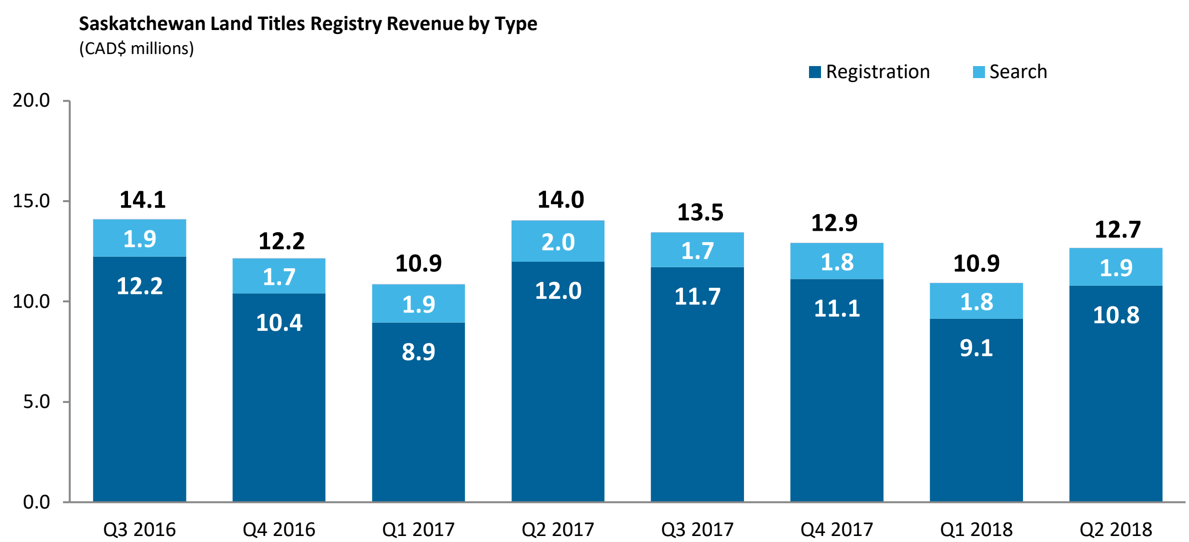
(i) Saskatchewan Land Titles Registry

Land Titles Registry revenue for the second quarter of 2018 was $12.7 million, a decline of $1.4 million or 9.7 per cent compared to the same period in 2017. This was mainly due to lower transaction volumes. Revenue was lower by 5.2 per cent for the first half of 2018, at $23.6 million compared to $24.9 million in the same period in 2017. High-value property registration revenue was relatively stable in the second quarter when compared to 2017. Each high-value registration generated revenue of $10,000 or more, and revenue from these types of registrations was $0.9 million for the quarter.

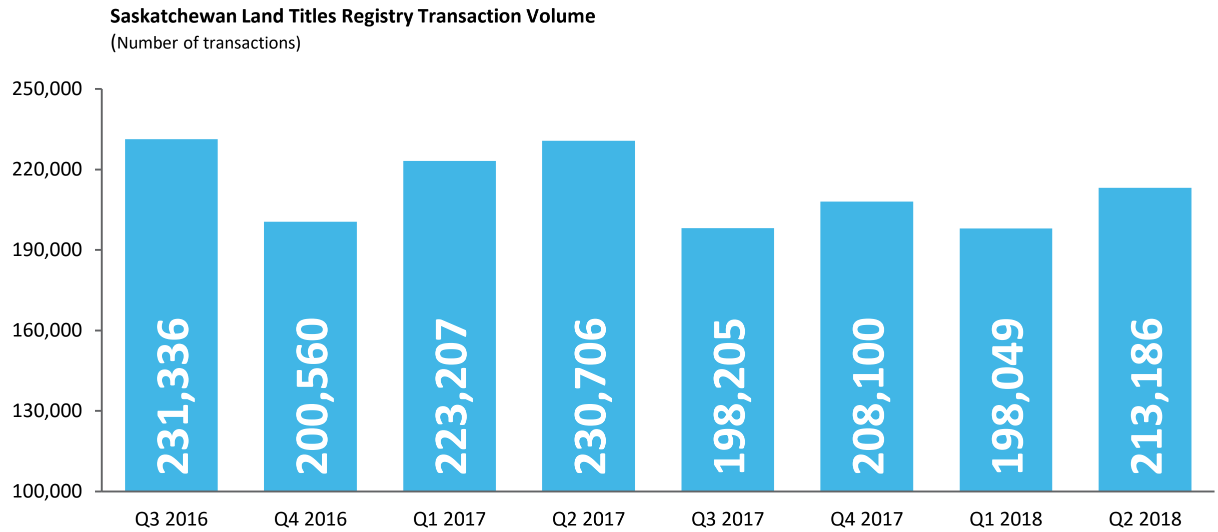
Overall transaction volumes fell by 7.6 per cent for the second quarter of 2018 compared to the same period last year, due to a decrease in the majority of transactions types. The volume of regular land transfers, mortgage registrations and title searches declined by 15.0 per cent, 15.3 per cent and 6.9 per cent, respectively, compared to the same period in 2017. We believe the new mortgage qualification guidelines, introduced in January 2018, along with a rise in interest rates are impacting volumes. We expect they will continue to influence the property market in the near term and therefore negatively impact transaction volumes for the remainder of 2018.

Most of the revenue in the Land Titles Registry is derived from value-based fees.

The following graphs show the Land Titles Registry revenue by type of transaction and the overall transaction volume, respectively. Seasonality remains consistent year-over-year with the second quarter typically generating more revenue than the first quarter, but down from 2017 levels. For more information on seasonality, please refer to section 8 "Summary of Consolidated Quarterly Results".



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



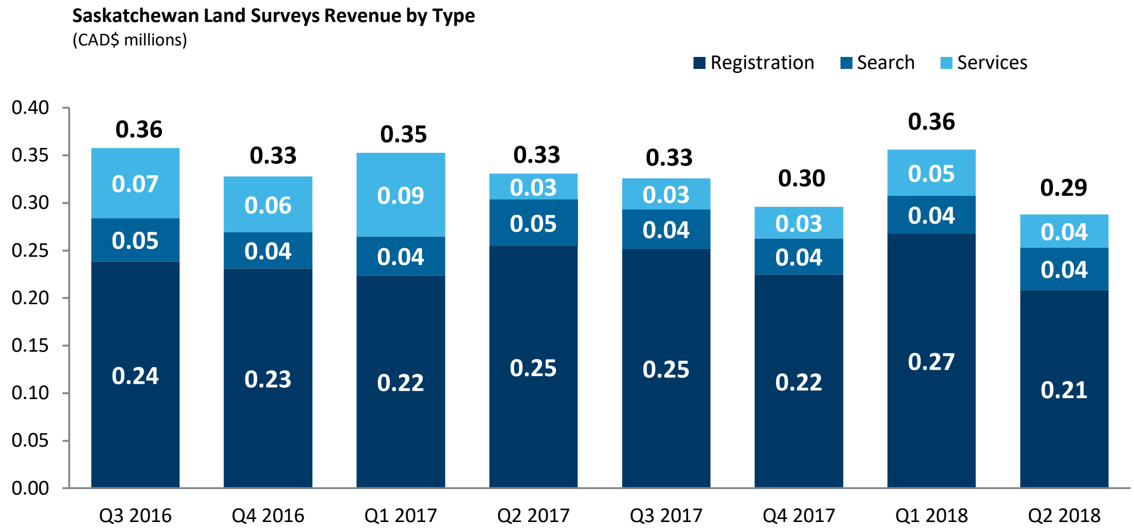
The primary customers of the Land Titles Registry are law firms, financial institutions, developers and resource companies. For the first half of 2018, our top 20 Land Titles Registry customers represented 39.0 per cent of revenue, and our top 100 Land Titles Registry customers represented 76.2 per cent of revenue.

(ii) Saskatchewan Land Surveys and Geomatics

Collectively, the revenue from Land Surveys and Geomatics was $0.8 million for the second quarter of 2018, a drop of $0.1 million, or 11.1 per cent, compared to last year. For the six months ended June 30, 2018, revenue was $1.7 million, down $0.1 million compared to $1.8 million in the same period in 2017.

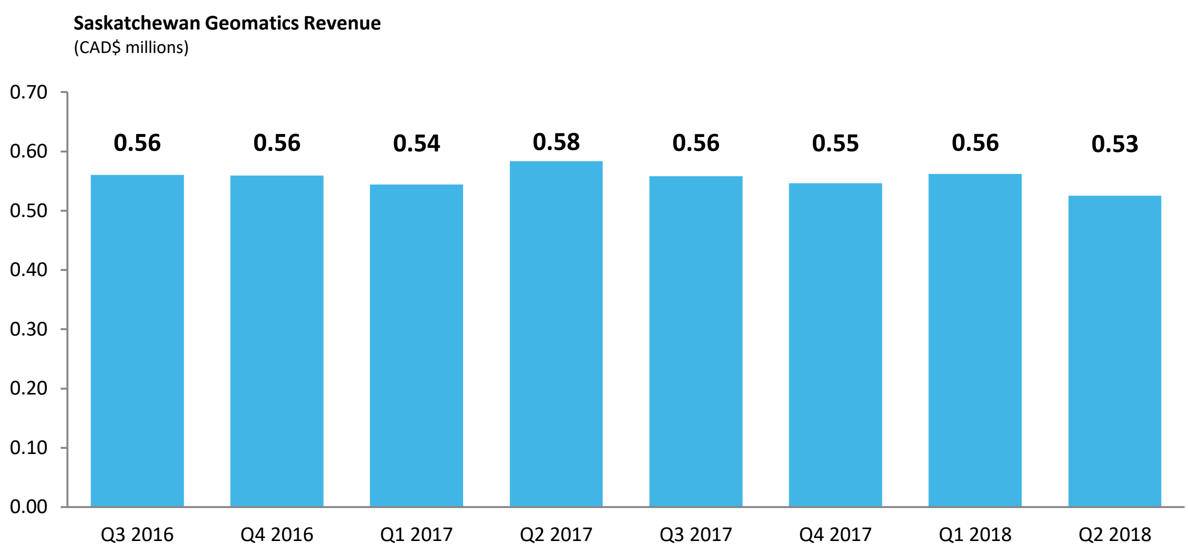
Revenue from Land Surveys was down 13.0 per cent for the second quarter, or $43 thousand, compared to the same period in 2017. This was due to a reduction in registration and search revenue, down 18.2 per cent and 9.0 per cent respectively, which offset higher revenue from services in the quarter. This decrease was a result of lower transaction volumes for the second quarter, down 8.4 per cent compare to the same period in 2017, consistent with the lower activity we have observed in the property market. For the six months ended June 30, 2018, revenue was $0.6 million compared to $0.7 million in the same period of 2017, edging down 5.8 per cent, or $39 thousand.

The following graph shows the Land Surveys revenue by type of transaction.



Land Surveys customers include surveyors, developers, resource companies, governments and other businesses that access our mapping systems and survey plans to support their development plans. For the six months ended June 30, 2018, our top 20 Land Surveys customers represented 89.8 per cent of revenue and the top 100 customers accounted for 95.3 per cent.

Geomatics revenue was down 10.0 per cent, or $58 thousand, compared to the same quarter in 2017 due to lower requests for geomatics services. For the six months ended June 30, 2018, revenue was $1.1 million, a small drop of $40 thousand compared to $1.1 million in the same period of 2017. The following graph illustrates Geomatics revenue by quarter.



Geomatics customers include government departments (provincial and municipal), resource companies, land developers, other businesses and the general public. They also include utility, pipeline and transportation companies. For the six months ended June 30, 2018, the top 20 Geomatics customers comprised 87.1 per cent of revenue, while the top 100 customers represented 98.0 per cent of revenue.

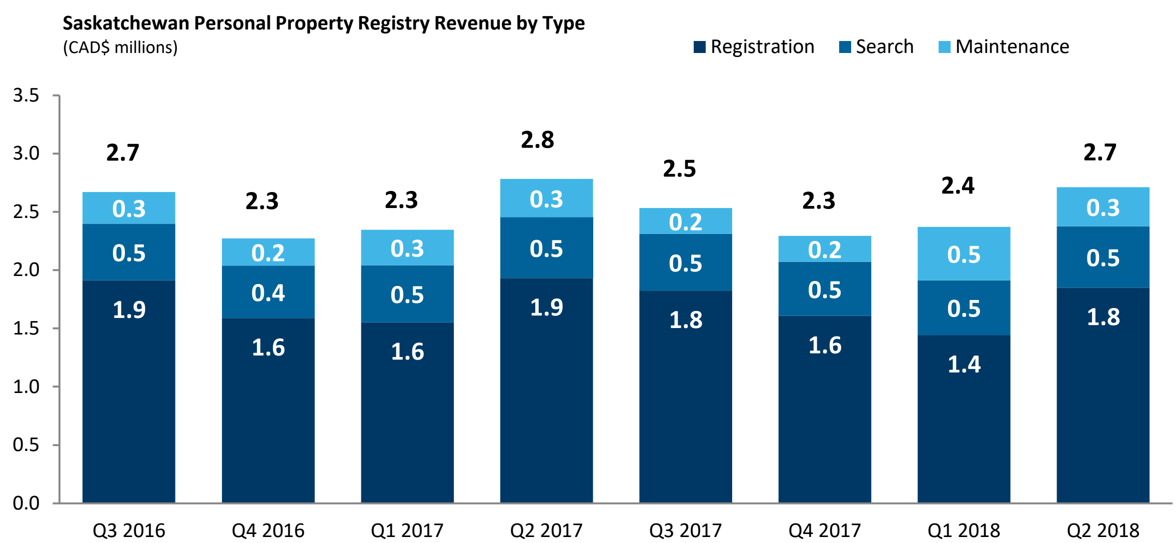
Saskatchewan Personal Property Registry

Revenue for the Personal Property Registry for the second quarter of 2018 was $2.7 million, a modest decline of 2.5 per cent, or $69 thousand compared with the same period in 2017, mostly due to lower volumes, suggesting a modest softening in this portion of the Saskatchewan economy. For the first six months of 2018, revenue was relatively flat at $5.1 million compared to the same period last year, down 0.9 per cent, or $45 thousand.

Personal property security registration setups saw volumes decline by 4.6 per cent compared to the same period in 2017. Revenue for the same transaction type decreased by 4.4 per cent compared to the same period last year. Revenue and volume declined by nearly the same rate, demonstrating that registration term-length was stable during this period.

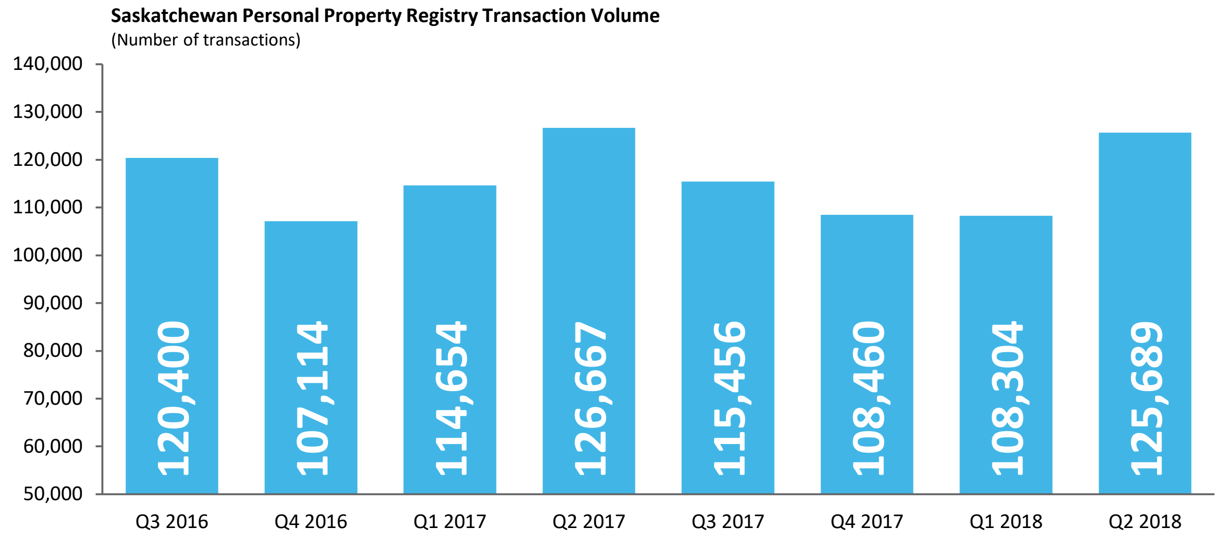
As a result of the above, compared to the same period last year, second quarter 2018 registration revenue was 4.2 per cent lower. This partially offset higher search and maintenance revenue, which inched up 1.1 per cent and 2.3 per cent, respectively. Revenue results for the second quarter are higher compared to the first quarter, reflecting the typical pattern of seasonality.

The following graph depicts the Personal Property Registry revenue by type of transaction.



Note: Values may not add due to rounding.

As shown by the following graph, transaction volumes for the second quarter of 2018 fell slightly by 0.8 per cent compared to the same period last year. Specifically, registration volumes dropped by 3.4 per cent while maintenance volumes declined by 0.9 per cent. Search transactions edged up 0.6 per cent which helped offset the declines.



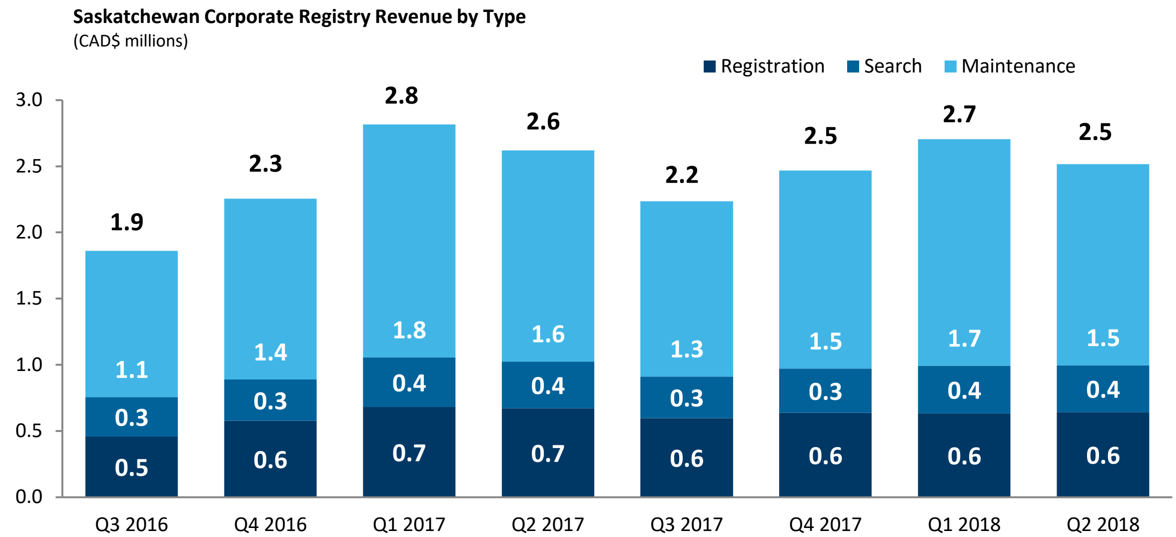
Customers of the Personal Property Registry are primarily in the financial sector as well as law firms. The top 20 Personal Property Registry customers generated 82.1 per cent of the revenue for the first half of 2018, while the top 100 signified 94.0 per cent of revenue.

Saskatchewan Corporate Registry

Revenue for the Corporate Registry for the quarter ended June 30, 2018, was $2.5 million, a decrease of 4.0 per cent, or $0.1 million, compared to the same period in 2017. For the six months ended June 30, 2018, revenue was $5.2 million, down 4.0 per cent, compared to $5.4 million for the same period last year. This quarterly variance is largely explained by lower volumes across most transaction types.

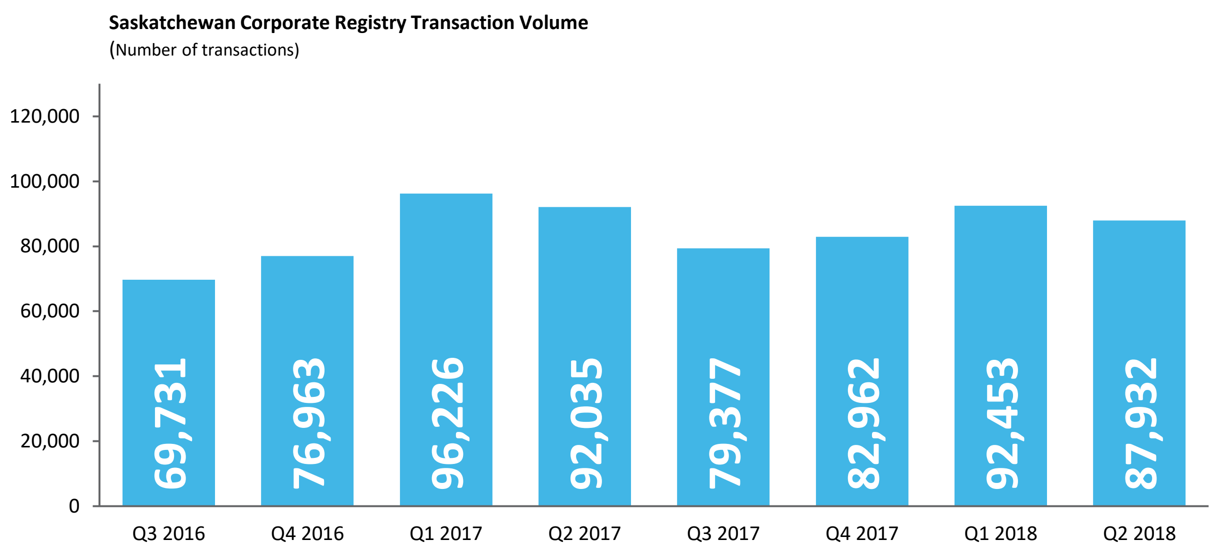
Revenue from the filing of annual returns and renewals decreased by 8.5 per cent in the quarter compared to the same period in 2017. Revenue from the incorporation and registration of new business entities also declined by 1.0 per cent compared to the second quarter last year. Search revenue dropped a slight 0.4 per cent compared to the second quarter in 2017. Improved service delivery for manually processed submissions has resulted in less demand for paid priority services, contributing to the decline in maintenance revenue, down 4.8 per cent.

The following graph illustrates the Corporate Registry revenue by type of transaction. As noted above, Corporate Registry revenue for the second quarter of 2018 decreased compared to the same period in 2017 due to declines across maintenance and registration transaction types. Quarterly revenue continues to mirror the Company's typical pattern of seasonality.



Note: Values may not add due to rounding.

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



Transaction volumes for the second quarter decreased by 4.5 per cent compared to the same period last year. Specifically, registration volumes fell by 6.3 per cent, search transactions by 2.5 per cent, and maintenance volumes by 7.8 per cent compared to the same period in 2017.

As of June 30, 2018, there were approximately 73,899 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 73,982 as at June 30, 2017.

For the Corporate Registry, customers include law firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that were, or will be, registered in the Corporate

Registry. The top 20 Corporate Registry customers accounted for nearly 31.0 per cent of revenue for the first six months of 2018 and the top 100 customers made up about 48.7 per cent.

Services

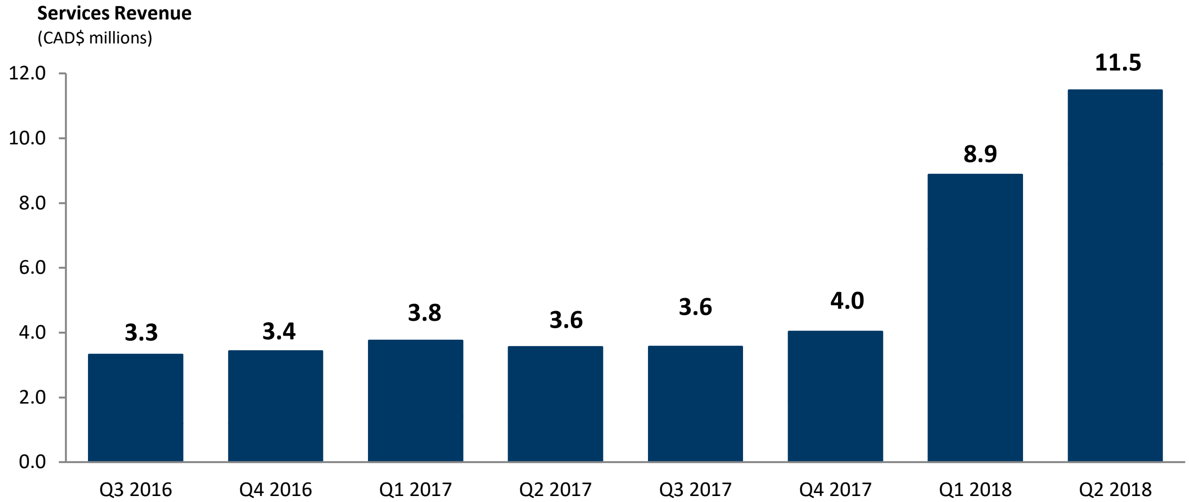
Revenue in our Services segment for the three months ended June 30, 2018, was $11.5 million, an increase of $7.9 million compared to the second quarter of 2017. For the six months ended June 30, 2018, revenue was $20.4 million compared to $7.3 million for the same period of 2017.

Revenue was up as a result of an increasing uptake of services for both legal and financial services customers for KYC, due diligence and collateral security registration. Beyond organic growth within existing lines, a primary driver of growth compared to the previous year was $7.2 million in new revenue from our AVS acquisition. This revenue was primarily from collateral security registration services provided to financial institutions and original equipment manufacturers ("OEM") captives financing activity across Canada.

Legal Support Services consists of revenue from nationwide search and registration services, as well as corporate supplies provided to legal professionals. Revenue in the second quarter of 2018 was $2.3 million, an increase of $0.2 million or 7.3 per cent compared to the second quarter in 2017. For the six months ended June 30, 2018, revenue was $4.6 million compared to $4.4 million for the same period of 2017.

We also support financial and credit institutions' due diligence activities for compliance purposes and credit service solutions through Financial Support Services which increased this quarter, mostly due to additional revenue from our acquisition of AVS. Revenue in the second quarter of 2018 was $9.2 million compared to $1.4 million for the same period of 2017. For the first half of 2018, revenue was $15.8 million compared to $2.9 million for the same period of 2017.

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



The top 20 Services customers comprised about 75.0 per cent of the revenue for the first half of 2018, while the top 100 Services customers made up nearly 86.6 per cent of revenue. No single customer accounted for more than 25.0 per cent of Services revenue in the same period.

Technology Solutions

Revenue in our Technology Solutions segment was $4.6 million for the three months ended June 30, 2018, compared to $5.6 million for the same period in 2017. For the six months ended June 30, 2018, revenue was $9.4 million compared to $10.1 million for the six months ended June 30, 2017.

We generate revenue from external third parties through the sale of software licences and accompanying ongoing annual subscription fees related to the technology platform and the provision of technology solution definition and implementation services and monthly hosting, support and maintenance services. Revenue from external third parties increased in the second quarter and year-to-date due to new and additional solution delivery and implementation services. Revenue for recently announced contracts will be recorded once the related services on those contracts have been performed.

Our Technology Solutions segment also records revenue from internal related parties, such as our Registry Operations segment.

Inter-segment services to Registry Operations are provided based on time incurred in support of the Registries and the costs to do so. Inter-segment revenue provided in the second quarter and year-to-date decreased due to a reduction in our costs to provide the services as a result of the savings associated with the termination of our DXC Technology Company ("DXC") contract in 2017.

Consolidated expenses

For the three months ended June 30, 2018, consolidated expenses (all segments) were $24.3 million, an increase of 32.1 per cent, compared to $18.4 million for the same period in 2017. Expenses for the six months ended June 30, 2018, were $47.0 million compared to $36.0 million for the same period of 2017, an increase of 30.5 per cent, as shown below. Individual variances are explained below, with the largest factor in the increased expenses being the recording of cost of goods sold related to our acquired AVS business.

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Expenses				
Wages and salaries	**$ 9,223**	$ 7,966	**$ 18,519**	$ 16,277
Cost of goods sold	**6,675**	897	**11,656**	1,812
Depreciation and amortization	**2,375**	1,997	**4,778**	4,029
Information technology services	**2,052**	3,076	**3,935**	5,464
Occupancy costs	**1,497**	1,379	**2,888**	2,687
Professional and consulting services	**1,185**	1,425	**2,123**	2,505
Financial services	**407**	467	**1,194**	1,143
Project initiatives	**91**	541	**424**	959
Other	**811**	658	**1,435**	1,113
Total expenses	**$ 24,316**	$ 18,406	**$ 46,952**	$ 35,989

The increase in expenses was due to a combination of the following:

- Wages and salaries were $9.2 million, up $1.3 million, for the three months ended June 30, 2018, compared to the same period in 2017 and for the six months ended June 30, 2018, were $18.5 million compared to $16.3 million for the same period in 2017. The increase was due to:
    - In our Services segment, additional wages and salaries largely due to the acquisition of AVS in December 2017;
    - The addition of wages and salaries following the incorporation of employees who were formerly with DXC into our Technology Solutions segment in the third quarter of 2017; and
    - Across the business, annual wages and salary increases for all employees and the recording of our short-term incentive program awards for out-of-scope employees on a quarterly basis.
- Cost of goods sold was $6.7 million for the second quarter of 2018, an increase of $5.8 million compared to the second quarter of 2017 and $11.7 million for the six months ended June 30, 2018, an increase of $9.9 million compared to the same period of 2017. The rise in the quarter and year-to-date figures are related to the acquisition of AVS in our Services segment.
- Depreciation and amortization costs were $2.4 million for the three months ended June 30, 2018, compared to $2.0 million in the same period in 2017 and for the six months ended June 30, 2018,

were $4.8 million compared to $4.0 million in the same period of 2017. The increase is due to increased depreciation in our Services segment related to acquisitions in 2017.

- Information technology service costs were $2.1 million, down $1.0 million for the quarter compared to the same quarter of 2017 and for the six months ended June 30, 2018, were $3.9 million compared to $5.5 million for the same period of 2017. The decrease in the quarter reflects savings associated with the termination of our technology services contract with DXC, which were partially offset by additional wages and salaries in our Technology Solutions segment as noted above, as the Company consolidated support and development functions, which are now supported through internal resources.

- Professional and consulting services were $1.2 million and $2.1 million for the three months and six months ended June 30, 2018 respectively, compared to $1.4 million and $2.5 million in the same periods of 2017. Professional and consulting services encompasses a wide range of activities and the reduction in 2018 is due to different corporate initiatives year-over-year.

- Project initiatives were $0.1 million and $0.4 million for the three months and six months ended June 30, 2018 respectively, compared to $0.5 million and $1.0 million in the same periods of 2017. The decrease in the quarter and year-to-date is due to timing differences in the execution of projects in the first six months of 2018 compared to the same period in 2017.

Net finance expense (income)

Net finance expense was $0.4 million and $0.8 million for the three and six months ended June 30, 2018, respectively compared to $0.1 million and $0.2 million for the same periods in 2017. The increase was mainly due to the accretion expense related to the AVS contingent consideration in our Services segment.

Net income and earnings per share

Net income for the three months ended June 30, 2018, was $5.2 million or $0.29 per basic and diluted share, compared to $4.7 million or $0.27 per basic and diluted share, for the same period in 2017. Net income for the six months ended June 30, 2018, was $7.7 million, or $0.44 per basic and diluted share, compared to $7.2 million, or $0.41 per basic and $0.40 per diluted share, for the same period in 2017. The increase was due to increased earnings from operations in our Services segment and a $1.0 million adjustment in relation to the fair value estimate of the contingent consideration associated with our AVS acquisition, together which more than offset the share of our profit in associate in 2017 that is no longer present in 2018. The calculation of earnings per share was based on net income after tax and the weighted average number of shares outstanding during the period.

Adjusted EBITDA

Adjusted EBITDA was relatively flat at $9.5 million, a 30.5 per cent margin, for the three months ended June 30, 2018, compared to $9.6 million, a 38.8 per cent margin, for the same period in 2017.

For the six months ended June 30, 2018, adjusted EBITDA was $16.4 million, a 28.4 per cent margin compared to $15.8 million, a 34.2 per cent margin, for the same period last year. The increase is attributed to the additional revenue in our Services segment. It should be noted that the acquisition of AVS, with a high revenue, lower margin profile, changes the EBITDA margin profile of the Company as compared to previous years.

8 Summary of Consolidated Quarterly Results

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

Our Services segment is sufficiently diversified with little seasonality to its revenue performance.

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, 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 above factors. It should be noted that, in 2018, the EBITDA margin profile for the Company is changing compared to previous years with the acquisition of AVS, due to its high revenue, lower margin profile.

	2018		2017				2016	
(thousands of CAD dollars)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**$31,058**	$26,872	$23,589	$23,862	$24,646	$21,496	$21,201	$22,894
Expenses	**24,316**	22,636	17,539	18,168	18,406	17,583	18,248	16,854
Net income before items noted below	**6,742**	4,236	6,050	5,694	6,240	3,913	2,953	6,040
Net finance income (expense)	**(424)**	(409)	(75)	(215)	(105)	(112)	(74)	(78)
Share of profit (loss) in associate	**-**	-	-	200	587	(177)	925	479
Gain on sale of associate	**-**	-	15,438	-	-	-	-	-
Change in contingent consideration	**1,000**	-	-	-	-	-	-	(1,000)
Income before tax	**7,318**	3,827	21,414	5,679	6,722	3,624	3,804	5,441
Income tax expense	**(2,156)**	(1,242)	(2,640)	(3,823)	(1,989)	(1,198)	(885)	(1,631)
Net income	**$ 5,162**	$ 2,585	$18,774	$ 1,856	$ 4,733	$ 2,426	$ 2,919	$ 3,810
Other comprehensive income (loss)	**(265)**	337	(3)	(57)	546	(96)	-	-
Total comprehensive income	**$ 4,897**	$ 2,922	$18,771	$ 1,799	$ 5,279	$ 2,330	$ 2,919	$ 3,810
EBITDA margin (% of revenue)[1, 2]	**32.6%**	24.7%	33.2%	31.8%	35.8%	26.8%	32.2%	32.1%
Adjusted EBITDA margin (% of revenue)[1]	**30.5%**	25.9%	38.0%	36.4%	38.8%	28.9%	34.6%	41.5%
Earnings per share, basic[3]	**$ 0.29**	$ 0.15	$ 1.07	$ 0.11	$ 0.27	$ 0.14	$ 0.17	$ 0.22
Earnings per share, diluted[3]	**$ 0.29**	$ 0.15	$ 1.07	$ 0.11	$ 0.27	$ 0.14	$ 0.17	$ 0.22

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations, refer to section 21 "Non-IFRS Financial Measures". Refer to section 9 "Financial Measures and Key Performance Indicators" for a reconciliation of EBITDA and adjusted EBITDA to net income.

[2] The 2018 EBITDA margin includes a $1.0 million adjustment in relation to the fair value estimate of the contingent consideration associated with our AVS acquisition.

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

9 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 21 "Non-IFRS Financial Measures".

Consolidated earnings before interest, taxes, depreciation and amortization

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Net income	**$ 5,162**	$ 4,733	**$ 7,747**	$ 7,159
Depreciation and amortization	**2,375**	1,997	**4,778**	4,029
Net finance expense	**424**	105	**833**	217
Income tax expense	**2,156**	1,989	**3,398**	3,187
EBITDA	**$ 10,117**	$ 8,824	**$ 16,756**	$ 14,592
Adjustments				
Stock-based compensation expense (income)	**129**	142	**93**	217
Stock option expense	**155**	130	**273**	209
Acquisition and integration costs	**(927)**	457	**(687)**	756
Gain on disposal of property, plant and equipment assets	**-**	-	**-**	1
Adjusted EBITDA	**$ 9,474**	$ 9,553	**$ 16,435**	$ 15,775
EBITDA margin (% of revenue)	**32.6%**	35.8%	**28.9%**	31.6%
Adjusted EBITDA margin (% of revenue)	**30.5%**	38.8%	**28.4%**	34.2%

Earnings before interest, taxes, depreciation and amortization by segment

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Registry Operations	**$ 9,103**	$ 10,203	**$ 15,769**	$ 17,384
Services	**3,130**	326	**4,191**	1,150
Technology Solutions	**(846)**	7	**(209)**	(212)
Corporate and other	**(1,270)**	(1,712)	**(2,995)**	(3,730)
Consolidated EBITDA	**$ 10,117**	$ 8,824	**$ 16,756**	$ 14,592

EBITDA for our Registry Operations segment for the second quarter of 2018 was $9.1 million compared to $10.2 million for the same period last year and for the six months ended June 30, 2018, was $15.8 million compared to $17.4 million last year. The decreases are a result of the overall decline in revenue from the Saskatchewan registries, combined with moderately increasing costs year over year.

EBITDA for our Services segment was $3.1 million for the three months ended June 30, 2018, an increase of $2.8 million compared to $0.3 million for the same period last year and was $4.2 million compared to $1.2 million for the six months ended June 30, 2018, and 2017 respectively. The increase is due to continued organic growth in the segment, combined with the acquisitions of AVS and Alliance in 2017.

EBITDA for our new Technology Solutions segment decreased in the quarter due to the timing of employee short-term incentive payments and increased expenses related to the acquisition and commencement of new business. Compared to the same period in 2017, EBITDA for the six months ended June 30, 2018, was consistent as a result of additional revenue from the signing of new implementation and delivery contracts, combined with savings associated with the termination of our technology services contract with DXC, partially offset by the increased costs outlined above.

Consolidated free cash flow

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Net cash flow provided by operating activities	**$ 9,542**	$ 9,230	**$ 9,642**	$ 13,795
Net change in non-cash working capital[1]	**(1,975)**	(1,233)	**4,125**	(66)
Cash provided by operating activities excluding working capital	**7,567**	7,997	**13,767**	13,729
Cash additions to property, plant and equipment	**(51)**	(79)	**(133)**	(94)
Cash additions to intangible assets	**(536)**	(180)	**(852)**	(201)
Consolidated free cash flow[2]	**$ 6,980**	$ 7,738	**$ 12,782**	$ 13,434

[1] Refer to Note 24 of the Financial Statements for reconciliation.

[2] Free cash flow is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures reported by other corporations. Refer to section 21 "Non-IFRS Financial Measures".

Consolidated free cash flow for the three months ended June 30, 2018, was $7.0 million compared to $7.7 million for the same period of 2017 and was $12.8 million for the six months ended June 30, 2018, compared to $13.4 million for the same period last year. The decrease in 2018, compared to the same period in 2017 was mainly due to increased current tax expense and additional spending on intangible assets.

10 Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities and our future financial position and results including expected revenue, EBITDA and capital expenditures. Refer to section 3 "Caution Regarding Forward-Looking Information".

On a consolidated basis, ISC continues to expect total revenue of between $124.0 and $130.0 million with an EBITDA margin of between 24.0 per cent and 26.0 per cent. With the first half of the financial year completed, and with the continued softening of the Registry Operations business, we expect to be on the lower end of revenue guidance. Our adjusted EBITDA margin, which adjusts for stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs, is also still expected to be between 26.0 and 28.0 percent, in line with historical adjustments.

It should be noted that the acquisition of AVS in December 2017, with a high revenue, lower margin profile, changes ISC's consolidated revenue and EBITDA margin profile compared to previous years. Capital expenditures are expected to range between $4.0 million and $6.0 million and will be funded through operating cash flow.

We primarily see two factors influencing the outlook for our Registry Operations segment, specifically the Saskatchewan Land Registry, those being changes to the mortgage rules and an increase in overnight lending rates. The Office of the Superintendent of Financial Institutions (Canada) implemented revisions to its mortgage rules effective on January 1, 2018[1], which now include a requirement to "stress test" borrowers with uninsured loans to ensure they could withstand increases in interest rates. The Bank of Canada raised its overnight lending rate on July 11, 2018, by a quarter of a per cent, after a similar increase on January 17, 2018. Given these factors, along with the lower transaction levels we observed during the first half of 2018, we expect that softening in the Saskatchewan market will continue and will impact the overall results from our Registry Operations segment in 2018, absent any high-value transactions beyond our historical average currently incorporated into our forecast.

In our Services segment, we expect to see further customer growth in Financial Support Services in 2018, due to the continued rollout of new customers from significant institutional adoption of both the customer onboarding and collateral management services we provide. We will continue to invest in our core Services technology platforms to enable integrated solutions in conjunction with our AVS technology in the year ahead.

Following the addition of new business during the quarter in the Company's newest reporting segment, Technology Solutions, the Company expects to see modest revenue growth in this segment, largely

[1] Office of the Superintendent of Financial Institutions Canada (OSFI) – News Release "OSFI is reinforcing a strong and prudent regulatory regime for residential mortgage underwriting", October 17, 2017.

made up of implementation fees associated with new contracts. Subsequent each implementation, revenue will be based on service fees over the life of the contracts. We will continue to pursue new business opportunities in this segment in 2018, while simultaneously investing in RegSys to enhance the platform.

The key drivers of our expenses will continue to be wages and salaries, information technology costs as well as costs associated with the pursuit of new business opportunities.

11 Liquidity and Capital Resources

11.1 Cash flow

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

Historically, ISC has financed its operations and met its capital and finance expenditure requirements through cash provided from operating activities. Most recently, the Company has also utilized borrowing to supplement cash generated from operations to finance acquisition activities. The Company believes that internally generated cash flow, supplemented by additional borrowing that may be available to us (refer to Note 16 of the Financial Statements for our existing Credit Facilities), will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments.

Liquidity risk is managed based on financial forecasts and anticipated cash flow. The majority of cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at June 30, 2018, the Company held $31.6 million in cash, compared to $31.3 million as at December 31, 2017, an increase of $0.4 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of $34.7 million (December 31, 2017 – $22.7 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.

The following table summarizes our sources and uses of funds for the three and six months ended June 30, 2018, and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Net cash flow provided by operating activities	**$ 9,542**	$ 9,230	**$ 9,642**	$ 13,795
Net cash flow used in investing activities	**(495)**	(1,152)	**(1,053)**	(17,248)
Net cash flow used in financing activities	**(4,531)**	(4,451)	**(8,214)**	1,516
Effects of exchange rate changes on cash held in foreign currencies	**(34)**	9	**(8)**	11
Increase (decrease) in cash	**4,482**	3,636	**367**	(1,926)
Cash, beginning of period	**27,150**	27,971	**31,265**	33,533
Cash, end of period	**$ 31,632**	$ 31,607	**$ 31,632**	$ 31,607

Net cash flow provided by operating activities

Net cash flow provided by operating activities for the three months ended June 30, 2018, was $9.5 million compared to $9.2 million for the same period in 2017 and was $9.6 million for the six months ended June 30, 2018, compared to $13.8 million for the same period last year. The increase in the second quarter of 2018 compared to the same period last year, was mainly due to higher results from operations in our Services segment. The decrease for the six months ended June 30, 2018 compared to 2017 was primarily due to the payment of taxes associated with the sale of our shares in D&D in 2017 along with higher receivables in 2018.

Net cash flow used in investing activities

Net cash flow used in investing activities for the three months ended June 30, 2018, was $0.5 million compared to $1.2 million in the same period last year and for the six months ended June 30, 2018, and 2017 was $1.1 million and $17.2 million respectively. The higher net cash flow used in investing activities in 2017 was due to the acquisitions of ERS and Alliance.

Net cash flow used in financing activities

Net cash flow used in financing activities for the three months ended June 30, 2018, was flat at $4.5 million compared to the three months ended June 30, 2017. For the six months ended June 30, 2018, net cash flow used in financing activities was $8.2 million, an increase of $10.0 million compared to the same period in 2017. The change was mainly due to proceeds from our debt facility in 2017, related to the purchase of ERS.

11.2 Capital expenditures

Capital expenditures for the three months ended June 30, 2018, were $0.6 million, compared to $0.1 million for the same period in 2017. For the six months ended June 30, 2018, capital expenditures were $1.0 million compared to $0.2 million for the same period in 2017. The increase in 2018 is due to system development work across our segments and in particular, to enhance our RegSys platform in our Technology Solutions segment.

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Registry Operations	**$ 42**	$ -	**$ 101**	$ -
Services	**173**	14	**192**	33
Technology Solutions	**340**	91	**655**	91
Corporate - other	**28**	-	**37**	95
Total capital expenditures	**$ 583**	$ 105	**$ 985**	$ 219

11.3 Debt

Debt for the three months ended June 30, 2018, was $20.8 million compared to $21.6 million at December 31, 2017.

At June 30, 2018, the aggregate amount available under the Credit Facilities was $30.810 million comprised of a (i) $10.0 million uncommitted revolving credit facility (the "Operating Loan") (June 30, 2018, and December 31, 2017 had nil cash drawings) along with; (ii) a $9.935 million committed revolving term loan facility (the "Revolving Term Facility"); and (iii) a $10.875 million committed non-revolving reducing credit facility (the "Non-Revolving Term Facility").

The Company was in compliance with all covenants throughout the period. The amount of borrowing costs capitalized during 2018 and 2017 were nil.

11.4 Total assets

Total assets decreased to $169.3 million at June 30, 2018, compared to $171.8 million at December 31, 2017, primarily due to normal depreciation and amortization of assets and the tax paid related to the gain on sale of our interest in Dye & Durham.

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	**As at June 30, 2018**
Total assets excluding intangibles, goodwill and cash	$ 26,231	$ 7,339	$ 2,618	$ 13,228	**$ 49,416**
Intangibles	4,728	33,686	5,278	20	**43,712**
Goodwill	5,800	34,513	4,232	-	**44,545**
Cash	685	4,540	786	25,621	**31,632**
Total assets	$ 37,444	$ 80,078	$ 12,914	$ 36,869	**$ 169,305**

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	As at December 31, 2017
Total assets excluding intangibles, goodwill and cash	$ 27,133	$ 5,340	$ 1,572	$ 15,020	$ 49,065
Intangibles	5,516	36,488	4,992	26	47,022
Goodwill	5,800	34,513	4,160	-	44,473
Cash	7,798	4,229	1,264	17,974	$ 31,265
Total assets	$ 46,247	$ 80,570	$ 11,988	$ 33,020	$ 171,825

11.5 Working capital

As at June 30, 2018, working capital was $9.3 million, compared to $18.3 million at December 31, 2017. The change in working capital is mainly the result of the AVS contingent consideration being recognized as a short-term liability in the second quarter of 2018 compared to being a long-term liability at December 31, 2017.

(thousands of CAD dollars)	**As at June 30, 2018**	As at December 31, 2017
Current assets	**$ 44,042**	$ 40,989
Current liabilities	**(34,704)**	(22,652)
Working capital	**$ 9,338**	$ 18,337

11.6 Outstanding share data

The number of basic issued and outstanding Class A Shares as at June 30, 2018, was 17.5 million and the number of fully diluted shares was 17.6 million. On May 3, 2018, the Board declared a quarterly cash dividend of $0.20 per Class A Share, to be paid on or before July 15, 2018, to shareholders of record as of June 30, 2018.

12 Share-Based Compensation Plan

12.1 Deferred share unit plan

The Company has established a Deferred Share Unit ("DSU") plan to provide directors and senior officers of ISC with the opportunity to participate in the long-term success of ISC and to promote a greater alignment of interests between our directors, senior officers and shareholders. Refer to Note 15 of the Financial Statements for information pertaining to the share-based compensation plan.

Share-based compensation expense for the three months ended June 30, 2018, totalled $129 thousand (2017 – $142 thousand) and for the six months ended June 30, 2018, totalled $93 thousand (2017 - $217 thousand). The total carrying amount of the liability arising from the DSUs as of June 30, 2018, totalled $1.1 million (December 31, 2017 – $1.1 million).

As at June 30, 2018, the DSU plan balance was 77,203.60 (December 31, 2017 – 52,610.60) with a weighted average award price of $17.47 per DSU.

12.2 Stock option plan

The Company established a stock option plan that was approved by shareholders in 2014 and subsequently amended and restated with the approval of shareholders on May 17, 2017. Refer to Note 15 of the Financial Statements for information pertaining to the share-based compensation plan.

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation related to the stock option plan for the three months ended June 30, 2018, totalled $155 thousand (2017 – $130 thousand) and for the six months ended June 30, 2018, totalled $273 thousand (2017 - $209 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as at June 30, 2018, totalled $1.3 million (December 31, 2017 – $1.1 million).

As at June 30, 2018, a total of 1,548,247 (December 31, 2017 – 1,076,600) stock options had been granted. The outstanding share options at the end of the period had a weighted average exercise price of $17.27 (December 31, 2017 – $17.01). The number of options exercisable at the end of the period was 411,735 and had a weighted average exercise price of $16.70 based on a range of exercise prices from $15.04 to $18.85.

13 Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at June 30, 2018.

14 Related Party Transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 20 in our December 31, 2017, Financial Statements 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, for information pertaining to transactions with related parties.

15 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 measurement of the contingent consideration to be paid in conjunction with the ERS and AVS acquisitions.

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.

16 Changes in Accounting Policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2018, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions. Refer to Note 3 of the Financial Statements for further information pertaining to the adoption and changes in these policies.

Standard	Description
Amendment to IFRS 2 – *Share-based Payment*	The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The adoption of the new standard did not have a material impact on the financial statements of the Company.
IFRS 9 — *Financial Instruments*	The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classifications: amortized cost and fair value. Under IFRS 9, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded through other comprehensive income (loss) rather than net income (loss). The new standard also introduces a credit loss model for evaluating impairment of financial assets. The adoption of the new standard did not require any adjustments to the values recorded in the Company's consolidated financial statements in the period of initial application (January 1, 2018). However, the Company has adjusted its disclosure. See Note 3 and Note 20.
IFRS 15 — *Revenue from Contracts with Customers*	The standard provides for a single model that applies to contracts with customers as well as two revenue recognition approaches: at a point in time or over time. The model features a contract-based, five-step analysis of transactions to determine whether, when and how much revenue is recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or leases, which are within the scope of other IFRS standards. The new revenue standard permits either a full retrospective method of adoption with restatement of all prior periods presented, or a modified retrospective method with the cumulative effect of applying the new standard recognized as an adjustment to opening retained earnings in the period of adoption. The Company has decided to adopt the new revenue standard using the modified retrospective method, with no impact to opening retained earnings. See Note 3, Note 7, Note 14 and Note 21 for disclosures relating to this new standard.

The IASB and International Financial Reporting Interpretations Committee issued the following new standards and amendments to standards and interpretations, which become effective for future periods.

Proposed standard	Description	Effective Date
IFRS 16 — Leases	IFRS 16 — *Leases* replaces IAS 17 — *Leases* and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., the customer ('lessee') and the supplier ('lessor')). The Company is currently assessing the impact on our consolidated financial statements along with the timing of our adoption of IFRS 16. The Company believes that, on adoption of the standard, there will be an increase to assets and liabilities, as the Company will be required to record a right-of-use asset and a corresponding lease liability on the consolidated statements of financial position, as well as a decrease to operating costs, an increase to finance costs (due to accretion of the lease liability) and an increase to depreciation and amortization (due to amortization of the right-of-use asset). The Company plans to disclose the estimated financial effects of the adoption of IFRS 16 in its 2018 annual consolidated financial statements.	January 1, 2019

17 Financial Instruments and Financial Risks

Financial instruments held in the normal course of business included in our consolidated statement of financial position as at June 30, 2018, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities, long-term debt and other long-term liabilities.

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

18 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, 2017, 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 December 31, 2017.

19 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 AVS, having been acquired less than 365 days prior to June 30, 2018.

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.

20 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 AVS, having been acquired less than 365 days prior to June 30, 2018.

The contribution of AVS to ISC's Financial Statements for the three months ended June 30, 2018, was approximately 23.0 per cent of revenue and 25.0 per cent of expenses and for the six months ended June 30, 2018, was approximately 21.0 per cent of revenue and 25.0 per cent of expenses. AVS contributed 12.0 per cent of current assets, 34.0 per cent of non-current assets, 45.0 per cent of current liabilities and 21.0 per cent of non-current liabilities.

21 Non-IFRS Financial Measures

21.1 Non-IFRS financial measures

This MD&A includes certain measures, which have not been prepared in accordance with IFRS, such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective, to provide investors with supplemental measures of our operating performance and, thus, highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures.

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

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

21.2 Non-IFRS financial measures definition

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