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August 2, 2023

# 2023 Unaudited Condensed Consolidated Interim Financial Statements

For the Three and the Six Months Ended June 30, 2023



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## Condensed Consolidated Statements of Financial Position

As at (thousands of CAD, unaudited)	Note	June 30, 2023	December 31, 2022
<b>Assets</b>			
Current assets			
Cash		\$ 26,556	\$ 34,479
Trade and other receivables		18,773	14,933
Contract assets		850	985
Income tax recoverable	7	2,305	2,215
Prepaid expenses and deposits		4,090	4,604
<b>Total current assets</b>		<b>52,574</b>	<b>57,216</b>
Non-current assets			
Property, plant and equipment		1,593	1,813
Right-of-use assets		6,828	7,553
Intangible assets	5	84,306	88,993
Goodwill	6	101,217	101,240
Deferred tax asset	7	24,988	26,639
<b>Total non-current assets</b>		<b>218,932</b>	<b>226,238</b>
<b>Total assets</b>		<b>\$ 271,506</b>	<b>\$ 283,454</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 31,958	\$ 33,876
Contract liabilities		2,943	2,720
Lease obligations – current portion		2,318	2,299
Income tax payable	7	1,361	731
<b>Total current liabilities</b>		<b>38,580</b>	<b>39,626</b>
Non-current liabilities			
Lease obligations		5,714	6,508
Deferred tax liability	7	12,521	13,883
Long-term debt	9	51,083	66,047
Other liabilities		951	1,802
<b>Total non-current liabilities</b>		<b>70,269</b>	<b>88,240</b>
<b>Shareholders' equity</b>			
Share capital	11	23,691	23,691
Equity settled employee benefit reserve	8	2,082	2,082
Accumulated other comprehensive loss		(262)	(377)
Retained earnings		137,146	130,192
<b>Total shareholders' equity</b>		<b>162,657</b>	<b>155,588</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 271,506</b>	<b>\$ 283,454</b>

See accompanying Notes

## Condensed Consolidated Statements of Comprehensive Income

(thousands of CAD, unaudited)	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
Revenue	13	\$ 53,295	\$ 50,870	\$ 102,419	\$ 95,023
Expenses					
Wages and salaries		14,705	10,745	28,939	23,209
Cost of goods sold		14,525	13,686	26,970	24,963
Depreciation and amortization		4,111	3,507	8,239	6,652
Information technology services		3,130	2,702	6,165	4,875
Occupancy costs		1,105	848	2,291	1,710
Professional and consulting services		1,481	1,215	3,127	2,786
Financial services		707	467	1,807	1,674
Other		1,201	749	1,992	1,513
Total expenses		40,965	33,919	79,530	67,382
Net income before items noted below		12,330	16,951	22,889	27,641
Finance income (expense)					
Interest income		243	42	553	64
Interest expense		(1,132)	(708)	(2,347)	(1,165)
Net finance expense		(889)	(666)	(1,794)	(1,101)
Income before tax		11,441	16,285	21,095	26,540
Income tax expense	7	(3,208)	(4,628)	(5,998)	(7,476)
<b>Net income</b>		\$ 8,233	\$ 11,657	\$ 15,097	\$ 19,064
<b>Other comprehensive income (loss)</b>					
Items that may be subsequently reclassified to net income					
Unrealized gain (loss) on translation of financial statements of foreign operations		5	(310)	115	(750)
Change in fair value of marketable securities, net of tax		-	-	-	(8)
Other comprehensive income (loss)		5	(310)	115	(758)
<b>Total comprehensive income</b>		\$ 8,238	\$ 11,347	\$ 15,212	\$ 18,306
<b>Earnings per share (\$ per share)</b>					
<b>Total, basic</b>	10	\$ 0.47	\$ 0.66	\$ 0.85	\$ 1.09
<b>Total, diluted</b>	10	\$ 0.46	\$ 0.65	\$ 0.84	\$ 1.07

See accompanying Notes

## Condensed Consolidated Statements of Changes in Equity

(thousands of CAD, unaudited)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive (Loss)	Equity Reserve	Total
Balance at January 1, 2022		\$ 115,641	\$ 19,955	\$ (355)	\$ 2,464	\$ 137,705
Net income		19,064	-	-	-	19,064
Other comprehensive loss		-	-	(758)	-	(758)
Stock option recovery	8	-	-	-	(7)	(7)
Stock options exercised	8	-	2,227	-	(242)	1,985
Dividend declared	11	(8,075)	-	-	-	(8,075)
<b>Balance at June 30, 2022</b>		<b>\$ 126,630</b>	<b>\$ 22,182</b>	<b>\$ (1,113)</b>	<b>\$ 2,215</b>	<b>\$ 149,914</b>
Balance at January 1, 2023		\$ 130,192	\$ 23,691	\$ (377)	\$ 2,082	\$ 155,588
Net income		15,097	-	-	-	15,097
Other comprehensive income		-	-	115	-	115
Dividend declared	11	(8,143)	-	-	-	(8,143)
<b>Balance at June 30, 2023</b>		<b>\$ 137,146</b>	<b>\$ 23,691</b>	<b>\$ (262)</b>	<b>\$ 2,082</b>	<b>\$ 162,657</b>

See accompanying Notes

## Condensed Consolidated Statements of Cash Flows

(thousands of CAD, unaudited)	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2023	2022	2023	2022
<b>Operating</b>					
Net income		\$ 8,233	\$ 11,657	\$ 15,097	\$ 19,064
Add: Charges not affecting cash					
Depreciation		724	710	1,515	1,319
Amortization		3,387	2,797	6,724	5,333
Foreign exchange (gains) losses		36	(193)	21	(97)
Deferred tax expense (recovery) recognized in net income	7	(100)	513	285	947
Service concession arrangements		(189)	(379)	(588)	(379)
Net finance expense		889	666	1,794	1,101
Stock option expense (recovery)	8	-	5	-	(7)
Net change in non-cash working capital	15	1,327	(3,439)	(4,803)	(17,223)
<b>Net cash flow provided by operating activities</b>		<b>14,307</b>	<b>12,337</b>	<b>20,045</b>	<b>10,058</b>
<b>Investing</b>					
Interest received		243	42	553	64
Additions to property, plant and equipment		(164)	(138)	(179)	(228)
Additions to intangible assets	5	(1,206)	(181)	(1,475)	(611)
Acquisitions and post-closing adjustments		-	(45,357)	(155)	(54,109)
<b>Net cash flow used in investing activities</b>		<b>(1,127)</b>	<b>(45,634)</b>	<b>(1,256)</b>	<b>(54,884)</b>
<b>Financing</b>					
Interest paid		(1,043)	(435)	(2,195)	(791)
Interest paid on lease obligations		(94)	(98)	(189)	(195)
Principal repayments on lease obligations		(574)	(536)	(1,167)	(1,021)
Proceeds (repayment) of long-term debt	9	(5,000)	40,000	(15,000)	40,000
Dividend paid	11	(4,072)	(4,025)	(8,143)	(8,050)
Stock options exercised	8	-	1,985	-	1,985
<b>Net cash flow (used in) provided by financing activities</b>		<b>(10,783)</b>	<b>36,891</b>	<b>(26,694)</b>	<b>31,928</b>
Effects of exchange rate changes on cash held in foreign currencies		(60)	115	(18)	(99)
Increase (decrease) in cash		2,337	3,709	(7,923)	(12,997)
Cash, beginning of period		24,219	23,398	34,479	40,104
<b>Cash, end of period</b>		<b>\$ 26,556</b>	<b>\$ 27,107</b>	<b>\$ 26,556</b>	<b>\$ 27,107</b>

See accompanying Notes

# Notes to the Unaudited Condensed Consolidated Interim Financial Statements

## 1 Nature of the Business

Information Services Corporation is the parent company of its subsidiary group (collectively, the “Company”, or “ISC”) and is a Canadian corporation with its Class A Limited Voting Shares (“Class A Shares”) listed on the Toronto Stock Exchange (“TSX”) under the symbol ISV. The Company is a provider of registry and information management services for public data and records. The head and registered office of the Company is 300 – 10 Research Drive, Regina, Saskatchewan, S4S 7J7. The Company maintains Canadian office locations in British Columbia, Saskatchewan, Ontario, and international offices located in Ireland and Luxembourg. ISC has three reportable segments: Registry Operations, Services and Technology Solutions. A functional summary of these segments is as follows:

- Registry Operations delivers registry and information 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 (“the Province”) under a Master Service Agreement (“MSA”), in effect until 2053 (see Note 16 Subsequent Events). Additionally, through ISC’s wholly owned subsidiary, Reamined Systems Inc. (“Reamined”), ISC provides property tax assessment services to the Province of Ontario and its municipalities.
- Services delivers products and services that utilize public records and data to provide value to customers in the financial and legal sectors.
- Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

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

As at June 30, 2023, ISC’s principal revenue-generating segments were Registry Operations and Services.

## 2 Basis of Presentation

### Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using accounting policies that are consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IAS Board”). Therefore, they do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s most recent audited annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the year-end financial statements for the Company for the year ended December 31, 2022, as described in Note 3 of the December 31, 2022, consolidated financial statements. The significant estimates and assumptions in determining the value of assets and liabilities and the significant judgments in applying accounting policies are the same as those applied in the Company’s consolidated financial statements for the year ended December 31, 2022. The unaudited condensed consolidated interim financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company’s results of operations, financial position and cash flows.

These unaudited condensed consolidated interim financial statements were authorized by the Audit Committee of the ISC Board of Directors (“Board”) for issue on August 2, 2023.

## Use of estimates and judgments

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

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

Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment;
- the carrying value, impairment and estimated useful lives of intangible assets (Note 5) and goodwill (Note 6);
- the recoverability of deferred tax assets (Note 7); and
- the amount and timing of revenue from contracts from customers recognized over time (Note 13).

## 3 Material Accounting Policy Information

### New accounting pronouncements adopted in 2023

The Company adopted the Amendments to IAS 1 requiring entities to disclose material, instead of significant, accounting policy information that was effective for the interim and annual consolidated financial statements commencing January 1, 2023. The adoption of this standard has not had a material impact on our financial results.

### Future accounting policy changes

For details on future accounting policy changes, refer to Note 3 to the consolidated financial statements included in our 2022 Annual Report. We are continuing to evaluate the impact of standards that are effective for future periods.

## 4 Seasonality

Registry Operations experiences moderate seasonality, primarily because Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, the second and third quarters of the fiscal year generate higher revenue, as that is when real estate activity is traditionally highest. Ontario Property Tax Assessment Services revenue earned through Reamined does not experience seasonality, as revenue is received evenly throughout the year as per the agreement with the Province of Ontario.

In Services, our Corporate Solutions and Regulatory Solutions revenue is relatively diversified and has little seasonality; instead, it fluctuates in line with the 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 experience seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Recovery Solutions revenue also does not have specific seasonality, but is counter-cyclical to our other business, in that it can perform better in poor economic conditions.

Technology Solutions does not experience seasonality; however, this segment is impacted by the timing of procurement activities largely undertaken by governments around the world.

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.



## 5 Intangible Assets

(thousands of CAD)	Internal Use Software – Acquired	Internal Use Software – Internally Developed	Business Solutions – Acquired	Business Solutions – Internally Developed	Brand, Non- Competes, Other	Contracts, Customer & Partner Relation- ships	Assets Under Develop- ment	Total
<b>Cost</b>								
Balance at January 1, 2022	\$ 26,079	\$ 78,771	\$ 2,011	\$ 6,029	\$ 1,398	\$ 65,317	\$ 2,808	\$ 182,413
Acquired assets	5,328	-	-	-	1,000	31,466	-	37,794
Additions	-	-	-	-	-	-	1,887	1,887
Disposals	-	(47)	-	-	(176)	-	-	(223)
Transfers	-	-	-	658	-	-	(658)	-
Foreign exchange adjustments	-	-	22	32	-	29	52	135
<b>Balance at December 31, 2022</b>	<b>\$ 31,407</b>	<b>\$ 78,724</b>	<b>\$ 2,033</b>	<b>\$ 6,719</b>	<b>\$ 2,222</b>	<b>\$ 96,812</b>	<b>\$ 4,089</b>	<b>\$ 222,006</b>
Additions	-	-	-	-	-	-	2,063	2,063
Disposals	(10)	-	-	-	-	-	-	(10)
Transfers	-	1,585	-	373	-	-	(1,958)	-
Foreign exchange adjustments	-	-	(11)	(16)	-	(8)	(15)	(50)
<b>Balance at June 30, 2023</b>	<b>\$ 31,397</b>	<b>\$ 80,309</b>	<b>\$ 2,022</b>	<b>\$ 7,076</b>	<b>\$ 2,222</b>	<b>\$ 96,804</b>	<b>\$ 4,179</b>	<b>\$ 224,009</b>
<b>Accumulated depreciation</b>								
Balance at January 1, 2022	\$ 19,498	\$ 77,323	\$ 1,471	\$ 3,983	\$ 663	\$ 18,408	\$ -	\$ 121,346
Amortization	2,571	413	249	561	217	7,804	-	11,815
Disposals	-	(47)	-	-	(176)	-	-	(223)
Foreign exchange adjustments	-	-	31	35	-	9	-	75
<b>Balance at December 31, 2022</b>	<b>\$ 22,069</b>	<b>\$ 77,689</b>	<b>\$ 1,751</b>	<b>\$ 4,579</b>	<b>\$ 704</b>	<b>\$ 26,221</b>	<b>\$ -</b>	<b>\$ 133,013</b>
Amortization	1,542	303	131	323	115	4,310	-	6,724
Disposals	(10)	-	-	-	-	-	-	(10)
Foreign exchange adjustments	-	-	(11)	(10)	-	(3)	-	(24)
<b>Balance at June 30, 2023</b>	<b>\$ 23,601</b>	<b>\$ 77,992</b>	<b>\$ 1,871</b>	<b>\$ 4,892</b>	<b>\$ 819</b>	<b>\$ 30,528</b>	<b>\$ -</b>	<b>\$ 139,703</b>
<b>Carrying value</b>								
At December 31, 2022	\$ 9,338	\$ 1,035	\$ 282	\$ 2,140	\$ 1,518	\$ 70,591	\$ 4,089	\$ 88,993
<b>At June 30, 2023</b>	<b>\$ 7,796</b>	<b>\$ 2,317</b>	<b>\$ 151</b>	<b>\$ 2,184</b>	<b>\$ 1,403</b>	<b>\$ 66,276</b>	<b>\$ 4,179</b>	<b>\$ 84,306</b>

## 6 Goodwill

The components of goodwill are as follows:

(thousands of CAD)	June 30, 2023	December 31, 2022
Balance, beginning of the period	\$ 101,240	\$ 77,134
Additions	-	24,063
Foreign exchange adjustment	(23)	43
<b>Balance, end of period</b>	<b>\$ 101,217</b>	<b>\$ 101,240</b>

## 7 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2022 — 27.0 per cent).

(thousands of CAD)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Current tax expense	\$ 3,308	\$ 4,115	\$ 5,713	\$ 6,529
Deferred tax expense (recovery)	(100)	513	285	947
<b>Income tax expense</b>	<b>\$ 3,208</b>	<b>\$ 4,628</b>	<b>\$ 5,998</b>	<b>\$ 7,476</b>

## 8 Share-Based Compensation Plans

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

Share-based compensation expenses are recognized in wages and salaries on the condensed consolidated statements of comprehensive income:

(thousands of CAD)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Performance share units ("PSUs")	\$ 79	\$ (3)	\$ 136	\$ 176
Share appreciation rights ("SARs")	(340)	(1,549)	(1,334)	(1,565)
Deferred share units ("DSUs")	(86)	(353)	(339)	(382)
	(347)	(1,905)	(1,537)	(1,771)
Stock options	-	5	-	(7)
<b>Share-based compensation recovery</b>	<b>\$ (347)</b>	<b>\$ (1,900)</b>	<b>\$ (1,537)</b>	<b>\$ (1,778)</b>
Market price, beginning of period	\$ 22.00	\$ 24.85	\$ 24.17	\$ 25.29
Market price, end of period	\$ 21.19	\$ 21.03	\$ 21.19	\$ 21.03

Movement in share-based compensation plans is as follows:

(number of units)	PSU's	SAR's	DSU's	Stock options
Balance at December 31, 2021	101,261	667,193	143,143	1,548,247
Granted during the year	21,978	88,410	19,603	-
Credited as a result of cash dividends paid	3,330	-	5,702	-
Redeemed or exercised during the year	(37,926)	(8,987)	(22,411)	(201,498)
Forfeited during the year	(1,708)	(21,708)	(324)	(14,732)
Balance at December 31, 2022	86,935	724,908	145,713	1,332,017
Granted during the period	-	-	-	-
Credited as a result of cash dividends paid	985	-	3,083	-
Redeemed or exercised during the period	-	-	-	-
Forfeited during the period	-	-	-	-
<b>Balance at June 30, 2023</b>	<b>87,920</b>	<b>724,908</b>	<b>148,796</b>	<b>1,332,017</b>

## 9 Debt

Details of the debt outstanding under the Credit Facility is as follows:

(thousands of CAD)	June 30, 2023	December 31, 2022
<b>Non-current</b>		
Revolving term facility – principal component	\$ 51,316	\$ 66,316
Unamortized costs	(233)	(269)
<b>Total debt</b>	<b>\$ 51,083</b>	<b>\$ 66,047</b>

Financing available under the Credit Facility commitment is as follows:

(thousands of CAD)	June 30, 2023	December 31, 2022
<b>Financing available:</b>		
Maximum available	\$ 150,000	\$ 150,000
Cash drawings – principal component	(51,316)	(66,316)
Letters of credit and other non-cash drawings	(1,740)	-
<b>Total unused and available portion of the Credit Facility</b>	<b>\$ 96,944</b>	<b>\$ 83,684</b>

During the six-month period ended June 30, 2023, the Company made voluntary prepayments totaling \$15.0 million against its revolving term facility, including \$5.0 million in the quarter ended June 30, 2023. In the comparable period last year, the Company advanced \$40.0 million to finance the acquisition of Reamined. The Company is amortizing costs of \$0.4 million attributable to modifying the Credit Facility over the life of the facility using an effective interest rate that is currently 7.80 per cent. The amount of financing expense related to these costs and recognized in the condensed consolidated statements of comprehensive income for the

three months ended June 30, 2023, totalled \$18 thousand (2022 — \$18 thousand) and for the six months ended June 30, 2023 totalled \$36 thousand (2022 — \$36 thousand).

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

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

The amount of borrowing costs capitalized during 2023 and 2022 was nil.

## 10 Earnings Per Share

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

(thousands of CAD, except number of shares and earnings per share)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	\$ 8,233	\$ 11,657	\$ 15,097	\$ 19,064
Weighted average number of shares, basic	17,701,498	17,532,866	17,701,498	17,516,524
Potential dilutive shares resulting from stock options	275,907	310,194	295,976	352,305
Weighted average number of shares, diluted	17,977,405	17,843,060	17,997,474	17,868,829
<b>Earnings per share (\$ per share)</b>				
<b>Total, basic</b>	\$ 0.47	\$ 0.66	\$ 0.85	\$ 1.09
<b>Total, diluted</b>	\$ 0.46	\$ 0.65	\$ 0.84	\$ 1.07

## 11 Share Capital

The Company's authorized share capital consists of an unlimited number of Class A Shares, one Class B Golden Share (the "Golden Share") and an unlimited number of Preferred Shares, issuable in series. The Company has 17,701,498 Class A Shares issued and outstanding, one Golden Share issued and outstanding, and no Preferred Shares issued or outstanding. Class A Shares are entitled to one vote per share. The Golden Share, held by Crown Investments Corporation of Saskatchewan on behalf of the Government of Saskatchewan, has certain voting rights and obligations including regarding the location of the head office and the sale of certain of the assets of the Company. The Golden Share has no pre-emptive, redemption, purchase or conversion rights and is not eligible to receive dividends declared by the Company. The Preferred Shares can be issuable at any time and may include voting rights.

(thousands of CAD, except number of shares)	Class A		Class B	
	Number of Shares	Share Capital	Number of Shares	Share Capital
Balance at January 1, 2022	17,500,000	\$ 19,955	1	\$ -
Stock options exercised for treasury shares	201,498	3,736	-	-
Balance at December 31, 2022	17,701,498	\$ 23,691	1	\$ -
<b>Balance at January 1, 2023</b>	<b>17,701,498</b>	<b>\$ 23,691</b>	<b>1</b>	<b>\$ -</b>
Stock options exercised for treasury shares	-	-	-	-
<b>Balance at June 30, 2023</b>	<b>17,701,498</b>	<b>\$ 23,691</b>	<b>1</b>	<b>\$ -</b>

## Dividends

The Company paid dividends to shareholders during the three months ended June 30, 2023 of \$4.1 million (2022 — \$4.1 million) and six months ended June 30, 2023 of \$8.2 million (2022 — \$8.1 million) based on a dividend rate of \$0.23 per share.

## 12 Financial Instruments and Related Risk Management

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

## Fair value of financial instruments

The carrying values of cash, trade and other receivables, accounts payable and accrued liabilities excluding share-based accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. The fair value of long-term debt approximates its carrying value, given that it is subject to terms and conditions, including variable interest rates, similar to those available to market participants. The Company has borrowings under the Credit Facility, which is managed with prime loans, short-term bankers' acceptance, letters of credit or letters of guarantee. These borrowings will bear interest at a base rate of prime plus applicable margin varying between 0.20 per cent and 1.00 per cent per annum. The Company is not exposed to significant interest rate risk because interest-bearing financial instruments are at a low level relative to total assets and equity.

## 13 Revenue

The Company derives its revenue from the transfer of goods or services at either at a point in time or over time. This is consistent with the revenue from third parties' information disclosed for each reportable segment under IFRS 8 — *Operating Segments* (see Note 14). The following table presents our third-party revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

### Segment revenue

(thousands of CAD)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Registry Operations	\$ 24,796	\$ 24,479	\$ 47,578	\$ 44,091
Services	26,072	24,894	50,793	47,617
Technology Solutions	2,420	1,493	4,029	3,310
Corporate and other	7	4	19	5
<b>Total revenue</b>	<b>\$ 53,295</b>	<b>\$ 50,870</b>	<b>\$ 102,419</b>	<b>\$ 95,023</b>

The following table presents our third-party revenue disaggregated by the timing of revenue recognition:

### Timing of revenue recognition

(thousands of CAD)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>At a point in time</b>				
Registry Operations revenue	\$ 20,129	\$ 22,248	\$ 37,994	\$ 41,170
Services revenue	25,670	24,573	49,971	46,945
Corporate and other	7	4	19	5
	<b>\$ 45,806</b>	<b>\$ 46,825</b>	<b>\$ 87,984</b>	<b>\$ 88,120</b>
<b>Over time</b>				
Registry Operations revenue	4,667	2,231	9,584	2,921
Services revenue	402	321	822	672
Technology Solutions revenue	2,420	1,493	4,029	3,310
	<b>\$ 7,489</b>	<b>\$ 4,045</b>	<b>\$ 14,435</b>	<b>\$ 6,903</b>
<b>Total revenue</b>	<b>\$ 53,295</b>	<b>\$ 50,870</b>	<b>\$ 102,419</b>	<b>\$ 95,023</b>

## 14 Segment Information

The Chief Executive Officer of the Company is the chief operating decision maker ("CODM") and regularly reviews the operations and performance by segment. Due to the evolution of the business over the last two years, the CODM now uses adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") to measure and assess each segment's performance and make decisions about the allocation of resources to the operating segments as adjusted EBITDA helps to provide a better understanding about the performance of the Company by removing the impact from share-based compensation, acquisition, integration and other costs. The CODM considers adjusted EBITDA to be a meaningful measure because it is not impacted by long-term investment and financing decisions, but rather focuses on the performance of our day-to-day operations.

ISC has three reportable segments – Registry Operations, Services, and Technology Solutions, summarized as follows:

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

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

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

## Segment results

For the three months ended June 30, 2023

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 24,796	\$ 26,072	\$ 2,420	\$ 7	\$ -	\$ 53,295
Plus: inter-segment revenue	-	-	3,658	37	(3,695)	-
<b>Total revenue</b>	<b>\$ 24,796</b>	<b>\$ 26,072</b>	<b>\$ 6,078</b>	<b>\$ 44</b>	<b>\$ (3,695)</b>	<b>\$ 53,295</b>
Total expenses including net finance expense	(13,036)	(22,953)	(6,044)	(3,516)	3,695	(41,854)
<b>Income (loss) before tax</b>	<b>11,760</b>	<b>3,119</b>	<b>34</b>	<b>(3,472)</b>	<b>-</b>	<b>11,441</b>
Net finance expense	-	-	-	889	-	889
<b>EBIT<sup>1</sup></b>	<b>11,760</b>	<b>3,119</b>	<b>34</b>	<b>(2,583)</b>	<b>-</b>	<b>12,330</b>
Depreciation and amortization	1,041	2,459	318	293	-	4,111
<b>EBITDA<sup>2</sup></b>	<b>12,801</b>	<b>5,578</b>	<b>352</b>	<b>(2,290)</b>	<b>-</b>	<b>16,441</b>
Share-based compensation recovery	(205)	(25)	(35)	(82)	-	(347)
Acquisition, integration and other costs	1,191	-	-	744	(205)	1,730
<b>Adjusted EBITDA</b>	<b>\$ 13,787</b>	<b>\$ 5,553</b>	<b>\$ 317</b>	<b>\$ (1,628)</b>	<b>\$ (205)</b>	<b>\$ 17,824</b>
<b>Additions to non-current assets, including acquisitions</b>	<b>\$ 847</b>	<b>\$ 248</b>	<b>\$ 447</b>	<b>\$ 17</b>	<b>\$ -</b>	<b>\$ 1,559</b>

For the three months ended June 30, 2022

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 24,479	\$ 24,894	\$ 1,493	\$ 4	\$ -	\$ 50,870
Plus: inter-segment revenue	-	-	2,742	36	(2,778)	-
<b>Total revenue</b>	<b>\$ 24,479</b>	<b>\$ 24,894</b>	<b>\$ 4,235</b>	<b>\$ 40</b>	<b>\$ (2,778)</b>	<b>\$ 50,870</b>
Total expenses including net finance expense	(8,616)	(22,230)	(4,328)	(2,189)	2,778	(34,585)
<b>Income (loss) before tax</b>	<b>15,863</b>	<b>2,664</b>	<b>(93)</b>	<b>(2,149)</b>	<b>-</b>	<b>16,285</b>
Net finance expense	-	-	-	666	-	666
<b>EBIT<sup>1</sup></b>	<b>15,863</b>	<b>2,664</b>	<b>(93)</b>	<b>(1,483)</b>	<b>-</b>	<b>16,951</b>
Depreciation and amortization	510	2,429	294	274	-	3,507
<b>EBITDA<sup>2</sup></b>	<b>16,373</b>	<b>5,093</b>	<b>201</b>	<b>(1,209)</b>	<b>-</b>	<b>20,458</b>
Share-based compensation recovery	(1,121)	(133)	(190)	(456)	-	(1,900)
Acquisition, integration and other costs	5	229	-	454	-	688
<b>Adjusted EBITDA</b>	<b>\$ 15,257</b>	<b>\$ 5,189</b>	<b>\$ 11</b>	<b>\$ (1,211)</b>	<b>\$ -</b>	<b>\$ 19,246</b>
<b>Additions to non-current assets, including acquisitions</b>	<b>\$ 53,547</b>	<b>\$ 316</b>	<b>\$ 247</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,110</b>

<sup>1</sup> EBIT is calculated as income before net finance expense and income tax expense.

<sup>2</sup> EBITDA is calculated as income before depreciation and amortization, net finance expense, and income tax expense.

For the six months ended June 30, 2023

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 47,578	\$ 50,793	\$ 4,029	\$ 19	\$ -	\$ 102,419
Plus: inter-segment revenue	-	-	6,384	75	(6,459)	-
<b>Total revenue</b>	<b>\$ 47,578</b>	<b>\$ 50,793</b>	<b>\$ 10,413</b>	<b>\$ 94</b>	<b>\$ (6,459)</b>	<b>\$ 102,419</b>
Total expenses including net finance expense	(25,440)	(44,120)	(11,517)	(6,706)	6,459	(81,324)
<b>Income (loss) before tax</b>	<b>22,138</b>	<b>6,673</b>	<b>(1,104)</b>	<b>(6,612)</b>	<b>-</b>	<b>21,095</b>
Net finance expense	-	-	-	1,794	-	1,794
<b>EBIT<sup>1</sup></b>	<b>22,138</b>	<b>6,673</b>	<b>(1,104)</b>	<b>(4,818)</b>	<b>-</b>	<b>22,889</b>
Depreciation and amortization	2,093	4,937	638	571	-	8,239
<b>EBITDA<sup>2</sup></b>	<b>24,231</b>	<b>11,610</b>	<b>(466)</b>	<b>(4,247)</b>	<b>-</b>	<b>31,128</b>
Share-based compensation recovery	(907)	(108)	(154)	(368)	-	(1,537)
Acquisition, integration and other costs	1,568	-	-	1,461	(280)	2,749
<b>Adjusted EBITDA</b>	<b>\$ 24,892</b>	<b>\$ 11,502</b>	<b>\$ (620)</b>	<b>\$ (3,154)</b>	<b>\$ (280)</b>	<b>\$ 32,340</b>
<b>Additions to non-current assets, including acquisitions</b>	<b>\$ 1,252</b>	<b>\$ 490</b>	<b>\$ 482</b>	<b>\$ 18</b>	<b>\$ -</b>	<b>\$ 2,242</b>

For the six months ended June 30, 2022

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 44,091	\$ 47,617	\$ 3,310	\$ 5	\$ -	\$ 95,023
Plus: inter-segment revenue	-	-	5,325	72	(5,397)	-
<b>Total revenue</b>	<b>\$ 44,091</b>	<b>\$ 47,617</b>	<b>\$ 8,635</b>	<b>\$ 77</b>	<b>\$ (5,397)</b>	<b>\$ 95,023</b>
Total expenses including net finance expense	(18,572)	(41,554)	(8,681)	(5,073)	5,397	(68,483)
<b>Income (loss) before tax</b>	<b>25,519</b>	<b>6,063</b>	<b>(46)</b>	<b>(4,996)</b>	<b>-</b>	<b>26,540</b>
Net finance expense	-	-	-	1,101	-	1,101
<b>EBIT<sup>1</sup></b>	<b>25,519</b>	<b>6,063</b>	<b>(46)</b>	<b>(3,895)</b>	<b>-</b>	<b>27,641</b>
Depreciation and amortization	765	4,750	599	538	-	6,652
<b>EBITDA<sup>2</sup></b>	<b>26,284</b>	<b>10,813</b>	<b>553</b>	<b>(3,357)</b>	<b>-</b>	<b>34,293</b>
Share-based compensation recovery	(1,049)	(124)	(178)	(427)	-	(1,778)
Acquisition, integration and other costs	5	229	-	1,083	-	1,317
<b>Adjusted EBITDA</b>	<b>\$ 25,240</b>	<b>\$ 10,918</b>	<b>\$ 375</b>	<b>\$ (2,701)</b>	<b>\$ -</b>	<b>\$ 33,832</b>
<b>Additions to non-current assets, including acquisitions</b>	<b>\$ 53,547</b>	<b>\$ 10,360</b>	<b>\$ 631</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 64,538</b>

<sup>1</sup> EBIT is calculated as income before net finance expense and income tax expense.

<sup>2</sup> EBITDA is calculated as income before depreciation and amortization, net finance expense, and income tax expense.

Inter-segment revenues are charged among segments at arm's-length rates, based on rates charged to third parties. Total consolidated revenue is attributed to customers within Ireland and Canada. For the three months ended June 30, 2023, revenue within Ireland was \$3.3 million (2022 — \$1.2 million), and the remainder was in Canada. For the six months ended June 30, 2023, revenue within Ireland was \$5.0 million (2022 — \$2.9 million), and the remainder was in Canada. No single customer represented more than 10.0 per cent of the total consolidated revenue.

## Assets and liabilities

As at June 30, 2023 (thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
<b>Assets</b>						
Total assets, excluding intangibles, goodwill and cash	\$ 24,101	\$ 17,520	\$ 4,211	\$ 13,595	\$ -	\$ 59,427
Intangibles	31,904	47,095	4,668	639	-	84,306
Goodwill	21,098	71,537	8,582	-	-	101,217
Cash	-	-	-	26,556	-	26,556
<b>Total Assets</b>	<b>\$ 77,103</b>	<b>\$ 136,152</b>	<b>\$ 17,461</b>	<b>\$ 40,790</b>	<b>\$ -</b>	<b>\$ 271,506</b>
<b>Liabilities</b>	<b>\$ 18,914</b>	<b>\$ 14,125</b>	<b>\$ 6,164</b>	<b>\$ 69,646</b>	<b>\$ -</b>	<b>\$ 108,849</b>
<b>As at December 31, 2022 (thousands of CAD)</b>						
<b>Assets</b>						
Total assets, excluding intangibles, goodwill and cash	\$ 23,667	\$ 15,838	\$ 4,408	\$ 14,829	\$ -	\$ 58,742
Intangibles	32,301	51,383	4,638	671	-	88,993
Goodwill	21,098	71,537	8,605	-	-	101,240
Cash	-	-	-	34,479	-	34,479
<b>Total Assets</b>	<b>\$ 77,066</b>	<b>\$ 138,758</b>	<b>\$ 17,651</b>	<b>\$ 49,979</b>	<b>\$ -</b>	<b>\$ 283,454</b>
<b>Liabilities</b>	<b>\$ 19,093</b>	<b>\$ 15,430</b>	<b>\$ 6,432</b>	<b>\$ 86,911</b>	<b>\$ -</b>	<b>\$ 127,866</b>

Non-current assets are held in Canada, Ireland and Luxembourg. At June 30, 2023, non-current assets held in Ireland and Luxembourg were collectively \$11.4 million (December 31, 2022 — \$11.4 million), while the remainder were held in Canada.

## 15 Net Change in Non-Cash Working Capital

The net change in non-cash working capital during the period comprised the following:

(thousands of CAD)	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Trade and other receivables	\$ (1,743)	\$ (1,951)	\$ (3,880)	\$ (5,893)
Prepaid expenses and deposits	(617)	(327)	513	(980)
Contract assets	103	771	134	(141)
Accounts payable and accrued liabilities	2,401	(1,900)	(1,526)	(1,124)
Contract liabilities	181	423	267	(111)
Other liabilities and provisions	5	(509)	(851)	(2,185)
Income taxes	997	54	540	(6,789)
<b>Net change in non-cash working capital</b>	<b>\$ 1,327</b>	<b>\$ (3,439)</b>	<b>\$ (4,803)</b>	<b>\$ (17,223)</b>

Income taxes paid, net of refunds received, for the three months ended June 30, 2023, totalled \$2.3 million (2022 — \$4.0 million) and for the six months ended June 30, 2023, totalled \$5.2 million (2022 — \$13.3 million).

## 16 Subsequent Events

### Extension Agreement and Amended and Restated Master Service Agreement

On July 5, 2023, the Company entered into an extension agreement (the “Extension Agreement”) with the Province to extend the term of its exclusive MSA (together with the Extension Agreement and certain ancillary agreements collectively, the “Agreements”) until 2053. The Agreements extend ISC’s exclusive right to manage and operate each of the Saskatchewan Land Registry, the Saskatchewan Land Surveys Directory, the Saskatchewan Corporate Registry and the Saskatchewan Personal Property Registry (collectively, the Saskatchewan Registries). Under the Agreements, ISC was granted the right to introduce and/or enhance fees on certain transactions with applicable fee adjustments that went into effect on July 29, 2023.

The MSA was also amended and restated (“Amended and Restated MSA”) to, among other things, implement certain incremental terms and conditions, the objectives of which are to enhance security features and protocols for the Saskatchewan Registries, contemplate emerging and future technology enhancements for the Saskatchewan Registries and the services provided pursuant to

the MSA, refresh and clarify governance practices and structure, adjust the registry fees chargeable by the Company, and provide flexibility for change over the life of the extended term.

The Extension Agreement outlines the consideration payable on the signing of the Agreements. The First Commitment amount of \$150.0 million (the “Upfront Payment”) was paid in July 2023. The Second Commitment amount (“the Subsequent Payments”) consists of five cash payments of \$30.0 million per year, totaling \$150.0 million, commencing in July 2024 with the final payment expected to be made in 2028. Lastly, the consideration also includes annual contingent payments to the Province to share in growth potentially payable by ISC to the Province between 2033 and 2053 if cumulative annual volume growth for certain Saskatchewan Land Registry transactions falls within a pre-determined range, calculated in any given year as follows:

- 25 per cent of any revenue associated with long-term volume growth between 0 per cent - 1 per cent
- 50 per cent of any revenue associated with long-term volume growth between 1 per cent - 3 per cent
- ISC to retain unlimited upside on any incremental volume growth in excess of 3 per cent.

Management has concluded that the Upfront and Subsequent Payments per the Extension Agreement meet the definition of an intangible asset and will be accounted for in accordance with IAS 38. The payments, and directly attributable costs, will be present valued using the Company’s cost of borrowing in accordance with IFRS 9. The contingent payments will be treated as an expense in the years conditions are met and they become payable.

## Amended and Restated Credit Facility

In connection with the Extension Agreement on July 5, 2023, the Company entered into an amended and restated credit agreement (the “Amended and Restated Credit Facility”) in connection with its secured credit facility (the “Credit Facility”) initially provided by its lenders on August 5, 2020, maturing on September 17, 2026. The aggregate amount available under the Amended and Restated Credit Facility has been increased from \$150.0 million to \$250.0 million and consists of ISC’s existing \$150.0 million revolving credit facility plus a new \$100 million revolving credit facility. In addition, ISC will maintain access to a \$100.0 million accordion option, providing the flexibility to upsize the aggregate revolving credit facility up to \$350.0 million. The Credit Facility bears interest at a base rate of prime, bankers’ acceptance, or letter of credit fee plus a margin varying between 0.20 per cent and 3.00 per cent per annum (2022 — 0.20 per cent and 2.00 per cent per annum) depending on the type of advance and the performance on certain covenants.

The Company is also required to pay a commitment fee quarterly in arrears on the unutilized portion of the Credit Facility, at a rate between 0.24 per cent and 0.60 per cent per annum (2022 — 0.24 per cent and 0.40 per cent per annum) depending on the performance on certain covenants.

The Amended and Restated Credit Facility contains financial covenants that require the Company to maintain a ratio of Consolidated Net Funded Debt to EBITDA, as defined in the agreement, of less than 4.85:1 and EBITDA, as defined in the agreement, to interest expense ratio of greater than 3:1.

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

## Dividend

On August 2, 2023, the Board declared a quarterly cash dividend of \$0.23 per Class A Share, payable on or before October 15, 2023, to shareholders of record as of September 30, 2023.