



Information in the right hands.

March 15, 2022

# Consolidated Financial Statements

For the Year Ended December 31, 2021

# 2021



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# MANAGEMENT'S RESPONSIBILITY

## Management's Report on Consolidated Financial Statements

The accompanying consolidated financial statements of Information Services Corporation were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that must, of necessity, be based on estimates and judgments. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial information appearing throughout our Management's Discussion and Analysis is consistent with these consolidated financial statements.

In discharging our responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, we maintain the necessary system of internal controls designed to ensure that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring employees, policies and procedure manuals, a corporate code of conduct, and accountability for performance within appropriate and well-defined areas of responsibility.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is composed entirely of directors who are neither officers nor employees of Information Services Corporation. This Committee reviews our consolidated financial statements and recommends them to the Board of Directors for approval. 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.

Deloitte LLP, who was appointed by the shareholders of Information Services Corporation upon the recommendation of the Audit Committee and the Board of Directors' approval, has performed an independent audit of the consolidated financial statements and that report follows. The auditor has full and unrestricted access to the Audit Committee to discuss the audit and related findings.



**Shawn B. Peters**, CPA, CA, ICD.D  
President and Chief Executive Officer



**Robert (Bob) Antochow**, CPA, CA, CMA  
Chief Financial Officer

March 15, 2022

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of

Information Services Corporation:

### Opinion

We have audited the consolidated financial statements of Information Services Corporation (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2021. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### ***Goodwill – Services Segment — Refer to Notes 3 and 10 to the financial statements***

##### *Key Audit Matter Description*

The Company's annual assessment for goodwill impairment involves the comparison of the recoverable amount of each cash generating unit ("CGU") to its carrying value. The Company determines the recoverable amount of its CGUs based on a value in use ("VIU") analysis under the income approach. The Company used the discounted cash flow method to determine the recoverable amount of the Services CGU, which required management to make significant estimates and assumptions related to revenue forecasts, related party costs, direct employee costs, corporate cost allocations, perpetual growth rates and discount rates. The estimates and assumptions are highly sensitive to changes in customer demand and changes in the assumptions could have a significant impact on the recoverable amount, the amount of any goodwill impairment charge, or both. The recoverable amount of the Services CGU exceeded its carrying value as of the measurement date and no impairment was recognized.

While there are several estimates and assumptions that are required to determine the recoverable amount of the Services CGU, the estimates and assumptions with the highest degree of subjectivity are revenue forecasts, perpetual growth rate and the selection of the discount rate. This required a high degree of auditor judgment and an increased extent of effort, including the involvement of fair value specialists.

### *How the Key Audit Matter Was Addressed in the Audit*

Our audit procedures related to the revenue forecasts, perpetual growth rate and the selection of the discount rate used to determine the recoverable amount for the Services CGU included the following, among others:

- Evaluated management's ability to accurately forecast by comparing management's historical forecasts to actual results.
- Evaluated the reasonableness of management's revenue forecasts by comparing to (1) historical results, (2) internal communications to management and the Board of Directors, and (3) forecasted information included in Company press releases, analyst and industry reports.
- With the assistance of fair value specialists:
  - Evaluated the selection of the perpetual growth rate by comparing management's selected perpetual growth rate to forecasted inflationary and economic growth applicable to Canada.
  - Evaluated the selection of the discount rate by testing the source information underlying the determination of the discount rate and developing a range of independent discount rates and comparing to the discount rate selected by management.

### **Other Information**

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brian Ralofsky.

*Deloitte LLP*

Chartered Professional Accountants  
Regina, Saskatchewan  
March 15, 2022

## Consolidated Statements of Financial Position

As at

(thousands of CAD)	Note	December 31, 2021	December 31, 2020 (restated*)	January 1, 2020 (restated*)
<b>Assets</b>				
Current assets				
Cash		\$ 40,104	\$ 33,946	\$ 23,731
Short-term investments		36	52	475
Trade and other receivables	4	12,771	17,031	12,648
Contract assets	5	866	1,053	1,623
Income tax recoverable		8	476	1,736
Prepaid expenses and deposits		2,662	2,825	2,120
Total current assets		56,447	55,383	42,333
Non-current assets				
Property, plant and equipment	7	1,351	2,160	2,998
Right-of-use assets	8	7,861	7,580	9,668
Intangible assets	9	61,067	69,954	40,011
Goodwill	10	77,134	77,455	45,529
Deferred tax asset	14	28,638	28,845	30,175
Total non-current assets		176,051	185,994	128,381
<b>Total assets</b>		<b>\$ 232,498</b>	<b>\$ 241,377</b>	<b>\$ 170,714</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	11	\$ 26,482	\$ 21,944	\$ 18,096
Contract liabilities	12	1,488	2,024	1,436
Lease obligations – current portion	13	1,847	1,996	1,845
Income tax payable	14	7,008	1,179	810
Long-term debt – current portion	16	-	-	2,000
Provisions		80	146	468
Total current liabilities		36,905	27,289	24,665
Non-current liabilities				
Lease obligations	13	7,186	6,856	8,967
Deferred tax liability	14	6,181	7,695	7,543
Long-term debt	16	40,975	76,316	16,000
Other liabilities	15	3,546	2,096	173
Total non-current liabilities		57,888	92,963	32,683
<b>Shareholders' equity</b>				
Share capital	19	19,955	19,955	19,955
Equity settled employee benefit reserve	15	2,464	2,376	2,153
Accumulated other comprehensive (loss) income		(355)	706	5
Retained earnings		115,641	98,088	91,263
Total shareholders' equity		137,705	121,125	113,376
<b>Total liabilities and shareholders' equity</b>		<b>\$ 232,498</b>	<b>\$ 241,377</b>	<b>\$ 170,714</b>

\*See Note 2

See Note 28 for Commitments and Contingencies

See accompanying Notes

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 15, 2022:


Joel Teal  
Director

Tony Guglielmin  
Director

## Consolidated Statements of Comprehensive Income

(thousands of CAD)	Note	Year Ended December 31,	
		2021	2020 (restated*)
Revenue	21	\$ 169,379	\$ 136,723
Expenses			
Wages and salaries	27	48,757	41,708
Cost of goods sold		40,359	31,271
Depreciation and amortization	7, 8, 9	13,778	12,724
Information technology services		7,992	7,896
Occupancy costs		3,430	3,004
Professional and consulting services		3,872	5,461
Financial services		3,044	2,654
Other		1,393	1,337
Total expenses		122,625	106,055
Net income before items noted below		46,754	30,668
Finance income (expense)			
Interest income		140	172
Interest expense		(2,813)	(2,217)
Net finance (expense)		(2,673)	(2,045)
Income before tax		44,081	28,623
Income tax expense	14	(12,003)	(7,798)
<b>Net income</b>		<b>\$ 32,078</b>	<b>\$ 20,825</b>
<b>Other comprehensive (loss) income</b>			
Items that may be subsequently reclassified to net income			
Unrealized (loss) gain on translation of financial statements of foreign operations		(1,048)	732
Change in fair value of marketable securities, net of tax		(13)	(31)
Other comprehensive (loss) income		(1,061)	701
<b>Total comprehensive income</b>		<b>\$ 31,017</b>	<b>\$ 21,526</b>
<b>Earnings per share (\$ per share)</b>			
<b>Total, basic</b>	18	<b>\$ 1.83</b>	<b>\$ 1.19</b>
<b>Total, diluted</b>	18	<b>\$ 1.78</b>	<b>\$ 1.18</b>

\*See Note 2

See accompanying Notes

## Consolidated Statements of Changes in Equity

(thousands of CAD)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive Income	Equity Reserve	Total
Balance at January 1, 2020 as audited		\$ 92,128	\$ 19,955	\$ 5	\$ 2,153	\$ 114,241
IFRIC adjustment*	2	(865)	-	-	-	(865)
Restated balance at January 1, 2020		91,263	19,955	5	2,153	113,376
Restated net income for the period		20,825	-	-	-	20,825
Other comprehensive income		-	-	701	-	701
Stock option expense	15	-	-	-	223	223
Dividend declared		(14,000)	-	-	-	(14,000)
Restated balance at December 31, 2020		\$ 98,088	\$ 19,955	\$ 706	\$ 2,376	\$ 121,125
Balance at January 1, 2021		\$ 98,088	\$ 19,955	\$ 706	\$ 2,376	\$ 121,125
Net income		<b>32,078</b>	-	-	-	<b>32,078</b>
Other comprehensive (loss)		-	-	<b>(1,061)</b>	-	<b>(1,061)</b>
Stock option expense	15	-	-	-	<b>88</b>	<b>88</b>
Dividend declared		<b>(14,525)</b>	-	-	-	<b>(14,525)</b>
<b>Balance at December 31, 2021</b>		<b>\$ 115,641</b>	<b>\$ 19,955</b>	<b>\$ (355)</b>	<b>\$ 2,464</b>	<b>\$ 137,705</b>

\*See Note 2

See accompanying Notes

## Consolidated Statements of Cash Flows

		Year Ended December 31,	
(thousands of CAD)	Note	2021	2020 (restated*)
<b>Operating</b>			
Net income		\$ 32,078	\$ 20,825
Add: Charges not affecting cash			
Depreciation	7, 8	2,728	2,888
Amortization	9	11,050	9,836
Foreign exchange (gain) loss		(21)	325
Deferred tax expense recognized in net income		(1,298)	1,483
Service concession arrangements	21	(269)	(249)
Right-of-use asset modifications loss		-	73
(Gain) loss on disposal of property, plant and equipment		(2)	9
Net finance expense		2,673	2,045
Stock option expense	15	88	223
Net change in non-cash working capital	26	14,185	3,521
<b>Net cash flow provided by operating activities</b>		<b>61,212</b>	<b>40,979</b>
<b>Investing</b>			
Interest received		140	172
Cash received on disposal of property, plant and equipment		2	2
Short-term investments		-	395
Additions to property, plant and equipment		(10)	(63)
Additions to intangible assets		(2,217)	(1,160)
Acquisition through business combination	25	-	(70,161)
Recovery on acquisition post-closing adjustments	4	1,719	-
<b>Net cash flow used in investing activities</b>		<b>(366)</b>	<b>(70,815)</b>
<b>Financing</b>			
Interest paid		(2,547)	(1,365)
Interest paid on lease obligations	13	(354)	(425)
Principal repayments on lease obligations	13	(2,014)	(1,920)
Repayment of long-term debt	16	(35,000)	(68,000)
Financing fees	16	(359)	(362)
Proceeds of long-term debt	16	-	126,316
Repayment of operating loan	17	-	(9,816)
Proceeds of operating loan	17	-	9,816
Dividend paid		(14,000)	(14,000)
<b>Net cash flow (used in) provided by financing activities</b>		<b>(54,274)</b>	<b>40,244</b>
Effects of exchange rate changes on cash held in foreign currencies		(414)	(193)
Increase in cash		6,158	10,215
Cash, beginning of year		33,946	23,731
<b>Cash, end of year</b>		<b>\$ 40,104</b>	<b>\$ 33,946</b>

\*See Note 2

See accompanying Notes

# Notes to the Consolidated 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 Regina, Saskatoon, Vernon, Toronto and an international office located in Dublin, Ireland. ISC’s head office is located in Regina. The Company has three reportable segments: Registry Operations, Services and Technology Solutions. A functional summary of these segments is as follows:

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

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

As at December 31, 2021, ISC’s principal revenue-generating segments were Registry Operations and Services.

## 2 Basis of Presentation

### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IAS Board”).

The Company’s Board of Directors (the “Board”) authorized the consolidated financial statements for the year ended December 31, 2021, for issue on March 15, 2022.

### Basis of measurement

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 – *Share-based Payment* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in International Accounting Standards (“IAS”) 2 — *Inventories* or value in use in IAS 36 — *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## Functional and presentation currency

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

## Basis of consolidation

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

## Use of estimates and judgments

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

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

Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment (Note 7);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 9) and goodwill (Note 10);
- the recoverability of deferred tax assets (Note 14); and
- the amount and timing of revenue from contracts from customers recognized over time with milestones (Note 21).

The relevant accounting policies in Note 3 contain further details on the use of these estimates and assumptions.

## Changes in accounting policies

The Company has adopted the following new accounting pronouncements or policies and revised standards, along with any consequential amendments, effective January 1, 2021, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions.

### Accounting for configuration and customization costs related to implementing SaaS arrangements

During the year, the Company revised its accounting policy in relation to configuration and customization costs incurred in implementing Software-as-a-service (“SaaS”) arrangements in response to the International Financial Reporting Interpretations Committee (“IFRIC”) agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The Company’s accounting policy has historically been to capitalize costs related to the configuration and customization of SaaS arrangements as intangible assets in the consolidated statements of financial position. Following the issuance of this new IFRIC agenda decision, current SaaS arrangements were identified and assessed to determine if the Company has control of the software. For those arrangements where control does not exist, the Company derecognized the intangible previously capitalized. Adjustments were identified related to the capitalization of financial system implementation costs incurred in 2019 through 2021.

The adoption of the above agenda decision has resulted in recognition of costs to configure SaaS arrangements as a before-tax expense of \$60 thousand in the consolidated statements of comprehensive income in the current year.

In addition to the impacts noted below to the consolidated statements of income and financial position, on the consolidated statements of cash flows for the year ended December 31, 2020, additions to intangible assets were reduced by \$220 thousand offset by a reduction in net income of \$58 thousand, reduction in amortization of \$141 thousand and deferred tax expense recognized in net income of \$21 thousand. As a result of this adjustment, there is no impact on earnings per share at the end of December 31, 2021 and 2020.

### Reconciliation of consolidated statements of income for the year ended December 31, 2020

Below is the effect of transition of the adoption of the IFRIC agenda decision item on our consolidated statements of income for the year ended December 31, 2020.

(thousands of CAD, unaudited)	2020 (as reported)	IFRIC Adjustment	2020 Restated
<b>Revenue</b>	\$ 136,723	\$ -	\$ 136,723
Wages and salaries	40,165	31	40,196
Depreciation and amortization	12,865	(141)	12,724
Professional and consulting services	6,784	189	6,973
Total other expense excluding the above	46,162	-	46,162
<b>Total expenses</b>	105,976	79	106,055
Net income before items noted below	30,747	(79)	30,668
Net finance (expense)	(2,045)	-	(2,045)
<b>Income before tax</b>	28,702	(79)	28,623
Income tax expense	(7,819)	21	(7,798)
<b>Net income</b>	\$ 20,883	\$ (58)	\$ 20,825

### Reconciliation of consolidated statements of financial position as at January 1, 2020 and December 31, 2020

Below is the effect of transition of the adoption of the IFRIC agenda decision item on our consolidated statements of financial position as at January 1, 2020 and December 31, 2020.

(thousands of CAD, unaudited)	As at January 1, 2020			As at December 31, 2020		
	As Previously Reported	IFRIC Adjustment	Restated	As Previously Reported	IFRIC Adjustment	Restated
<b>Assets</b>						
Intangible assets	\$ 41,196	\$ (1,185)	\$ 40,011	\$ 71,218	\$ (1,264)	\$ 69,954
Deferred tax asset	29,855	320	30,175	28,504	341	28,845
Other current and non-current assets	100,528	-	100,528	142,578	-	142,578
<b>Total assets</b>	\$ 171,579	\$ (865)	\$ 170,714	\$ 242,300	\$ (923)	\$ 241,377
<b>Liabilities</b>						
Total current and non-current liabilities	\$ 57,338	\$ -	\$ 57,338	\$ 120,252	\$ -	\$ 120,252
<b>Shareholders' equity</b>						
Share capital	19,955	-	19,955	19,955	-	19,955
Equity settled employee benefit reserve	2,153	-	2,153	2,376	-	2,376
Accumulated other comprehensive income	5	-	5	706	-	706
Retained earnings	92,128	(865)	91,263	99,011	(923)	98,088
Total shareholders' equity	114,241	(865)	113,376	122,048	(923)	121,125
<b>Total liabilities and shareholders' equity</b>	\$ 171,579	\$ (865)	\$ 170,714	\$ 242,300	\$ (923)	\$ 241,377

## Reclassifications

On January 1, 2021, the Company changed the presentation of board compensation costs, including certain share-based compensation expenses related to the deferred shared units (“DSUs”) on the consolidated statements of comprehensive income to reflect them in wages and salaries expense instead of professional and consulting services. With this change, all share-based compensation, including DSUs, performance share units (“PSUs”), share appreciation rights (“SARs”) and stock options, is reflected in wages and salaries on the consolidated statements of comprehensive income. Management believes the revised presentation provides more relevant information to users. The impacts of the reclassification on the comparative 2020 results are as follows:

(thousands of CAD)	Year Ended December 31,		
	2020 (restated*)	Reclassification	2020 (as reclassified)
Wages and salaries	\$ 40,196	\$ 1,512	\$ 41,708
Professional and consulting services	6,973	(1,512)	5,461
All other expenses in total expenses	58,886	-	58,886
<b>Total expenses</b>	<b>\$ 106,055</b>	<b>\$ -</b>	<b>\$ 106,055</b>

\*See table called “Reconciliation of consolidated statements of income for the year ended December 31, 2020” on the previous page.

These reclassifications have no impact on net income or earnings per share.

## 3 Summary of Significant Accounting Policies

### Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and any provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-developed assets includes materials, services, direct labour and directly attributable overhead. Interest costs associated with major capital and development projects are capitalized during the development period. Depreciation of assets under development will commence once they are operational and available for use.

The costs of maintenance, repairs, renewals or replacements that do not extend the productive life of an asset are charged to operations when incurred. The costs of replacements and improvements that extend the productive life are capitalized.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is recorded on property, plant and equipment on the straight-line basis, which is the cost of the asset less its residual value over the estimated productive life of each asset. The useful life of each asset is as follows:

Leasehold improvements	Shorter of lease term or period of usefulness
Office furniture	2–10 years
Office equipment	2–10 years
Hardware	3–4 years

The estimated useful life and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Gains or losses arising from the disposition or retirement of an item of property, plant and equipment are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income.

## Intangible assets

Intangible assets consist of acquired and internally developed internal-use software and business solutions. It also includes externally acquired customer contracts, customer and partner relationships, brand, non-competes, other intangible assets, and assets under development.

### Intangible assets acquired

Internal-use software and business solutions acquired are carried at cost less accumulated amortization and any accumulated impairment losses. Internal-use software, business solutions, customer and partner relationships, brand, non-competes, and other intangible assets acquired through business combinations are initially recorded at their fair values based on the present value of expected future cash flows, which involves estimates about the future cash flows and discount rates.

### Internally generated intangible assets

Research expenditures are expensed while expenditures for internal-use software developed internally, and business solutions developed internally and marketed externally are capitalized only when they meet the recognition criteria for internally generated intangible assets as provided under IFRS. An internally generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria. If no internally generated intangible asset can be recognized, development expenditures are charged to operations in the period in which they are incurred. Subsequent to initial recognition, an internally generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as an intangible asset acquired separately.

### Amortization of intangible assets

Amortization is recorded on intangible assets using the straight-line method over the corresponding estimated useful life of the applicable assets. The estimated useful life and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Gains or losses arising from the derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income.

Internal-use software	3–15 years
Business solutions	3–7 years
Contracts	Term of contract
Customer and partner relationships	5–15 years
Brand, non-competes and other	1–15 years
Assets under development	N/A (not ready for use)

## Impairment of tangible and intangible assets

At each statement of financial position date, ISC reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable

amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, ISC estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Intangible assets not yet available for use are tested for impairment annually in December and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

## Goodwill

Goodwill arising on the acquisition of a business represents the excess of the purchase price over the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

## Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to the CGUs expected to benefit from the synergies of the combination. CGUs are tested for impairment annually or more frequently if events indicate that the units may be impaired. The Company's reporting segments that correspond to the CGUs for impairment testing are disclosed in Note 10.

When the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU on a pro-rata basis. An impairment loss recognized for goodwill is not reversed in a subsequent year. The Company performs its annual review of goodwill in December each year.

## Business acquisition

Business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated at the date of acquisition as the sum of the fair values of the assets transferred by the Company and the liabilities incurred by the Company to the former owners of the acquiree in exchange for the control of the acquiree. Acquisition costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair values, except the deferred tax assets and liabilities, which are recognized and measured in accordance with IAS 12 — *Income Taxes*.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, if applicable, over the net of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as a measurement period adjustment depends on how the contingent consideration is classified. Contingent consideration classified as equity is not measured at subsequent reporting dates, and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 — *Financial Instruments*, or IAS 37 — *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss recognized in net earnings or loss.

## Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease obligation for all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease obligation are comprised of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise and lease payments in an optional renewal period if the Company is reasonably certain not to terminate early; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease obligation is presented in the consolidated statements of financial position with current and long-term classifications.

The lease obligation is subsequently measured by increasing the carrying amount to reflect the interest on the lease obligation (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease obligation (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease obligation is remeasured by discounting the revised lease payments using a revised discount rate
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease obligation is remeasured by discounting the revised lease payment using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease obligation is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets comprise the initial measurement of the corresponding lease obligation, and lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located, or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statements of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property, Plant and Equipment” policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease obligation and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “occupancy costs” in the consolidated statements of comprehensive income.

As a practical expedient, IFRS 16 — *Leases* permits a lessee not to separate non-lease components and, instead, account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components at amortized cost using the effective interest method.

## Revenue

The Company recognizes revenue either at a point in time or over time as determined by an analysis of the terms and performance conditions of each individual customer contract on a contract-by-contract basis. The individual contract terms determine whether, when, and the amount of the revenue recognized.

The Company considers and assesses enforceability, collectability, contract combinations and modifications as part of the revenue recognition process.

The revenue recognition policies associated with each of the Company’s revenue streams are as follows:

### Registry Operations revenue

Our Registry Operations segment delivers registry services to governments and private sector organizations. Our revenue is generated by providing registry and information services to end-users on behalf of the Province of Saskatchewan under the MSA. The majority of revenue is generated by earning fees from end-use customers through registrations, searches, maintenance transactions and value-added services.

The majority of the associated transaction fees are based on a flat price per transaction or a percentage of the transaction value (ad valorem), or stand-alone selling price for each distinct service that is recognized at a point in time. There is a smaller amount of fees generated under the MSA related to programs and other registries whereby the Company earns an annual operating fee or hosting and management fees versus revenue per transaction. Revenue from annual operating fees and hosting and management contracts is recognized over time on a monthly basis.

A smaller portion of revenue in the Saskatchewan Land Registry is from value-added services and relates to our Geomatics business. Geomatics revenue is contract dependent, based on the distinct goods or service promised to the customer, and is either recognized at a point in time or over time for support and maintenance contracts.

Amounts received from customers in advance of the satisfaction of our performance obligations are recorded as “contract liabilities” on our consolidated statements of financial position. Amounts in “contract liabilities” are recognized as revenue as we render services to our customers.

## Services revenue

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

The Company categorizes its Services revenue into three categories, namely Corporate Solutions, Regulatory Solutions, and Recovery Solutions.

Corporate Solutions captures revenue from nationwide search, business name registration and corporate filing services sold to legal professionals or the general public directly or indirectly through our government relationships. It also captures revenue from our corporate supplies business. Revenue for Corporate Solutions is recognized at a point in time when services are rendered, or goods are delivered.

Regulatory Solutions captures revenue from our Know-Your-Customer, collateral management and general due diligence service offerings. We use our proprietary platform to assist clients with intuitive business rules and advanced automation to deliver regulatory services to support their credit/banking and legal processes. Revenue for Financial Support Services is recognized at a point in time when services are rendered.

Recovery Solutions offers a fully managed service across Canada and the United States, which aids in facilitating and co-ordinating asset recovery on behalf of our clients. Asset recovery involves the identification, retrieval and disposal of movable assets such as automobiles, boats, aircraft and other forms of portable physical assets used as collateral security for primarily consumer-focused credit transactions. Recovery Solutions revenue in our Services segment includes administration fees and commissions earned by the provision of asset recovery services. Administration fee revenue is earned over time throughout the management of each asset recovery file, however, commissions and other revenue is earned at a point in time when services are delivered. In the case of commissions, they are not recognized until any variable component can be determined with sufficient certainty such that a significant reversal in the amount recognized will not occur.

Much of our Services revenue involves interacting with government registries to access public records to provide services to our customers. For this access, our Services segment usually pays a fee to the government. Where we provide simple searches to our customers, government fees are not included in our revenue (record government fees on a net basis) as they are passed through to our customers. Where our services include a number of collateral management services, government fees are a key input to these services and are recorded in revenue (record government fees on a gross basis) as well as cost of goods sold.

## Technology Solutions revenue

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 related to the technology platform;
- provision of technology solution definition and implementation services; and
- provision of monthly hosting, support and maintenance services.

Licensing revenue is determined by assessing each individual contract to determine whether the licence obligation is distinct from the other performance obligations within the contract. The Company may have various types of licence obligations depending on the contract:

- If the licence obligation is distinct, the Company determines if the licence should be recognized at a point in time ("right to use") or over time ("right to access") throughout the licence period.
  - For contracts that provide the customer with a right to use the Company's intellectual property ("IP") at a point in time, licence revenue is recognized once the technology is available for use and the control over the right to use the IP is transferred to the customer.
  - For contracts that provide the customer with a right to access the Company's IP over time, licence revenue is recognized over the licence period.

- For those contracts where the licence obligation is determined not to be distinct from other performance obligations, the licence revenue is allocated to the associated performance obligations and recognized upon achievement of performance applicable to those obligations.

The Company is currently allocating the majority of its licence revenue along with the associated performance obligations and recognizing it upon achievement of performance applicable to those obligations.

Revenue associated with solution definition and implementation services is recognized either at a point in time or over time depending on the terms of the contract and the performance obligations therein. Most prevalent are contracts where the revenue is recognized over a period of time. The Company has an enforceable right to payment for service work done and revenue is recognized over time using either a milestone-based approach or an estimate of the proportion of costs incurred for work performed to date, relative to the total estimated cost of completing the performance obligations of the contract. Contract terms determine which method is more appropriate.

Hosting, support and maintenance revenue is recognized according to the delivery of the performance obligations in the contract and the stand-alone selling price allocated to the obligations. These services may be provided through either fixed-price, deliverable-based contracts or fee-for-service contracts. Hosting contracts generally result in linear monthly revenue recognition over the term of the contract. Service revenue from fixed-price contracts to provide services is recognized by reference to the stage of completion as defined in the contract when the outcome of the contract can be estimated reliably. Service revenue from time and material contracts is recognized at the contractual rates as labour hours are delivered, and direct expenses are incurred.

Amounts received from customers in advance of the satisfaction of our performance obligations are recorded as “contract liabilities” on our consolidated statements of financial position. Amounts in “contract liabilities” are recognized into revenue as we render services or achieve performance milestones. Costs the Company incurs related to the fulfilment of a contract, but prior to reaching a performance milestone are recorded as a “contract asset” on the consolidated statements of financial position. Once the milestone is achieved, these costs are recorded in the consolidated statements of comprehensive income.

## Service concession arrangements

Service concession arrangements are contracts between the Company and government entities and can involve the design, build, finance, operation, and maintenance of public infrastructure in which the government entity controls:

- the services provided by the Company under the concession arrangement; and
- a significant residual interest in the infrastructure.

The Company recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for the usage of the concession infrastructure. The intangible asset is measured at fair value upon initial recognition and is then amortized over its expected useful life. Amortization commences when the infrastructure is available for use. Revenue related to construction or upgrade services under a concession arrangement is recognized based on the stage of completion of the work performed.

## Government grants

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions on which they are based and that the grants will be received. These grants are recognized as a reduction to the associated expenses in the consolidated statements of comprehensive income on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the assistance is intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognized in the consolidated statements of comprehensive income in the period the grant becomes receivable. Any grants that have been received but are not yet eligible for recognition in the consolidated statements of comprehensive income are reflected as contract liabilities in the consolidated statements of financial position.

## Employee benefits

The Company provides pension plans for all eligible employees.

Saskatchewan employees make contributions to the Public Employees Pension Plan, a defined contribution plan. The Company's obligations are limited to making regular payments to the plan for current services. These contributions are expensed.

ESC and ERS employees have an option to make contributions to a defined contribution plan. The Company's obligations are limited to matching employee contributions up to a maximum of 5.0 per cent of salary. These contributions are expensed.

## Financial instruments

### *Financial assets*

The Company's financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or amortized cost. The Company determines the classification of financial assets at initial recognition.

#### (i) Financial Assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in profit or loss in the period in which they arise. The Company does not have any assets classified as FVTPL.

#### (ii) Financial Assets at FVTOCI – Equity investments

Financial assets carried at FVTOCI are initially recorded at fair value plus transaction costs with all subsequent changes in fair value recognized in other comprehensive income (loss). For investments in equity instruments that are not held for trading, the Company can make an irrevocable election (on an instrument-by-instrument basis) at initial recognition to classify them as FVTOCI. On the disposal of the investment, the cumulative change in fair value remains in other comprehensive income (loss) and is not recycled to profit or loss.

#### (iii) Financial Assets at amortized cost ("AC")

Financial assets are classified at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the assets' contractual cash flows are comprised solely of payments of principal and interest. The Company's cash, short-term investments (GICs) and trade and other receivables are recorded at amortized cost as they meet the required criteria.

### *Financial liabilities*

The Company's financial liabilities are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company's financial liabilities include accounts payable and accrued liabilities excluding share-based accrued liabilities and long-term debt which are classified at amortized cost.

Below is a summary showing the classification and measurement bases of our financial instruments.

Financial Instrument	IFRS 9	
	Classification	Measurement
<b>Assets</b>		
Cash	AC	AC
Short-term investments (GICs)	AC	AC
Short-term investments – marketable securities	FVTOCI	FVTOCI
Trade and other receivables	AC	AC
<b>Liabilities</b>		
Accounts payable and accrued liabilities excluding share-based accrued liabilities	AC	Amortized cost using effective interest rate method
Long-term debt	AC	Amortized cost using effective interest rate method

### Impairment of financial assets

The Company recognizes lifetime expected credit losses (“ECL”) for trade and other receivables. The expected credit losses on these financial assets are estimated based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Company’s credit losses are historically low as most customers with credit are governments, banking institutions, and legal firms with strong credit.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

### Borrowing costs

Borrowing costs directly attributable to the purchase, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 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 promote a greater alignment of interests between its directors, management and shareholders.

A long-term incentive plan utilizing PSUs and SARs was approved by the Board on May 15, 2020, which is described in Note 15.

PSUs are cash-settled share-based units that are contingent on the Company achieving specified performance criteria. A performance factor adjustment is made if there is an over-achievement (or under-achievement) of specified performance criteria, resulting in additional (or fewer) PSUs being converted. The Company has recognized an obligation at an estimated amount based on the arithmetic average of the closing prices per share on the TSX on the five days immediately preceding the grant date, which is recorded in other long-term liabilities. Compensation expense is recognized in proportion to the number of PSUs vested. At the end of each reporting period, the estimates are reassessed based on the fair value of the PSUs as of the reporting period. Any change in estimate is recognized as a liability and an expense at the end of the reporting period.

SARs are also cash-settled share-based units. The Black-Scholes methodology is used to value each SAR grant when awarded. The inputs used in this valuation are described below. At the end of each reporting period, the market value of the Company's Class A Shares at the reporting date in excess of the SAR value multiplied by the number of SARs vested is recognized as an obligation in other long-term liabilities, and the offsetting amount is recorded in compensation expense.

The Company also has a DSU plan and a stock option plan, each of which is described in Note 15.

The Company has recognized an obligation at an estimated amount based on the fair value of the DSUs as of the grant date using the market value of the Company's Class A Shares on the TSX. At the end of each reporting period, the estimates are reassessed based on the fair value of the DSUs at the end of the reporting period. Compensation expense is recognized in proportion to the number of DSUs vested. The DSUs can be settled in cash or shares purchased from the open market by a broker. As a result, at the end of each reporting period, the estimates are reassessed based on the fair value of the DSUs with any change in estimate recognized in the obligation and expense.

The Company has recognized an obligation at an estimated amount based on the fair value of the stock options as of the grant date using the Black-Scholes option-pricing model. The share-based compensation expense is recognized in proportion to the number of stock options vested. This expense for the reporting period also represents the total carrying amount of the equity settled employee benefit reserve arising from these stock options. It is anticipated that no new stock options will be awarded in the near term. The existing stock options will remain outstanding until exercised, expired or terminated.

The Company has used the following variables as inputs in the Black-Scholes methodology for the valuation of the SARs and the stock options. The inputs are subject to review as applicable.

- Option term: the maximum duration before expiry
- Risk-free rate: estimated based on 10-year Canada bond rate
- Dividend yield: based on ISC's three-year average annual yield rate
- Equity volatility: based on ISC's three-year standard deviation of Total Shareholder Return

## Foreign currency

The individual financial statements of each subsidiary entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each subsidiary entity are presented in Canadian dollars, which is the functional currency of the parent company and the presentation currency for the financial statements.

In preparing the individual subsidiaries' financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting

period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Exchange differences are recognized in earnings in the period in which they arise. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign currency gains and losses are recognized in other comprehensive income. The relevant amount in the cumulative foreign currency translation adjustment is reclassified into earnings upon disposition or partial disposition of a foreign operation and attributed to non-controlling interests as appropriate.

## Recent accounting pronouncements

The IAS Board and IFRIC issued the following new standards and amendments to standards and interpretations, which become effective for future periods.

Proposed Standard	Description	Effective Date
Amendments to IAS 37 – <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	<p>The amendments specify that the 'cost of fulfilling' a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p> <p>The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p> <p>The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted. The Company does not have any onerous contracts as of December 31, 2021, and as a result will not have an adjustment to equity associated with adoption of this standard on January 1, 2022.</p>	January 1, 2022
Amendments to IFRS 3 – <i>Reference to the Conceptual Framework</i>	<p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 – <i>Levies</i>, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p> <p>Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.</p> <p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p> <p>This change will impact the analysis of business combinations. The amendment is prospective, and the Company will apply it to transactions after the effective date of January 1, 2022.</p>	January 1, 2022

Amendments to IAS 1 – <i>Classification of Liabilities as Current or Non-current</i>	<p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment is currently being assessed by the Company to determine the impact.</p>	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2 – <i>Disclosure of Accounting Policy Information</i>	<p>The amendments to IAS 1 – <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2 – <i>Making Material Judgements</i> require that an entity discloses its material accounting policies, instead of its significant accounting policies.</p> <p>The amendment is effective for annual periods beginning on or after January 1, 2023. This change will impact disclosures in Note 2 to the Notes to the Consolidated Financial Statements.</p>	January 1, 2023
Amendments to IAS 8 – <i>Definition of Accounting Estimates</i>	<p>The amendments introduce a definition of accounting estimates and are intended to help entities distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. This distinction is important because changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively.</p> <p>The amendment is effective for annual periods beginning on or after January 1, 2023. This amendment is currently being assessed by the Company to determine the impact.</p>	January 1, 2023
Amendments to IAS 12 – <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	<p>The amendments narrow the scope of the initial recognition exemption to clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.</p> <p>The amendment is effective for annual periods beginning on or after January 1, 2023. This amendment is currently being assessed by the Company to determine the impact.</p>	January 1, 2023

## 4 Trade and Other Receivables

The components of trade and other receivables are as follows:

(thousands of CAD)	December 31, 2021	December 31, 2020
Trade receivables	\$ 12,679	\$ 14,247
Consideration due from vendor <sup>1</sup>	-	1,919
Government grants receivable <sup>2</sup>	-	525
GST/HST/VAT receivables	61	284
Other	31	56
<b>Total trade and other receivables</b>	<b>\$ 12,771</b>	<b>\$ 17,031</b>

<sup>1</sup> During the second quarter of 2021, working capital of \$1.7 million related to the Paragon acquisition was settled (see Note 25).

<sup>2</sup> See Note 27

## 5 Contract Assets

The components of contract assets are as follows:

(thousands of CAD)	December 31, 2021	December 31, 2020
Unbilled revenue	\$ 724	\$ 349
Contract fulfilment costs	142	704
<b>Total contract assets</b>	<b>\$ 866</b>	<b>\$ 1,053</b>

Unbilled revenue represents the aggregate asset value on the consolidated statements of financial position of all instances where revenue has been recognized but not yet invoiced to the customer. Contract assets in this category are reclassified to trade receivables when the customer is invoiced.

Contract fulfilment costs are costs the Company incurs related to the fulfilment of performance obligations in contracts where revenue is recognized over time, but prior to reaching a performance milestone. Once the milestone is achieved, these costs, along with the associated revenue, are recorded in the consolidated statements of comprehensive income.

The Company does not have any contract acquisition costs at the end of the reporting period and did not recognize any amortization of contract acquisition costs during the year (2020 — nil).

During the year, the Company recognized an impairment loss of \$0.3 million on unbilled revenue related to a customer contract (2020 — nil). The impairment is included in financial services in the consolidated statements of comprehensive income.

## 6 Seasonality

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. In our Services segment, our Corporate Solutions and Regulatory Solutions revenue is reasonably 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 experiences seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Our Recovery Solutions revenue also does not have specific seasonality but is countercyclical to our other business, in that it can perform better in poor economic conditions. The Company has observed that its historical pattern of seasonality in Registry Operations, and to some degree in Services, has been impacted due to the COVID-19 pandemic. Although the current year trends would support historical patterns, at this time, we are uncertain if or when seasonality will return to historical patterns. Our Technology Solutions segment does not experience seasonality but does fluctuate due to the timing of project-related revenue. The balance of our corporate activities and shared services functions, reported under Corporate and other, 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.

## 7 Property, Plant and Equipment

(thousands of CAD)	Leasehold Improvements	Office Furniture	Office Equipment	Hardware	Assets Under Development	Total
<b>Cost</b>						
Balance at December 31, 2019	\$ 10,324	\$ 3,259	\$ 194	\$ 3,058	\$ -	\$ 16,835
Acquired assets <sup>1</sup>	-	-	-	3	-	3
Additions	-	-	6	13	44	63
Disposals	(430)	(26)	(23)	(15)	-	(494)
Transfers	-	-	-	30	(30)	-
Foreign exchange adjustments	2	3	-	15	-	20
Balance at December 31, 2020	9,896	3,236	177	3,104	14	16,427
Additions	-	-	-	-	10	10
Disposals	(1,922)	(131)	(16)	(278)	-	(2,347)
Foreign exchange adjustments	(3)	(3)	-	(18)	-	(24)
<b>Balance at December 31, 2021</b>	<b>\$ 7,971</b>	<b>\$ 3,102</b>	<b>\$ 161</b>	<b>\$ 2,808</b>	<b>\$ 24</b>	<b>\$ 14,066</b>
<b>Accumulated depreciation</b>						
Balance at December 31, 2019	\$ 8,462	\$ 2,996	\$ 169	\$ 2,210	\$ -	\$ 13,837
Depreciation	458	76	17	363	-	914
Disposals	(430)	(26)	(23)	(15)	-	(494)
Foreign exchange adjustments	1	-	-	9	-	10
Balance at December 31, 2020	\$ 8,491	\$ 3,046	\$ 163	\$ 2,567	\$ -	\$ 14,267
Depreciation	361	50	7	260	-	678
Impairment <sup>2</sup>	128	7	-	-	-	135
Disposals	(1,922)	(131)	(16)	(278)	-	(2,347)
Foreign exchange adjustments	(1)	(1)	-	(16)	-	(18)
<b>Balance at December 31, 2021</b>	<b>\$ 7,057</b>	<b>\$ 2,971</b>	<b>\$ 154</b>	<b>\$ 2,533</b>	<b>\$ -</b>	<b>\$ 12,715</b>
<b>Carrying value</b>						
At December 31, 2020	\$ 1,405	\$ 190	\$ 14	\$ 537	\$ 14	\$ 2,160
<b>At December 31, 2021</b>	<b>\$ 914</b>	<b>\$ 131</b>	<b>\$ 7</b>	<b>\$ 275</b>	<b>\$ 24</b>	<b>\$ 1,351</b>

<sup>1</sup> Acquired assets – see Note 25

<sup>2</sup> Impairment - During the third quarter of 2021, the Company made the decision to close three of its regional service centres in Saskatchewan. The Company recorded impairments of \$0.1 million in leasehold improvements (2020 — nil) related to these regional service centres.

## 8 Right-of-use Assets

(thousands of CAD)		Property and Equipment <sup>1</sup>
<b>Cost</b>		
Balance at January 1, 2020	\$	17,504
Additions and modifications		229
Disposals		(811)
Foreign exchange adjustments		71
Balance at December 31, 2020	\$	16,993
Additions and modifications		2,223
Disposals		(166)
Foreign exchange adjustments		(96)
<b>Balance at December 31, 2021</b>	<b>\$</b>	<b>18,954</b>
<b>Accumulated depreciation</b>		
Balance at January 1, 2020	\$	7,836
Depreciation		1,974
Disposals		(436)
Foreign exchange adjustments		39
Balance at December 31, 2020	\$	9,413
Depreciation		1,902
Impairment <sup>2</sup>		13
Disposals		(166)
Foreign exchange adjustments		(69)
<b>Balance at December 31, 2021</b>	<b>\$</b>	<b>11,093</b>
<b>Carrying value</b>		
At December 31, 2020	\$	7,580
<b>At December 31, 2021</b>	<b>\$</b>	<b>7,861</b>

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

<sup>2</sup> Impairment – During the third quarter of 2021, the Company made the decision to close three of its regional service centres in Saskatchewan. The Company recorded impairments of \$13 thousand in right-of-use assets (2020 — nil) related to these regional service centres.

## 9 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 December 31, 2019	\$ 29,417	\$ 76,880	\$ 2,038	\$ 5,415	\$ 2,412	\$ 28,286	\$ 2,885	\$ 147,333
IFRIC adjustment*	-	-	-	-	-	-	(1,185)	(1,185)
Restated balance at January 1, 2020	\$ 29,417	\$ 76,880	\$ 2,038	\$ 5,415	\$ 2,412	\$ 28,286	\$ 1,700	\$ 146,148
Acquired assets <sup>1</sup>	260	-	-	-	260	37,600	-	38,120
Additions	-	-	-	30	-	-	1,379	1,409
Disposals	(2,726)	(116)	-	-	(320)	(560)	-	(3,722)
Transfers	-	1,738	-	388	-	-	(2,126)	-
Foreign exchange adjustments	-	-	136	176	39	49	2	402
Restated balance at December 31, 2020	\$ 26,951	\$ 78,502	\$ 2,174	\$ 6,009	\$ 2,391	\$ 65,375	\$ 955	\$ 182,357
Additions	-	-	-	-	-	-	2,486	2,486
Disposals	(911)	-	-	-	(959)	-	-	(1,870)
Transfers	39	269	-	237	-	-	(545)	-
Foreign exchange adjustments	-	-	(163)	(217)	(34)	(58)	(88)	(560)
<b>Balance at December 31, 2021</b>	<b>\$ 26,079</b>	<b>\$ 78,771</b>	<b>\$ 2,011</b>	<b>\$ 6,029</b>	<b>\$ 1,398</b>	<b>\$ 65,317</b>	<b>\$ 2,808</b>	<b>\$ 182,413</b>
<b>Accumulated depreciation</b>								
Balance at December 31, 2019	\$ 16,603	\$ 76,569	\$ 884	\$ 2,725	\$ 1,456	\$ 7,900	\$ -	\$ 106,137
Amortization	3,476	484	318	761	332	4,465	-	9,836
Disposals	(2,716)	(116)	-	-	(320)	(560)	-	(3,712)
Foreign exchange adjustments	-	-	65	29	31	17	-	142
Restated balance at December 31, 2020	\$ 17,363	\$ 76,937	\$ 1,267	\$ 3,515	\$ 1,499	\$ 11,822	\$ -	\$ 112,403
Amortization	3,046	386	309	538	157	6,614	-	11,050
Disposals	(911)	-	-	-	(959)	-	-	(1,870)
Foreign exchange adjustments	-	-	(105)	(70)	(34)	(28)	-	(237)
<b>Balance at December 31, 2021</b>	<b>\$ 19,498</b>	<b>\$ 77,323</b>	<b>\$ 1,471</b>	<b>\$ 3,983</b>	<b>\$ 663</b>	<b>\$ 18,408</b>	<b>\$ -</b>	<b>\$ 121,346</b>
<b>Carrying value</b>								
Restated balance at December 31, 2020	\$ 9,588	\$ 1,565	\$ 907	\$ 2,494	\$ 892	\$ 53,553	\$ 955	\$ 69,954
<b>At December 31, 2021</b>	<b>\$ 6,581</b>	<b>\$ 1,448</b>	<b>\$ 540</b>	<b>\$ 2,046</b>	<b>\$ 735</b>	<b>\$ 46,909</b>	<b>\$ 2,808</b>	<b>\$ 61,067</b>

<sup>1</sup> Acquired assets – see Note 25

\*See Note 2

## 10 Goodwill

The components of goodwill are as follows:

(thousands of CAD)	December 31, 2021	December 31, 2020
Balance, beginning of year	\$ 77,455	\$ 45,529
Additions <sup>1</sup>	-	31,657
Foreign exchange adjustment	(321)	269
<b>Balance, end of year</b>	<b>\$ 77,134</b>	<b>\$ 77,455</b>

<sup>1</sup> Acquisitions – see Note 25

For the purposes of the annual impairment testing, goodwill is allocated to the following CGUs, which are the groups of units expected to benefit from the synergies of the business combinations:

(thousands of CAD)	December 31, 2021	December 31, 2020
Registry Operations	\$ 1,200	\$ 1,200
Services	67,372	67,372
Technology Solutions	8,562	8,883
<b>Balance, end of year</b>	<b>\$ 77,134</b>	<b>\$ 77,455</b>

The Company performs a goodwill impairment test annually on December 31 and whenever there is an indication of impairment. No impairment of goodwill was identified as a result of the Company's most recent annual impairment test.

The Company uses the traditional cash flow approach for determining value in use for the Registry Operations segment, while value in use for each of the Services and Technology Solutions segments was determined using the expected cash flow approach. The Company uses the discounted cash flow method to determine the recoverable amount, which required management to make estimates and assumptions related to revenue forecasts, related party costs, direct employee costs, corporate cost allocations, perpetual growth rates and discount rates. The estimates and assumptions are highly sensitive to changes in customer demand, and changes in the assumptions could significantly impact the recoverable amount, the amount of any goodwill impairment charge, or both. In all cases, the operating and investing cash flows of the segments used the Company's most recent multi-year plan, with assumptions based on experience and future expectations for business performance.

### *Registry Operations*

Key assumptions for this segment include the performance of the Saskatchewan economy, revenue growth, related party costs, corporate cost allocations required to support infrastructure, and future technological investment in, and related to, this infrastructure. In 2021, annual impairment testing for this segment used a pre-tax discount rate of 13.7 per cent (2020 — 12.3 per cent) and a perpetual growth rate of 2.0 per cent (2020 — 2.0 per cent). Given the large and strong cash flow in Registry Operations relative to the size of goodwill, the risk of impairment is remote and, as a result, the traditional cash flow approach was used for this segment.

### *Services*

Key assumptions for this segment include the performance of the Canadian economy, revenue growth, including attracting new customers and adding incremental value to existing customers, related party costs, corporate cost allocations required to support infrastructure, and future technological investment in, and related to, this infrastructure. The estimates and assumptions with the highest degree of subjectivity are revenue forecasts, perpetual growth rates and discount rates. Performance during the multi-year planning period is consistent with past performance, which experienced growth in operating cash flow in excess of the perpetual growth rate of 2.75 per cent (2020 — 2.75 per cent) used in the annual test. In 2021, annual impairment testing for this segment used a pre-tax discount rate of 18.2 per cent (2020 — 18.2 per cent).

### *Technology Solutions*

Key assumptions for this segment, which has operations in both Ireland and Canada, include revenue growth, including the ability to attract new customers, actual contract delivery performance compared to the level of performance anticipated when the contract was negotiated, the level of support required by related party customers, direct employee costs, and corporate cost allocations required to support infrastructure, as well as future technological investment in, and related to, intellectual property. The estimates and assumptions with the highest degree of subjectivity are revenue forecasts, perpetual growth rates and discount rates. This segment has been negatively impacted by COVID-19 as local governments have deferred registry projects and redirected attention to the preservation of the health and safety of their populations. Performance during the multi-year planning period is consistent with past pre-COVID-19 performance, which experienced growth in operating cash flow in excess of the perpetual growth rate of 2.0

per cent (2020 — 2.0 per cent) used in the annual test. In 2021, annual impairment testing for this segment used a pre-tax discount rate of 14.9 per cent (2020 — 15.2 per cent) in its Canadian-based operations and 15.0 per cent (2020 — 13.3 per cent) in its Ireland-based operations.

## 11 Accounts Payable and Accrued Liabilities

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

(thousands of CAD)	December 31, 2021	December 31, 2020
Trade payables	\$ 2,497	\$ 3,338
Accrued liabilities	8,957	8,939
Customer deposits	4,093	3,664
Dividend payable	4,025	3,500
Share-based accrued liabilities	6,910	2,503
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 26,482</b>	<b>\$ 21,944</b>

## 12 Contract Liabilities

The components of contract liabilities are as follows:

(thousands of CAD)	December 31, 2021	December 31, 2020
Amounts received in advance of Registry Operations transaction, maintenance and support contracts (i)	\$ 329	\$ 326
Amounts received in advance of Technology Solutions support and delivery contracts (ii)	1,159	1,698
<b>Total contract liabilities</b>	<b>\$ 1,488</b>	<b>\$ 2,024</b>

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

Revenue recognized in 2021 that was included in the contract liability balance at December 31, 2020 is as follows:

(thousands of CAD)	Year Ended December 31,	
	2021	2020
Registry Operations transaction, maintenance and support contracts	\$ 326	\$ 331
Technology Solutions support and delivery contracts	1,406	924
<b>Total revenue recognized that was included in the balance at the beginning of the period</b>	<b>\$ 1,732</b>	<b>\$ 1,255</b>

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

## 13 Lease Obligations

(thousands of CAD)	Year Ended December 31,	
	2021	2020
Balance, beginning of year	\$ 8,852	\$ 10,812
Additions	-	106
Interest expense	354	425
Effect of modification to lease terms	2,223	(178)
Lease payments <sup>1</sup>	(2,368)	(2,345)
Foreign exchange adjustments	(28)	32
<b>Balance, end of year</b>	<b>\$ 9,033</b>	<b>\$ 8,852</b>

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

The Company's lease obligations consist primarily of property leases associated with the lease of office space. Expenses for short-term leases and leases of low-dollar value items are not material. All extension options have been included in the measurement of lease obligations.

The following table presents the contractual undiscounted cash flows for lease obligations:

(thousands of CAD)	Year Ended December 31,	
	2021	2020
Year 1	\$ 2,201	\$ 2,342
Year 2	2,056	1,798
Year 3	2,010	1,663
Year 4	816	1,659
Year 5	829	462
Thereafter	2,426	2,289
Balance, end of year	\$ 10,338	\$ 10,213
Unearned interest	(1,305)	(1,361)
<b>Balance, end of year</b>	<b>\$ 9,033</b>	<b>\$ 8,852</b>
Reflected as:		
Lease obligations – current portion	1,847	1,996
Lease obligations	7,186	6,856
<b>Balance, end of year</b>	<b>\$ 9,033</b>	<b>\$ 8,852</b>

## 14 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2020 — 27.0 per cent).

(thousands of CAD)	Year Ended December 31,	
	2021	2020 (restated*)
Current tax expense	\$ 13,301	\$ 6,315
Deferred tax (recovery) expense	(1,298)	1,483
<b>Income tax expense</b>	<b>\$ 12,003</b>	<b>\$ 7,798</b>

\*See Note 2

Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

(thousands of CAD)	Year Ended December 31,	
	2021	2020 (restated*)
Net income before tax	\$ 44,081	\$ 28,623
Combined statutory income tax rate	27.00%	27.00%
Expected income tax expense	11,902	7,729
Increase (decrease) in income tax resulting from:		
Non-deductible expenses	49	67
Foreign income tax differential	39	(278)
Adjustment to prior years' deferred tax liabilities	(25)	269
Other	38	11
<b>Income tax expense</b>	<b>\$ 12,003</b>	<b>\$ 7,798</b>

\*See Note 2

Income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

(thousands of CAD)	Net Balance January 1, 2021	Recognized in Profit or Loss	Foreign Exchange Movement	Net Balance December 31, 2021	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	\$ 88	\$ 253	\$ (1)	\$ 340	\$ 145	\$ 195
Right-of-use assets	(2,000)	105	15	(1,880)	(1,621)	(259)
Intangible assets	20,326	(25)	10	20,311	25,316	(5,005)
Goodwill	(916)	(460)	-	(1,376)	-	(1,376)
Lease obligations	2,341	(130)	(15)	2,196	1,934	262
Share-based compensation and other	1,311	1,555	-	2,866	2,864	2
<b>Net deferred tax assets (liabilities)</b>	<b>\$ 21,150</b>	<b>\$ 1,298</b>	<b>\$ 9</b>	<b>\$ 22,457</b>	<b>\$ 28,638</b>	<b>\$ (6,181)</b>

(thousands of CAD)	Net Balance January 1, 2020 (restated*)	Recognized in Profit or Loss (restated*)	Foreign Exchange Movement	Net Balance December 31, 2020 (restated*)	Deferred Tax Asset (restated*)	Deferred Tax Liability
Property, plant and equipment	\$ 154	\$ (66)	\$ -	\$ 88	\$ 38	\$ 50
Right-of-use assets	(2,531)	535	(4)	(2,000)	(1,900)	(100)
Intangible assets	21,534	(1,194)	(14)	20,326	27,179	(6,853)
Goodwill	-	(916)	-	(916)	-	(916)
Non-capital losses	200	(214)	14	-	-	-
Lease obligations	2,835	(499)	5	2,341	2,230	111
Share-based compensation and other	440	871	-	1,311	1,298	13
<b>Net deferred tax assets (liabilities)</b>	<b>\$ 22,632</b>	<b>\$ (1,483)</b>	<b>\$ 1</b>	<b>\$ 21,150</b>	<b>\$ 28,845</b>	<b>\$ (7,695)</b>

\*See Note 2

The increase in tax bases of certain of the Company's assets upon the change in tax status related to the Company's Initial Public Offering created a deferred income tax asset. Upon acquisition of AVS Systems Inc. in 2017, the value of the acquired assets was greater on an accounting basis than on a tax basis, resulting in a deferred income tax liability.

In assessing the recovery of deferred income tax assets, management considers whether it is more likely than not that the deferred income tax assets will be realized. The recognition and measurement of the current and deferred income tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of the deferred income tax assets. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible.

Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent the outcome is different from the amounts initially recorded, such differences, which could be significant, will impact the tax provision in the period in which the outcome is determined.

No deferred tax has been recognized in respect of temporary differences associated with investments in the Company's subsidiaries where the Company can control the timing and reversal of the temporary differences, and it is probable that such differences will not reverse in the foreseeable future.

## 15 Share-Based Compensation Plans

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

### Performance share units

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

A PSU is a notional unit equivalent to a Class A Share granted by the Company to the participant, entitling such participant to receive the PSU payment value, which is conditional on attaining specific PSU performance criteria.

PSU awards vest at the end of the specified vesting period if the performance conditions determined by the Board in the grant agreement are met. PSUs earn dividend equivalent units in the form of additional PSUs at the same rate as dividends on Class A Shares. The cash redemption value of the PSUs is equivalent to the market value of the Class A Shares when redemption takes place multiplied by a multiplier based on the grant agreement and the performance against the performance conditions as specified. The maximum PSU payout multiplier is 150.0 per cent.

On the settlement date, the Company delivers to each participant a cash payment equal to the redemption value of the PSU. A summary of the status of the PSU plan and the changes within the period ended December 31, 2021, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2019	33,000.32	\$ 16.10
PSUs granted March 26, 2020	38,701.00	13.71
PSUs credited as a result of cash dividends paid	3,545.90	16.51
Balance at December 31, 2020	75,247.22	\$ 14.89
PSUs granted March 25, 2021	22,900.00	23.86
PSUs credited as a result of cash dividends paid	3,114.31	26.46
<b>Balance at December 31, 2021</b>	<b>101,261.53</b>	<b>\$ 17.28</b>

The Company has recognized an obligation at an estimated amount based on the arithmetic average of the closing prices per share on the TSX on the five days immediately preceding the grant date. Compensation expense is recognized in proportion to the number of PSUs vested. At the end of each reporting period, the estimates are reassessed based on the fair value of the PSUs as of the reporting period. Any change in estimate is recognized as a liability and an expense at the end of the reporting period.

The share-based compensation expense related to the PSUs for the year ended December 31, 2021, totalled \$1.7 million (2020 — \$0.7 million). The total carrying amount of the liability arising from the PSUs as of December 31, 2021, totalled \$2.5 million (December 31, 2020 — \$0.9 million). The short-term portion of the liability amount, which amounts to \$1.3 million, is included within accounts payable and accrued liabilities and the remaining \$1.2 million is included within other non-current liabilities on the consolidated statements of financial position.

## Share appreciation rights

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

SAR awards vest and become exercisable at a rate of 25.0 per cent on each anniversary of the grant date beginning with the first anniversary, unless an alternate vesting schedule is specified by the Board at the time of the award.

The participant is able to exercise the SARs as they vest. The cash redemption value of the SARs is equivalent to the excess of the market value of the Class A Shares at the exercise date over the SAR price in the grant agreement.

On the settlement date, the Company delivers to each participant a cash payment equal to the redemption value of the SARs.

A summary of the status of the SAR plan and the changes within the year ended December 31, 2021, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2019	243,116.00	\$ 16.11
SARs granted March 31, 2020	291,386.00	13.71
Balance at December 31, 2020	534,502.00	\$ 14.80
SARs granted March 25, 2021	133,791.00	23.86
SARs redeemed	(1,100.00)	16.11
<b>Balance at December 31, 2021</b>	<b>667,193.00</b>	<b>\$ 16.61</b>

The share-based compensation expense related to the SARs for the year ended December 31, 2021, totalled \$3.1 million (2020 — \$1.2 million). The total carrying amount of the liability arising from SARs as of December 31, 2021, was \$4.3 million (December 31, 2020 — \$1.2 million). The short-term portion of the liability, which amounts to \$1.9 million, is included within accounts payable and accrued liabilities and the remaining \$2.4 million of the liability is included within other non-current liabilities on the consolidated statements of financial position.

## Deferred share units

The Company has established a DSU plan to provide directors of ISC with the opportunity to participate in the long-term success of ISC and to promote a greater alignment of interests between its directors and shareholders. The Board may award DSUs at its discretion, from time to time, in accordance with the plan and upon such other terms and conditions as the Board may prescribe. DSU awards vest immediately unless an alternate vesting schedule is specified by the Board at the time of the award.

DSUs earn dividend equivalent units in the form of additional DSUs at the same rate as dividends on Class A Shares. The participant is not allowed to redeem the DSUs until termination of employment/directorship or death. The cash value of the DSUs is equivalent to the market value of the Class A Shares when redemption takes place.

On each applicable redemption date, the Company delivers to each participant a cash payment equal to the redemption value of the DSUs, or an equivalent number of Class A Shares purchased on the TSX. A summary of the status of the DSU plan and the changes within the years ended December 31, 2021, and 2020 are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2019	98,313.15	\$ 17.05
DSUs granted June 30, 2020	23,800.00	15.00
DSUs credited as a result of cash dividends paid	5,554.00	16.66
Balance at December 31, 2020	127,667.15	\$ 16.65
DSUs granted May 12, 2021	14,855.00	26.26
DSUs credited as a result of cash dividends paid	4,222.00	26.54
DSUs redeemed	(3,601.11)	27.10
<b>Balance at December 31, 2021</b>	<b>143,143.04</b>	<b>\$ 17.68</b>

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

Share-based compensation expense related to the DSUs for the year ended December 31, 2021, totalled \$1.1 million (2020 — \$1.0 million). The total carrying amount of the liability arising from the DSUs as of December 31, 2021, totalled \$3.6 million (December 31, 2020 — \$2.5 million). The liability amount is included within accounts payable and accrued liabilities on the consolidated statements of financial position.

The fair value of the DSUs at December 31, 2021, has been calculated using the market value of the Company's Class A Shares on the TSX.

## Stock options

The Company established a stock option plan approved by shareholders in 2014 and subsequently amended and restated at various points. The exercise price of options issued under the stock option plan is determined by the Board at the time of the grant, but shall not be less than the closing price for the Class A Shares on the TSX on the trading day immediately preceding the date of the grant.

Unless the Board determines otherwise, options granted will vest and become exercisable in equal tranches over the four years following the date of the grant. Once vested, options may be exercised at any time within eight years of the date of the grant, after which they expire and terminate.

A summary of the status of the stock option plan and the changes within the years ended December 31, 2021, and 2020 are as follows:

	Options	Average Exercise Price
Balance at December 31, 2019	1,548,247	\$ 17.27
Stock options granted during the year	-	-
Balance at December 31, 2020	1,548,247	\$ 17.27
Stock options granted during the year	-	-
<b>Balance at December 31, 2021</b>	<b>1,548,247</b>	<b>\$ 17.27</b>

At the end of the period, the outstanding share options had a weighted average exercise price of \$17.27 (December 31, 2020 — \$17.27). The number of options exercisable at the end of the period was 1,430,339 (December 31, 2020 — 1,233,095) and had a weighted average exercise price of \$17.22 (December 31, 2020 — \$17.05) based on a range of exercise prices from \$15.04 to \$18.85 (December 31, 2020 — \$15.04 to \$18.85).

Compensation expense is recognized in proportion to the number of stock options vested. Share-based compensation expense related to the stock options for the year ended December 31, 2021, totalled \$0.1 million (2020 — \$0.2 million). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of December 31, 2021, totalled \$2.4 million (December 31, 2020 — \$2.3 million).

## 16 Debt

On September 17, 2021, the Company entered into an amended and extended credit agreement in connection with its secured credit facility (the "Credit Facility") initially provided by its lenders on August 5, 2020. The maturity date of the Credit Facility was extended from August 5, 2022, to September 17, 2026. In addition, the amended agreement simplifies the pricing structure of the facility. The 2021 extension was considered to be a modification of debt for accounting purposes, whereas the August 5, 2020, agreement, which added an additional Canadian chartered bank as a lender and increased the amount available on the Credit Facility to \$150.0 million from \$80.0 million under the previous facility, was an extinguishment of debt for accounting purposes.

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 2.00 per cent per annum depending on the type of advance and the performance on certain covenants (2020 — 0.75 per cent and 3.25 per cent per annum).

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 0.40 per cent per annum depending on the performance on certain covenants (2020 — 0.35 per cent and 0.65 per cent per annum).

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

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 3.43 per cent. For the year ended December 31, 2021, an expense of \$18 thousand (2020 — \$0.4 million) was recognized in the consolidated statements of comprehensive income.

The Credit Facility can be used for working capital needs and for general corporate purposes.

Term debt is as follows:

(thousands of CAD)	December 31, 2021	December 31, 2020
<b>Non-current</b>		
Revolving term facility	\$ 40,975	\$ 76,316
<b>Total non-current</b>	\$ 40,975	\$ 76,316
<b>Total debt</b>	\$ 40,975	\$ 76,316

At December 31, 2021, non-cash drawings, consisting of letters of credit and similar, were nil (2020 — \$0.2 million). The total unused and available portion of the Credit Facility at December 31, 2021, was \$108.7 million (2020 — \$73.5 million).

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

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

The indebtedness under the Credit Facility is secured by a first ranking security interest over substantially all of the Company's assets (subject to the 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 2021 and 2020 was nil.

## 17 Liabilities Arising from Financing Activities

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

(thousands of CAD)		Year Ended December 31,	
		2021	2020
<b>Financing activities</b>			
Interest paid	(a)	\$ (2,547)	\$ (1,365)
Interest paid on lease obligations	(b)	(354)	(425)
Principal repayments on lease obligations	(b)	(2,014)	(1,920)
Repayment of long-term debt	(c)	(35,000)	(68,000)
Financing fees	(c)	(359)	(362)
Proceeds of long-term debt	(c)	-	126,316
Repayment of operating loan	(d) <sup>1</sup>	-	(9,816)
Proceeds of operating loan	(d) <sup>1</sup>	-	9,816
Dividends paid	(e)	(14,000)	(14,000)
<b>Net cash flow (used in) provided by financing activities</b>		<b>\$ (54,274)</b>	<b>\$ 40,244</b>

<sup>1</sup> The operating loan was drawn and paid off in 2020, so no balance exists as at December 31, 2020.

	As at December 31, 2020	Cash Flows		Non-cash Changes		As at December 31, 2021
				Dividends Declared	Other	
Interest payable	\$ 223	\$ (2,547)	(a)	\$ -	\$ 2,440	\$ 116
Lease obligation including current portion and interest paid	8,852	(2,368)	(b)	-	2,549	9,033
Long-term debt including current portion	76,316	(35,359)	(c)	-	18	40,975
Dividends payable	3,500	(14,000)	(e)	14,525	-	4,025
	\$ 88,891	\$ (54,274)		\$ 14,525	\$ 5,007	\$ 54,149

	As at December 31, 2019	Cash Flows		Non-cash Changes		As at December 31, 2020
				Dividends Declared	Other	
Interest payable	\$ 203	\$ (1,365)	(a)	\$ -	\$ 1,385	\$ 223
Lease obligation including current portion and interest paid	10,812	(2,345)	(b)	-	385	8,852
Long-term debt including current portion	18,000	57,954	(c)	-	362	76,316
Dividends payable	3,500	(14,000)	(e)	14,000	-	3,500
	\$ 32,515	\$ 40,244		\$ 14,000	\$ 2,132	\$ 88,891

## 18 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)	Year Ended December 31,	
	2021	2020 (restated*)
Net income	\$ 32,078	\$ 20,825
Weighted average number of shares, basic	17,500,000	17,500,000
Potential dilutive shares resulting from stock options	517,509	156,857
Weighted average number of shares, diluted	18,017,509	17,656,857
<b>Earnings per share (\$ per share)</b>		
<b>Total, basic</b>	<b>\$ 1.83</b>	<b>\$ 1.19</b>
<b>Total, diluted</b>	<b>\$ 1.78</b>	<b>\$ 1.18</b>

\*See Note 2

## 19 Equity and Capital Management

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 currently has 17,500,000 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, 2020	17,500,000	\$ 19,955	1	\$ -
No movement	-	-	-	-
Balance at December 31, 2020	17,500,000	\$ 19,955	1	\$ -
<b>Balance at January 1, 2021</b>	<b>17,500,000</b>	<b>\$ 19,955</b>	<b>1</b>	<b>\$ -</b>
No movement	-	-	-	-
<b>Balance at December 31, 2021</b>	<b>17,500,000</b>	<b>\$ 19,955</b>	<b>1</b>	<b>\$ -</b>

### Capital management

The Company's objective in managing capital is to ensure that adequate resources are available to fund organic growth and to enable it to undertake future growth opportunities while continuing as a going concern. The Company's capital is composed of debt and shareholders' equity.

Operating cash flows are used to provide sustainable cash dividends to shareholders and fund capital expenditures in support of organic growth. In addition, operating cash flows, supplemented throughout the year with the operating facility if necessary, are used to fund working capital requirements.

Equity and the available but undrawn portion of the term facility will assist in financing future growth opportunities.

The Company's capital at December 31, 2021, consists of long-term debt, share capital, employee benefit reserve, accumulated other comprehensive income and retained earnings (comprising total shareholders' equity).

(thousands of CAD)	December 31, 2021	December 31, 2020 (restated*)
Long-term debt	\$ 40,975	\$ 76,316
Share capital	19,955	19,955
Accumulated other comprehensive income	(355)	706
Equity settled employee benefit reserve	2,464	2,376
Retained earnings	115,641	98,088
<b>Capitalization</b>	<b>\$ 178,680</b>	<b>\$ 197,441</b>

\*See Note 2

## 20 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.

### Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company extends credit to its customers in the normal course of business and is exposed to credit risk in the event of non-performance by customers but does not anticipate such non-performance would be material. The Company monitors the credit risk and credit rating of customers on a regular basis. The Company has significant concentration of credit risk among government sectors. Its customers are predominantly provincial, federal, and municipal government ministries and agencies, and its private sector customers are diverse.

The majority of cash is held with Canadian chartered banks, and the Company believes the risk of loss to be minimal. The maximum exposure to credit risk at December 31, 2021, is \$52.9 million (December 31, 2020 — \$51.0 million), equal to the carrying value of the Company's financial assets, which are itemized in the table below. Quarterly reviews of the aged receivables are completed. The Company expects to fully collect the carrying value on all outstanding receivables. Therefore, the risk to the Company is low.

The following table sets out details of cash and ageing of receivables:

(thousands of CAD)	December 31, 2021	December 31, 2020
Cash	\$ 40,104	\$ 33,946
Short-term investments	36	52
Trade and other receivables:		
- current	8,328	9,808
- up to three months past due date	3,527	5,868
- greater than three months past due date	916	1,355
<b>Total credit risk</b>	<b>\$ 52,911</b>	<b>\$ 51,029</b>

### Interest rate risk

Interest rate risk arises from the effect of changes in prevailing interest rates on the Company's financial instruments.

The Company is subject to interest rate risks on its debt (Note 16). This debt bears interest at rates that float, which can vary with changes in prime borrowing rates. The Company manages interest rate risk by monitoring its balance sheet, cash flows and the effect of market changes in interest rates. The Company has the option of using short-term bankers' acceptance notes to lock in rates at any time.

The following table presents a sensitivity analysis to changes in market interest rates and their potential impact on the Company for the periods ended December 31, 2021, and 2020. As the sensitivity is hypothetical, it should be used with caution. The Company is not exposed to significant interest rate risk.

(thousands of CAD)	December 31, 2021		December 31, 2020	
	+ 100 bps*	- 100 bps	+ 100 bps	- 100 bps
Increase (decrease) in interest expense	\$ 669	\$ (669)	\$ 423	\$ (423)
Decrease (increase) in net income before tax	\$ 669	\$ (669)	\$ 423	\$ (423)
Decrease (increase) in total comprehensive income	\$ 488	\$ (488)	\$ 309	\$ (309)

\* bps = basis point spread

## Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's cash resources are managed based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities for the Company's financial liabilities at December 31, 2021:

(thousands of CAD)	Carrying Amount	Contractual Cash Flows	0-6 Months	7-12 Months	12+ Months
Long-term debt	\$ 40,975	\$ 47,705	\$ 672	\$ 683	\$ 46,350
Lease obligations	9,033	10,338	1,140	1,061	8,137
Accounts payable and accrued liabilities	26,482	26,482	26,482	-	-
<b>Total liabilities</b>	<b>\$ 76,490</b>	<b>\$ 84,525</b>	<b>\$ 28,294</b>	<b>\$ 1,744</b>	<b>\$ 54,487</b>

Contractual cash flows for long-term debt and lease obligations includes principal and interest.

## Market risk

The carrying amount and fair value of the financial assets and financial liabilities are as follows:

(thousands of CAD)	Classification	Level	December 31, 2021		December 31, 2020	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>						
Cash	AC	L2	\$ 40,104	\$ 40,104	\$ 33,946	\$ 33,946
Short-term investments						
Marketable securities	FVTOCI	L1	36	36	52	52
Trade and other receivables	AC	L2	12,771	12,771	17,031	17,031
<b>Financial liabilities</b>						
Accounts payable and accrued liabilities excluding share-based accrued liabilities	AC	L2	19,572	19,572	19,441	19,441
Long-term debt	AC	L2	40,975	41,272	76,316	76,316

## Fair value of financial instruments

The carrying values of cash, short-term investments, 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. With long-term debt, the Company has amended and restated its 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.

## Foreign currency exchange risk

The Company operates internationally and is exposed to fluctuations in various currencies, with the euro being the most material, followed by the US dollar. Movements in foreign currencies against the Canadian dollar may impact revenue, the value of assets and liabilities, and affect the Company's profit and loss.

Based on the balance of foreign net monetary assets and net assets carried on the consolidated statements of financial position, the impact of an increase (decrease) of 10.0 per cent in the euro relative to the Canadian dollar as at December 31, 2021, on net monetary assets was a decrease (increase) of \$0.4 million (December 31, 2020 — \$0.6 million) and on net assets was an increase (decrease) of \$1.3 million (December 31, 2020 — \$1.4 million). The impact of an increase (decrease) of 10.0 per cent in the US dollar relative to the Canadian dollar as at December 31, 2021, on net monetary assets was a decrease (increase) of \$0.6 million (December 31, 2020 — \$0.3 million). The Company's exposure to other currencies is not significant at the end of the period.

## 21 Revenue

The Company derives its revenue from the transfer of goods or services 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 24). The following table presents our revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

### Segment revenue

(thousands of CAD)	Year Ended December 31,	
	2021	2020
Registry Operations	\$ 85,567	\$ 69,535
Services	75,165	56,398
Technology Solutions	8,644	10,782
Corporate and other	3	8
<b>Total revenue</b>	<b>\$ 169,379</b>	<b>\$ 136,723</b>

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

### Timing of revenue recognition

(thousands of CAD)	Year Ended December 31,	
	2021	2020
<b>At a point in time</b>		
Registry Operations revenue	\$ 82,553	\$ 66,462
Services revenue <sup>1</sup>	73,765	55,700
Corporate and other	3	8
	<b>\$ 156,321</b>	<b>\$ 122,170</b>
<b>Over time</b>		
Registry Operations revenue	3,014	3,073
Services revenue <sup>1</sup>	1,400	698
Technology Solutions revenue	8,644	10,782
	<b>\$ 13,058</b>	<b>\$ 14,553</b>
<b>Total revenue</b>	<b>\$ 169,379</b>	<b>\$ 136,723</b>

<sup>1</sup> In 2021, the Company changed the presentation of some Services revenue in the Paragon business to better reflect the performance obligations in the underlying customer contracts. As a result of this change, \$3.1 million of the 2020 comparatives were reclassified to the "point in time" category from the "over time" category. These reclassifications have no impact on revenue, net income or earnings per share.

In the "over time" category, some Land Registry and Corporate Registry contracts result in linear revenue recognition over the life of the contract. In Services, Recovery Solutions administration fee revenue is also recognized over the life of the asset recovery file. Likewise, the hosting, support and maintenance portion of contracts related to Technology Solutions revenue primarily results in linear revenue recognition over the life of the contract. Conversely, revenue recognition associated with the licence and solution definition and implementation portion of contracts depends on milestone achievement or percentage of completion. In 2021, the portion of Technology Solutions contract revenue recognized that was dependent on milestone achievement or percentage of completion versus total revenue recognized was 40.0 per cent (2020 — 69.0 per cent). At December 31, 2021, the Company has contracts where the milestone was either in progress or expected to be satisfied in the near term. For the unsatisfied portion of

milestone-based contracts, the Company expects that 100.0 per cent (2020 — 100.0 per cent) of the total will be recognized in the next fiscal year.

## Service concession arrangement

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

As at December 31, 2021, the development associated with the change order is 100.0 per cent complete (2020 — 100.0 per cent) and an incremental \$0.2 million increase to both intangible assets and other revenue has been recorded in 2021 in Registry Operations related to the project (2020 — \$0.2 million). The intangible asset was put into use in the third quarter of 2020 and depreciation commenced in this quarter.

## 22 Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Company by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as “related parties”). The Company has elected to take the exemption under IAS 24 — *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

Routine operating transactions with related parties are settled at agreed-upon exchange amounts under normal trade terms. In addition, the Company pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these consolidated financial statements and the Notes thereto.

## 23 Compensation of Key Management Personnel

Key management personnel includes the directors, President and Chief Executive Officer, Chief Financial Officer, Executive Vice-Presidents, Vice-Presidents and President, ESC. The compensation of the key management team during the period was as follows:

(thousands of CAD)	Year Ended December 31,			
	2021		2020	
Wages, salaries and short-term benefits	\$	4,220	\$	3,953
Share-based compensation		6,061		3,191
Defined contribution pension plans		221		209
<b>Total compensation</b>	<b>\$</b>	<b>10,502</b>	<b>\$</b>	<b>7,353</b>

The compensation of directors and the President and Chief Executive Officer is determined by the Board upon recommendation of its Compensation Committee having regard to the performance of individuals and market trends. The values in the table above represent amounts included in expenses during the year. Portions not paid in cash have been accrued as liabilities on the statement of financial position.

## 24 Segment Information

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

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

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

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 in both Canada and Ireland.

We have restated our 2020 comparative segment results using the full retrospective method as a result of revising our accounting policy in relation to configuration and customization costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements (see Note 2).

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.

## Revenue and EBIT

For the year ended December 31, 2021

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 85,567	\$ 75,165	\$ 8,644	\$ 3	\$ -	\$ 169,379
Plus: Inter-segment revenue	-	-	9,475	157	(9,632)	-
<b>Total revenue</b>	<b>\$ 85,567</b>	<b>\$ 75,165</b>	<b>\$ 18,119</b>	<b>\$ 160</b>	<b>\$ (9,632)</b>	<b>\$ 169,379</b>
Expenses excluding depreciation and amortization	(36,585)	(57,788)	(16,317)	(7,789)	9,632	(108,847)
<b>EBITDA</b>	<b>48,982</b>	<b>17,377</b>	<b>1,802</b>	<b>(7,629)</b>	<b>-</b>	<b>60,532</b>
Depreciation and amortization	(2,071)	(9,206)	(1,405)	(1,096)	-	(13,778)
<b>EBIT</b>	<b>\$ 46,911</b>	<b>\$ 8,171</b>	<b>\$ 397</b>	<b>\$ (8,725)</b>	<b>\$ -</b>	<b>\$ 46,754</b>
Net finance (expense)						(2,673)
Income tax expense						(12,003)
<b>Net income</b>						<b>\$ 32,078</b>

<b>Additions to non-current assets, including acquisitions</b>	<b>\$ 310</b>	<b>\$ 557</b>	<b>\$ 1,640</b>	<b>\$ -</b>	<b>\$ (11)</b>	<b>\$ 2,496</b>
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For the year ended December 31, 2020

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	Inter-Segment Eliminations	Consolidated Total
Revenue from third parties	\$ 69,535	\$ 56,398	\$ 10,782	\$ 8	\$ -	\$ 136,723
Plus: Inter-segment revenue	33	4	9,769	140	(9,946)	-
<b>Total revenue</b>	<b>\$ 69,568</b>	<b>\$ 56,402</b>	<b>\$ 20,551</b>	<b>\$ 148</b>	<b>\$ (9,946)</b>	<b>\$ 136,723</b>
Expenses excluding depreciation and amortization	(34,955)	(44,327)	(16,116)	(7,879)	9,946	(93,331)
<b>EBITDA</b>	<b>34,613</b>	<b>12,075</b>	<b>4,435</b>	<b>(7,731)</b>	<b>-</b>	<b>43,392</b>
Depreciation and amortization	(2,482)	(7,203)	(1,833)	(1,206)	-	(12,724)
<b>EBIT</b>	<b>\$ 32,131</b>	<b>\$ 4,872</b>	<b>\$ 2,602</b>	<b>\$ (8,937)</b>	<b>\$ -</b>	<b>\$ 30,668</b>
Net finance (expense)						(2,045)
Income tax expense						(7,798)
<b>Net income</b>						<b>\$ 20,825</b>

<b>Additions to non-current assets, including acquisitions</b>	<b>\$ 249</b>	<b>\$ 70,130</b>	<b>\$ 828</b>	<b>\$ 45</b>	<b>\$ -</b>	<b>\$ 71,252</b>
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Inter-segment revenue is 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 year ended December 31, 2021, revenue within Ireland was \$7.7 million (2020 — \$10.3 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 December 31, 2021 (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	\$ 23,108	\$ 12,516	\$ 4,099	\$ 14,470	\$ -	\$ 54,193
Intangibles	1,506	54,794	4,755	12	-	61,067
Goodwill	1,200	67,372	8,562	-	-	77,134
Cash	-	-	-	40,104	-	40,104
<b>Total assets</b>	<b>\$ 25,814</b>	<b>\$ 134,682</b>	<b>\$ 17,416</b>	<b>\$ 54,586</b>	<b>\$ -</b>	<b>\$ 232,498</b>
<b>Liabilities</b>	<b>\$ 10,797</b>	<b>\$ 13,381</b>	<b>\$ 5,695</b>	<b>\$ 64,920</b>	<b>\$ -</b>	<b>\$ 94,793</b>

As at December 31, 2020 (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	\$ 25,758	\$ 13,952	\$ 5,505	\$ 14,807	\$ -	\$ 60,022
Intangibles*	2,395	63,203	4,332	24	-	69,954
Goodwill	1,200	67,372	8,883	-	-	77,455
Cash	-	-	-	33,946	-	33,946
<b>Total assets</b>	<b>\$ 29,353</b>	<b>\$ 144,527</b>	<b>\$ 18,720</b>	<b>\$ 48,777</b>	<b>\$ -</b>	<b>\$ 241,377</b>
<b>Liabilities</b>	<b>\$ 10,092</b>	<b>\$ 13,270</b>	<b>\$ 4,844</b>	<b>\$ 92,046</b>	<b>\$ -</b>	<b>\$ 120,252</b>

\*See Note 2. In addition, certain of the prior year segment amounts have been changed to reflect the current year classifications.

Non-current assets are held in Canada and Ireland. At December 31, 2021, non-current assets held in Ireland were \$10.4 million (December 31, 2020 — \$8.9 million), while the remainder were held in Canada.

## 25 Acquisitions

### 2020 acquisition

On July 31, 2020, the Company's Services segment, through its wholly owned subsidiary, ESC, acquired substantially all of the assets used in the business of Paragon Inc. for \$70.0 million, subject to customary purchase price adjustments, by way of an asset purchase agreement.

A table outlining the net cash flow related to the acquisition is provided below.

#### Net cash flows related to the acquisition

(thousands of CAD)	2021	2020
Consideration paid in cash	\$ -	\$ (10,345)
Working capital adjustment	-	1,719
Consideration from operating loan	-	(9,816)
Consideration from long-term debt	-	(50,000)
Subtotal	-	\$ (68,442)
Add (deduct) items not yet paid in cash:		
Working capital not yet cash settled at December 31, 2020 <sup>1</sup>	-	(1,719)
Recovery on acquisition post-closing adjustments	1,719	-
<b>Total net cash flows related to the acquisition</b>	<b>\$ 1,719</b>	<b>\$ (70,161)</b>

<sup>1</sup> See Note 4

The table below presents the final allocation of the net purchase price for accounting purposes for the Paragon acquisition.

(thousands of CAD)	Final
<b>Assets</b>	
Trade and other receivables	\$ 399
Prepaid expenses and deposits	148
Property, plant and equipment	3
Intangible assets	38,120
	\$ 38,670
<b>Liabilities</b>	
Accounts payable and accrued liabilities	1,885
<b>Net assets acquired</b>	<b>\$ 36,785</b>
<b>Goodwill arising on acquisition</b>	
Total consideration allocated	68,442
Net assets acquired	36,785
<b>Total goodwill arising on acquisition</b>	<b>\$ 31,657</b>

## 26 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

(thousands of CAD)	Year Ended December 31,	
	2021	2020
Trade and other receivables	\$ 2,386	\$ (2,162)
Prepaid expenses	159	(556)
Contract assets	150	663
Accounts payable and accrued liabilities	4,237	1,834
Contract liabilities	(433)	512
Provisions and other liabilities	1,384	1,601
Income taxes	6,302	1,629
<b>Net change in non-cash working capital</b>	<b>\$ 14,185</b>	<b>\$ 3,521</b>

Income taxes paid, net of refunds received, for the year ended December 31, 2021, totalled \$7.0 million (2020 — \$4.7 million).

## 27 Government Grants

In 2021, a government grant of \$0.1 million (2020 — \$0.1 million) was recognized by the Company to finance a project designed to provide simplified and unified access to business registry data on business ownership and control structures to aid certain users in the fight against financial and economic crime. To be eligible for this funding, at the end of the project the Company is required to submit a final technical report and a final financial report detailing the eligible costs for reimbursement. The grant amount of \$0.1 million (2020 — \$0.1 million) was recognized as a reduction to wages and salaries expense in the year.

In April 2020, the Government of Canada announced the Canada Emergency Wage Subsidy to help employers keep and/or retain Canadian-based employees on payrolls in response to challenges posed by the COVID-19 pandemic. For the year ended December 31, 2021, the Company did not recognize a wage subsidy under this program (2020 — \$0.5 million) as a reduction to wages and salary expense. The amount recognized in 2020 was received in the current year (see Note 4).

## 28 Commitments and Contingencies

As of December 31, 2021, the Company has commitments over the next five years as follows:

(thousands of CAD)	IT and Other Service Agreements <sup>1</sup>	Master Service Agreement	Operating Leases and non-Lease Component of Office Leases	Total
2022	\$ 3,978	\$ 500	\$ 1,620	\$ 6,098
2023	3,303	500	1,149	4,952
2024	490	500	1,030	2,020
2025	13	500	298	811
2026	7	500	300	807
Thereafter	-	3,500	942	4,442
<b>Total commitments</b>	<b>\$ 7,791</b>	<b>\$ 6,000</b>	<b>\$ 5,339</b>	<b>\$ 19,130</b>

<sup>1</sup>Includes minimum lease commitments for low-value assets not recognized under IFRS 16.

### Information technology and other service agreements

The Company has a service agreement related to information technology with Information Systems Management Canada Corporation, including lease commitments for computer equipment where the Company has taken the exemption for low-value assets. Other service agreements relate to service contracts associated with corporate and shared services infrastructure.

### Master Service Agreement

Pursuant to the MSA with the Government of Saskatchewan dated May 30, 2013, the Company was appointed, on an exclusive basis, to manage and operate the Saskatchewan Land Titles Registry, Saskatchewan Land Surveys Directory, Saskatchewan Personal Property Registry and Saskatchewan Corporate Registry on behalf of the Government of Saskatchewan for a 20-year term expiring on May 30, 2033. The MSA was amended, effective December 1, 2015, appointing ISC to continue to manage and operate the Common Business Identifier Program and the Business Registration Saskatchewan Program for the same term as the MSA. The MSA requires the Company to pay to the Government of Saskatchewan the sum of \$0.5 million annually, in a single instalment payable on or before March 1, in each calendar year of the term.

### Non-lease component of office leases

The Company leases all of its office space and certain office equipment. The office spaces have lease terms of between two and 10 years, with various options to extend. The office equipment leases relate to photocopiers and have lease terms of three years. The Company does not have an option to purchase the leased assets at the expiry of the lease period.

The Company separates the lease and non-lease components of office space, accounting for the lease payment commitments in Note 15.

## Contingencies

Management's estimate of liability for claims and legal actions that may be made by customers pursuant to the assurance provision and the MSA is based upon claims submitted. As at December 31, 2021, the liability was nil (December 31, 2020 — nil).

At times, in the normal course of operations, the Company will enter into an indemnity agreement with a surety company to provide a surety bond required under a contract with a customer. As at December 31, 2021, the aggregate amount outstanding of the surety bond total was nil (December 31, 2020 — nil).

## 29 Pension Expense

The total pension costs under the Company's defined contribution plans for the year were \$1.9 million (2020 — \$1.8 million).

## 30 Subsequent Events

On February 15, 2022, the Company announced that its Services segment, through its wholly-owned subsidiary ESC, acquired all of the shares of a group of companies operating as UPLlevel. The purchase consideration is \$9.0 million, subject to working capital and other post-closing adjustments set out in the share purchase agreement. Given the timing of the transaction and the post-closing adjustments, the final purchase price allocation is not yet determinable. Professional fees associated with the cost of the acquisition expensed during the year were \$0.1 million.

On March 15, 2022, the Board declared a quarterly cash dividend of \$0.23 per Class A Share, payable on or before April 15, 2022, to shareholders of record as of March 31, 2022.