ISC

May 8, 2017

Management's Discussion and Analysis

For the Three Months Ended March 31, 2017

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1 Introduction

This Management's Discussion and Analysis ("MD&A") for Information Services Corporation ("ISC") discusses our financial and operating performance, business indicators and outlook from management's viewpoint. This document should be read in its entirety and is intended to complement and supplement ISC's unaudited Condensed Consolidated Interim Financial Statements ("Financial Statements") for the three months ended March 31, 2017, and 2016. Additional information, including our Annual Information Form for the year ended December 31, 2016, is available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

2 Responsibility for Disclosure

This MD&A contains information from our Financial Statements for the three months ended March 31, 2017 and 2016, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board 34, Interim Financial Reporting, using accounting policies that are consistent with IFRS. The financial information that appears throughout our MD&A is consistent with the Financial Statements.

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

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

This MD&A is current as of May 8, 2017. The Board of Directors ("Board") carries out its responsibility for review of this disclosure primarily through the Audit Committee, which is comprised exclusively of independent directors.

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

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

3 Caution Regarding Forward-Looking Statements

Certain statements in this MD&A about ISC's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements, or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indicate", "anticipate", "believe", "estimate", "predict", "project", "targets", "strive", "strategy", "continue", "likely" or "potential", or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. By their nature, these statements involve assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

Discussions containing forward-looking statements may be found in this MD&A. Forward-looking statements including, without limitation, those contained in the "Outlook" section hereof, management's expectations, intentions and beliefs concerning the registry services, corporate services and information products industries, its competitive landscape, the general economy and the real estate market, prices for agricultural commodities, oil and potash, fluctuations in the Canadian dollar and other foreign currencies, statements regarding the future financial position or results of ISC, the long-term impact of certain payments of the Government of Saskatchewan, seasonality, ISC's business and service offerings outside of Saskatchewan and the competitiveness of such businesses and service offerings, business strategy, customer growth and diversification, investment in human capital, dividend expectations, creation of shareholder value, recent and proposed acquisitions, growth opportunities, development and completion of projects, capital and operating expectations, access to financing on satisfactory terms, debt levels, free cash flow, expectations for meeting future cash requirements, potential litigation, projected costs, and plans and objectives of or involving ISC are based on estimates and assumptions made by us in light of ISC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that ISC believes are appropriate and reasonable in the circumstances. There can be no assurance that such estimates and assumptions will prove to be correct.

Certain assumptions with respect to the Canadian economy and, in particular, the Saskatchewan, Ontario, and Quebec economies, and international economies, the impact of commodity prices, such as agricultural commodities, oil and potash and the value of the Canadian dollar on the Saskatchewan economy, consumer confidence, interest rates, level of unemployment, inflation, real estate market in Saskatchewan, claim liabilities, income taxes, our ability to attract and retain skilled staff, the compensation and benefits that will be paid or provided to employees and our level of customer service, as well as goodwill and intangibles, are material factors in connection with our forward-looking statements and management's expectations.

Many factors could cause actual results, levels of activity, performance or achievements, or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors:

- potential disagreements with the Government of Saskatchewan;
- ISC's limited ability to set fees;
- legislative changes that affect our business;
- the Canadian economy and, in particular, the Saskatchewan economy, including conditions within the real estate market, inflation, interest rate levels, unemployment levels and consumer behaviour;
- the level of search and registration activities, principally as related to the Land, Personal Property and Corporate Registries in Saskatchewan (collectively, the "Saskatchewan Registries");
- reliance on key personnel;
- our ability to execute our growth strategy, including the ability to complete and integrate new acquisitions and to secure contracts to provide new service offerings;
- our ability to realize growth opportunities, including the potential benefits that are anticipated to result from new acquisitions or service offerings we pursue from time to time;
- our ability to generate revenue and effectively manage costs in our Services segment, including our reliance on key customers;
- our ability to develop products and grow our market share in the registry market;
- our ability to operate effectively in international markets;
- business and economic conditions in all geographic areas where we carry on business;
- any undisclosed liabilities acquired pursuant to past or future acquisitions;
- any compromise to the integrity or security of our information assets;
- our reliance on information technology systems or a material disruption in our computer systems;
- our reliance on third-party service providers or other contractors under key contractual arrangements;
- competition for service and product offerings (other than our exclusive service offerings to the Government of Saskatchewan);
- our ability to obtain future financing;
- our insurance may not provide adequate coverage;
- litigation and tax matters;
- our liability to the Government of Saskatchewan under the Master Service Agreement ("MSA") is unlimited, except in certain specified circumstances;
- any adverse changes in labour relations;
- any failure to protect ISC's intellectual property rights;

- the potential for a volatile market price for our Class A Limited Voting Shares ("Class A Shares"); and
- our ability to pay dividends, which is dependent on our ability to generate sufficient income and cash flow.

These factors should be considered carefully. We caution that the foregoing listing of important assumptions and factors is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding ISC's financial performance and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements made herein.

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

We have obtained some of the market and industry data presented in this MD&A through market research, publicly available information, reports of governmental agencies, and industry publications and surveys, including various forecasts. While the Company's management generally believes such market and industry data to be reliable, the Company has not verified such market and industry data through other independent sources or other means.

4 Consolidated Highlights

4.1 First quarter consolidated highlights

- Revenue was $21.5 million for the three months ended March 31, 2017, an increase of 9.6 per cent, compared to $19.6 million for the three months ended March 31, 2016.
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the first quarter of 2017 was $5.8 million compared to $5.1 million in the same quarter of last year, an increase of $0.7 million.
- The EBITDA margin for the first quarter of 2017 was 26.8 per cent compared to 25.9 per cent in the first quarter of 2016.
- Adjusted EBITDA was $6.2 million for the first quarter 2017 compared to $5.5 million in the same quarter last year with an adjusted EBITDA margin of 28.9 per cent for the quarter compared to 27.9 per cent in the first quarter of 2016. EBITDA was adjusted for stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs.

- Net income for the three months ended March 31, 2017, was $2.4 million or $0.14 per basic and diluted share. In the first quarter of 2016, total comprehensive income was $2.2 million or $0.13 per basic and $0.12 per diluted share.

- On January 23, 2017, we announced the acquisition of all of the issued and outstanding common shares of Enterprise Registry Solutions Ltd. ("ERS"), a global leader in the development and implementation of registry technology. This acquisition enhances our core registry offering by adding leading registry technology solutions and consultancy services. The Company completed the transaction with $14.3 million[1] of the purchase price paid on closing of the transaction and up to €5.0 million upon retention of existing leadership and realization of future business. The purchase price was financed through a combination of cash and $10.0 million of debt, pursuant to the September 28, 2015, amended and restated Credit Facilities. The acquisition of ERS is not expected to be immediately accretive to ISC's earnings per share in 2017.

- On March 14, 2017, our Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before April 15, 2017, to shareholders of record as of March 31, 2016.

- On March 27, 2017, the Company contributed additional capital of $2.4 million representing its pro rata share of an equity raise by Dye & Durham Corporation ("Dye & Durham"). Subsequently, on March 28, 2017, the Company contributed additional capital of $0.1 million raising its ownership interest to 30.1 per cent. These funds were used to finance certain growth activities of Dye & Durham.

4.2 Subsequent events

- On May 8, 2017, our Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before July 15, 2017, to shareholders of record as of June 30, 2017.

[1] Consists of $14.0 million of cash and debt, and $0.3 million in foreign currency gain on euros held in advance of, and up to, the closing date.

4.3 Select consolidated financial information

The select quarterly financial information set out for the three months ended March 31, 2017 and 2016, is derived from ISC's Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods.

(thousands of CAD dollars)	**2017**	2016
Revenue	$ 21,496	$ 19,606
Total comprehensive income	2,330	2,196
EBITDA[1]	$ 5,768	$ 5,077
Adjusted EBITDA[1]	6,221	5,472
EBITDA margin (% of revenue)[1]	26.8%	25.9%
Adjusted EBITDA margin (% of revenue)[1]	28.9%	27.9%
Free cash flow[1]	$ 5,602	$ 3,316
Dividend declared per share	$ 0.20	$ 0.20
Earnings per share, basic[2]	0.14	0.13
Earnings per share, diluted[2]	0.14	0.12
	As at March 31, 2017	As at December 31, 2016
Total assets	$ 139,168	$ 131,321
Total non-current liabilities	$ 25,673	$ 25,637

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. Refer to section "Non-IFRS Financial Measures".

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

5 Business Overview

Headquartered in Canada, ISC is the leading provider of registry and information management services for public data and records. Throughout our history, we have delivered value to our clients by providing solutions to manage, secure and administer information through our Registries and Services segments.

In 2013, ISC made the transition from a provincial Crown corporation, owned by the Government of Saskatchewan, to a publicly traded company with shares that began trading on July 9, 2013, on the Toronto Stock Exchange under the symbol "ISV".

ISC operates two reportable segments, defined by their primary type of service offerings, namely Registries and Services. The balance of our corporate activities and shared services functions, including the services and functions provided by our subsidiary, Enterprise Registry Solutions Ltd., are reported as Corporate.

Our Registries business involves the provision of registry and information services and software solutions to governments and private sector organizations. We work with our clients to support their policies and execute procedures to ensure the integrity of the data, manage the information technology, data management and authentication processes.

Our Services business includes our wholly owned subsidiary, ESC Corporate Services Ltd. ("ESC"), which was acquired October 1, 2015. ESC provides services to law firms, corporations, financial institutions and others to fulfill a wide variety of clients' public records due diligence, filings and corporate supply requirements in connection with public business registries in Canada and certain other countries. ESC has offices in Toronto, ON, and Montreal, QC.

On January 23, 2017, ISC acquired Enterprise Registry Solutions Ltd. ("ERS"), which operates as a wholly owned subsidiary. With offices in Dublin, Ireland, ERS is a provider of registry technology solutions and expertise, specializing in the implementation and support of systems related to the corporate registry domain. Its registry solutions serves 33 register types and supports 20 registries in Europe, North America and Asia.

In addition, ISC also has an investment in Dye & Durham. As at March 31, 2017, ISC held an ownership interest of 30.1 per cent in Dye & Durham. Dye & Durham is a comprehensive supplier of worldwide registry and legal support services in Canada with its head office based in New Westminster, BC.

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

Segment information

We analyze financial performance by operating segments, which 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.

As noted previously, ISC operates two reportable segments, defined by their primary type of service offerings, namely Registries and Services. The balance of our corporate activities and shared services functions, including the services and functions provided by our subsidiary, ERS, are reported as Corporate.

6 Results of Operations

Consolidated statements of comprehensive income

(thousands of CAD dollars)	Three Months Ended March 31, 2017	2016
Revenue	**$ 21,496**	$ 19,606
Expenses		
Wages and salaries	**8,311**	6,685
Information technology services	**2,388**	2,365
Depreciation and amortization	**2,032**	1,843
Occupancy costs	**1,308**	1,223
Professional and consulting services	**1,080**	998
Cost of goods sold	**915**	990
Financial services	**676**	983
Project initiatives	**418**	910
Other	**455**	362
Total expenses	**17,583**	16,359
Income before net finance expense (income)	**3,913**	3,247
Finance expense (income)		
Interest income	**(52)**	(62)
Interest expense	**164**	147
Net finance expense (income)	**112**	85
Share of loss in associate	**177**	13
Income before tax	**3,624**	3,149
Income tax expense	**1,198**	953
Net income	**2,426**	2,196
Other comprehensive income		
Unrealized loss on translation of financial statements of foreign operations	**(51)**	-
Change in fair value of marketable securities (net of tax)	**(45)**	-
Other comprehensive income (loss) for the period	**(96)**	-
Total comprehensive income	**$ 2,330**	$ 2,196

First quarter results

Consolidated revenue

Revenue was $21.5 million for the three months ended March 31, 2017, a $1.9 million increase compared to the same period in 2016. The increase is due to an increase in revenue across all of our registries and in our Services segment. Other income is up due to new and ongoing contracts with the Government of Saskatchewan for additional services, as well as the revenue from ERS.

				Three Months Ended March 31,	
(thousands of CAD dollars)	Registries	Services	Corporate	**2017**	2016
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	$ 11,754	$ -	$ -	**$ 11,754**	$ 11,495
Personal Property Registry	2,347	-	-	**2,347**	2,227
Corporate Registry	2,817	-	-	**2,817**	2,591
Registries	16,918	-	-	**16,918**	16,313
Services	-	3,754	-	**3,754**	3,277
Other	-	-	824	**824**	16
	$ 16,918	$ 3,754	$ 824	**$ 21,496**	$ 19,606

Registries

Overall

Revenue for our Registries segment was $16.9 million for the three months ended March 31, 2017, an increase of $0.6 million or 3.7 per cent, compared to the three months ended March 31, 2016. Our results improved due to increased revenue from the three main registries.

The Company's top five customers for the Registries segment represent 17.7 per cent of total revenue for that segment for the three months ended March 31, 2017. Of those customers, no single customer represented more than 10.0 per cent of the total segment revenue.

Land Registry

Revenue for the Land Registry was $11.8 million for the three months ended March 31, 2017, up by 2.2 per cent compared to the three months ended March 31, 2016.

(i) Land Titles Registry

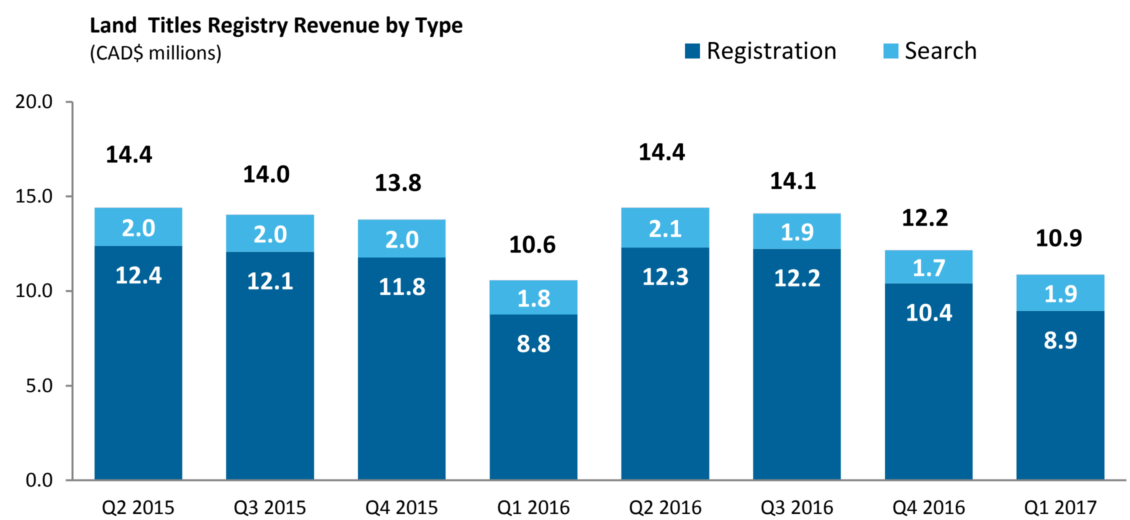
Land Titles Registry revenue for the three months ended March 31, 2017, was $10.9 million, an increase of 2.7 per cent compared to the same period in 2016, primarily due to improvements in observed land values and increased title search volumes.

Overall transaction volumes grew modestly by 0.5 per cent for the three months ended March 31, 2017, compared to the same period last year. Regular land transfers and the volume of mortgage registrations fell by 3.8 per cent and 10.3 per cent respectively in the first quarter of 2017 compared to the same period in 2016. However, the volume of title searches was 5.5 per cent higher, offsetting the decline.

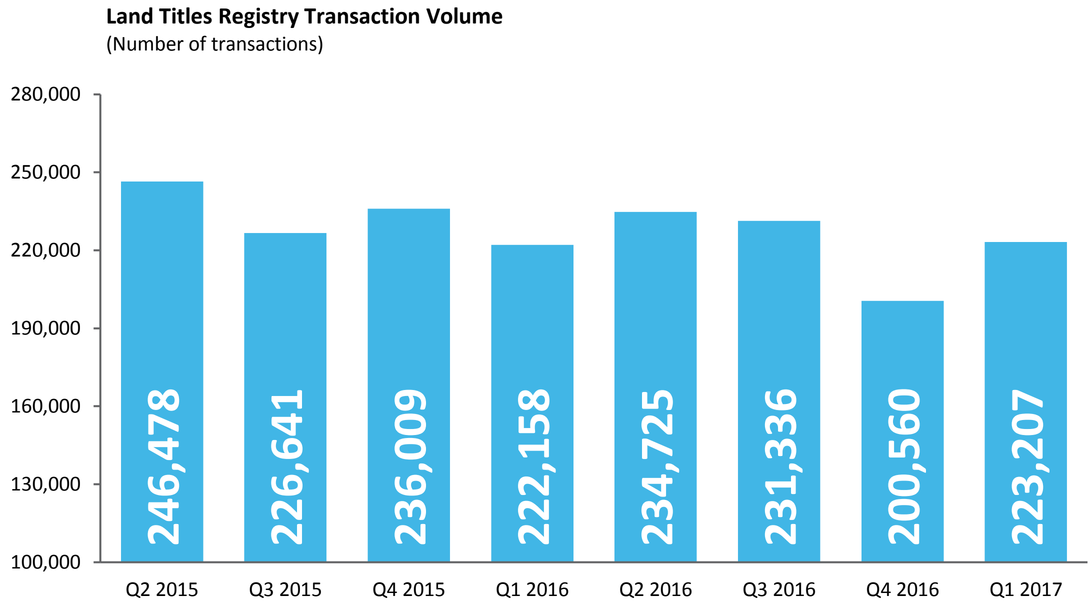
The majority of the revenue in the Land Titles Registry is derived from value-based fees. While most of 2016 saw declines of average land values for regular land transfers, average land values improved by 6.9 per cent in the first quarter of 2017 compared to the same period in 2016.

High-value property registration revenue for the three months ended March 31, 2017, was stable at $0.8 million compared to the same period in 2016. Each high-value registration generated revenue of $10,000 or more.

The following charts show the Land Title Registry's revenue by type of transaction and the overall transaction volume, respectively. Due to seasonality, the first quarter typically generates the weakest revenue, which is consistent year-over-year. For more information on seasonality, please refer to the "Summary of Consolidated Quarterly Results".



Note: Values may not total due to rounding from Maintenance transactions that were too small to display in chart.



Land Titles Registry primary customers are legal firms, financial institutions, developers and resource-based companies. For the three months ended March 31, 2017, our top 20 Land Titles Registry customers represented 38.2 per cent of our revenue and our top 100 Land Titles Registry customers represented 76.0 per cent of revenue.

(ii) Land Surveys and Geomatics

Collectively, the revenue from Land Surveys and Geomatics was $0.9 million for the three months ended March 31, 2017, a modest decline of 3.1 per cent compared to the same period in 2016.

Revenue from Land Surveys was down 10.4 per cent for the first quarter in 2017 when compared to the same period in 2016. This was due to declines in registration transaction volumes which were down 21.1 per cent. These declines were partially offset by growth in search and service transactions, up 2.0 per cent and 48.2 per cent respectively, compared to the first quarter of 2016.

Land Surveys customers include surveyors, developers, resource companies, government and other businesses that access our mapping systems and survey plans to support their development plans. For the three months ended March 31, 2017, our top 20 Land Surveys customers made up 91.6 per cent of our revenue, whereas the top 100 customers accounted for 96.3 per cent.

Geomatics revenue climbed by 2.2 per cent compared to the same quarter in 2016 due to higher requests for bulk data sales.

Geomatics customers encompass government departments (provincial and municipal), resource companies, land developers, other businesses and the general public. They also include utility, pipeline and transportation companies. For the three months ended March 31, 2017, our top 20 Geomatics customers comprised 89.7 per cent of our revenue, while our top 100 customers represented 99.6 per cent of revenue.

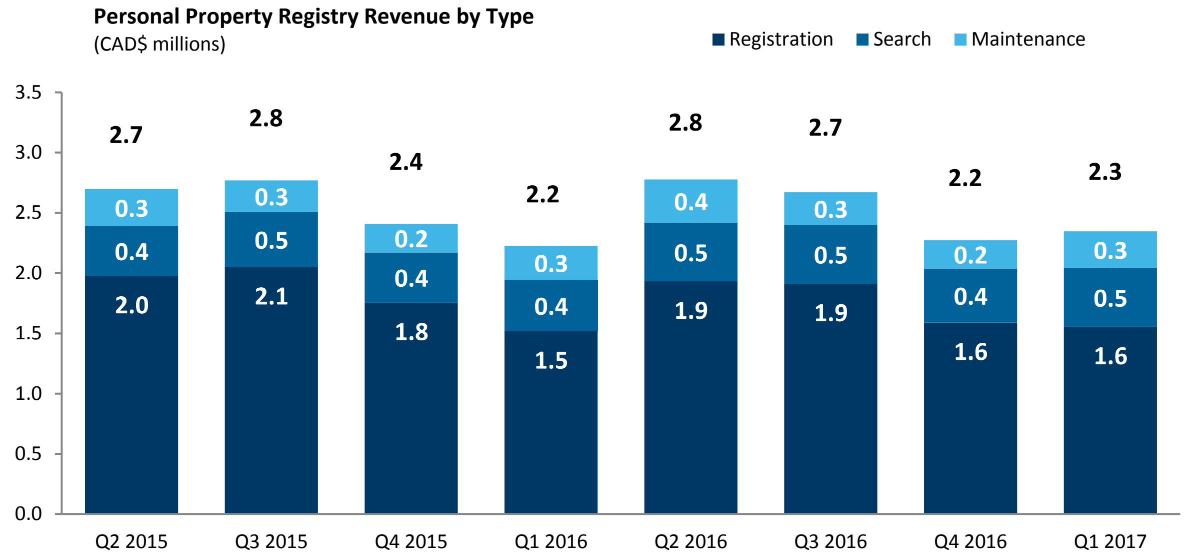
Personal Property Registry

Revenue for the Personal Property Registry for the first quarter of 2017, was $2.3 million, an increase of 5.4 per cent or $0.1 million, compared to the same period in 2016 due to stronger than expected transaction volumes.

The primary driver of revenue for this registry, personal property security registration setups, saw volumes grow in the first quarter of 2017 by 4.2 per cent compared to the same quarter in 2016. Revenue increased by 2.0 per cent compared to the same period last year. Revenue for setups did not grow at the same rate as volume due to the registry fee changes made in July 2016, which rebalanced fees across several categories and resulted in a lower fee for setups.

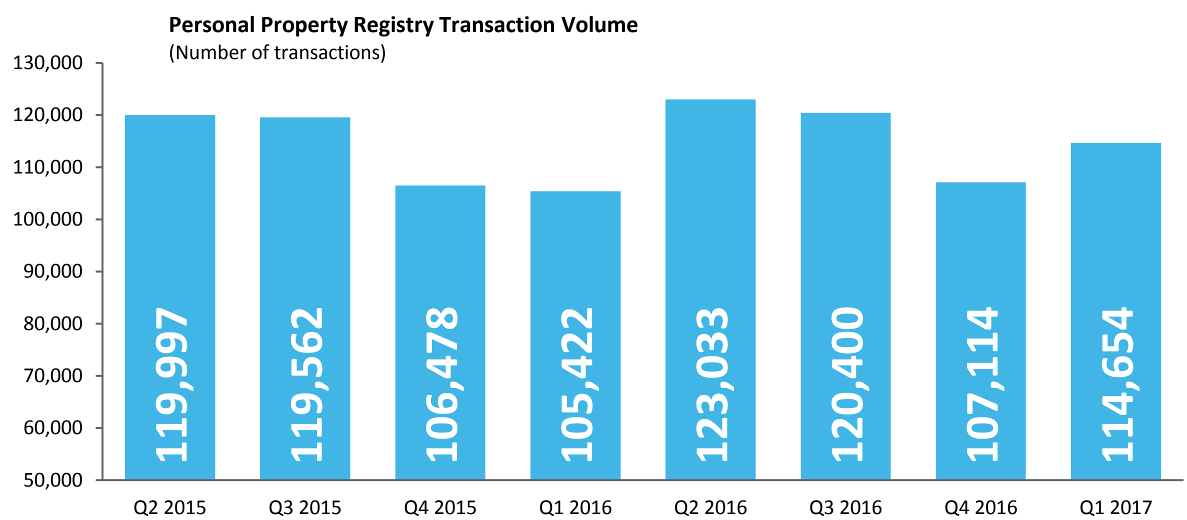
The graph below depicts the revenue by type of transaction. Year-over-year, registration revenue improved due to the increase in personal property security registration setups. Search and maintenance revenue for the first quarter of 2017 also grew compared to the same period in 2016. Typically, first quarter revenue is weaker compared to the fourth quarter, however, this year, as seen in the graph below, a weaker Q4 (2016) than normal combined with a slightly stronger Q1 (2017), has shifted that pattern slightly. New motor vehicle sales in Saskatchewan are one of the activity drivers of the Personal Property Registry. While it is still early in the year, Statistics Canada reported that new motor vehicle sales (units) for Saskatchewan increased by 9.5 per cent as of February 28, 2017, compared to the same period in 2016[2]. This improvement likely contributed to the volume and revenue growth this quarter, along with the strong search volumes we continue to see.

2 Statistics Canada Table 079-0003 – New motor vehicle sales, Canada, provinces and territories, CANSIM (database), accessed April 21, 2017.



Transaction volumes for the first quarter of 2017 increased by 8.8 per cent compared to the same period last year. Specifically, registration volumes rose by 5.8 percent, search transactions were up 10.1 per cent and maintenance volume increased by 9.1 per cent.

In addition to the increase in setups and searches, registration renewals and amendments activity also had improvement in quarter-over-quarter volume. The following graph shows the transaction volumes by quarter for comparison.



Customers of the Personal Property Registry largely come from the financial sector in addition to legal firms. The top 20 Personal Property Registry customers generated 80.1 per cent of the revenue for the three months ended March 31, 2017, while the top 100 made up 93.2 per cent of our revenue.

Corporate Registry

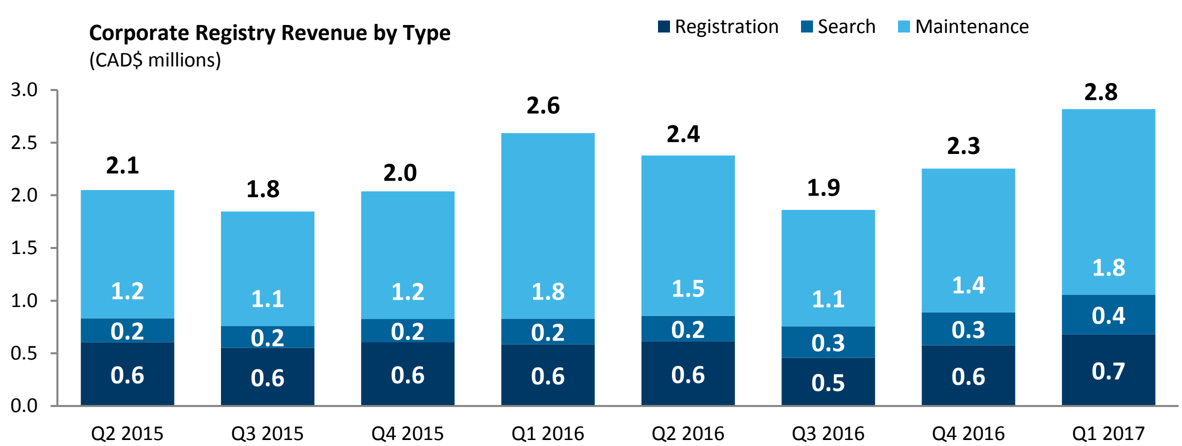
Revenue for the Corporate Registry for the quarter ended March 31, 2017, was $2.8 million, an increase of $0.2 million, or 8.7 per cent, compared to the same period in 2016.

With the launch of the new system for the Saskatchewan Corporate Registry in July 2016, a number of permanent changes to the services and fee structure were implemented. The new fee schedule resulted in structural changes to how volumes are recorded.

With that in mind, revenue from the filing of annual returns and renewals improved by 6.5 per cent compared to the first quarter of 2016. Revenue from the incorporation and registration of new business entities also increased by 18.9 per cent compared to the same period last year. Search revenue increased by 54.8 per cent when compared to the first quarter of 2016, due to the registry fee changes made in July 2016. This activity rebalanced fees across several categories and resulted in a higher fee for profile reports, which is the primary transaction type for search.

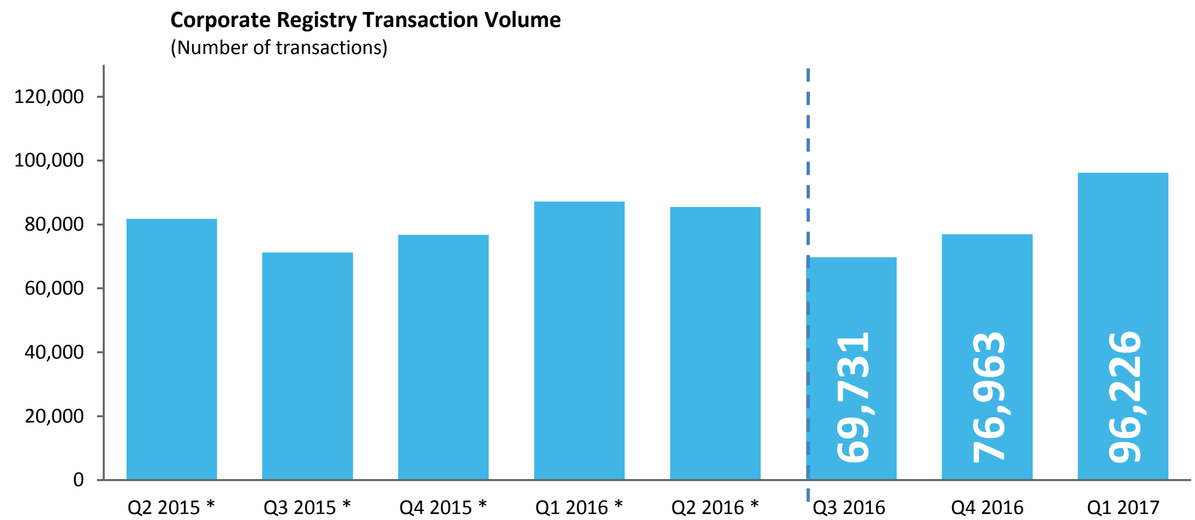
Business confidence in Saskatchewan, while still ranking near the bottom nationally, has shown some slight improvement according to The Canadian Federation of Independent Business (CFIB) barometer index[3].

The following graph depicts revenue by type of transaction. Corporate Registry revenue for the first quarter of 2017 improved compared to the same period in 2016 due to improvements in registration and search revenue. Quarterly revenue continues to mirror the Company's typical pattern of seasonality.



3 CFIB Economics Business Barometer and corresponding data table – March 2017

The transaction volumes for the Corporate Registry for the first quarter of 2017 are shown below. As a result of the new fee schedule and the Corporate Registry system implementation (both in July 2016), the way in which volumes for fee generating transactions is recorded has changed. Historical trending in the graph below has been adjusted to approximate expected comparative volumes under the current system.



**Note: As noted above, historical trending has been adjusted to approximate expected comparative volumes under the current structure.*

As of March 31, 2017, there were approximately 72,735 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 72,263 as at March 31, 2016.

For the Corporate Registry, customers largely include legal firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that were, or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers accounted for 33.3 per cent of revenue for the three months ended March 31, 2017, whereas the top 100 customers made up 52.6 per cent of revenue.

Services

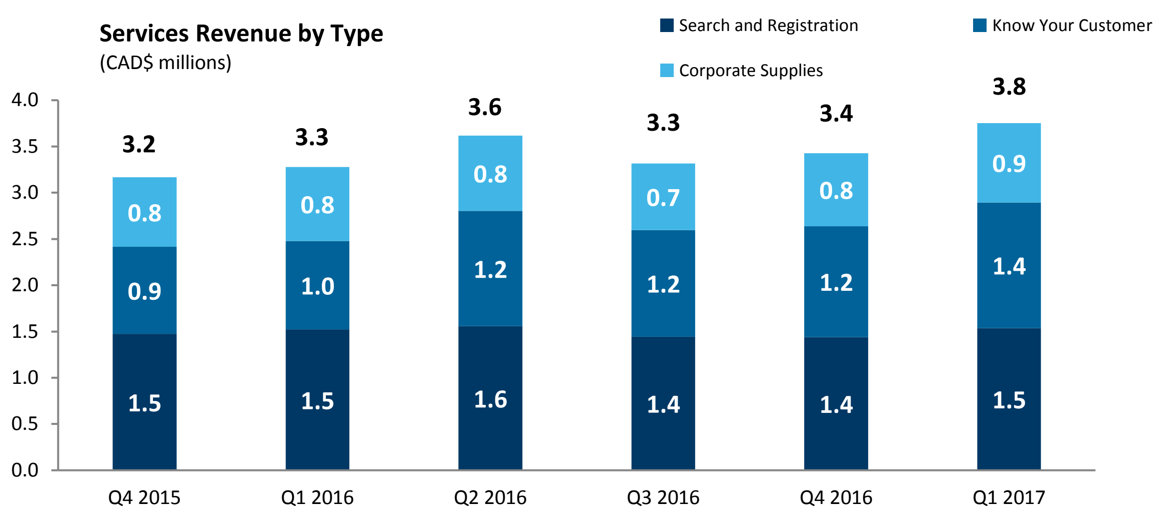
The revenue in our Services segment for the first quarter, which consists of revenue earned by our wholly owned subsidiary ESC, was $3.8 million. This is an increase of $0.5 million, or 14.6 per cent, compared to the first quarter of 2016.

The revenue is tied to its clients – law firms, financial institutions and professional firms – and the business they undertake on behalf of companies across Canada. Economic activity can affect credit lending, mergers, acquisitions, incorporations and various new business start-up activities which drives activity for our Services segment.

Revenue from search and registration services was $1.5 million for the three months ended March 31, 2017, which represents 41.0 per cent of total revenue, and increased by 1.1 per cent compared to the same period in 2016. Search and registration services revenue includes corporate, business name, personal property, real property, corporate name search reports (also known as NUANS[4] reports), trademark, *Bank Act* and other search and registration services. These services are provided primarily to lawyers and law firms.

Revenue from Know-Your-Customer (KYC) services for the three months ended March 31, 2017, was $1.4 million, or 36.1 per cent of total revenue and grew by $0.4 million or 41.7 per cent compared to the first quarter of 2016. The increase was due to new customer onboarding and organic growth of the installed customer base. This includes KYC services that support customers' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources (e.g., corporate registry, personal property registry, land registry, litigation, and bankruptcy and *Bank Act* searches). These services are provided primarily to financial institutions.

The corporate supplies revenue for the first quarter of 2017 was $0.9 million or 22.9 per cent of the total Services segment revenue grew by 7.6 per cent compared to the same period in 2016. This includes corporate supplies and accessories for the manufacturing, sale and distribution of customized corporate minute books, seals, share certificates, legal supplies and related ancillary accessories for businesses and corporations. These supplies are provided primarily to lawyers and law firms.



The top 20 ESC customers comprised about 49.1 per cent of the revenue for the three months ended March 31, 2017, while the top 100 ESC customers made up nearly 65.5 per cent of revenue. No single customer accounted for more than 25.0 per cent of ESC revenue in the same period.

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[4] NUANS (Newly Updated Automated Name Search) is a registered trademark of the Government of Canada and is a computerized search system that compares a proposed corporate name or trademark with databases of existing corporate bodies and trademarks.

Consolidated expenses

For the three months ended March 31, 2017, consolidated expenses (all segments) were $17.6 million, an increase of 7.5 per cent, compared to $16.4 million for the same period of 2016.

	Three Months Ended March 31,	
(thousands of CAD dollars)	**2017**	2016
Expenses		
Wages and salaries	**$ 8,311**	$ 6,685
Information technology services	**2,388**	2,365
Depreciation and amortization	**2,032**	1,843
Occupancy costs	**1,308**	1,223
Professional and consulting services	**1,080**	998
Cost of goods sold	**915**	990
Financial services	**676**	983
Project initiatives	**418**	910
Other	**455**	362
Total expenses	**$ 17,583**	$ 16,359

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

- Wages and salaries were $8.3 million, up $1.6 million, for the three months ended March 31, 2017, compared to the same period in 2016. The increase was primarily the result of one-time and ongoing[5] additional wages and salaries from our new subsidiary, ERS, annual merit increases for out-of-scope employees and increases to our in-scope employee salaries as per the Collective Bargaining Agreement which was ratified in July 2016.

[5] In addition to normal ongoing wages and salaries, for accounting purposes, the €5 million contingent payment associated with the ERS acquisition is classified as post-acquisition remuneration and is not included as part of the related acquisition consideration, resulting in the recognition of compensation expense over the 30-month period. For the period ended March 31, 2017, the Company recognized remuneration expense of $0.4 million related to the contingent payment.

- Depreciation and amortization costs were $2.0 million for the three months ended March 31, 2017, compared to $1.8 million in the same period of 2016, up as a result of amortization of a new asset in our Services segment which commenced in the third quarter of 2016.

- Project initiatives were $0.4 million for the three months ended March 31, 2017, compared to $0.9 million for the same period in 2016. The decrease was due to timing differences in the commencement of projects in the first quarter of 2017 compared to the same period in 2016.

Net finance expense (income)

Net finance expense for the three months ended March 31, 2017, was $112 thousand compared to $85 thousand for the same period in 2016. The increase was due to less interest earned on a lower average cash balance and higher interest expense due to the committed, revolving credit facility that was drawn January 18, 2017, resulting in more interest paid in the first quarter of 2017 as compared to 2016.

Share of loss in associate

On March 27, 2017, we contributed additional capital of $2.4 million representing our pro rata share of an equity raise by Dye & Durham. Subsequently, on March 28, 2017, the Company contributed additional capital of $0.1 million raising its ownership interest to 30.1 per cent.

On March 31, 2017, Dye and Durham announced it had acquired 100 per cent of OnCorp Direct Inc. ("OnCorp"), a provider of corporate search and registration services, due diligence, Personal Property Security Agreements and other registry related services to legal and financial professionals, corporations and financial institutions across Canada.

For the three months ended March 31, 2017, ISC recorded its share of loss in associate (Dye & Durham) of $177 thousand compared to $13 thousand in 2016. The loss was due to restructuring costs and advisory fees in the quarter related to the OnCorp acquisition.

Net income and earnings per share

Net income for the three months ended March 31, 2017, was $2.4 million or $0.14 per basic and diluted share, compared to $2.2 million or $0.13 per basic and $0.12 per diluted share, for the same period in 2016.

	Three Months Ended March 31,	
(thousands of CAD dollars)	**2017**	2016
Registries	**$ 2,914**	$ 3,930
Services	**397**	189
Corporate	**(885)**	(1,923)
Net income	**$ 2,426**	$ 2,196

Adjusted EBITDA

Adjusted EBITDA was $6.2 million, a 28.9 per cent margin, for the three months ended March 31, 2017, compared to $5.5 million, a 27.9 per cent margin, for the same period in 2016. The increase in adjusted EBITDA is mainly attributed to the higher revenue generated in the first quarter of 2017 compared to the first quarter of 2016 and slightly higher stock-based compensation expense, which is added back to the calculation.

7 Summary of Consolidated Quarterly Results

The following table sets out select quarterly results for the past eight quarters.

Our Registries segment experiences moderate seasonality, primarily because Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest.

Our Services segment is sufficiently diversified with little seasonality to its revenue performance. However, some smaller categories of products or services can have some seasonal variation, slightly increasing during the second and fourth quarters.

The balance of our corporate activities and shared services functions, as well as the services and functions of ERS, reported as Corporate, do not experience seasonality. Expenses are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related activities.

As a result of the above, our EBITDA margin fluctuates in line with some seasonality.

	2017	2016				2015		
(thousands of CAD dollars)	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	**$ 21,496**	$ 21,201	$ 22,894	$ 24,674	$ 19,606	$ 22,579	$ 19,675	$ 20,053
Expenses	**17,583**	18,248	16,854	16,468	16,359	16,219	12,830	13,112
Income before net finance expense (income)	**3,913**	2,953	6,040	8,206	3,247	6,360	6,845	6,941
Net finance expense (income)	**112**	74	78	83	85	59	(28)	(59)
Share of profit (loss) in associate	**(177)**	925	479	263	(13)	52	10	-
Change in contingent consideration	**-**	-	(1,000)	-	-	-	-	-
Income before tax	**3,624**	3,804	5,441	8,386	3,149	6,353	6,883	7,000
Income tax expense	**1,198**	885	1,631	1,808	953	1,786	2,227	2,027
Net income	**$ 2,426**	$ 2,919	$ 3,810	$ 6,578	$ 2,196	$ 4,567	$ 4,656	$ 4,973
Other comprehensive income for the period	**(96)**	-	-	-	-	-	-	-
Total comprehensive income	**$2,330**	$ 2,919	$ 3,810	$ 6,578	$ 2,196	$ 4,567	$ 4,656	$ 4,973
EBITDA margin (% of revenue)[1]	**26.8%**	32.2%	32.1%	41.7%	25.9%	36.3%	41.5%	41.1%
Adjusted EBITDA margin (% of revenue)[1]	**28.9%**	34.6%	41.5%	45.1%	27.9%	38.2%	48.6%	41.9%
Earnings per share, basic	**$ 0.14**	$ 0.17	$ 0.22	$ 0.38	$ 0.13	$ 0.26	$ 0.27	$ 0.28
Earnings per share, diluted	**$ 0.14**	$ 0.17	$ 0.22	$ 0.37	$ 0.12	$ 0.26	$ 0.27	$ 0.28

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures by other corporations. Refer to section "Non-IFRS Financial Measures".

8 Financial Measures and Key Performance Indicators

Revenue, expenses and net income are key performance indicators the Company uses to manage its business and evaluate its financial results and operating performance.

In addition to these results, which are reported in accordance with IFRS, certain non-IFRS measures are supplemental indicators of operating performance and financial position as well as for internal planning purposes. The Company evaluates its performance against these metrics by comparing actual results to management budgets, forecasts and prior period results. These non-IFRS financial measures include EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Refer to section "Non-IFRS Financial Measures".

Consolidated earnings before interest, taxes, depreciation and amortization

	Three months Ended March 31,	
(thousands of CAD dollars)	**2017**	2016
Net income	**$ 2,426**	$ 2,196
Depreciation and amortization	**2,032**	1,843
Net finance expense (income)	**112**	85
Income tax expense	**1,198**	953
EBITDA[1]	**5,768**	5,077
Adjustments		
Stock-based compensation expense	**74**	15
Stock option expense	**79**	87
Acquisition and integration costs	**300**	294
(Gain) loss on disposal of property, plant and equipment assets	**-**	(1)
Loss on disposal of intangibles assets	**-**	-
Adjusted EBITDA[1]	**$ 6,221**	$ 5,472
EBITDA margin (% of revenue)[1]	**26.8%**	25.9%
Adjusted EBITDA margin (% of revenue)[1]	**28.9%**	27.9%

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. Refer to section "Non-IFRS Financial Measures".

Consolidated free cash flow

(thousands of CAD dollars)	Three Months Ended March 31, 2017	2016
Cash provided by operating activities	**$ 4,565**	$ 3,057
Cash additions to property, plant and equipment	**(15)**	(410)
Cash additions to intangible assets	**(21)**	(568)
Net change in non-cash working capital[1]	**1,073**	1,237
Consolidated free cash flow[2]	**$ 5,602**	$ 3,316

[1] Refer to Note 21 of the Financial Statements for reconciliation.

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

9 Outlook

The following section includes forward-looking statements, including statements related to prices charged for services, the anticipated revenue outlook, changes in the economic conditions in Canada and, in particular, Saskatchewan, Ontario and Quebec, as well as internationally, timing of any economic recovery, real gross domestic product, value of building permits, employment and unemployment rates, impact of the Saskatchewan Provincial Budget, economic impact of energy and resource sectors, changes in transaction volumes, impact of pricing changes, changes in high-value property registrations, changes in housing re-sales, average land values, housing starts and motor vehicle sales volume, changes in population, changes in net migration, changes in retail sales, of active business entities, expected level and composition of capital expenditures, ability to fund capital expenditures from cash flow, planned re-investment in the business, integration of services and ability to realize synergies, consolidated EBITDA margin, continued focus and impact of cost management efforts, key drivers of expenses, anticipated modest growth of active business entities in Saskatchewan, impact of pricing adjustment to our Core Registry Services, anticipated growth of our Services segment, maintaining margins through cost efficiencies and expected activity in the global registry market. Refer to the section "Caution Regarding Forward-Looking Statements".

Currently, the majority of the Company's revenue is linked to registry transaction volumes and values driven by economic conditions in Saskatchewan. The remaining portion of our revenue is linked to the overall economic conditions in Ontario and Quebec. ERS' revenue is linked to activity in the global registry market, which the Company continues to believe is an emerging sector. Continuing investment in product development will better position us to expand our competitive position in the registry market in the long-term.

At present, the Company expects the 2017 Saskatchewan economy to be comparable to 2016 with flat to modest economic growth, which drives our Registries segment results. Our current view for our Services segment is that we expect a slowing central Canadian economy in 2017 to deliver modest growth across that segment.

Since January 2017, the Saskatchewan economy has shown some signs of improvement as reflected in our first quarter revenue for the Registries segment. Since our last reporting period, Saskatchewan's 2017 real Gross Domestic Product has been re-forecasted upward by several external sources. Growth in the value of building permits[6] and a downward trend in the unemployment rate[7] during the first quarter of 2017 are also encouraging. Despite this, there are still various indicators that suggest downward pressure such as a softening of housing re-sale volumes and average land values in 2017 compared to 2016. Therefore, we remain cautious until we see a more defined and prolonged upward trend.

Our current view for our Services segment in 2017 is that we expect a slowing Central Canadian economy to deliver modest growth across search and registration and corporate supplies segments. We expect KYC and customer onboarding compliance to continue to deliver overall growth to the business through a number of customer awards in Q1, the revenue for which will be reflected in future quarters. Margins are expected to continue to improve over last year due in part to bringing particular services in house versus third party suppliers, as well as introducing additional automation in particular aspects of the business driving further efficiency.

The key drivers of our consolidated expenses will continue to be wages, salaries and information technology costs, as well as the pursuit of new business opportunities. In 2017, the Company is also focused on the integration of ERS into both our business and sales activities.

Based on these factors, ISC expects an EBITDA margin of between 31.0 per cent and 33.0 per cent in 2017. Management expects capital expenditures in 2017 to be in the range of $5.0 to $6.0 million, funded from operating cash flow. These expenditures are expected to continue to focus on the maintenance, enhancement and upgrade of core technology components and enterprise systems.

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[6] Statistics Canada. Table 026-0003 – Building permits, values by activity sector, monthly (dollars X 1,000), CANSIM (database), accessed April 7, 2017.

[7] Statistics Canada. Table 282-0087 – Labour force survey estimates (LFS), by sex and age group, seasonally adjusted and unadjusted, monthly CANSIM (database), accessed April 7, 2017.

10 Liquidity and Capital Resources

10.1 Cash flow

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

Historically, ISC has financed its operations and met its capital and finance expenditure requirements through cash provided from operating activities. Most recently, the Company has also utilized borrowing to supplement cash generated from operations to finance acquisition activities. The Company believes that internally generated cash flow, supplemented by additional borrowing that may be available to us (refer to Note 15 of the Financial Statements for our existing Credit Facilities), will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments.

Liquidity risk is managed based on financial forecasts and anticipated cash flow. The majority of cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at March 31, 2017, the Company held $28.0 million in cash, compared to $33.5 million as at December 31, 2016, a decrease of $5.5 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of $25.3 million (December 31, 2016 – $16.4 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities.

The following table summarizes our sources and uses of funds for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
(thousands of CAD dollars)	**2017**	2016
Net cash flow provided by operating activities	**$ 4,565**	$ 3,057
Net cash flow (used in) investing activities	**(16,096)**	(1,905)
Net cash flow provided by (used in) financing activities	**5,967**	(3,957)
Increase (decrease) in cash	**(5,562)**	(2,805)
Cash, beginning of period	**33,533**	36,421
Cash, end of period	**$ 27,971**	$ 33,616

Net cash flow provided by operating activities

Net cash flow provided by operating activities for the three months ended March 31, 2017, was $4.6 million compared to $3.1 million for the same period in 2016. The higher figure in 2017 was due to higher income reported in the first quarter of 2017.

Net cash flow used in investing activities

Net cash flow used in investing activities for the three months ended March 31, 2017, was $16.1 million compared to $1.9 million for the three months ended March 31, 2016. The larger investing activities in the first quarter of 2017 compared to the same period of 2016, reflect the acquisition of ERS and the additional investment in Dye & Durham.

Net cash flow provided by (used in) financing activities

Net cash flow provided by financing activities for the three months ended March 31, 2017, was $6.0 million compared to net cash flow used in financing activities of $4.0 million for the three months ended March 31, 2016. The change was due to proceeds of $10.0 million being drawn from our revolving operating facility to partially fund the ERS acquisition.

10.2 Capital expenditures

Capital expenditures for the three months ended March 31, 2017, were $0.1 million, compared to $1.3 million for the same period in 2016. Capital expenditures in 2016 were mainly focused on our Corporate Registry modernization which was completed in 2016. The lower capital expenditure to date in 2017 was due to the expected timing of planned 2017 initiatives, which are planned for later in the year.

	Three Months Ended March 31,	
(thousands of CAD dollars)	**2017**	2016
Registries	**$ -**	$ 1,177
Services	**19**	-
Corporate	**90**	113
Total capital expenditures	**$ 109**	$ 1,290

10.3 Long-term debt

Long-term debt for the three months ended March 31, 2017, was $33.1 million compared to $23.4 million at December 31, 2016.

The revolving term facility of $9.935 million consists of a three-year, committed revolving term loan facility that matures on September 28, 2018, unless renewed prior to that time. It is currently held in a six-month bankers' acceptance note bearing interest at 1.1 per cent that matures on June 21, 2017, (December 31, 2015 – bankers' acceptance note, due June 28, 2016, bearing interest at 0.963 per cent per annum).

The operating facility, which consists of a $10.0 million committed, revolving credit facility was drawn January 18, 2017, to fund, in part, the acquisition of ERS. The operating facility is repayable by ISC upon demand by the Lender and the Lender may terminate such operating facility at any time. This facilty bears an interest rate of prime plus applicable margin, which at March 31, 2017, equates to 2.7 per cent plus 0.7 per cent for a rate of 3.4 per cent per annum.

The non-revolving term facility had $13.1 million outstanding as of March 31, 2017, and is repayable through quarterly payments of $375 thousand maturing on September 28, 2018. This facility bears an interest rate of prime plus applicable margin which, at March 31, 2017, equated to 2.7 per cent, plus 0.7 per cent, for a rate of 3.4 per cent per annum (December 31, 2016 – 2.7 per cent, plus 0.7 per cent, for a rate of 3.4 per cent per annum).

10.4 Total assets

Total assets increased to $138.8 million at March 31, 2017, compared to $133.0 million at March 31, 2016, primarily due to the acquisiton of ERS.

(thousands of CAD dollars)	Registries	Services	Corporate	As at March 31, **2017**
Cash	$ 16,433	$ 2,725	$ 9,100	**$ 28,258**
Goodwill	-	13,141	9,704	**22,845**
Assets excluding cash and goodwill	38,415	17,826	31,824	**88,065**
Total assets	$ 54,848	$ 33,692	$ 50,628	**$ 139,168**

(thousands of CAD dollars)	Registries	Services	Corporate	As at March 31, 2016
Cash	$ 21,475	$ 1,569	$ 10,722	$ 33,766
Goodwill	-	13,141	-	13,141
Assets excluding cash and goodwill	45,629	17,659	22,780	86,068
Total assets	$ 67,104	$ 32,369	$ 33,502	$ 132,975

10.5 Working capital

As at March 31, 2017, working capital was $12.3 million, compared to $25.4 million at December 31, 2016. The change in working capital resulted primarily from a decrease in cash and an increase in short-term debt which was used to fund the purchase of ERS.

(thousands of CAD dollars)	As at March 31, **2017**	As at December 31, 2016
Current assets	**$ 37,567**	$ 41,800
Current liabilities	**(25,265)**	(16,363)
Working capital	**$ 12,302**	$ 25,437

10.6 Outstanding share data

The number of basic issued and outstanding Class A Shares as at March 31, 2017, was 17.5 million and the number of fully diluted shares was 17.9 million. On March 14, 2017, the Board declared a quarterly cash dividend of $0.20 per Class A Share, which was paid on April 15, 2017, to shareholders of record as of March 31, 2017.

11 Share-Based Compensation Plan

11.1 Deferred share unit plan

The Company has established a Deferred Share Unit ("DSU") plan to provide directors and senior officers of ISC with the opportunity to acquire DSUs in order to allow them to participate in the long-term success of ISC and to promote a greater alignment of interests between our directors, senior officers and shareholders. Refer to Note 14 of the Financial Statements on the share-based compensation plan.

Share-based compensation, related to DSUs, for the three months ended March 31, 2017, totalled $74 thousand (2016 – $15 thousand). The total carrying amount of the liability arising from the DSUs as of March 31, 2017, totalled $837 thousand (2016 – $457 thousand).

As at March 31, 2017, the DSU plan balance was 43,747.77 (March 31, 2016 – 31,927.50) with a fair value of $19.50 per DSU. The weighted average award price of the DSUs granted at March 31, 2017, was $16.90 (March 2016 – $16.80).

11.2 Stock option plan

The Company established a stock option plan that was approved by shareholders in 2014, to encourage share ownership and enhance the Company's ability to attract, retain and motivate key personnel and reward significant performance achievements. Refer to Note 14 of the Financial Statements on the share-based compensation plan. As the three-year term prescribed by the Toronto Stock Exchange (TSX) will expire in May 2017, the Board approved an amended and restated stock option plan on March 14, 2017. These amendments will only become effective if the shareholders approve the plan at the annual and special meeting of shareholders on May 17, 2017. The amendments are principally related to the expansion of the limitation provisions (grants to one person, aggregate option grants to insiders and option grants to non-employee directors) and a further narrowing of the plan amendments that can be made without shareholder approval.

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation related to the stock option plan for the three months ended March 31, 2017, totalled $79 thousand (2016 – $87 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as at March 31, 2017, totalled $678 thousand (2016 – $310 thousand).

As at March 31, 2017, a total of 759,259 (December 31, 2016 – 759,259) stock options had been granted. The outstanding share options at the end of the period had a weighted average exercise price of $15.41 (2016 – $18.80).

12 Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at March 31, 2017.

13 Related Party Transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 15 in our December 31, 2016, Financial Statements which are available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com, for information pertaining to transactions with related parties.

14 Critical Accounting Estimates

ISC's critical accounting estimates are contained in the Financial Statements. Refer to Note 2 for the summary of use of estimates and judgments. The preparation of the Financial Statements in conformity with IFRS, requires management to make estimates and underlying assumptions and judgments that affect the accounting policies and reported amounts of assets, liabilities, revenue and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

15 Changes in Accounting Policies

Refer to Note 3 of the Financial Statements for information pertaining to changes in accounting policies effective in 2017 and for information on issued accounting pronouncements that will be effective in future years.

16 Financial Instruments and Financial Risks

Financial instruments held in the normal course of business included in our consolidated statement of financial position as at March 31, 2017, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities, long-term debt, deferred share unit liability and other long-term liabilities.

The Company does not use any form of derivative financial instruments to manage our exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk. Refer to Note 18 of the Financial Statements for information pertaining to financial instruments and related risk management.

17 Business Risks and Risk Management

ISC faces certain risks which can impact its business and its financial and operational performance. For information on the risk management approach, business risks and risk management, refer to the Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2016, which are available on SEDAR at www.sedar.com.

18 Internal Controls over Financial Reporting

The Company's management, including the President and Chief Executive Officer and the Vice President, Finance & Technology and Chief Financial Officer, is responsible for establishing and maintaining appropriate internal control over financial reporting. Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

No changes in our internal control over financial reporting that have occurred during the period have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The design scope of internal controls over financial reporting has been limited to exclude controls, policies and procedures of ERS, having been acquired less than 365 days prior to March 31, 2017.

19 Disclosure Controls and Procedures

The Company's management, including the President and Chief Executive Officer and the Vice President, Finance & Technology and Chief Financial Officer, is responsible for establishing and maintaining appropriate disclosure control and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management, including the President and Chief Executive Officer and the Vice-President, Financial &

Technology and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosures.

The design scope of disclosure controls and procedures has been limited to exclude controls, policies and procedures of ERS, having been acquired less than 365 days prior to March 31, 2017.

The contribution of ERS to ISC's financial statements for the three months ended March 31, 2017 was approximately 2.0 per cent of revenues and 8.0 per cent of expenses. ERS contributed 5.0 per cent of current assets, 12.0 per cent of non-current assets, 2.0 per cent of current liabilities and 4.0 per cent of non-current liabilities.

20 Non-IFRS Financial Measures

20.1 Non-IFRS financial measures

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

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

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

20.2 Non-IFRS financial measures definition

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

Free cash flow is used as a financial measure in our evaluation of liquidity and financial strength.

Adjusting for the swings in non-cash working capital items due to seasonality or other timing issues and cash additions to property, plant and equipment and intangible assets, free cash flow assists in the long-term assessment of liquidity and financial strength. This measurement is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Free cash flow does not represent residual cash flow available for discretionary expenditures.