



Information in the right hands.

May 3, 2023

Management's Discussion and Analysis

For the Three Months Ended March 31, 2023



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INTRODUCTION

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

This document should be read in its entirety and is intended to complement and supplement ISC's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023, and 2022 ("Financial Statements"). Additional information, including our Annual Information Form for the year ended December 31, 2022, is available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

This MD&A contains information from the Financial Statements, prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, using accounting policies that are consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IAS Board"). The financial information that appears throughout our MD&A is consistent with the Financial Statements.

This MD&A also includes certain measures, which have not been prepared in accordance with IFRS, such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Rather, these measures are provided as additional information to complement those IFRS measures. Refer to section 8.8 "Non-IFRS financial measures" for discussion of why we use these measures and their most closely related IFRS measures within the Financial Statements. Refer to section 2 "Consolidated Financial Analysis" for a reconciliation of EBITDA and adjusted EBITDA to net income and section 6.1 "Cash flow" for a reconciliation of free cash flow.

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

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

This MD&A contains forward-looking information and should be read in conjunction with the "Caution Regarding Forward-Looking Information" that follows. This MD&A is current as of May 3, 2023.

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

RESPONSIBILITY FOR DISCLOSURE

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

The Audit Committee reviews the fiscal year-end MD&A and recommends it to the Board for approval. Interim MD&As are reviewed and approved by the Audit Committee.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

Forward-looking information that may be found in this MD&A includes, without limitation, that contained in the "Outlook" section hereof, and management's expectations, intentions, and beliefs concerning the industries in which we operate, business strategy and strategic direction, growth opportunities, integration, contingent consideration, development and completion of projects, the competitive landscape, seasonality, our future financial position and results of operations, capital and operating expectations, projected costs, the impact of certain payments to the Government of Saskatchewan, access to financing, debt levels, free cash flow, expectations for meeting future cash requirements, the economy and the real estate market, reporting currency and currency fluctuations, dividend expectations, market trends, and other plans and objectives of or involving ISC. The words *may*, *will*, *would*, *should*, *could*, *expect*, *plan*, *intend*, *anticipate*, *believe*, *estimate*, *predict*, *strive*, *strategy*, *continue*, *likely* and *potential* or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking information.

Forward-looking information is based on estimates and assumptions made by us in light of ISC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that ISC believes are appropriate and reasonable in the circumstances. There can be no assurance that such estimates and assumptions will prove to be correct. Certain assumptions with respect to our ability to implement our business strategy and compete for business (other than our exclusive service offerings to the Government of Saskatchewan) and market our technology assets and capabilities, as well as business, economic, market and other conditions, availability of financing, currency exchange rates, consumer confidence, interest rates, level of unemployment, inflation, liabilities, income taxes, and our ability to attract and retain skilled staff, are material factors in preparing forward-looking information.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such forward-looking information. Factors that could cause our actual results or events to differ materially from those expressed or implied by such forward-looking information include, without limitation, operational, economic, market, financial, competitive, regulatory, technological and other risks (including those arising from public health concerns such as COVID-19) detailed from time to time in the filings made by the Company, including those detailed in our Annual Information Form for the year ended December 31, 2022, and the Financial Statements, copies of which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com. You should consider these factors carefully. We caution that the foregoing list is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, this forward-looking information. See section 7.2 "Business risks and risk management".

Furthermore, unless otherwise stated, the forward-looking information contained in this MD&A is made as of the date of this MD&A. We have no intention and undertake no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. You should not place undue reliance on forward-looking information contained herein.

1 Overview

ISC's business performed in line with our expectations in the first quarter of 2023. This performance is reflective of the addition of the Ontario Property Tax Assessment Services division and the general resilience of the Saskatchewan Registries in our Registry Operations segment as well as the continued focus on new customer acquisition and growth in our Services segment.

As expected, in our Registry Operations segment, we saw a return to more normal levels for Saskatchewan Land Registry transactions, as Saskatchewan real estate transaction volumes trended back to pre-pandemic levels from the record levels of early 2022. The impact of this was more than offset by a full quarter contribution of the new Ontario Property Tax Assessment Services division, created following the acquisition of Reamined in June 2022. This segment continues to be a strong generator of free cash flow.

In our Services segment, both our focus on technology to expand our service offerings and our strong customer service resulted in organic growth, as well as the acquisition and onboarding of new customers. This led to a 9 per cent increase in revenue and a 4 per cent increase in adjusted EBITDA for the quarter. Offsetting this growth was a slight decline, as expected, in the Corporate Solutions division as the Ontario Business Registry expanded access to additional providers beginning on March 1, 2023.

Technology Solutions commenced implementation of two new contract wins during the quarter. Investment in people and technology during the quarter to support these and other new contracts impacted adjusted EBITDA in the short term and as compared to the prior year. The opportunity for this segment remains positive as the market continues to return to normal and we continue to see an increase in procurement activity. We also continue to focus on the completion of active projects.

As an organization, we continue to focus on ensuring ISC is actively pursuing growth.

1.1 Consolidated highlights

SELECT CONSOLIDATED FINANCIAL INFORMATION

Revenue \$49.1M +11% vs Q1 2022	Net income \$6.9M -7% vs Q1 2022	Earnings per share, diluted \$0.38 -7% vs Q1 2022	
EBITDA¹ \$14.7M +6% vs Q1 2022	Adjusted EBITDA¹ \$14.5M flat vs Q1 2022	Free Cash Flow^{1,2} \$10.1M flat vs Q1 2022	Dividends Paid \$4.1M

¹ EBITDA, Adjusted EBITDA and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other companies; refer to section 8.8 "Non-IFRS financial measures". Refer to section 2 "Consolidated Financial Analysis" for a reconciliation of EBITDA and adjusted EBITDA to net income. Refer to section 6.1 "Cash flow" for a reconciliation of free cash flow.

² Commencing on January 1, 2023, ISC revised the definition of free cash flow which is a non-IFRS measure to include interest received and paid as well as principal repayments on lease obligations. This is further defined in section 8.8 and the reconciliation and rationale is provided in section 6.1. This change in definition has also been reflected in the comparative period.

SELECT FINANCIAL INFORMATION

The select quarterly financial information set out for the three months ended March 31, 2023, and 2022, is derived from the Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods.

(thousands of CAD)	Three months ended March 31,	
	2023	2022
Revenue	\$ 49,124	\$ 44,153
Net income	6,864	7,407
EBITDA ¹	\$ 14,687	\$ 13,835
Adjusted EBITDA ¹	14,516	14,586
EBITDA margin (% of revenue) ¹	29.9%	31.3%
Adjusted EBITDA margin (% of revenue) ¹	29.5%	33.0%
Free cash flow ^{1,2}	\$ 10,054	\$ 10,069
Dividend declared per share	\$ 0.23	\$ 0.23
Earnings per share, basic	0.39	0.42
Earnings per share, diluted	0.38	0.41
	As at March 31,	December 31,
	2023	2022
Total assets	\$ 270,678	\$ 283,454
Total non-current liabilities	\$ 76,499	\$ 88,240

¹ EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other companies; refer to section 8.8 "Non-IFRS financial measures". Refer to section 2 "Consolidated Financial Analysis" for a reconciliation of EBITDA and adjusted EBITDA to net income. Refer to section 6.1 "Cash flow" for a reconciliation of free cash flow.

² Commencing on January 1, 2023, ISC revised the definition of free cash flow which is a non-IFRS measure to include interest received and paid as well as principal repayments on lease obligations. This is further defined in section 8.8 and the reconciliation and rationale is provided in section 6.1. This change in definition has also been reflected in the comparative period.

FIRST QUARTER CONSOLIDATED HIGHLIGHTS

- **Revenue** was \$49.1 million for the quarter, an increase of \$4.9 million or 11 per cent compared to the first quarter of 2022 due to revenue from Registry Operations' new Ontario Property Tax Assessment Services division, following the acquisition of Reamined in June 2022. Continued growth in transactions and customers in the Services segment also contributed to the overall revenue increase over the prior year. This was partially offset by a decrease in the Saskatchewan Land Registry revenue as transaction volumes trended toward pre-pandemic levels.
- **Net income** was \$6.9 million or \$0.39 per basic and \$0.38 per diluted share compared to \$7.4 million or \$0.42 per basic share and \$0.41 per diluted share in the first quarter of 2022. The decrease in net income results from higher amortization related to intangible assets arising from acquisitions in 2022 as well as higher net finance expense.
- **EBITDA** was \$14.7 million compared to \$13.8 million in the first quarter of 2022, primarily driven by increased EBITDA in Registry Operations and Services and a decrease in share-based compensation compared to the prior year quarter. **EBITDA margin** was 29.9 per cent for the quarter compared to 31.3 per cent in the first quarter of 2022. The change in margin year-over-year was largely due to the return of the Saskatchewan Land Registry volumes to pre-pandemic levels accompanied by reduced EBITDA in Technology Solutions partially offset by the decrease in share-based compensation due to a decline in the Company's share price during the quarter.
- **Adjusted EBITDA** was \$14.5 million for the quarter compared to \$14.6 million in 2022. **Adjusted EBITDA margin** was 29.5 per cent compared to 33.0 per cent in the first quarter of 2022. The change in margin year-over-year is largely due to the return of the Saskatchewan Land Registry volumes to pre-pandemic levels accompanied by reduced EBITDA in Technology Solutions.

- **Free cash flow** for the quarter was \$10.1 million, flat compared to the first quarter of 2022 due to slightly higher cash provided by operating activities net of changes in working capital, offset primarily by increased interest expense. Commencing on January 1, 2023, following a review of comparative financial information and practices by other publicly traded companies, ISC elected to refine its definition of free cash flow to present ISC's free cash flow on a levered basis. ISC believes this change will provide better information for management, investors and potential investors regarding ISC's liquidity and financial strength. As such, free cash flow now includes interest received and paid, interest paid on lease obligations and principal repayments on lease obligations. The impact of this change to free cash flow in the prior year period was a \$0.9 million decrease to the previously reported amount of \$11.0 million.
- ISC is now in the early stages of delivery of two new contracts including a project deploying the RegSys platform to the Department of Registrar of Companies and Intellectual Property in Cyprus — in partnership with NetU Consultants Ltd. and a project with the States of Guernsey to build and launch the online Register of Charities and Non-Profit Organizations to the public also utilizing the RegSys platform. These contracts align to historical Technology Solutions design and implementation projects that range in value from \$5.0 to \$15.0 million.

1.2 Subsequent events

- On May 3, 2023, the Board declared a quarterly cash dividend of \$0.23 per Class A Share, payable on or before July 15, 2023, to shareholders of record as of June 30, 2023.

1.3 Outlook

The following section includes forward-looking information, including statements related to future results, including revenue, net income, EBITDA and adjusted EBITDA, segment performance, the industries in which we operate, economic activity, growth opportunities, investments, expenses, completion of projects, ISO 27001 and business development opportunities. Refer to "Caution Regarding Forward-Looking Information".

While the Bank of Canada has kept its key interest rate at 4.50 per cent since January 2023, we expect this to be a factor that will impact parts of our business, most notably the Saskatchewan Land Registry as Saskatchewan real estate activity continues to trend towards pre-pandemic levels. However, the robustness and diversity of our business means we are well-positioned to deliver on our expectations for 2023.

For the Registry Operations segment in Saskatchewan, the real estate sector has seen activity soften in the first quarter of this year as consumers continue to adjust to higher interest rates and higher costs of living driven by inflation. We continue to monitor interest rates and other economic conditions which can impact real estate activity. However, provincial market publications note that Saskatchewan continues to fare better than many other regions in the country. Based on the data we use to model our own trends and forecasts, we agree with this view. The addition of the Ontario Property Tax Assessment Services division, following the acquisition of Reamined in 2022 also provides consistent revenue during the year. As such, the Registry Operations segment is anticipated to remain as a strong free cash flow contributor in 2023.

Services is expected to deliver new customer and transaction growth in 2023 as we continue to implement technology that provides additional value-added product offerings. Following the introduction of *Recovery Complete* in the latter half of 2022, we expect to deliver similar integrated benefits for recovery clients that our search and registration clients have experienced after moving over to our *Registry Complete* platform. We continue to expect that further changes to the Ontario Business Registry in 2023 will have an impact but believe that the benefits of *Registry Complete*, our strong customer service and diversification will mitigate potential loss of business from the anticipated further opening of this registry to the public in the latter part of 2023.

In Technology Solutions, we are excited to be in the early stages of delivery on two new contracts. We also continue to complete and deliver solution implementation projects deferred from 2022. As previously reported, jurisdictions are reactivating procurement activities and we remain optimistic about our business development pipeline for Technology Solutions.

The key drivers of expenses will continue to be wages and salaries, cost of goods sold, information technology, and

costs associated with the pursuit of new business opportunities. We continue to progress towards completion of ISO 27001 certification in 2023 — consistent with our corporate strategy. This international certification will demonstrate our adherence to controls in the management of information security assets.

It is based on the foregoing that we continue to expect revenue to be between \$200.0 million and \$205.0 million, net income to be between \$27.0 million and \$32.0 million, adjusted EBITDA¹ to be between \$65.0 million and \$70.0 million and EBITDA¹ to be between \$58.0 million and \$63.0 million in 2023. The expected impact of the further opening of the Ontario Business Registry has been considered in our guidance.

The diversification and growth of our business remains a key part of our strategy. As such, we will continue to look for efficiencies across the business, drive organic growth in our Services and Technology Solutions segments by winning new business, and explore appropriate business development opportunities that complement or add value to our existing lines of business.

¹ EBITDA and Adjusted EBITDA are not recognized as a measures under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, it may not be comparable to similar measures reported by other companies; refer to section 8.8 “Non-IFRS financial measures”. Refer to section 2 “Consolidated Financial Analysis” for a reconciliation of historical EBITDA to net income.

2 Consolidated Financial Analysis

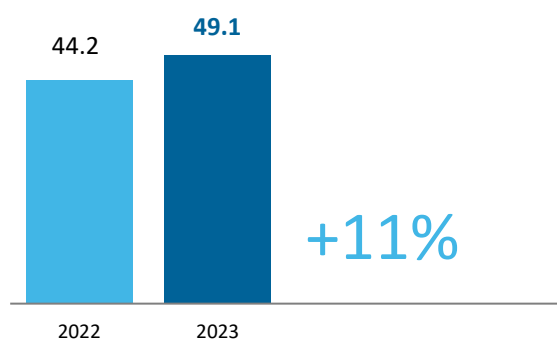
Consolidated revenue was up 11 per cent for the three months ended March 31, 2023, compared to same period last year. Registry Operations revenue grew by \$3.2 million driven by the addition of Ontario Property Tax Assessment Services revenue of \$3.8 million partially offset by a reduction of Land Registry revenue. Services revenue also increased by \$2.0 million when compared to the prior year driven by transaction and customer growth in Regulatory Solutions. Net income was down 7 per cent compared to the same quarter last year due to increased expenses including depreciation related to intangible assets acquired in acquisitions last year as well as increased interest expense related to additional borrowings during the prior year accompanied by higher interest rates partly offset by increased year-over-year revenue.

2.1 Consolidated statements of comprehensive income

(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Revenue		
Registry Operations	\$ 22,782	\$ 19,612
Services	24,721	22,723
Technology Solutions	1,609	1,817
Corporate and other	12	1
Total revenue	49,124	44,153
Expenses		
Wages and salaries	14,234	12,464
Cost of goods sold	12,445	11,277
Depreciation and amortization	4,128	3,145
Information technology services	3,035	2,173
Occupancy costs	1,186	862
Professional and consulting services	1,646	1,571
Financial services	1,100	1,207
Other	791	764
Total expenses	38,565	33,463
Net income before items noted below	10,559	10,690
Finance income (expense)		
Interest income	310	22
Interest expense	(1,215)	(457)
Net finance (expense)	(905)	(435)
Income before tax	9,654	10,255
Income tax expense	(2,790)	(2,848)
Net income	6,864	7,407
Other comprehensive income (loss)		
Unrealized income(loss) on translation of financial statements of foreign operations	110	(440)
Change in fair value of marketable securities, net of tax	-	(8)
Other comprehensive income (loss)	110	(448)
Total comprehensive income	\$ 6,974	\$ 6,959

2.2 Consolidated revenue

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



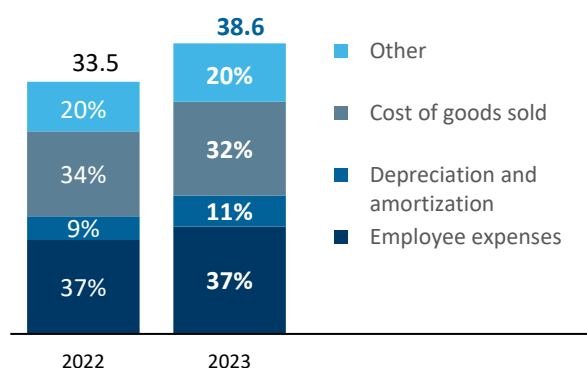
(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Registry Operations	\$ 22,782	\$ 19,612
Services	24,721	22,723
Technology Solutions	1,609	1,817
Corporate and other	12	1
Total revenue	\$ 49,124	\$ 44,153

Total revenue increased during the quarter as a result of:

- Registry Operations revenue increased by \$3.2 million driven by \$3.8 million of new Ontario Property Tax Assessment Services revenue. This increase was offset by a \$1.4 million reduction in the Land Registry revenue driven by reductions of activity in the Saskatchewan real estate sector when compared to the first quarter of 2022, as transactions continue to trend toward pre-pandemic levels following the economic tightening and interest rate increases that commenced in the first quarter of 2022.
- Increased revenue in Services for the quarter of \$2.0 million due to:
 - a \$2.4 million increase in Regulatory Solutions revenue driven by customer and transaction growth as new customers are onboarded and services are expanded utilizing our *Registry Complete* platform; offset by
 - reduced Corporate Solutions revenue due to reduced corporate filing transactions following the further opening of the Ontario Business Registry to allow additional partners access during the quarter.
- The increases in Registry Operations and Services revenue were partially offset by a \$0.2 million reduction in third-party Technology Solutions revenue when compared to the first quarter of 2022 as the segment works to complete ongoing projects and commence new solution delivery projects.

2.3 Consolidated expenses

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



(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Wages and salaries	\$ 14,234	\$ 12,464
Cost of goods sold	12,445	11,277
Depreciation and amortization	4,128	3,145
Information technology	3,035	2,173
Occupancy costs	1,186	862
Professional and consulting	1,646	1,571
Financial services	1,100	1,207
Other	791	764
Total expenses	\$ 38,565	\$ 33,463

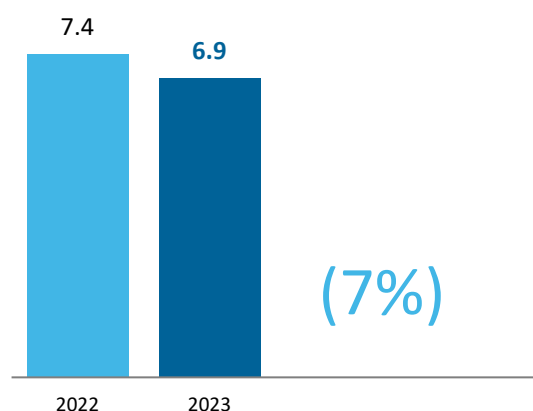
Note: Values in table may not add due to rounding.

Consolidated expenses were \$38.6 million for the quarter, an increase of \$5.1 million compared to the same quarter last year. The increase in the quarter was due to:

- An increase in wages and salaries of \$1.8 million due to our planned investments in people to drive and support growth, wages and salaries related to the acquisitions completed last year, offset by a reduction in share-based compensation when compared to the first quarter of 2022 following a reduction in the Company's share price during the current year quarter;
- An increase in cost of goods sold due to higher Services revenue;
- An increase in depreciation and amortization related to amortization of intangible assets acquired in 2022; and
- Increased information technology costs to support enhanced security initiatives, including the implementation of ISO 27001 as well as system development supporting delivery in Registry Operations, Services and Technology Solutions.

2.4 Consolidated net income

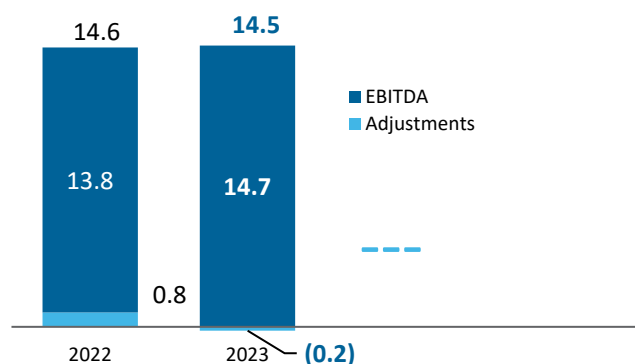
Consolidated Net Income
for the three months ended March 31,
(CAD millions)



Net income for the quarter was \$6.9 million or \$0.39 per basic and \$0.38 per diluted share, a decrease of \$0.5 million compared to \$7.4 million or \$0.42 per basic share and \$0.41 per diluted share for the first quarter last year, due to higher amortization related to intangible assets arising from acquisitions in 2022, as well as higher net finance expense.

2.5 Consolidated EBITDA and adjusted EBITDA

Consolidated EBITDA and Adjusted EBITDA¹
for the three months ended March 31,
(CAD millions)



EBITDA for the quarter was \$14.7 million compared to \$13.8 million for the same quarter last year primarily due to higher EBITDA in Registry Operations and Services and a reduction in share-based compensation when compared to the first quarter of 2022 partially offset by lower EBITDA in Technology Solutions. Adjusted EBITDA was \$14.5 million for the quarter, flat compared to \$14.6 million in the first quarter of 2022.

(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Net income	\$ 6,864	\$ 7,407
Depreciation and amortization	4,128	3,145
Net finance expense	905	435
Income tax expense	2,790	2,848
EBITDA	\$ 14,687	\$ 13,835
Adjustments		
Share-based compensation expense	(1,190)	122
Acquisition, integration and other costs	1,019	629
Adjusted EBITDA	\$ 14,516	\$ 14,586
EBITDA margin (% of revenue)	29.9%	31.3%
Adjusted EBITDA margin (% of revenue)	29.5%	33.0%

3 Business Segment Analysis

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

ISC currently has three operating segments:

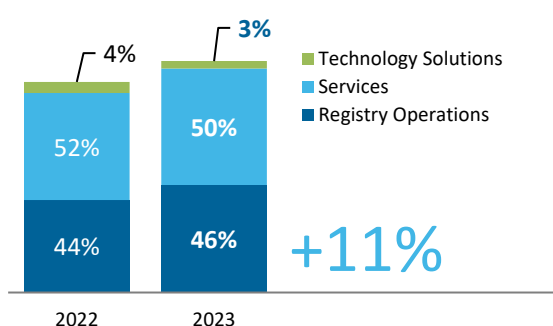
Registry Operations delivers registry and information services on behalf of governments and private sector organizations.

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

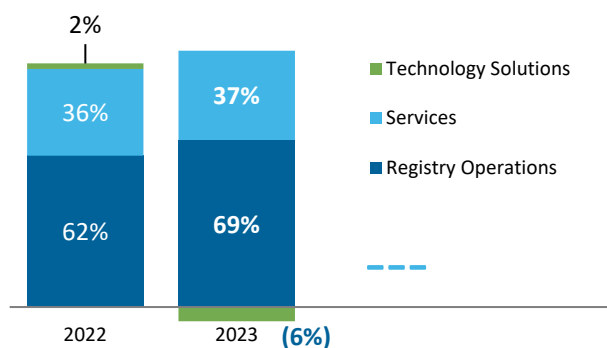
Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

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

Revenue by Segment¹
for the three months ended March 31,



Adjusted EBITDA by Segment¹
for the three months ended March 31,



¹ Corporate and other and Inter-segment eliminations are excluded. Values may not add due to rounding.

3.1 Registry Operations

Our Registry Operations segment delivers registry and information services on behalf of governments and private sector organizations. This segment currently has two major clients with long-term agreements, one agreement with the Province of Saskatchewan and one with the Province of Ontario. We report these contracts as sub-segments known as “Saskatchewan Registries” and “Ontario Property Tax Assessment Services”. A more detailed description of our Registry Operations business can be found in Management’s Discussion and Analysis for the year ended December 31, 2022, which is available on our website at www.company.isc.ca or on SEDAR at www.sedar.com. No material changes have taken place since that date.

Saskatchewan Registries

ISC provides services on behalf of the Province of Saskatchewan under a 20-year Master Service Agreement (“MSA”), in effect until 2033, and is the exclusive full-service solution provider of the Saskatchewan Land Registry (including the Saskatchewan Land Titles Registry (“Land Titles Registry”), the Saskatchewan Land Surveys Directory (“Land Surveys”) and Saskatchewan Geomatics services (“Geomatics”), collectively the “Land Registry”), the Saskatchewan Personal Property Registry (“Personal Property Registry”) and the Saskatchewan Corporate Registry (“Corporate Registry”). Additional information about the MSA is available in our Annual Information Form for the year ended December 31, 2022, on our website at www.company.isc.ca and in the Company’s profile on SEDAR at www.sedar.com.

Saskatchewan Land Registry

The Land Titles Registry issues titles to land and registers transactions affecting titles. Land Surveys registers land survey plans and creates a representation of Saskatchewan land parcels in the cadastral parcel mapping system. Geomatics manages geographic data related to the cadastral parcel mapping system.

Saskatchewan Personal Property Registry

The Personal Property Registry is a notice-based public registry in which security interests and certain other interests in personal property (property other than land, buildings and other property affixed to land) may be registered.

Saskatchewan Corporate Registry

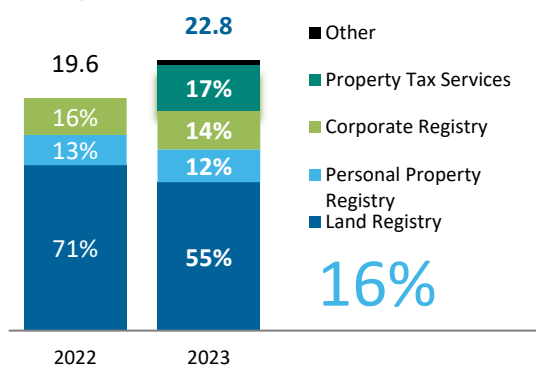
The Corporate Registry is a system for the registration of business entities, including business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names.

Ontario Property Tax Assessment (“OPTA”) Services

ISC also has an exclusive agreement with the Province of Ontario (the “OPTA Agreement”) by which Ontario Property Tax Assessment Services provides property tax assessment services to over 440 municipalities in Ontario, facilitating the management of property tax rates and distribution.

REGISTRY OPERATIONS REVENUE

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



	Three Months Ended March 31, (thousands of CAD)	
	2023	2022
Land Registry	\$ 12,511	\$ 13,938
Personal Property Registry	2,775	2,551
Corporate Registry	3,272	3,123
Property Tax Assessment Services	3,825	-
Other	399	-
Registry Operations revenue	\$ 22,782	\$ 19,612

Revenue for Registry Operations was \$22.8 million for the first quarter of 2023, up \$3.2 million or 16 per cent compared to \$19.6 million in the first quarter of 2022. New Ontario Property Tax Assessment Services revenue of \$3.8 million largely drove this increase and was partially offset by a decline in Saskatchewan Land Registry revenue. As anticipated, the first-quarter revenue decrease in the Land Registry was due to lower transaction volumes driven by reduced Saskatchewan real estate sector activity during the period in keeping with a return to pre-pandemic levels.

Commencing in 2022, the Government of Saskatchewan commissioned ISC to prepare for certain updates to the Corporate Registry to support upcoming changes to legislation. This project is accounted for in the Other category and was completed in March of 2023.

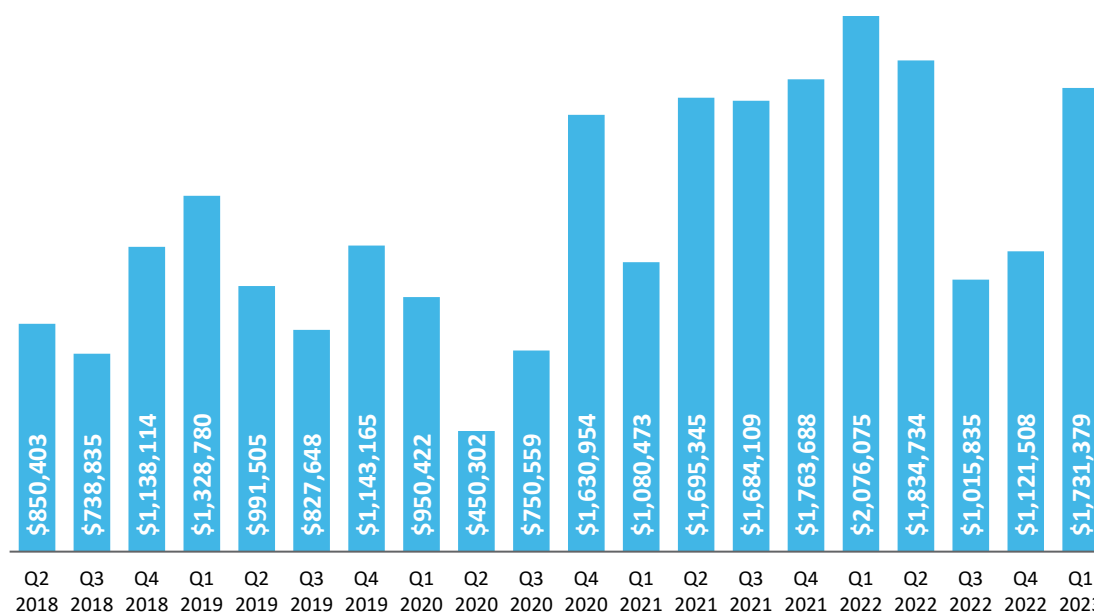
Saskatchewan Land Registry

For the first quarter of 2023, revenue for the Land Registry was \$12.5 million, down by \$1.4 million or 10 per cent compared to the same period in 2022, due to reduced activity in the Saskatchewan real estate sector impacting results in the Land Titles Registry as activity continues to trend toward pre-pandemic levels.

Most of the revenue generated from the Land Registry is from the Land Titles Registry and is derived from value-based (ad valorem) fees. Land Titles Registry revenue for the quarter was \$11.7 million, falling \$1.4 million or 11 per cent compared to the first quarter in 2022. The contraction was due to lower Land Titles Registry transaction volume during the first quarter, which decreased by 10 per cent.

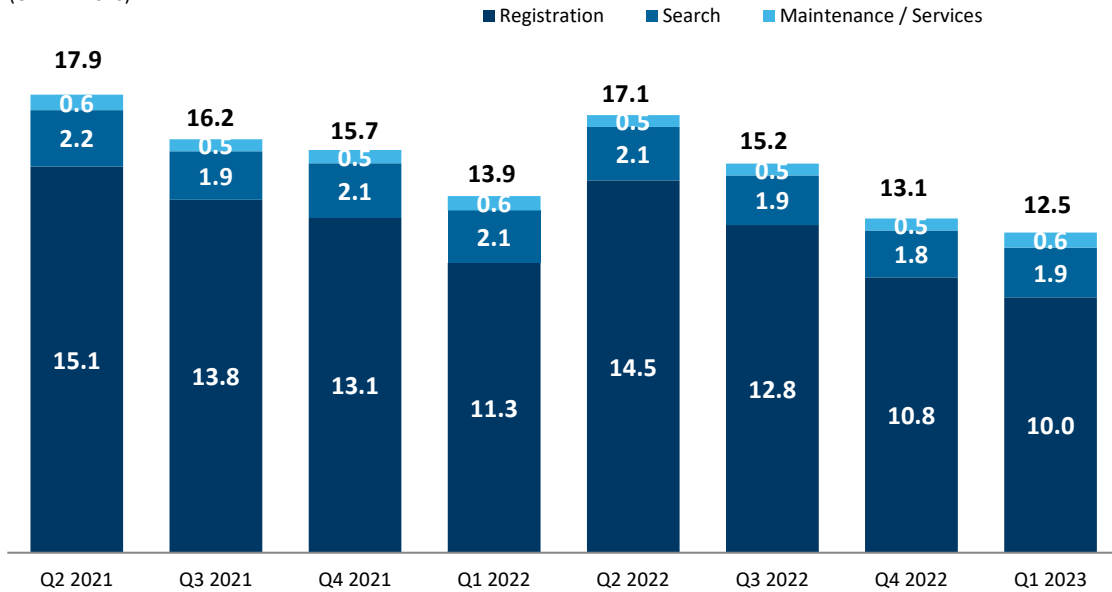
Although high-value property registration revenue dropped by 17 per cent compared to a record \$2.1 million during the first quarter of 2022, the first quarter of 2023 results remained strong, finishing at \$1.7 million. This was the second-best first quarter results we have experienced, which is still well above our recent historical average for first quarter results. Each high-value registration generates revenue of \$10,000 or more and is typically seen in both commercial and larger agricultural transactions. The graph below shows the last 20 quarters of high-value transaction revenue.

Saskatchewan Land Titles Registry - High-Value Transaction Revenue (CAD)



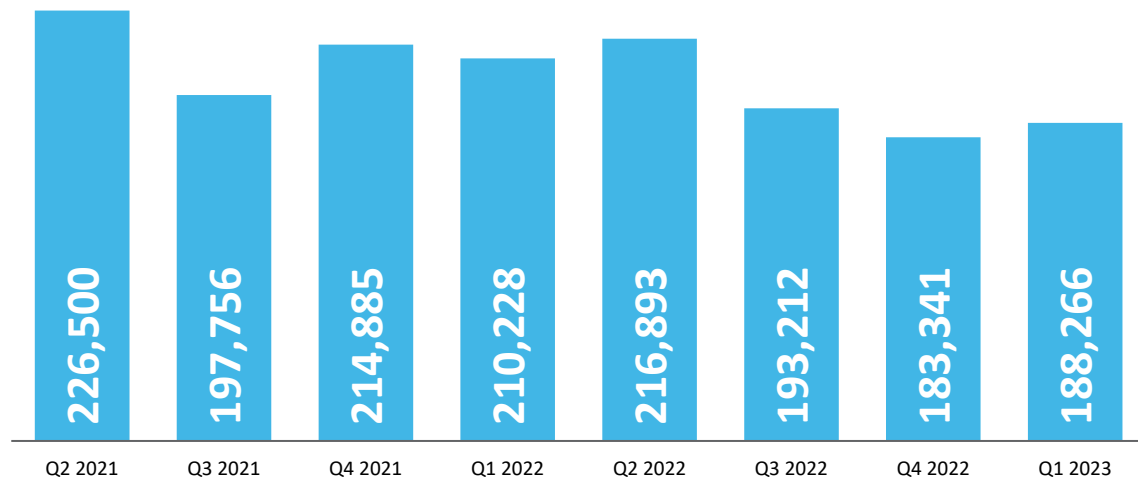
The following graphs show the Land Registry revenue by type of transaction and the overall transaction volume, respectively. Typically, the second and third quarters generate the most revenue for the Land Registry. For more information on seasonality, refer to section 4 “Summary of Consolidated Quarterly Results”.

Saskatchewan Land Registry Revenue by Type
(CAD millions)



Note: Values may not add due to rounding.

Saskatchewan Land Registry Transaction Volume
(Number of transactions)



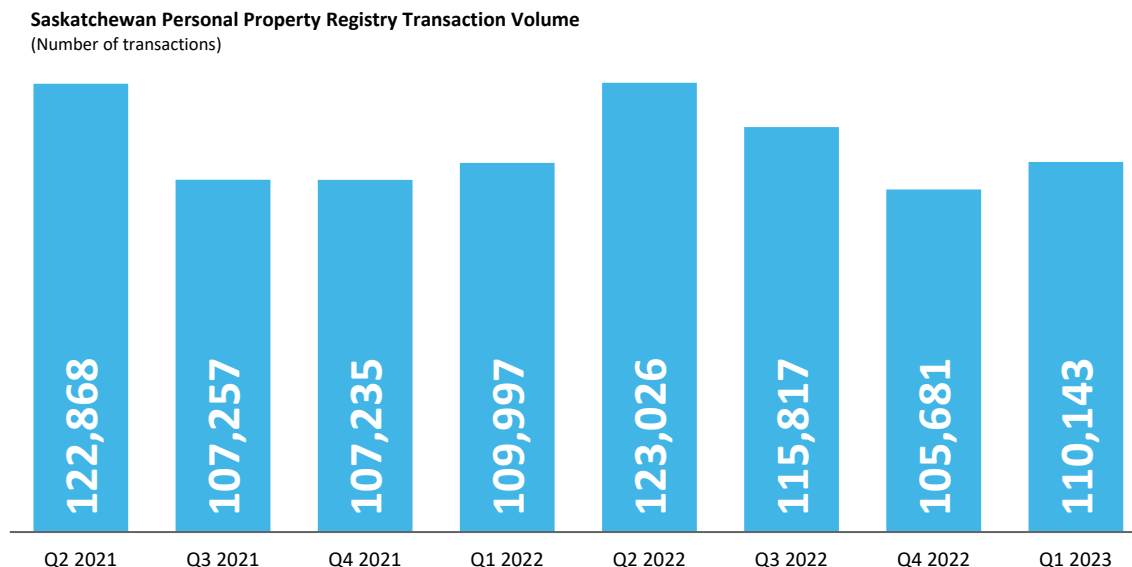
Revenue-generating transactions in the Land Titles Registry continued to trend toward pre-pandemic levels as they declined by 10 per cent for the first quarter of 2023 when compared to the same period in 2022. This included a decline in the volume of title searches, which dropped by 9 per cent. Title searches make up the largest component of transaction volume, comprising 75 per cent of the volume for the registry during the quarter. Regular land transfers and mortgage registrations volume also declined during the period, dropping by 18 per cent and 22 per cent, respectively, when compared to the first quarter of 2022.

Saskatchewan Personal Property Registry

For the first quarter of 2023, revenue for the Personal Property Registry was \$2.8 million, up \$0.2 million or 9 per cent compared to the same quarter in 2022. Registration and maintenance revenue rose by 13 per cent each,

largely due to Saskatchewan CPI pricing changes made in July 2022, along with an increase in volume. Search revenue fell by nearly 2 per cent during the first quarter when compared to the same period in 2022.

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

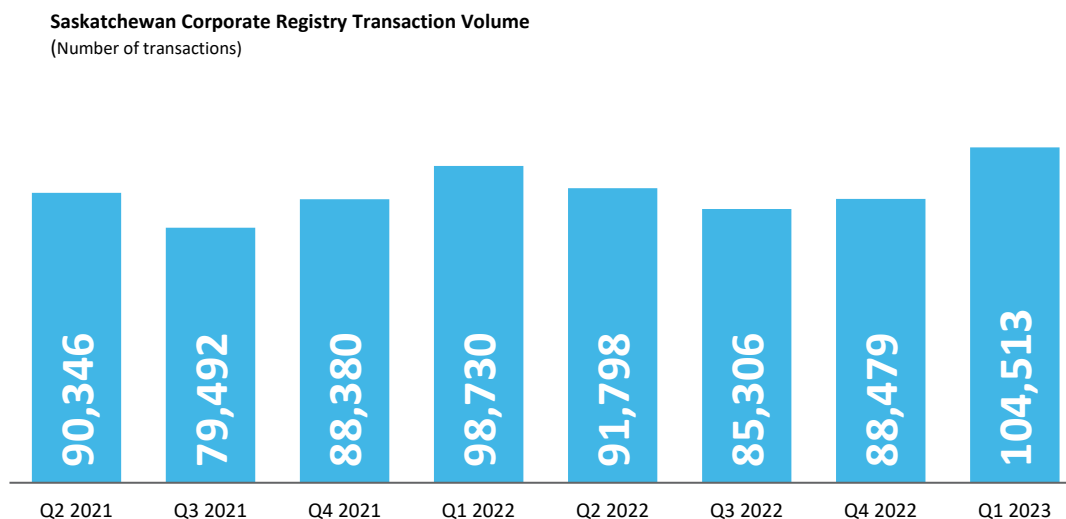


Overall volume was flat during the period when compared to the first quarter of 2022 as a result of registration and maintenance volume growth offsetting declines in search volumes. Registration and maintenance volumes improved by 2 per cent and 9 per cent, respectively, compared to the same period in 2022. Search volume, which comprises 64 per cent of the volume for the registry this quarter, dropped by 2 per cent during the quarter.

Saskatchewan Corporate Registry

Revenue for the Corporate Registry for the first quarter of 2023 was \$3.3 million, up 5 per cent, or \$0.2 million compared to the same period in 2022, with a 6 per cent rise in overall transaction volumes. Registration and search revenue expanded by 4 per cent and 8 per cent, respectively. Maintenance revenue, the largest of the three revenue streams, was up about 5 per cent.

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



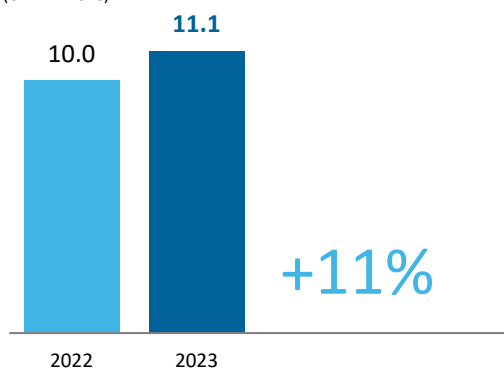
Transaction volume for the first quarter climbed by 6 per cent compared to the same period last year. Registration, search and maintenance volumes improved by 4 per cent, 7 per cent and 4 per cent, respectively, compared to the same period in 2022.

Ontario Property Tax Assessment Services

Revenue for Ontario Property Tax Assessment Services in the first quarter was \$3.8 million. The total revenue for each year of the agreement with the Province of Ontario is determined at the time of renewal and is paid monthly. Should the province request any change orders during the term of the contract, the revenue from any change order is based on the scope of work agreed to by the parties and is in addition to regular revenue.

REGISTRY OPERATIONS EXPENSES, EBITDA, AND ADJUSTED EBITDA

**Registry Operations Adjusted EBITDA
for the three months ended March 31,**
(CAD millions)



(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 22,782	\$ 19,612
Total expenses ¹	11,352	9,701
EBITDA	\$ 11,430	\$ 9,911
Adjustments ²	(325)	72
Adjusted EBITDA	\$ 11,105	\$ 9,983

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

² As shown in Section 2.5, adjusted EBITDA adjustments are comprised of share-based compensation, stock options expense and acquisition, integration and other costs applicable to each segment.

Adjusted EBITDA for Registry Operations for the first quarter was \$11.1 million, up 11 per cent compared to the same period last year. The increase was primarily due to three months of results of Ontario Property Tax Assessment Services relating to the Reamined business acquired in June 2022. The increased adjusted EBITDA contributed by Ontario Property Tax Assessment Services was partially offset by the first-quarter decrease of Land Registry revenue due to lower transaction volume and revenue driven by weaker Saskatchewan real estate sector activity during the period. Expenses for Saskatchewan Registry Operations remained consistent year over year.

3.2 Services

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

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

Division	Offering	Products
Corporate Solutions	Incorporation Services	Nationwide Business Name Registration and Renewals Security Filings and Registrations
	Corporate Supplies	Minute Books Seals and Stamps Corporate Legal Packages
Regulatory Solutions	Know-Your-Customer (“KYC”) and Due Diligence	Individual Identification Legal Entity Validation Beneficial Ownership Validation Account Onboarding Services US and International Corporate Entity Validation Corporate Profile or Business Name Searches NUANS ¹ Searches Real Estate Searches Vital Statistics Searches
	Collateral Management	PPSA ² /RDPRM ³ Search and Registrations Bank Act Filing Notice of Security Interest (Fixture) Registrations Land Searches US UCC ⁴ Search and Filings
Recovery Solutions	Asset Recovery	Fully managed service across Canada Identification, retrieval and disposition of movable assets
	Accounts Receivable Management	Early-stage collection activities Late-stage collection activities

A more detailed description of our Services business lines can be found in Management’s Discussion and Analysis for the year ended December 31, 2022, which is available on our website at www.company.isc.ca or on SEDAR at www.sedar.com. No material changes to the Services segment have taken place since that period.

Corporate Solutions

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

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

² *Personal Property Security Act*.

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

⁴ Uniform Commercial Code.

Regulatory Solutions

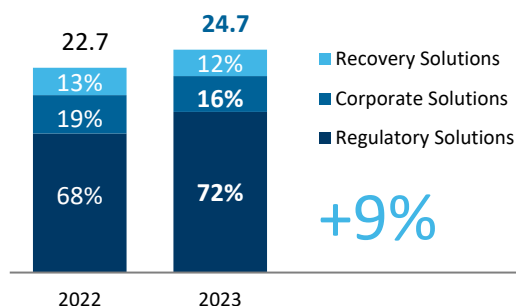
Regulatory Solutions captures revenue from our KYC, collateral management and general due diligence service offerings. The Company uses its proprietary platform to assist customers with intuitive business rules and advanced automation to deliver regulatory services to support their credit/banking and legal processes. Public registry data is leveraged to provide insights and improved customer experience through a single technology. All our technology is supplemented with deep subject-matter knowledge offered through our legal professionals in three locations (Montreal, QC, Toronto, ON, and Vernon, BC).

Recovery Solutions

Recovery Solutions offers a fully managed asset recovery service accompanied by accounts receivable management services for our customers. Recovery Solutions allows us to offer our customers a complete solution in the credit life cycle, from origination to recovery. By connecting the registrations from our other offerings to our Recovery Solutions offering, our customers can leverage our lien registry services platform to optimize an early-stage portfolio assessment to validate the borrower's identity and ensure that their security on the asset in their portfolio is perfected.

SERVICES REVENUE

Services Revenue¹
for the three months ended March 31,
(CAD millions)



(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Regulatory Solutions	\$ 17,813	\$ 15,413
Recovery Solutions	2,928	3,037
Corporate Solutions	3,980	4,273
Services revenue	\$ 24,721	\$ 22,723

¹Internal related parties and other revenue not displayed in graph. Values may not add due to rounding.

Revenue for Services was \$24.7 million for the first quarter, an increase of 9 per cent, or \$2.0 million compared to the same period in 2022 due to increases in the Regulatory Solutions division. The rise in Regulatory Solutions revenue resulted from continued transaction growth as customers find value in our services and products offered through our *Registry Complete* platform.

Regulatory Solutions

Revenue in Regulatory Solutions for the first quarter of 2023 was \$17.8 million, up \$2.4 million or 16 per cent compared to \$15.4 million for the same period of 2022. Revenue grew in the quarter due to increases in KYC, and Collateral Management as well as through the expansion of service offerings within existing customer contracts. We also onboarded new legal and financial services customers who recognize the value of our *Registry Complete* platform.

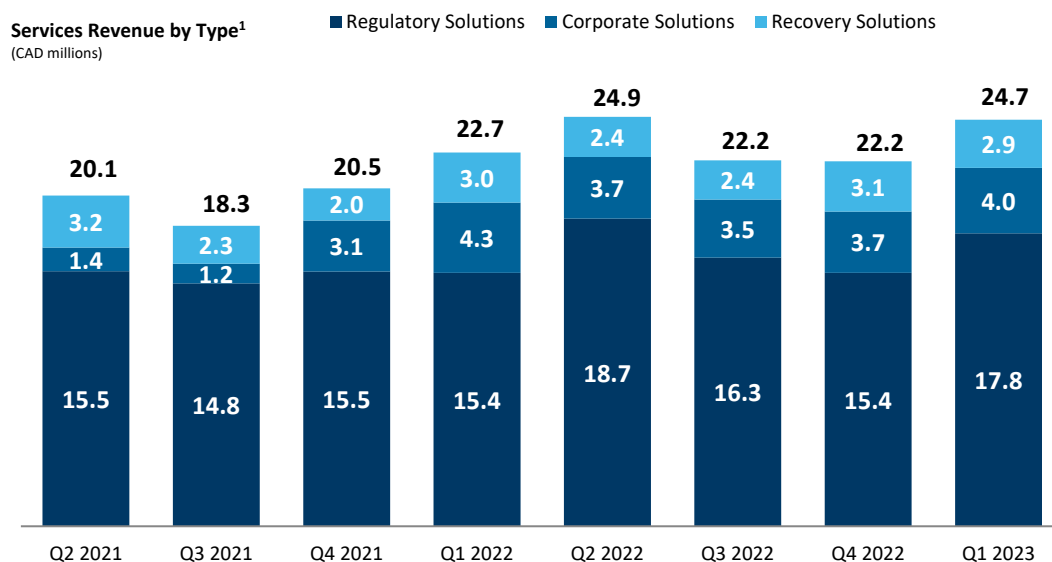
Recovery Solutions

Revenue in Recovery Solutions for the first quarter of 2023 was \$2.9 million, flat compared to the same prior year period.

Corporate Solutions

Corporate Solutions revenue for the quarter was \$4.0 million, declining by 7 per cent or \$0.3 million compared to \$4.3 million in the first quarter of 2022. This decline was due to reduced Ontario corporate filing transactions as a result of the further opening of the Ontario Business Registry. The impact of the further opening of the Ontario Business Registry was largely offset by growth of corporate filing transactions outside of Ontario.

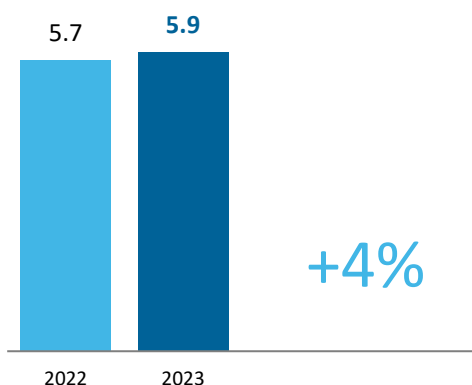
Our Services revenue by solution is shown in the following graph.



¹ Internal related parties and other revenue not displayed in graph. Values may not add due to rounding.

SERVICES EXPENSES, EBITDA, AND ADJUSTED EBITDA

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



	Three Months Ended March 31,		
	(thousands of CAD)	2023	2022
Revenue	\$	24,721	\$ 22,723
Total expenses ¹		18,689	17,003
EBITDA	\$	6,032	\$ 5,720
Adjustments ²		(83)	9
Adjusted EBITDA	\$	5,949	\$ 5,729

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

²As shown in Section 2.5, adjusted EBITDA adjustments are comprised of share-based compensation, stock options expense and acquisition, integration and other costs applicable to each segment.

Adjusted EBITDA for Services was \$5.9 million for the quarter compared to \$5.7 million for the same period last year. The increase was primarily due to increased transaction and customer growth in Regulatory Solutions offset by increased people, technology, cost of goods sold and occupancy costs.

Services expenses were \$18.7 million for the quarter compared to \$17.0 million last year. The increase was due to increased cost of goods sold related to the increase in Regulatory Solutions revenue and investments in people and technology to drive and support our growth. We also had a full quarter of expenses from our acquisition in 2022 while the first quarter of 2022 only included expenses following acquisition in February, 2022.

3.3 Technology Solutions

Technology Solutions provides the development, delivery and support of registry (and related) technology solutions, generating revenue through the following:

- sale of software licences related to our technology platforms;
- provision of technology solution definition and implementation services; and
- provision of monthly hosting, support and maintenance services.

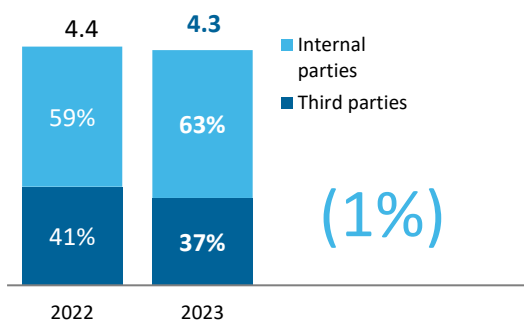
We offer RegSys — a complete registry solution that provides a readily transferable technology platform capable of serving a wide range of registry needs. RegSys is a multi-register platform that delivers the flexibility, scalability and features that enable public sector organizations to deliver enhanced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

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

A more detailed description of our Technology Solutions business can be found in Management’s Discussion and Analysis for the year ended December 31, 2022, which is available on our website at www.company.isc.ca or on SEDAR at www.sedar.com. No material changes have taken place since that date.

TECHNOLOGY SOLUTIONS REVENUE

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



	Three Months Ended March 31,	
	2023	2022
(thousands of CAD)		
Third parties	\$ 1,609	\$ 1,817
Internal related parties	2,726	2,583
Technology Solutions revenue	\$ 4,335	\$ 4,400

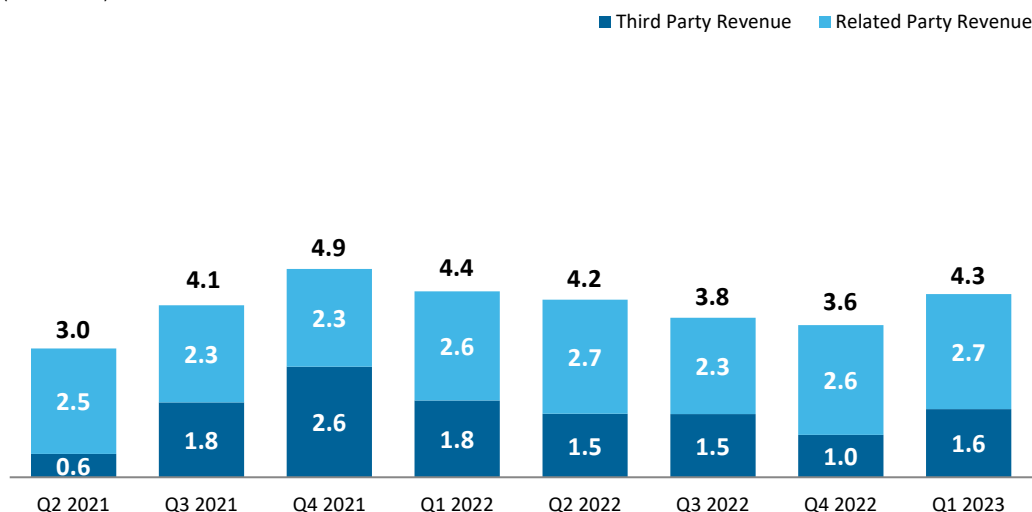
Revenue in Technology Solutions was \$4.3 million for the quarter, flat as compared to the first quarter of 2022.

Revenue from third parties decreased by \$0.2 million compared to the same period in 2022. During the quarter we also are in the early stages of delivery of two new contracts. These contracts include a project deploying the RegSys platform to the Department of Registrar of Companies and Intellectual Property in Cyprus — in partnership with NetU Consultants Ltd. The total value of ISC’s portion of this contract over the life of the project is €5.7 million (approximately \$8.4 million). Also in the early stages, the States of Guernsey signed on in late 2022 to build and launch the online Register of Charities and Non-Profit Organizations to the public also utilizing the RegSys platform, with an expected total contract value (including implementation, support and maintenance) of £7.7 million (approximately \$12.9 million). Revenue on our solution implementation projects will continue to be recognized in the quarters in which they are earned either through achievement of milestones or percentage of completion consistent with the revenue recognition method adopted for projects.

Internal related party revenue in any quarter is dependent on resources used or consumed internally, particularly in Registry Operations. Our intent is to continue to service the needs of internal customers as efficiently and

effectively as possible, including the provision of service via related party resources; therefore, this figure may continue to fluctuate over time, particularly as we pursue additional third-party revenue.

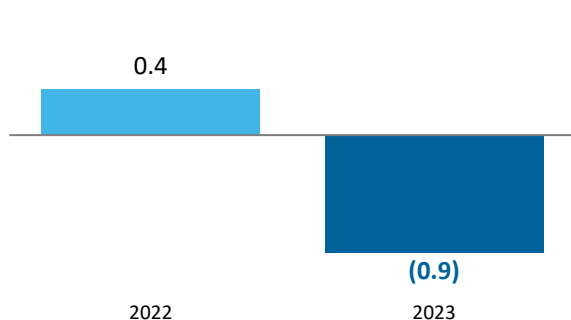
Technology Solutions Revenue by Type
(CAD millions)



Note: Values may not add due to rounding.

TECHNOLOGY SOLUTIONS EXPENSES, EBITDA, AND ADJUSTED EBITDA

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



(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Revenue	\$ 4,335	\$ 4,400
Total expenses ¹	\$ 5,153	\$ 4,048
EBITDA	\$ (818)	\$ 352
Adjustments ²	\$ (119)	\$ 12
Adjusted EBITDA	\$ (937)	\$ 364

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

² As shown in Section 2.5, adjusted EBITDA adjustments are comprised of share-based compensation, stock options expense and acquisition, integration and other costs applicable to each segment.

Adjusted EBITDA for Technology Solutions was a loss of \$0.9 million for the quarter compared to positive adjusted EBITDA of \$0.4 million in the first quarter of 2022.

During the first quarter, Technology Solutions expenses increased to \$5.2 million up from \$4.0 million in the first quarter of 2022 primarily due to increased people expenses to service new internal and third-party projects.

3.4 Corporate and other

Corporate and other includes expenses related to our corporate activities and shared services functions. Eliminations of Inter-segment revenue and costs are presented separately in the Financial Statements and therefore excluded below. Management believes this format provides a transparent representation of the Corporate and other activities.

Following the acquisition of Regulis S.A. (“Regulis”) on December 20, 2022, the Company has included Regulis within the Corporate segment until it commences operations. Regulis holds a contract under the Luxembourg Rail Protocol of the Cape Town Convention which provides it the exclusive right and obligation to develop, deliver and operate the International Registry for Railway Rolling Stock for a period of 10 years from the date the registry goes live, as defined in the Luxembourg Rail Protocol. The acquisition will continue to expand the Company’s portfolio of services and solutions to help improve the delivery of modern registry services by and for governments and intergovernmental and private organizations.

(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Third parties	\$ 12	\$ 1
Internal related parties	38	36
Corporate and other revenue	\$ 50	\$ 37
Total expenses ¹	(2,007)	(2,185)
EBITDA	\$ (1,957)	\$ (2,148)
Adjustments ²	431	658
Adjusted EBITDA	\$ (1,526)	\$ (1,490)

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

² As shown in Section 2.5, adjusted EBITDA adjustments are comprised of share-based compensation, stock options expense and acquisition, integration and other costs applicable to each segment.

Adjusted EBITDA for the quarter remained flat relative to the same quarter last year. Despite the growth of the organization, management has maintained cost stability of the Corporate segment. Expenses were largely consistent with the previous year.

4 Summary of Consolidated Quarterly Results

The following table sets out select quarterly results for the past eight quarters. Registry Operations experiences moderate seasonality, primarily because Land Registry revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, the second and third quarters of the fiscal year generate higher revenue, as that is when real estate activity is traditionally highest. Ontario Property Tax Assessment Services revenue earned through Reamined does not experience seasonality, as revenue is recognized evenly throughout the year as per the agreement with the Province of Ontario.

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

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

The balance of our corporate activities and shared services functions do not experience seasonality. Expenses are generally consistent from quarter to quarter but can fluctuate due to the timing of project-related or acquisition activities. As a result, our EBITDA and Adjusted EBITDA margin fluctuates in line with the cumulative impact of the above factors.

(thousands of CAD)	2023		2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Revenue	\$ 49,124	\$ 46,104	\$ 48,768	\$ 50,870	\$ 44,153	\$ 44,238	\$ 41,369	\$ 44,623	
Expenses	38,565	39,396	36,922	33,919	33,463	29,775	27,269	34,626	
Net income before items noted below	10,559	6,708	11,846	16,951	10,690	14,463	14,100	9,997	
Net finance (expense)	(905)	(1,038)	(1,038)	(666)	(435)	(482)	(661)	(737)	
Income before tax	9,654	5,670	10,808	16,285	10,255	13,981	13,439	9,260	
Income tax expense	(2,790)	(1,721)	(3,052)	(4,628)	(2,848)	(3,695)	(3,706)	(2,749)	
Net income	\$ 6,864	\$ 3,949	\$ 7,756	\$ 11,657	\$ 7,407	\$ 10,286	\$ 9,733	\$ 6,511	
Other comprehensive (loss) income	110	688	48	(310)	(448)	(262)	(4)	(37)	
Total comprehensive income	\$ 6,974	\$ 4,637	\$ 7,804	\$ 11,347	\$ 6,959	\$ 10,024	\$ 9,729	\$ 6,474	
EBITDA margin	29.9%	23.4%	32.5%	40.2%	31.3%	39.8%	42.3%	30.4%	
Adjusted EBITDA margin	29.5%	29.3%	34.9%	37.8%	33.0%	38.9%	41.8%	41.5%	
Earnings per share, basic	\$ 0.39	\$ 0.22	\$ 0.44	\$ 0.66	\$ 0.42	\$ 0.59	\$ 0.56	\$ 0.37	
Earnings per share, diluted	\$ 0.38	\$ 0.22	\$ 0.43	\$ 0.65	\$ 0.41	\$ 0.57	\$ 0.54	\$ 0.36	

5 Business Strategy

STRATEGIC PRIORITIES

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

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

Through our segments, ISC's strategy is executed with the intent to:

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

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



Long-term Orientation

Strategic focus on the sustainability of the business and the services we deliver



Growth

Attainable organic and inorganic growth available in the near-term



Innovation

Innovation for growth/competitiveness and extension into new verticals is key given Canadian and global market limitations



Values and Differentiation

Laser focus on quality of service delivery and how we treat our customers and employees remains at the core

We regularly review and adjust our strategy to ensure that the Company remains well positioned in the long term, while being adaptable to near-term factors. Our objective is to consistently execute transactions that fulfil our fundamental acquisition criteria for opportunities that add products, services or competencies that align with our strengths and where we can add value while augmenting our strong free cash flow, EBITDA and Adjusted EBITDA profile.

6 Financial and Capital Management

6.1 Cash flow

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

Historically, ISC has financed its operations and met its capital and finance expenditure requirements through cash provided from operating activities. The Company has also used borrowing to supplement cash generated from operations to finance acquisition activities. The Company believes that internally generated cash flow, supplemented by additional borrowing that may be available to us through our existing Credit Facility, will be sufficient to meet cash requirements, capital expenditures, merger and acquisition activity, and anticipated dividend payments (refer to Note 16 in the December 31, 2022 Financial Statements, which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com for our existing Credit Facility).

Liquidity risk is managed based on financial forecasts and anticipated cash flow. The majority of cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at March 31, 2023, the Company held \$24.2 million in cash compared to \$34.5 million as at December 31, 2022, a decrease of \$10.3 million. The decrease in cash related to a \$10.0 million voluntary pre-payment by ISC against its revolving credit facility.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$35.7 million (December 31, 2022 – \$39.6 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities.

CONSOLIDATED FREE CASH FLOW

Commencing on January 1, 2023, following review of comparative financial information and practices by other publicly traded companies, ISC elected to refine its definition of free cash flow to present ISC's free cash flow on a levered basis. ISC believes this change will provide better information for management, investors and potential investors regarding ISC's liquidity and financial strength. As such, free cash flow now includes interest received and paid, interest paid on lease obligations and principal repayments on lease obligations. The impact of this change to free cash flow in the prior year period was a \$0.9 million decrease to the previously reported amount.

(thousands of CAD)	Three Months Ended March 31,	
	2023	2022 ²
Net cash flow provided by operating activities	\$ 5,738	\$ (2,279)
Net change in non-cash working capital ¹	6,130	13,784
Cash provided by operating activities excluding working capital	11,868	11,505
Cash additions to property, plant and equipment	(15)	(90)
Cash additions to intangible assets	(269)	(430)
Interest received	310	22
Interest paid	(1,152)	(356)
Interest paid on lease obligations	(95)	(97)
Principal repayment on lease obligations	(593)	(485)
Consolidated free cash flow	\$ 10,054	\$ 10,069

¹ Refer to Note 15 of the Financial Statements for reconciliation.

² Commencing on January 1, 2023, ISC revised the definition of free cash flow which is a non-IFRS measure to include interest received and paid as well as principal repayments on lease obligations. This is further defined in Section 8.8 and reconciled above. This change in definition has also been reflected in the comparative period.

Consolidated free cash flow for the quarter was \$10.1 million, flat compared to the first quarter of 2022.

The following table summarizes our sources and uses of funds for the three months ended March 31, 2023, and 2022:

(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Net cash flow (used in) provided by operating activities	\$ 5,738	\$ (2,279)
Net cash flow used in investing activities	(129)	(9,250)
Net cash flow used in financing activities	(15,911)	(4,963)
Effects of exchange rate changes on cash held in foreign currencies	42	(214)
Increase (decrease) in cash	\$ (10,260)	\$ (16,706)
Cash, beginning of period	34,479	40,104
Cash, end of period	\$ 24,219	\$ 23,398

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash flow associated with operating activities was an inflow of \$5.7 million for the quarter compared to an outflow of \$2.3 million for the same period last year. The variance is a net inflow of \$8.0 million, most of which is due to the impact of reductions in incremental corporate income tax payments of \$6.4 million.

NET CASH FLOW USED IN INVESTING ACTIVITIES

Net cash used in investing activities for the quarter was \$0.1 million compared to \$9.3 million in the same period last year. The decrease primarily reflects the impact of the acquisition of UPLLevel in the comparative period.

NET CASH FLOW USED IN FINANCING ACTIVITIES

Net cash flow used in financing activities for the quarter was \$15.9 million, compared to \$5.0 million for the same period in 2022. Driving the increased cash flow used in financing activities was a \$10.0 million voluntary pre-payment to our Credit Facility compared to no repayment in the comparative quarter.

6.2 Capital expenditures

Capital expenditures were \$0.7 million for the quarter, compared to \$0.5 million last year. In the current quarter Registry Operations completed updates to the Corporate Registry to accommodate new legislation that commenced in the prior year and Services continued system development work.

(thousands of CAD)	Three Months Ended March 31,	
	2023	2022
Registry Operations	\$ 405	\$ -
Services	242	136
Technology Solutions	35	384
Corporate and other	1	-
Total capital expenditures	\$ 683	\$ 520

¹ Registry Operations includes consideration for Service concession arrangements.

6.3 Debt

At March 31, 2023, the Company's debt was \$56.1 million compared to \$66.0 million at December 31, 2022.

During the quarter, the Company made a \$10.0 million (2022 – nil) voluntary pre-payment against its revolving credit facility to minimize interest expense.

For further information on our Credit Facility, refer to Note 16 in the December 31, 2022 Financial Statements, which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

The Company was in compliance with all covenants throughout the period. The amount of borrowing costs capitalized during 2023 and 2022 was nil.

6.4 Total assets

Total assets were \$270.7 million at March 31, 2023, compared to \$283.5 million at December 31, 2022. Total assets decreased during the quarter largely as a result of reduced cash following a \$10.0 million voluntary pre-payment by ISC against its revolving credit facility accompanied by reduction in intangible assets due to amortization during the quarter.

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	As at March 31, 2023
Total assets excluding intangibles, goodwill and cash	\$ 24,327	\$ 15,552	\$ 5,072	\$ 13,845	\$ 58,796
Intangibles	31,942	49,248	4,526	664	86,380
Goodwill	21,098	71,537	8,648	-	101,283
Cash	-	-	-	24,219	24,219
Total assets	\$ 77,367	\$ 136,337	\$ 18,246	\$ 38,728	\$ 270,678

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	As at December 31, 2022
Total assets excluding intangibles, goodwill and cash	\$ 23,667	\$ 15,838	\$ 4,408	\$ 14,829	\$ 58,742
Intangibles	32,301	51,383	4,638	671	88,993
Goodwill	21,098	71,537	8,605	-	101,240
Cash	-	-	-	34,479	34,479
Total assets	\$ 77,066	\$ 138,758	\$ 17,651	\$ 49,979	\$ 283,454

6.5 Working capital

At March 31, 2023, working capital was \$12.8 million compared to \$17.6 million at December 31, 2022.

(thousands of CAD)	As at March 31, 2023	As at December 31, 2022
Current assets	\$ 48,458	\$ 57,216
Current liabilities	(35,688)	(39,626)
Working capital	\$ 12,770	\$ 17,590

The main drivers of the \$4.8 million decrease in working capital compared to December 31, 2022 are as follows:

(thousands of CAD)	
Free cash flow for 2023	10,054
Financing and other items:	
Repayment of long-term debt	(10,000)
Dividends paid	(4,071)
All other	(803)
Total change in working capital	\$ (4,820)

6.6 Outstanding share data

The number of issued and outstanding Class A Shares as at March 31, 2023, was 17,701,498 and the number of issued and outstanding share options as of March 31, 2023, was 1,332,017. As of May 3, 2023, the date of filing, the number of issued and outstanding Class A Shares was 17,701,498 and the number of issued and outstanding share options were 1,332,017.

6.7 Common share dividend

On March 14, 2023, the Board declared a quarterly cash dividend of \$0.23 per Class A Share, paid on April 15, 2023, to shareholders of record as of March 31, 2023.

7 Business Risks

7.1 Financial instruments and financial risks

Financial instruments held in the normal course of business included in our consolidated statements of financial position as at March 31, 2023, consist of cash, trade and other receivables, accounts payable and accrued liabilities excluding share-based accrued liabilities, and long-term debt.

The Company does not currently use any form of derivative financial instruments to manage our exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk. Refer to Note 12 of the Financial Statements for information pertaining to financial instruments and related risk management.

7.2 Business risks and risk management

ISC faces certain risks that can impact its business and its financial and operational performance. For the information on the risk management approach, business risks and risk management, refer to the Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2022, which are available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com. The main risks and uncertainties that could affect our future business results and associated risk mitigation activities have not materially changed since the release of our Management's Discussion and Analysis for the year ended December 31, 2022.

The global outbreak of COVID-19 continues to evolve. The ultimate long-term impact of COVID-19 on the Company and its business is uncertain and cannot be predicted with confidence.

8 Accounting Policies, Financial Measures and Controls

8.1 Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as at March 31, 2023.

8.2 Related party transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 22 in the December 31, 2022 Financial Statements, which are available on our website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com for information about transactions with related parties.

8.3 Critical accounting estimates

ISC's critical accounting estimates are contained in Note 2 of the Financial Statements under the summary of use of estimates and judgments and include references to:

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

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

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

8.4 Changes in accounting policies

For details on future accounting policy changes, refer to Section 8.4 of our December 31, 2022 MD&A included in our 2022 Annual Report. We are continuing to evaluate the impact of standards that are effective for us after Fiscal 2023.

8.5 Financial measures and key performance indicators

Revenue, expenses and net income are key performance indicators the Company uses to manage its business and evaluate its financial results and operating performance. In addition to these results, which are reported in accordance with IFRS, certain non-IFRS measures are supplemental indicators of operating performance and financial position as well as for internal planning purposes. The Company evaluates its performance against these metrics by comparing actual results to management budgets, forecasts and prior period results. These non-IFRS financial measures include EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Refer to section 8.8 “Non-IFRS financial measures”.

8.6 Internal controls over financial reporting

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

No changes in our internal controls over financial reporting that have occurred during the three-month period ended March 31, 2023 have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

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

8.7 Disclosure controls and procedures

The Company’s management, including the President and Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining appropriate disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management, including the President and Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosures.

8.8 Non-IFRS financial measures

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

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

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

Non-IFRS Performance Measure	Why we use it	How we calculate it	Most comparable IFRS financial measure
EBITDA EBITDA Margin	<ul style="list-style-type: none"> To evaluate performance and profitability of segments and subsidiaries as well as the conversion of revenue. We believe that certain investors and analysts use EBITDA to measure our ability to service debt and meet other performance obligations. EBITDA is also used as a component of determining short-term incentive compensation for employees. 	EBITDA: Net income add Depreciation and amortization, net finance expense, income tax expense EBITDA Margin: EBITDA divided by Total revenue	Net income
Adjusted EBITDA Adjusted EBITDA Margin	<ul style="list-style-type: none"> To evaluate performance and profitability of segments and subsidiaries as well as the conversion of revenue while excluding non-operational and share-based volatility. We believe that certain investors and analysts use Adjusted EBITDA to measure our ability to service debt and meet other performance obligations. 	Adjusted EBITDA: EBITDA add (remove) Share-based compensation expense, acquisition, integration and other costs Adjusted EBITDA Margin: Adjusted EBITDA divided by Total revenue	Net income
Free Cash Flow	<ul style="list-style-type: none"> To show cash available for debt repayment and reinvestment into the Company on a levered basis. We believe that certain investors and analysts use this measure to value a business and its underlying assets. 	Net cash flow provided by operating activities deduct (add) Net change in non-cash working capital, cash additions to property, plant and equipment, cash additions to intangible assets, interest received and paid as well as interest paid on lease obligations and principal repayments on lease obligations	Net cash flow provided by operating activities

8.9 Non-IFRS financial measures definition

EBITDA is defined as earnings before interest, taxes, depreciation and amortization expense. Adjusted EBITDA adjusts EBITDA for share-based compensation expense or income, transactional gains or losses on assets, asset impairment charges, and acquisition, integration and other costs. These measures, in addition to net income and income from operations, measure business performance because it removes fluctuations caused by the above

adjustments. Furthermore, we use adjusted EBITDA for business planning purposes and to evaluate and price potential acquisitions. In addition to use by management, we also believe these measures are widely used by securities analysts, investors and others to evaluate the financial performance of the Company and for comparing our results with those of other companies. EBITDA margin and adjusted EBITDA margin are calculated as a percentage of overall revenue.

Free cash flow is used as a financial measure in our evaluation of liquidity and financial strength. Adjusting for the swings in non-cash working capital items due to seasonality or other timing issues, cash additions to property, plant and equipment and intangible assets, as well as interest received and paid including interest paid on lease obligations and principal repayments on lease obligations, 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.