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March 15, 2022

# Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2021

# 2021



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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 audited Consolidated Financial Statements ("Financial Statements") for the years ended December 31, 2021, and 2020. Additional information, including our Annual Information Form for the year ended December 31, 2021, is available on the Company's website at [www.company.isc.ca](http://www.company.isc.ca) and in the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A contains information from the Financial Statements for the years ended December 31, 2021, 2020, and 2019, prepared in accordance 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 Canadian dollars and amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information and should be read in conjunction with the "Caution Regarding Forward-Looking Information" that follows. This MD&A is current as of March 15, 2022.

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 contains 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 which 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, 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, 2021, and the Financial Statements, copies of which are available on our website at [www.company.isc.ca](http://www.company.isc.ca) and in the Company's profile filed on SEDAR at [www.sedar.com](http://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 delivered strong results throughout 2021, fuelled by robust economic activity in the markets in which we operate and contributions from our organic growth strategies, especially in Services. This has resulted in increased profitability across our Registry Operations and Services segments.

In Registry Operations, the fourth quarter and full-year performance have been driven by a strong Saskatchewan real estate sector, resulting in increased transaction levels, accompanied by higher average land values in the Land Registry and record high-value transactions. During the year, we also saw increases in the Corporate and Personal Property Registries, again underscored by higher transaction volumes.

Our Services segment similarly experienced increased revenues in the fourth quarter and during the year. This was due to a combination of favourable economic conditions and continued organic growth across our product lines, and the transition of many of our existing customers from our legacy platform to our new Registry Complete platform, giving them access to a more comprehensive suite of services. In 2021, we had a full year of stable Recovery Solutions results compared to only five months<sup>1</sup> in the prior year. Recovery Solutions revenue has been impacted by multiple factors present in the current Canadian COVID-19 impacted economy, including the lack of availability of new vehicles inflating prices in the used vehicle market, government support programs that existed throughout the year, low interest rates and hesitation by lenders to implement asset recovery processes due to current COVID-19 circumstances.

Our Technology Solutions segment continued to be the most affected by COVID-19, which impacted our progress on active projects and the commencement of potential new opportunities. As a result, Technology Solutions saw weaker results in 2021 compared to prior years.

Overall, it has been an extremely successful year for ISC with increases in revenue, net income, EBITDA, and free cash flow. The stability of our overall business in uncertain economic environments, our ability to adapt to and take advantage of changing consumer behaviours (including those during COVID-19) and our relentless pursuit of organic growth, where available to us, were on full display in 2021, and are evident in the pages that follow.

<sup>1</sup> On July 31, 2020, The Company's Services segment, through its wholly-owned subsidiary, ESC, acquired substantially all of the assets used in the business of Paragon. See Note 25 in the Financial Statements.

## 1.1 Consolidated highlights

### 2021 CONSOLIDATED RESULTS

#### Revenue

**\$169.4M**

+24% vs 2020

#### Net income

**\$32.1M**

+54% vs 2020

#### Earnings per share, diluted

**\$1.78**

+51% vs 2020

#### EBITDA<sup>1</sup>

**\$60.5M**

+40% vs 2020

#### Adjusted EBITDA<sup>1</sup>

**\$67.8M**

+38% vs 2020

#### Free Cash Flow<sup>1</sup>

**\$44.8M**

+24% vs 2020

#### Dividends Paid

**\$14.0M**

<sup>1</sup> 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.

## SELECT FINANCIAL INFORMATION

The select annual financial information set out for the years ended December 31, 2021, 2020, and 2019, 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)	Year Ended December 31,		
	2021	2020 (restated) <sup>2</sup>	2019
Revenue	\$ 169,379	\$ 136,723	\$ 132,968
Net income	32,078	20,825	19,400
EBITDA <sup>1</sup>	\$ 60,532	\$ 43,392	\$ 39,026
Adjusted EBITDA <sup>1</sup>	67,815	49,210	40,028
EBITDA margin (% of revenue) <sup>1</sup>	35.7%	31.7%	29.3%
Adjusted EBITDA margin (% of revenue) <sup>1</sup>	40.0%	36.0%	30.1%
Free cash flow <sup>1</sup>	\$ 44,800	\$ 36,235	\$ 29,996
Dividend declared per share	\$ 0.83	\$ 0.80	\$ 0.80
Earnings per share, basic	1.83	1.19	1.11
Earnings per share, diluted	1.78	1.18	1.11

	As at December 31,		
	2021	2020 (restated) <sup>2</sup>	2019
Total assets	\$ 232,498	\$ 241,377	\$ 171,579
Total non-current liabilities	\$ 57,888	\$ 92,963	\$ 32,683

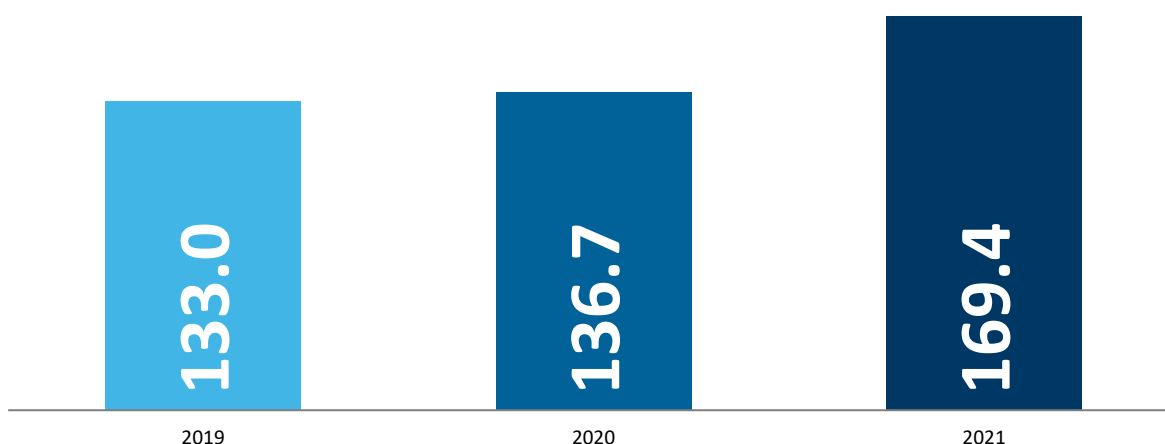
<sup>1</sup> EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other companies; refer to section 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.

<sup>2</sup> During the year, the Company revised its accounting policy related to the configuration and customization costs incurred in implementing Software-as-a-service ("SaaS") arrangements in response to the International Financial Reporting Interpretations Committee agenda decision released in April 2021. This accounting policy change resulted in the expense of formerly capitalized financial system implementation costs incurred in 2018 through 2021. This change resulted in a retroactive adjustment to expense these costs effective January 1, 2020. This change did not result in a change in basic or diluted earnings per share for the current or prior year.

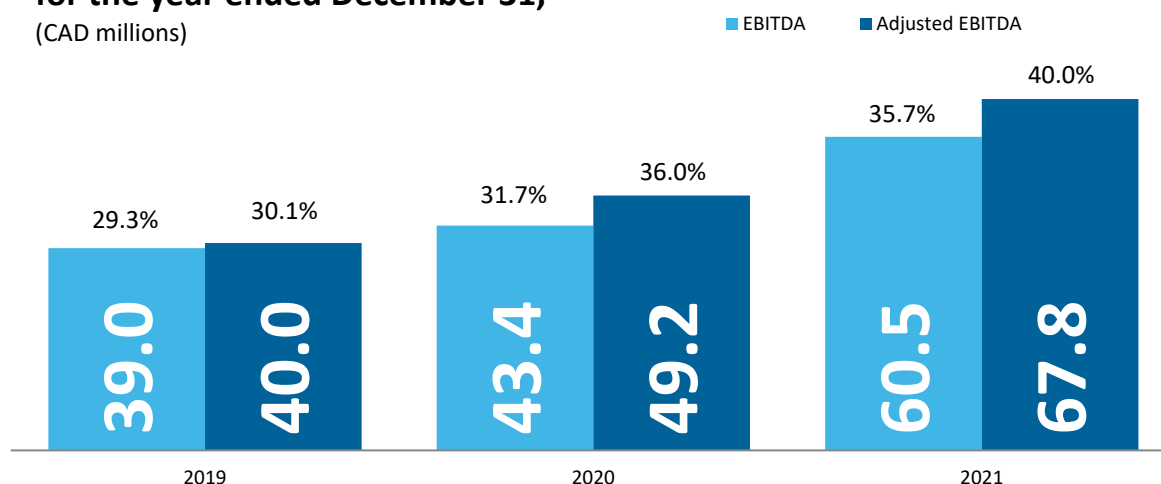
ISC has generated very strong results over the past three years across all metrics. Our overall results for 2021 are up well over the previous year despite the global pandemic that dominated much of 2020 and 2021.

- Revenue rose by 24 per cent to \$169.4 million in 2021 from \$136.7 million in 2020, driven by economic strength in the Canadian markets positively impacting both Registry Operations and Services, our continued focus on organic growth in Services, and a full year of the Recovery Solutions business acquired in July 2020.
- Registry Operations continued its strong performance across all registries in 2021, most notably in the Land Registry, where revenue was up 30 per cent over 2020.
- Services also grew its revenue in 2021 compared to 2020 through strong new customer acquisitions, the addition of new services and technologies for all customers, and the addition of our Recovery Solutions services in the third quarter of 2020.
- These results demonstrate the strength of our business, with consolidated EBITDA up 40 per cent.
- Free cash flow increased to record levels at \$44.8 million in 2021, up 24 per cent over 2020.

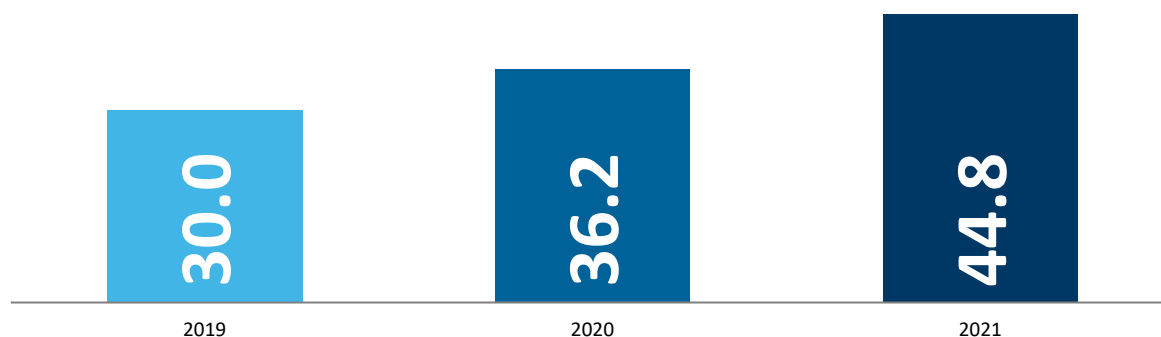
### Consolidated Revenue for the year ended December 31, (CAD millions)



### Consolidated EBITDA and Consolidated Adjusted EBITDA for the year ended December 31, (CAD millions)



### Consolidated Free Cash Flow for the year ended December 31, (CAD millions)





## FOURTH QUARTER CONSOLIDATED HIGHLIGHTS

- **Revenue** was \$44.2 million for the quarter, an increase of 13 per cent compared to the fourth quarter of 2020. The increase was due to strong activity in the Saskatchewan real estate sector, which drove increased revenue in the Saskatchewan Land Registry coupled with continued organic growth in our Services segment through integrated technology-driven product offerings.
- **Net income** was \$10.3 million or \$0.59 per basic share and \$0.57 per diluted share compared to \$7.9 million or \$0.45 per basic and diluted share in the fourth quarter of 2020. The increase is due to the increased revenue in Registry Operations and Services, lower professional and consulting expenses in 2021 and a reduction in share-based compensation expense in the quarter.
- **EBITDA** was \$17.6 million compared to \$15.7 million for the same quarter in 2020. This increase was largely driven by the same reasons as net income: increased revenue, lower professional and consulting expenses and a reduction in share-based compensation during the quarter. Consolidated **EBITDA margin** was 39.8 per cent for the quarter compared to 40.2 per cent in 2020 resulting from lower EBITDA in Technology Solutions largely due to COVID-19 impacts, and in Services, the transition of customers to the Registry Complete platform, which provides additional services, and hence changes our revenue recognition by accounting on a gross instead of net basis. **Adjusted EBITDA** was \$17.2 million for the quarter compared to \$17.0 million in the same quarter in 2020. The increase is due to the strong EBITDA, however, during the quarter, our total share-based compensation expense reduced, which caused adjusted EBITDA to be marginally lower than EBITDA. **Adjusted EBITDA margin** was 38.9 per cent compared to 43.6 per cent in 2020.
- **Free cash flow** for the quarter was \$13.7 million, an increase of 9 per cent compared to the fourth quarter of 2020 due to the strong free cash flow nature of the higher results of operations.
- On October 13, 2021, the Board concurrently announced that Jeff Stusek had decided to step down from his role as President & Chief Executive Officer of the Company at the end of January 2022 and the appointment of Shawn Peters as President & Chief Executive Officer of ISC, effective February 1, 2022.
- On November 3, 2021, our Board declared a quarterly cash dividend of \$0.23 per Class A Limited Voting Share ("Class A Share"), paid on January 15, 2022, to shareholders of record as of December 31, 2021.
- On December 16, 2021, the Company announced the appointment of Robert (Bob) Antochow as the Company's Chief Financial Officer, effective February 1, 2022.
- On December 22, 2021, the Company made a voluntary prepayment of \$15.0 million against its long-term debt reducing its debt to \$41.0 million.

## YEAR-END CONSOLIDATED HIGHLIGHTS

- **Revenue** was \$169.4 million for the full year, an increase of 24 per cent compared to 2020. Much like reported for the fourth quarter, the increase was due to higher revenue in Registry Operations driven by robust activity in the Saskatchewan real estate sector, increases in personal property security registrations and new business entity registrations. This was accompanied by continued organic growth in our Services segment through new customer acquisition and the use of technology, including Registry Complete, offering an integrated suite of services to our clients and a full year of operations from our new Recovery Solutions division compared to five months in the prior year.



- **Net income** was \$32.1 million or \$1.83 per basic share and \$1.78 per diluted share compared to \$20.8 million or \$1.19 per basic share and \$1.18 per diluted share in 2020. The increase was the result of increased revenue in Registry Operations and Services, lower professional and consulting expenses, offset by increases in share-based compensation due to strong performance of the Company's share price during the year, and increased expenses in both cost of goods sold and financial services due to revenue growth.
- **EBITDA** was \$60.5 million in 2021 compared to \$43.4 million for the 12 months ended December 31, 2020, again due to increased revenue in Registry Operations and Services, lower professional and consulting expenses, offset by increases in share-based compensation, and increased costs in both cost of goods sold and financial services due to revenue growth. Consolidated **EBITDA margin** was 35.7 per cent compared to 31.7 per cent in 2020.
- **Adjusted EBITDA** was \$67.8 million compared to \$49.2 million in 2020. The increase is due to strong EBITDA and the removal through adjustments of year-to-date share-based compensation and acquisition and integration costs. **Adjusted EBITDA margin** was 40.0 per cent compared to 36.0 per cent in 2020.
- **Free cash flow** for the year ended December 31, 2021, was \$44.8 million, an increase of \$8.6 million compared to \$36.2 million in 2020 due to higher results of operations and strong cash flow conversion of the business.
- On September 20, 2021, ISC announced an extension to its existing credit agreement with a new maturity date of September 17, 2026. In addition, the amended agreement simplifies the pricing structure and offers better terms. The aggregate amount available under the Credit Facility remains \$150.0 million. During the year, ISC made voluntary prepayments of \$35.0 million against its long-term debt reducing its debt to \$41.0 million.
- On September 21, 2021, our Board announced that it had approved an increase in the expected annual dividend on its Class A Shares from \$0.80 to \$0.92, or \$0.20 to \$0.23 per quarter.

## 1.2 Subsequent events

- On February 15, 2022, the Company announced that its Services segment, through its wholly-owned subsidiary ESC, acquired all of the shares of a group of companies operating as UPLlevel. The purchase consideration is \$9.0 million, subject to working capital and other post-closing adjustments set out in the share purchase agreement.
- On March 15, 2022, our Board declared a quarterly cash dividend of \$0.23 per Class A Share, payable on or before April 15, 2022, to shareholders of record as of March 31, 2022.

## 1.3 Outlook

*The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities, our future financial position and results of operations, capital and operating expectations and the expected impact of COVID-19. Refer to "Caution Regarding Forward-Looking Information".*

The Company expects to see continued strength in 2022 across its two largest operating segments, Registry Operations and Services. Both have benefitted from strong economic conditions in 2021, including an overall positive impact on transaction and seasonality trends during the pandemic.

While the pandemic has disrupted various sectors of the Saskatchewan economy, Registry Operations has experienced exceptional results in 2021, mainly due to the robust real estate sector in Saskatchewan. While we do not expect the strong economic activity experienced in 2021 will continue indefinitely, we believe 2022 will still exceed pre-pandemic levels. Saskatchewan's economy and registry transactions are expected to begin to return to more normalized levels midway through 2022 and finish the year just below 2021 record levels.

Consequently, we expect that Registry Operations will continue to be a robust contributor to our results in 2022, due largely to the strong cash flow this business generates on a consistent basis. Additional investments in 2022

related to people and technology will be made within this segment to ensure continued high levels of service as well as secure and efficient systems.

We expect Services to continue to deliver organic growth in 2022, driven by continuous technology advancements driving operational efficiency and new product innovation. We are deliberate in growing our business with existing customers and the acquisition and onboarding of new customers, particularly with our new cloud-based Registry Complete software. A focus on investments in people and technology to advance our growth will be important. This will allow us to expand our offering to existing customers and facilitate the acquisition of new customers throughout the year.

In Technology Solutions, we expect to see continued progress and completion of solution delivery projects where COVID-19 and other related delays have resulted in certain milestones being deferred to 2022. Governments are expected to continue directing their efforts to managing COVID-19, but we are seeing the re-commencement of early-stage procurement activity, which could translate into additional projects commencing later in 2022. An investment in our sales and technology development teams will be necessary to support these activities, as well as provide support across the organization on our technology initiatives. We have also begun the search to find an Irish-based leader for our Dublin subsidiary to support and drive their growth.

As economic trends potentially revert to pre-COVID-19 levels, we expect our results to mildly follow suit. Over the past two years, Registry Operations has delivered exceptionally strong EBITDA, which is above historical levels. This strong EBITDA has been propelled by a combination of a robust Saskatchewan real estate market driving higher average transaction values, increased 'high value transactions' and slightly higher transaction volumes in the Land Registry. While we expect continued strength in Registry Operations' EBITDA margin, we anticipate it to trend closer to pre-pandemic levels as depicted in section 3.1.

Based on the previous details, in 2022 we expect revenue to be between \$168.0 million and \$173.0 million, net income to be between \$23.0 million and \$27.0 million, and EBITDA<sup>1</sup> to be between \$48.0 million and \$53.0 million.

Our results from the last seven quarters have demonstrated the resilience of our business to economic adversity as well as its ability to benefit from a strong economy, and we expect that to continue. The Company's diversified range of services, pursuit of growth opportunities, and strong core offerings have positioned us well for continued success in the years to come.

In keeping with our strategy, the Company will also actively explore appropriate acquisition targets in 2022 that complement or add value to our existing lines of business or provide new key service offerings that will also drive value.

<sup>1</sup> EBITDA is not recognized as a measure 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 13 per cent and 24 per cent for the three months and year ended December 31, 2021, compared to the same periods in 2020. Similarly, net income was up 29 per cent and 54 per cent compared to the same periods in 2020, primarily due to increased revenue in Registry Operations and Services.

### 2.1 Consolidated statements of comprehensive income

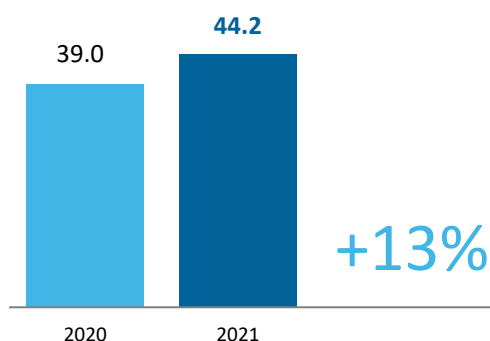
(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020 (restated) <sup>1,2</sup>	2021	2020 (restated) <sup>1,2</sup>
Revenue				
Registry Operations	\$ 21,076	\$ 19,452	\$ 85,567	\$ 69,535
Services	20,549	15,744	75,165	56,398
Technology Solutions	2,613	3,815	8,644	10,782
Corporate and other	-	2	3	8
Total revenue	44,238	39,013	169,379	136,723
Expenses				
Wages and salaries	9,600	10,680	48,757	41,708
Cost of goods sold	12,331	7,799	40,359	31,271
Depreciation and amortization	3,153	3,767	13,778	12,724
Information technology services	2,111	2,117	7,992	7,896
Occupancy costs	946	880	3,430	3,004
Professional and consulting services	692	785	3,872	5,461
Financial services	559	779	3,044	2,654
Other	383	279	1,393	1,337
Total expenses	29,775	27,086	122,625	106,055
Net income before items noted below	14,463	11,927	46,754	30,668
Finance income (expense)				
Interest income	42	(192)	140	172
Interest expense	(524)	(924)	(2,813)	(2,217)
Net finance (expense)	(482)	(1,116)	(2,673)	(2,045)
Income before tax	13,981	10,811	44,081	28,623
Income tax expense	(3,695)	(2,888)	(12,003)	(7,798)
Net income	10,286	7,923	32,078	20,825
Other comprehensive (loss) income				
Unrealized (loss) gain on translation of financial statements of foreign operations	(269)	(69)	(1,048)	732
Change in fair value of marketable securities, net of tax	7	-	(13)	(31)
Other comprehensive (loss) income for the period	(262)	(69)	(1,061)	701
Total comprehensive income	\$ 10,024	\$ 7,854	\$ 31,017	\$ 21,526

<sup>1</sup> During the year, the Company changed the presentation of board compensation costs, including certain share-based compensation expenses related to the deferred share units on the consolidated statements of comprehensive income to reflect them in wages and salaries expense instead of professional and consulting services. With this change, all share-based compensation, including deferred share units, performance share units, share appreciation rights and stock options, is reflected in wages and salaries on the consolidated statements of comprehensive income. Management believes the revised presentation provides more relevant information to users. Refer to Note 2 in the Financial Statements for information on reclassifications.

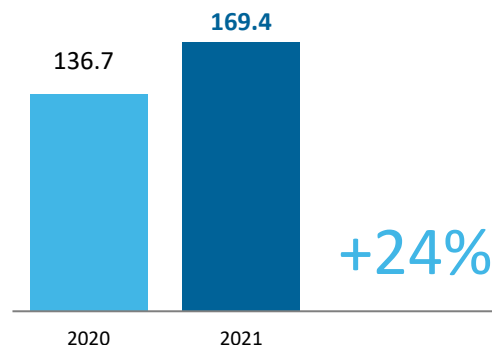
<sup>2</sup> During the year, the Company revised its accounting policy related to the configuration and customization costs incurred in implementing SaaS arrangements in response to the International Financial Reporting Interpretations Committee agenda decision released in April 2021. This accounting policy change resulted in the expense of formerly capitalized financial system implementation costs incurred in 2018 through 2021. This change resulted in a retroactive adjustment to expense these costs effective January 1, 2020. This change did not result in a change in basic or diluted earnings per share for the current or prior year.

## 2.2 Consolidated revenue

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



**Consolidated Revenue  
for the year ended December 31,**  
(CAD millions)



(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Registry Operations	\$ 21,076	\$ 19,452	\$ 85,567	\$ 69,535
Services	20,549	15,744	75,165	56,398
Technology Solutions	2,613	3,815	8,644	10,782
Corporate and other	-	2	3	8
Total revenue	\$ 44,238	\$ 39,013	\$ 169,379	\$ 136,723

Total revenue for the quarter increased by \$5.2 million compared to the fourth quarter of 2020 as a result of:

- increased revenue of \$1.6 million in Registry Operations related to the Land Registry driven by continued strong activity in the Saskatchewan real estate sector; and
- increased revenue of \$4.8 million in Services, resulting from continued organic growth in Services and economic strength in our markets. As well, a portion of this increase results from the transition of customers to the Registry Complete platform, which provides additional services and hence changes our revenue recognition by accounting on a gross instead of net basis. This results in an increase in revenue and a corresponding increase in cost of goods sold with no change in net income or EBITDA. While this accounts for a portion of revenue growth, overall Services results are strong, as evidenced by a 44 per cent increase in EBITDA over the prior year.

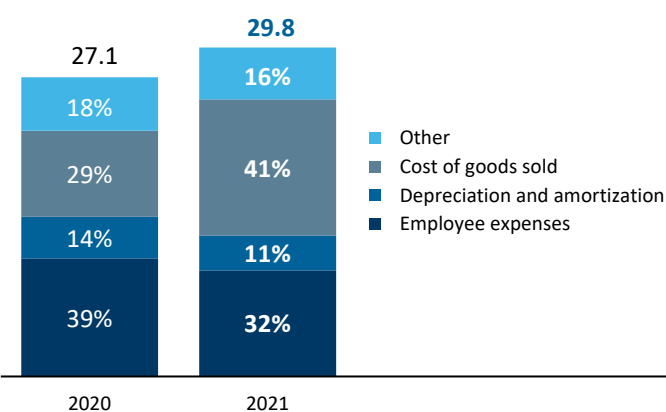
Total revenue for the year increased by \$32.7 million or 24 per cent compared to the prior year as a result of:

- increased revenue of \$16.0 million in Registry Operations, \$14.4 million of which relates to the Land Registry. Additionally, both the Corporate and Personal Property Registries have demonstrated growth over 2020; and
- increased revenue of \$18.8 million in Services, resulting from continued organic growth in Regulatory Solutions as well as an increase of \$5.8 million in Recovery Solutions revenue resulting from a full 12 months of revenue in 2021 compared to five months in the prior year. A portion of the increase in Regulatory Solutions results from the transition of customers to the Registry Complete platform, which provides additional services and hence changes our revenue recognition by accounting on a gross instead of net basis. This results in an increase in revenue and a corresponding increase in cost of goods sold with no change in net income or EBITDA. While this accounts for a portion of revenue growth, Services saw strong growth in 2021, as evidenced by a 44 per cent increase in EBITDA over the prior year.

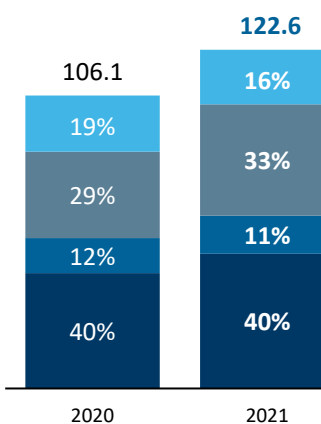
These increases for the quarter and year were partially offset by reduced revenue in Technology Solutions from delays in solution implementation projects.

## 2.3 Consolidated expenses

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



**Consolidated Expenses**  
for the year ended December 31,  
(CAD millions)



(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020 (restated) <sup>1,2</sup>	2021	2020 (restated) <sup>1,2</sup>
Wages and salaries	\$ 9,600	\$ 10,680	\$ 48,757	\$ 41,708
Cost of goods sold	12,331	7,799	40,359	31,271
Depreciation and amortization	3,153	3,767	13,778	12,724
Information technology services	2,111	2,117	7,992	7,896
Occupancy costs	946	880	3,430	3,004
Professional and consulting services	692	785	3,872	5,461
Financial services	559	779	3,044	2,654
Other	383	279	1,393	1,337
<b>Total expenses</b>	<b>\$ 29,775</b>	<b>\$ 27,086</b>	<b>\$ 122,625</b>	<b>\$ 106,055</b>

<sup>1</sup> During the year, the Company changed the presentation of board compensation costs, including certain share-based compensation expenses related to the deferred share units on the consolidated statements of comprehensive income to reflect them in wages and salaries expense instead of professional and consulting services. With this change, all share-based compensation, including deferred share units, performance share units, share appreciation rights and stock options, is reflected in wages and salaries on the consolidated statements of comprehensive income. Management believes the revised presentation provides more relevant information to users. Refer to Note 2 in the Financial Statements for information on reclassifications.

<sup>2</sup> During the year, the Company revised its accounting policy related to the configuration and customization costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision released in April 2021. This accounting policy change resulted in the expense of formerly capitalized financial system implementation costs incurred in 2019 through 2021. This change resulted in a retroactive adjustment to expense these costs effective January 1, 2020. This change did not result in a change in basic or diluted earnings per share for the current or prior year.

Consolidated expenses were \$29.8 million for the fourth quarter, an increase of \$2.7 million compared to the same quarter in 2020 and were \$122.6 million for the year compared to \$106.1 million in 2020.

The increase in expenses during the quarter relates to increases in cost of goods sold of \$4.5 million, driven by increased Services revenue during the quarter. This was offset by lower professional and consulting services than in the same period in 2020, which included expenses related to the acquisition of Paragon Inc. ("Paragon"). There was also a reduction in share-based compensation linked to the Company's share price during the quarter which resulted in a decrease to salaries and wages expense. While there was a reduction in the share price during the quarter, the price has increased by 27 per cent year-over-year.

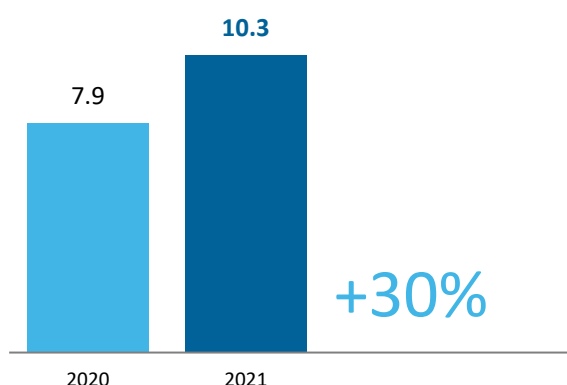
The year-over-year rise in expenses compared to the prior year was due to increased:

- wages and salaries related to additional staff in Recovery Solutions after the acquisition of Paragon in the third quarter of 2020, additional amounts under our share-based compensation plans as a result of the strong performance of the Company's share price, and normal merit-based increases and performance compensation across our business;
- cost of goods sold associated with higher revenue in Services; and
- depreciation and amortization in Recovery Solutions after the acquisition of Paragon in the third quarter of 2020.

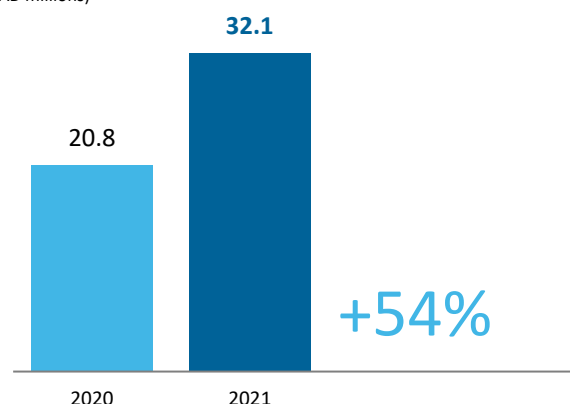
The increases were partially offset by the reduction in professional and consulting services due to costs in the prior year related to the Paragon acquisition not being present in the current year.

## 2.4 Consolidated net income

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



**Consolidated Net Income  
for the year ended December 31,**  
(CAD millions)

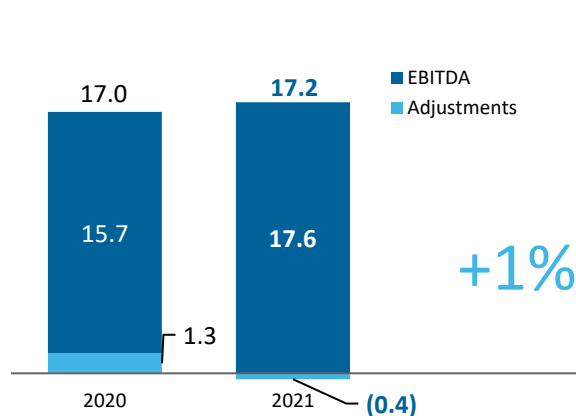


Net income for the quarter was \$10.3 million or \$0.59 per basic share and \$0.57 per diluted share, an increase compared to \$7.9 million or \$0.45 per basic and diluted share in the fourth quarter of 2020. For the year, net income was \$32.1 million or \$1.83 per basic share and \$1.78 per diluted share compared to net income of \$20.8 million or \$1.19 per basic share and \$1.18 per diluted share in 2020.

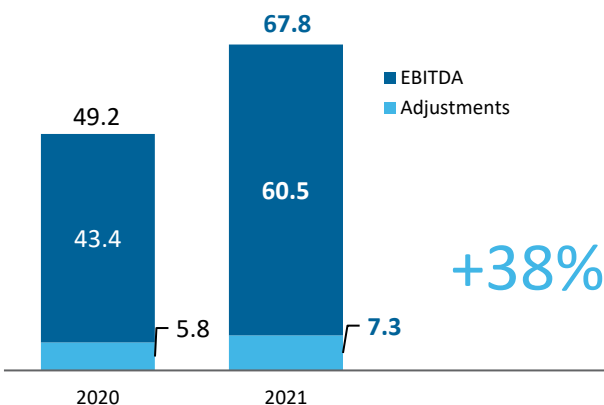
As noted earlier, the increase in net income for the quarter and year-over-year is a result of higher revenue from Registry Operations and Services and the reduction in professional and consulting services. This was partially offset by lower revenue in Technology Solutions and year-over-year higher expenses associated with share-based compensation plans related to the strong performance of the Company's share price this year.

## 2.5 Consolidated EBITDA and adjusted EBITDA

**Consolidated EBITDA and Adjusted EBITDA  
for the three months ended December 31,**  
(CAD millions)



**Consolidated EBITDA and Adjusted EBITDA  
for the year ended December 31,**  
(CAD millions)



(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020 (restated) <sup>1</sup>	2021	2020 (restated) <sup>1</sup>
Net income	\$ 10,286	\$ 7,923	\$ 32,078	\$ 20,825
Depreciation and amortization	3,153	3,767	13,778	12,724
Net finance expense	482	1,116	2,673	2,045
Income tax expense	3,695	2,888	12,003	7,798
EBITDA	\$ 17,616	\$ 15,694	\$ 60,532	\$ 43,392
Adjustments				
Share-based compensation expense	(553)	1,054	5,972	2,969
Stock option expense	13	38	88	222
Acquisition and integration costs	150	207	1,225	2,618
(Gain) loss on disposal of property, plant and equipment assets	(1)	9	(2)	9
Adjusted EBITDA	\$ 17,225	\$ 17,002	\$ 67,815	\$ 49,210
EBITDA margin (% of revenue)	39.8%	40.2%	35.7%	31.7%
Adjusted EBITDA margin (% of revenue)	38.9%	43.6%	40.0%	36.0%

<sup>1</sup> During the year, the Company changed its accounting policy with respect to customization and configuration of SaaS arrangements. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

Due to our strong earning profile and margins, revenue increases translate well into strong EBITDA and adjusted EBITDA. For the fourth quarter of 2021, EBITDA was \$17.6 million compared to \$15.7 million for the same quarter in 2020, up 12 per cent as a result of economic strength in the markets in which we operate, organic new customer growth, and prudently managing costs throughout the year. Similarly, adjusted EBITDA was \$17.2 million for the quarter compared to \$17.0 million in 2020, largely due to revenue growth this year marginally offset by a reduction in share-based compensation in the quarter.

For the year, EBITDA was \$60.5 million compared to \$43.4 million in 2020, an increase of 40 per cent, as a result of strong operational performance and growth consistent with that outlined above. Adjusted EBITDA was \$67.8 million for the year compared to \$49.2 million in 2020, up 38 per cent, and driven by the same strong performance. Adjustments include share-based compensation expense, which for the full year increased significantly from a 27 per cent increase in the share price during the year, and acquisition and integration costs, which were lower in 2021 as a result of less merger and acquisitions activity.



## 2.6 Consolidated finance costs

Net finance expense was \$0.5 million for the quarter, down from the \$1.1 million in the prior year due to long-term debt repayments made on our Credit Facility during 2021, resulting in less debt outstanding in the quarter when compared to the fourth quarter of 2020.

For the year, net finance expense was \$2.7 million in 2021 compared to \$2.0 million in 2020 due to increased interest expenses from our Credit Facility. A larger outstanding balance on the Credit Facility was held for the majority of 2021 compared to about five months in 2020.

## 2.7 Tax provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2020 – 27.0 per cent). Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

(thousands of CAD)	2021	2020 (restated) <sup>1</sup>
Net income before tax	\$ 44,081	\$ 28,623
Combined statutory income tax rate	27.0%	27.0%
Expected income tax expense	11,902	7,729
Increase (decrease) in income tax resulting from:		
Non-deductible expenses	49	67
Foreign income tax rate differential	39	(278)
Adjustment to prior years' deferred tax assets	(25)	269
Other	38	11
Income tax expense	\$ 12,003	\$ 7,798

<sup>1</sup> During the year, the Company changed its accounting policy with respect to customization and configuration of SaaS arrangements. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

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

### 3 Business Segment Analysis

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.

ISC currently has three operating segments:

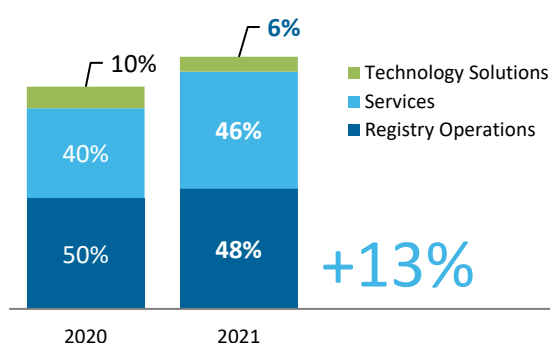
**Registry Operations** delivers registry and information services on behalf of governments and private sector organizations.

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

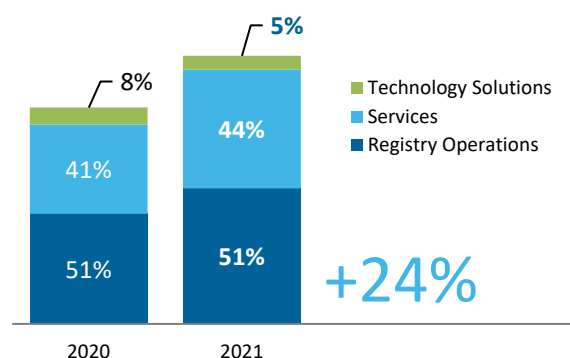
**Technology Solutions** provides the development, delivery and support of registry (and related) technology solutions.

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

**Revenue by Segment<sup>1</sup>**  
for the three months ended December 31,

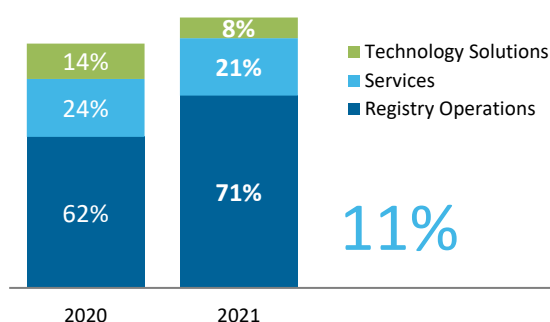


**Revenue by Segment<sup>1</sup>**  
for the year ended December 31,

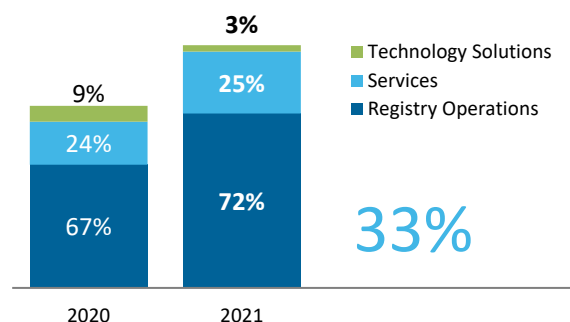


<sup>1</sup> Corporate and other and Inter-segment eliminations are excluded. Values may not add due to rounding.

**EBITDA by Segment<sup>1</sup>**  
for the three months ended December 31,



**EBITDA by Segment<sup>1</sup>**  
for the year ended December 31,



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

### 3.1 Registry Operations

When providing registry and information services to governments and private sector organizations, we work with those clients to support their policies and execute procedures to ensure the integrity of the data and manage the information technology, data management and authentication processes.

Most significantly, Registry Operations 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, 2021, on our website at [www.company.isc.ca](http://www.company.isc.ca) and in the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Competitors in this segment include infrastructure funds and private equity firms as well as information services companies, registry software providers and other such information-based companies that develop and provide software platforms to manage registry and related information services. These types of companies may compete with ISC by acting as, or partnering with, businesses that can provide other required processes, such as customer service and delivery, in conjunction with software platforms to provide full-service solutions.

Registry Operations 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; however, the COVID-19 pandemic has disrupted our normal pattern of seasonality.

#### Saskatchewan Land Registry

The Land Titles Registry issues titles to land and registers transactions affecting titles, including changes of ownership and the registration of interests in land, in Saskatchewan.

Revenue for the Land Titles Registry is earned through registration, search and maintenance fees. Registration fees are either a flat fee or value-based, calculated as a percentage of the value of the land and/or property being registered. Approximately 86 per cent of all Land Titles Registry registration transactions were submitted online in 2021.

We typically charge a flat fee per transaction for search and maintenance transactions. However, in certain instances, we may charge a negotiated fee for a customized search or maintenance transaction such as certain mineral certification or bulk data requests.

Because the Land Titles Registry revenue is comprised of both residential and non-residential activity, mortgage rates and business lending rates may affect revenue. Changes in land values, provincial population and mortgage qualifying requirements also affect the housing market, which, in turn, influences changes of ownership and revenue.

Land Surveys registers land survey plans and creates a representation of Saskatchewan land parcels in the cadastral parcel mapping system. Revenue related to all Land Survey services is earned as a flat fee per transaction.

Geomatics manages geographic data related to the cadastral parcel mapping system, which is integrated with the Land Titles Registry and Land Surveys. Fees for Geomatics services are typically negotiated per transaction, based on the type and nature of services required.

#### Saskatchewan Personal Property Registry

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

Customers are charged flat fees per transaction, and the automated web-based system enables real-time completion of search and registration services as well as minimizes operational effort to deliver services.

General provincial economic drivers, including vehicle sales, interest rates and the strength of commercial activity across the province, influence the revenue in the Personal Property Registry.

Customers complete almost all searches in the registry online. The high online usage is stable, with minimal numbers of end-use consumers needing staff assistance to complete their transactions.

### Saskatchewan Corporate Registry

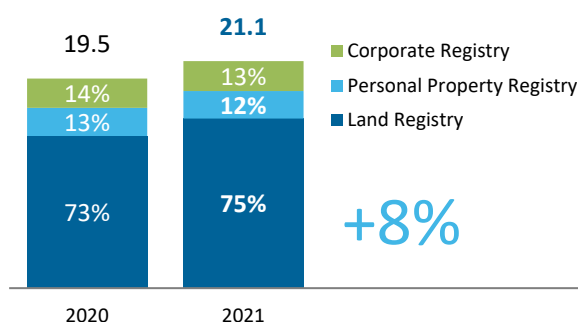
The Corporate Registry is a province-wide system for the registration of business entities, including business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names. Entities must maintain an active registration in the Corporate Registry to legally carry on business within Saskatchewan.

Unlike other registries, the Corporate Registry earns most of its revenue from maintenance services, including annual returns and changes to corporate articles, ownership, or directorship.

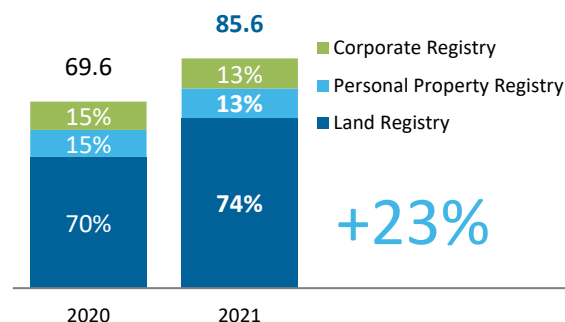
Approximately 93 per cent of all registrations in the Corporate Registry were submitted online in 2021.

## REGISTRY OPERATIONS REVENUE

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



**Registry Operations Revenue  
for the year ended December 31,**  
(CAD millions)



Note: Other revenue is not shown in the chart however included within the total. Values may not add due to rounding.

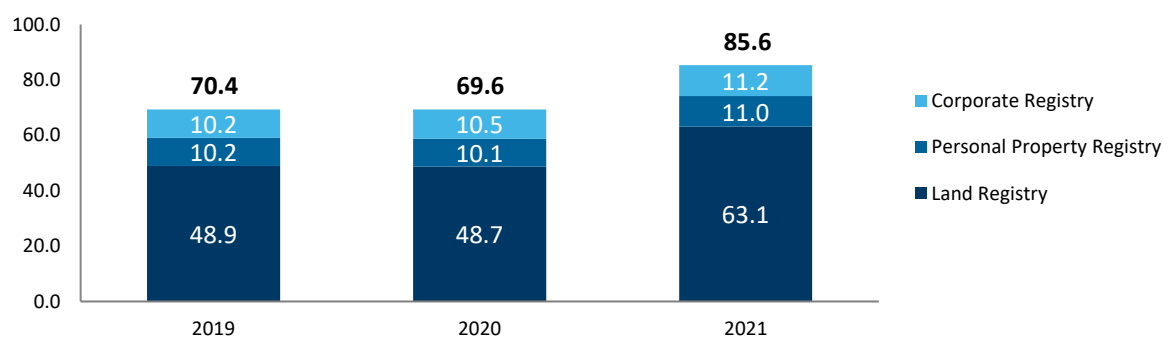
(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Land Registry	\$ 15,742	\$ 14,119	\$ 63,141	\$ 48,694
Personal Property Registry	2,563	2,625	10,993	10,055
Corporate Registry	2,771	2,709	11,164	10,537
Other	-	32	269	282
Registry Operations revenue	\$ 21,076	\$ 19,485	\$ 85,567	\$ 69,568

Revenue for Registry Operations was \$21.1 million for the quarter, up \$1.6 million or 8 per cent compared to \$19.5 million in the fourth quarter of 2020. The fourth-quarter increase was primarily due to growth from the Land Registry, where volume was driven by the activity in the Saskatchewan real estate sector, and an increase in the average land values transacted through the registry, as well as strong high-value transactions.

For the year, revenue was \$85.6 million, a rise of \$16.0 million or 23 per cent compared to \$69.6 million in 2020.

Other revenue consists mainly of fees associated with the Multi-jurisdictional Registry Access Service ("MRAS"), which operates in the Saskatchewan Corporate Registry and other corporate registries in Canada. It enables businesses in Canada to register seamlessly in select provinces and territories without having to provide the same information to each jurisdiction.

**Registry Operations Revenue**  
for the year ended December 31,  
(CAD millions)



Note: Other revenue is not shown in the chart however included within the total. Values may not add due to rounding.

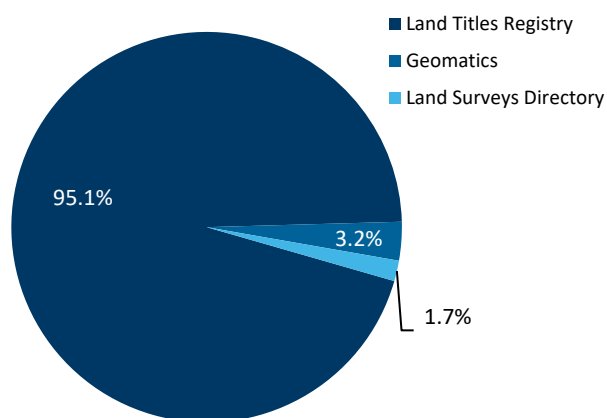
The top five customers for Registry Operations comprised just over 20 per cent of the total segment revenue for 2021. Of those customers, no single customer represented more than 10 per cent of total Registry Operations revenue.

### Saskatchewan Land Registry

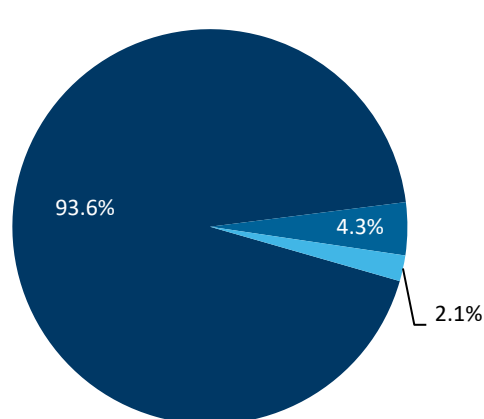
Revenue for the Land Registry during the fourth quarter of 2021 was \$15.7 million, up by \$1.6 million or 11 per cent compared to the fourth quarter of 2020. For the year, revenue was \$63.1 million in 2021 compared to \$48.7 million in 2020. The increase in revenue is primarily due to the positive results in the Land Titles Registry, which continued to experience brisk activity in the real estate sector.

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 \$15.0 million, up \$1.7 million or 12 per cent compared to the fourth quarter in 2020. The growth was primarily due to higher revenue from regular land transfers (changes of ownership), including increased high-value property registrations and title searches during the quarter relative to the same period in 2020. The real estate sector saw increases in resale volumes during the fourth quarter of 2021 when compared to the unusually high fourth quarter in 2020, meaning volumes remain well above typical levels seen during this time of year. Based on this strong activity in the sector, overall Land Titles Registry transaction volume increased by 19 per cent in the fourth quarter. Average land values for regular land transfers were also higher during the fourth quarter of 2021 compared to the same period in 2020.

**Saskatchewan Land Registry Revenue,  
for the year ended December 31, 2021**



**Saskatchewan Land Registry Revenue,  
for the year ended December 31, 2020**

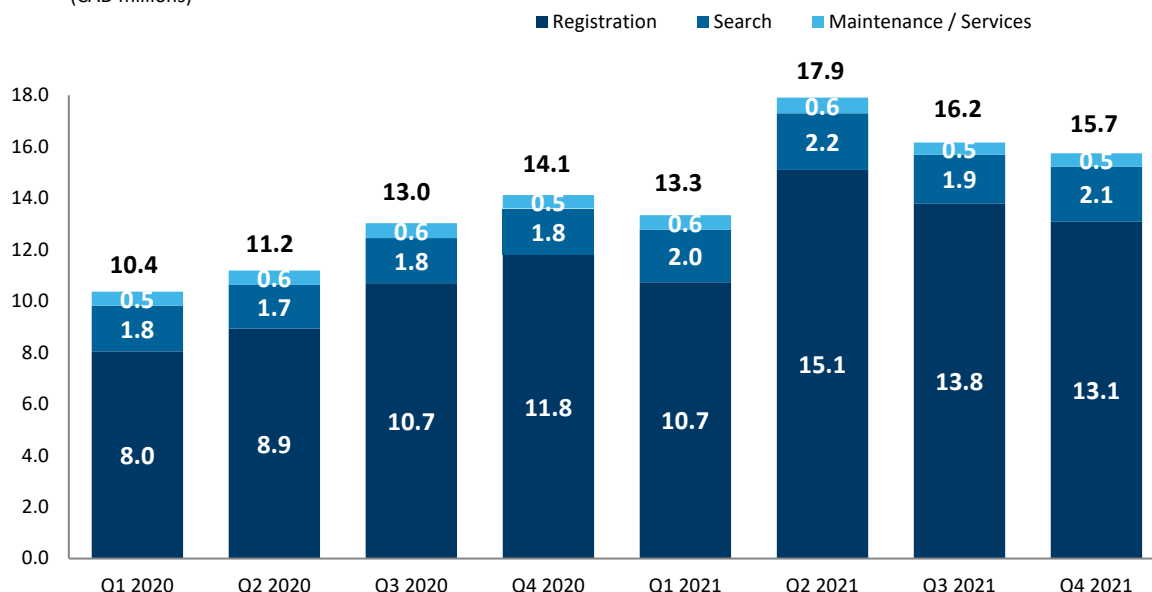


Note: Values may not add due to rounding.

High-value property registration revenue was again strong this period, coming in at \$1.8 million in the fourth quarter. Each high-value registration generates revenue of \$10,000 or more and is typically seen in both commercial and larger agricultural transactions.

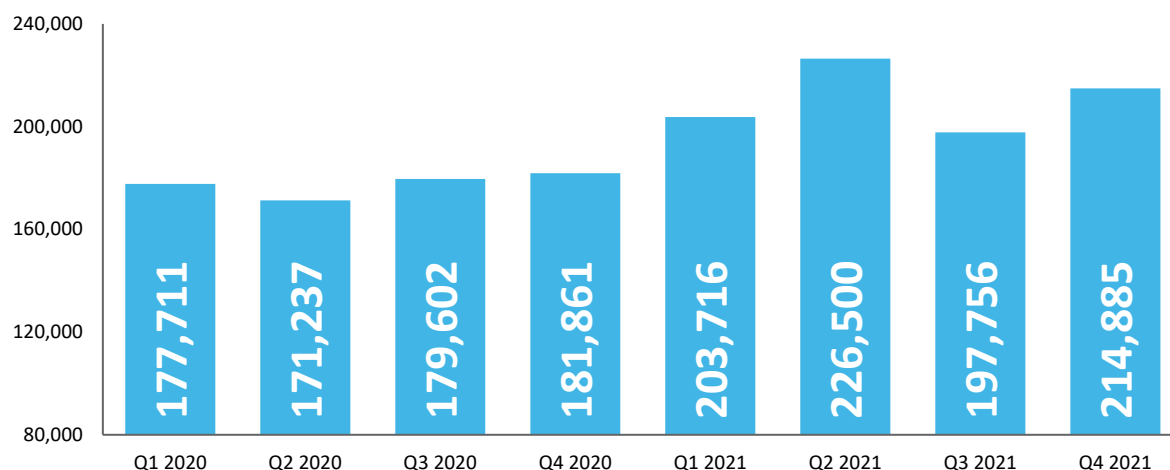
The following graphs show the Land Registry revenue by type of transaction and the overall transaction volume, respectively. Typically, the second and third quarters generate the most revenue for the Land Registry. COVID-19 restrictions resulted in lower revenue during the second quarter of 2020, after which we observed higher revenue in the third and fourth quarters, unusual compared to our historical pattern of seasonality. Results for all four quarters of 2021 are higher than we traditionally experience, although the pattern in 2021 is more indicative of our normal seasonality, as shown in the following graphs. 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)



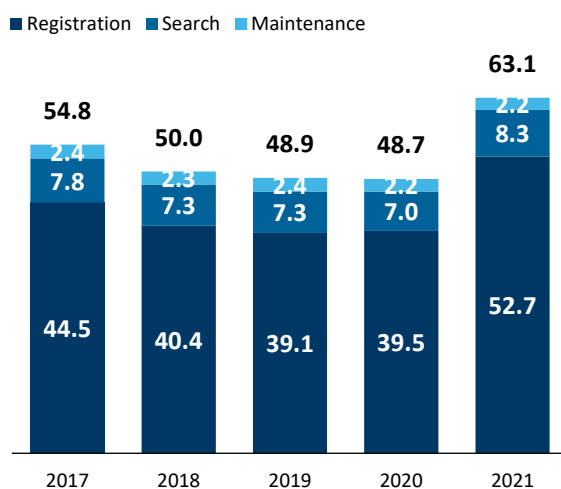
Revenue-generating transactions in the Land Titles Registry rose by 19 per cent for the fourth quarter of 2021 when compared to the same period in 2020. The volume of regular land transfers and title searches improved by 5 per cent, and 20 per cent, respectively, while the volume of mortgage registrations saw a modest decline of 1 per cent. Title searches make up the largest component of transaction volumes, comprising 75 per cent of the volume for the registry in the fourth quarter of 2021.

For the year, Land Registry revenue was \$63.1 million, an increase of 30 per cent or \$14.4 million compared to the \$48.7 million recorded in 2020. Of that, Land Titles Registry revenue was higher by 32 per cent, coming in at \$60.1 million compared to \$45.6 million in 2020. This was mainly due to a 19 per cent increase in transaction volumes, greater revenue from high-value property registrations, and a rise in average land values for regular land transfers during the period.

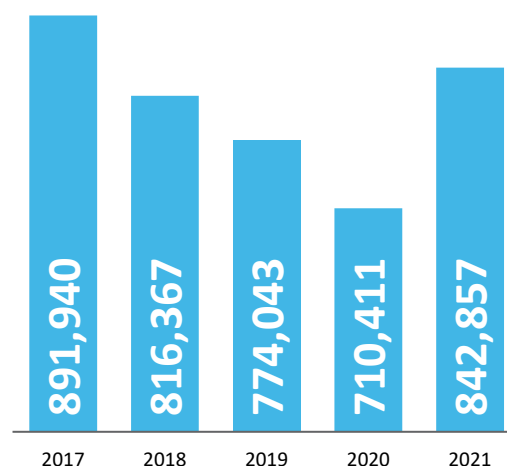
The following tables present Land Registry results over the past five years to highlight historical trends, the impact of COVID-19 in 2020 and the corresponding strength in 2021.



**Saskatchewan Land Registry Revenue by Type  
for the year ended December 31,**  
(CAD millions)



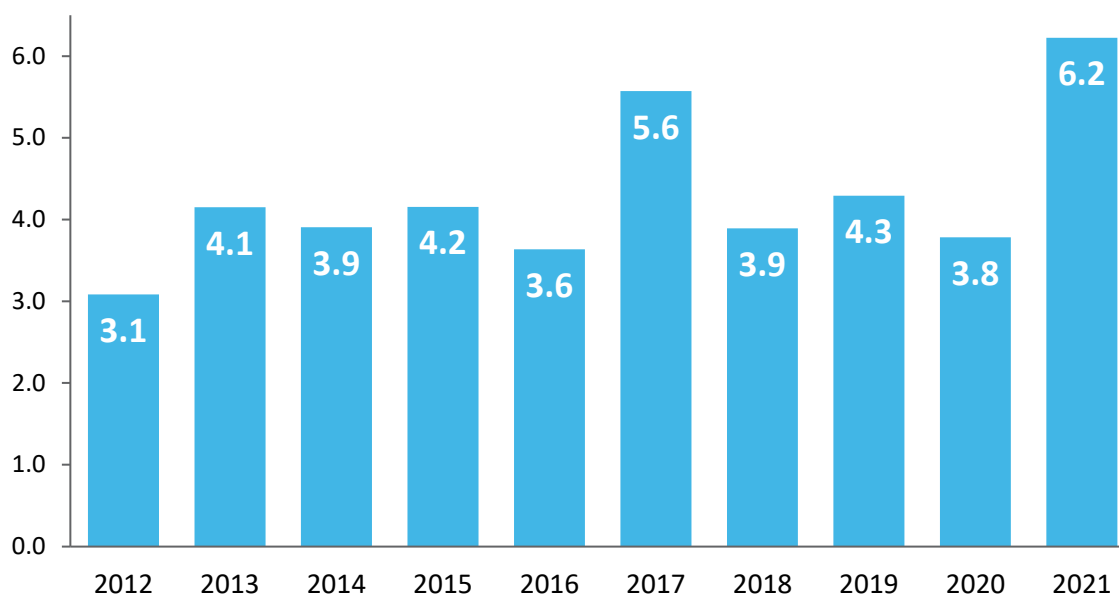
**Saskatchewan Land Registry Transaction Volume  
for the year ended December 31,**  
(Number of transactions)



Note: Values may not add due to rounding from maintenance transactions that were too small to display in the chart.

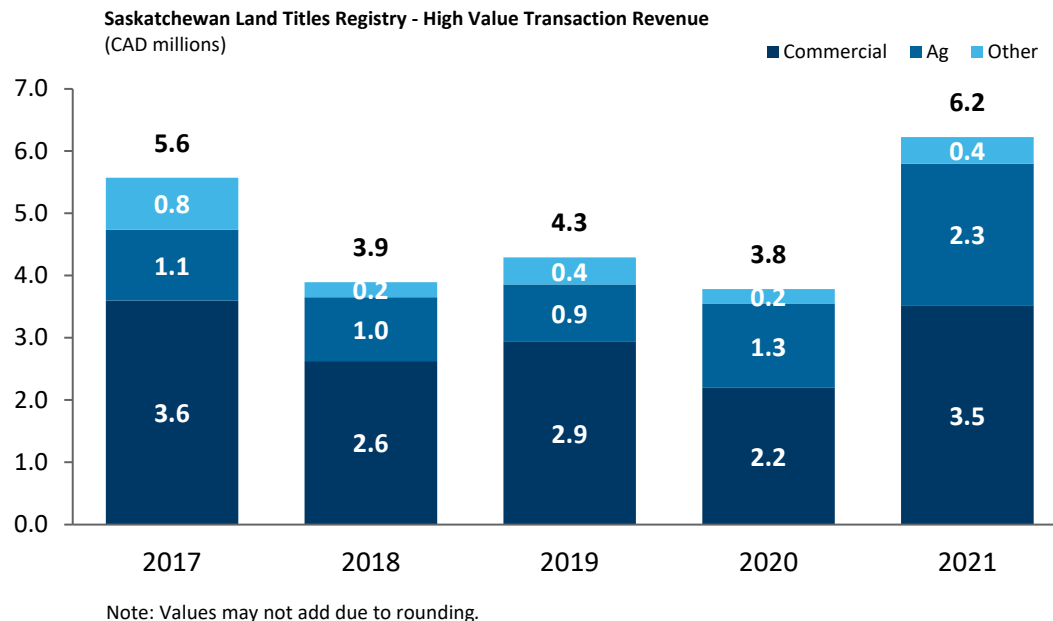
High-value property registration revenue was a record-high \$6.2 million in 2021. This represents an increase of \$2.4 million compared to revenue of \$3.8 million in 2020. In 2017, our previous best year on record, we saw stronger revenue due in large part to a few unusually high-value transactions. In 2020, high-value registration revenue was closer to average, however in 2021, the revenue was significantly above average as a result of increased volume of high-value transactions processed this year.

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



The following additional graph presents the split of high-value transactions over the past five years between

commercial, agricultural and other.



Overall revenue-generating transactions in the Land Titles Registry rose by 19 per cent in 2021 compared to 2020. This was primarily due to the increase in regular land transfers, mortgage registrations and title searches, which improved by 27 per cent, 18 per cent, and 17 per cent, respectively, compared to 2020. Title searches make up the largest component of transaction volume, comprising 74 per cent of the volume for the registry.

The major customers of the Land Registry include law firms, financial institutions, governments, surveyors, developers, resource companies as well as the general public. For 2021, our top 20 Land Registry customers made up over 41 per cent of revenue, and our top 100 Land Titles Registry customers represented 78 per cent of revenue.

#### Saskatchewan Personal Property Registry

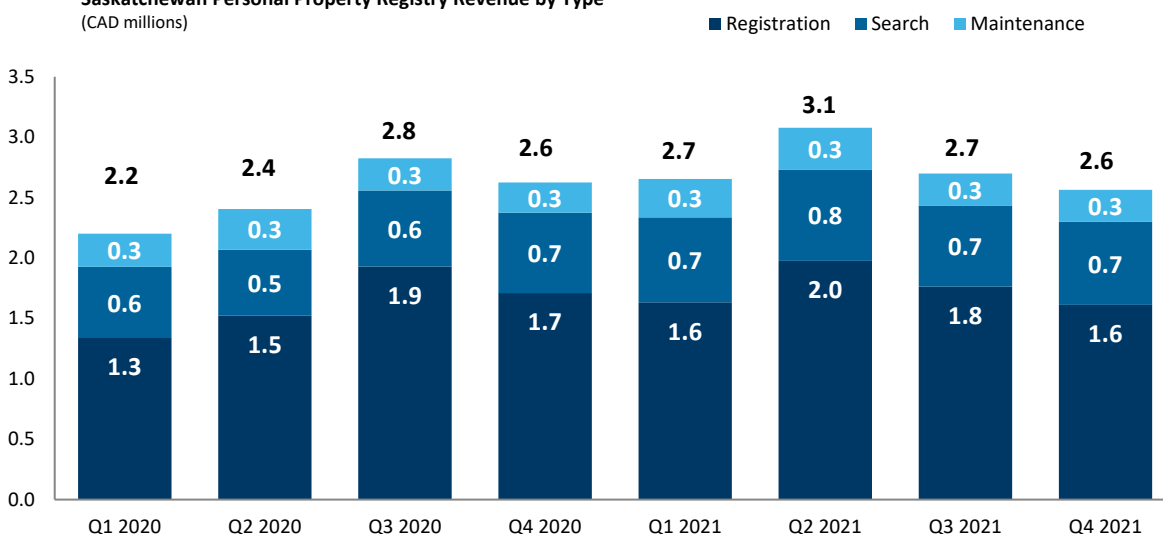
For the fourth quarter of 2021, revenue for the Personal Property Registry was \$2.6 million, down \$0.1 million or 2 per cent compared to the same quarter in 2020. Overall volume was effectively flat during the period when compared to the fourth quarter of 2020 as a result of search volume growth offsetting declines elsewhere.

Search volume, which comprises 64 per cent of the volume for the registry, grew 3 per cent during the quarter. As a result, search revenue increased by 3 per cent for the fourth quarter of 2021 compared to the same quarter in 2020.

Registration revenue in the fourth quarter was negatively impacted due to supply chain issues, particularly in the new motor vehicle sales segment, reduced inventories, and limited sales. Volume dropped by 7 per cent during the quarter, and revenue was 6 per cent lower compared to 2020. Revenue declined at a lesser rate than volume due to the increases in average term-length for personal property security registration setups compared to the same quarter in 2020.

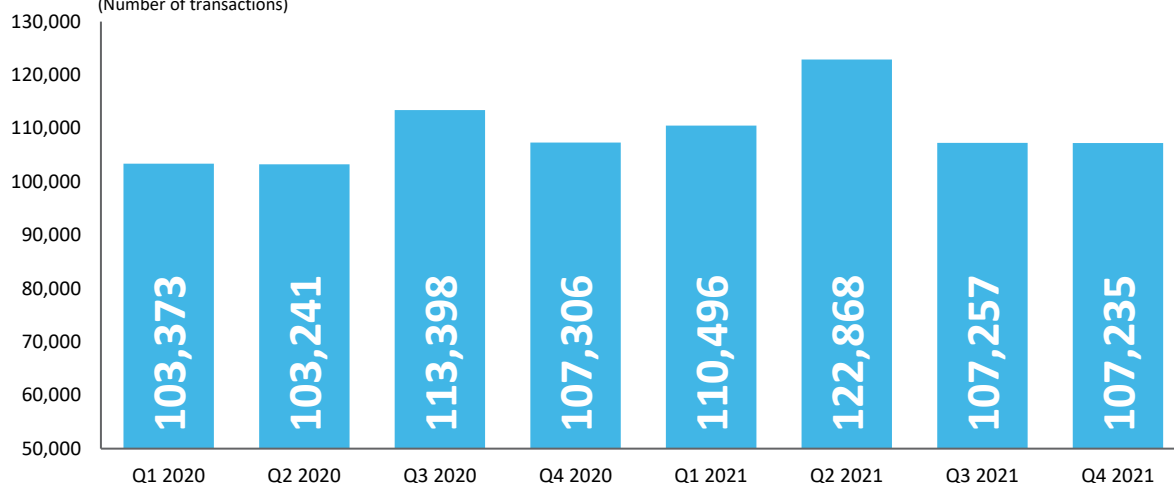
Maintenance revenue increased by 5 percent in the fourth quarter due to the increase in average term-length for renewals of personal property security registrations, while volume was flat when compared to the same period in 2020. Normally, the pattern of seasonality for this registry contains higher revenue during the second and third quarters of each year. COVID-19 has impacted that trend in recent periods, where it appears to have affected customer behaviour. The registry observed stronger revenue during the last half of 2020 and the first half of 2021, as illustrated in the following graph.

**Saskatchewan Personal Property Registry Revenue by Type**  
(CAD millions)



Note: Values may not add due to rounding.

**Saskatchewan Personal Property Registry Transaction Volume**  
(Number of transactions)



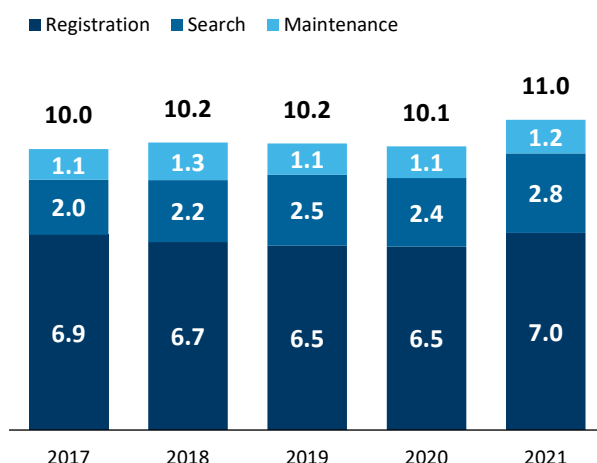
Annual revenue for the Personal Property Registry was \$11.0 million in 2021, an increase of \$0.9 million or 9 per cent compared to 2020. Overall volume for 2021 grew by 5 per cent compared to the previous year largely driven by search activity, which rose by 8 per cent. Registration volume was flat in 2021, while maintenance volume dropped 1 per cent. Personal property security registration setup volume was even in 2021 when compared to 2020.

Pricing changes made in August of 2020 and increases in average term-length of personal property security registrations resulted in a higher revenue growth rate than volume growth rate in 2021. Registration, search, and maintenance revenue rose by 7 per cent, 16 per cent and 6 per cent, respectively. Additionally average term-length for both personal property security registration setups and renewals saw a modest increase in 2021 when compared to 2020.

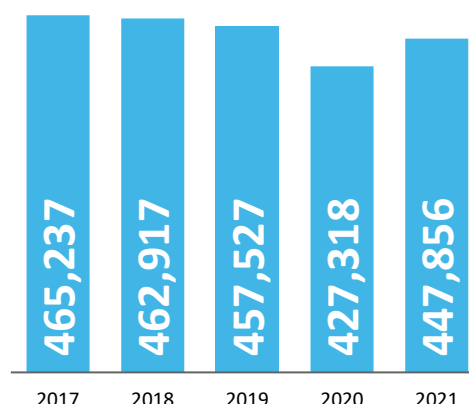
The following tables present Personal Property Registry results over the past five years showing further trends, the reduction in revenue and volumes that COVID-19 contributed to in 2020, as well as the recovery in 2021. Despite

the recovery in volumes in 2021, these remain impacted by previously referenced supply chain issues impacting the availability of new vehicles.

**Saskatchewan Personal Property Registry Revenue by Type**  
for the year ended December 31,  
(CAD millions)



**Saskatchewan Personal Property Registry Transaction Volume**  
for the year ended December 31,  
(Number of transactions)



Note: Values may not add due to rounding.

Customers of the Personal Property Registry are primarily in the financial sector but also include law firms. The top 20 Personal Property Registry customers encompassed about 83 per cent of the revenue for 2021, while the top 100 generated close to 95 per cent of revenue.

### Saskatchewan Corporate Registry

Revenue for the Corporate Registry for the fourth quarter of 2021 was \$2.8 million, up 2 per cent, or \$62 thousand compared to the same period in 2020, while overall transaction volume grew by 3 per cent.

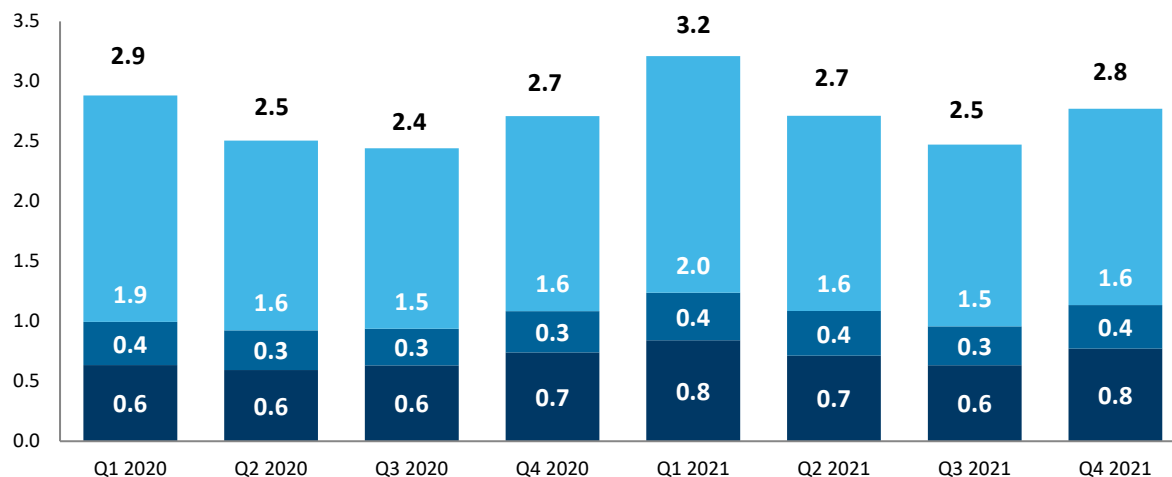
Registration and search revenue grew by 4 per cent and 6 per cent, respectively. Maintenance revenue, the largest of the three revenue streams, was up nearly 1 per cent.

As of December 31, 2021, there were 77,450 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 75,248 as of December 31, 2020.

The following graph illustrates the Corporate Registry revenue by type of transaction. Quarterly revenue in this registry continues to mirror the usual pattern of seasonality, as seen below.

**Saskatchewan Corporate Registry Revenue by Type**  
(CAD millions)

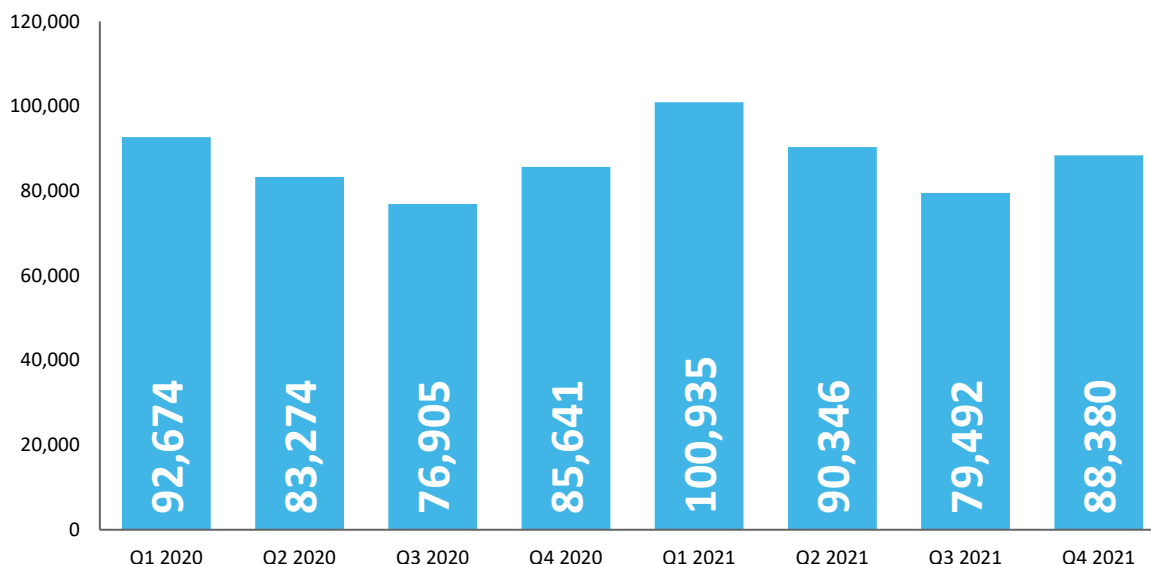
■ Registration ■ Search ■ Maintenance



Note: Values may not add due to rounding.

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

**Saskatchewan Corporate Registry Transaction Volume**  
(Number of transactions)



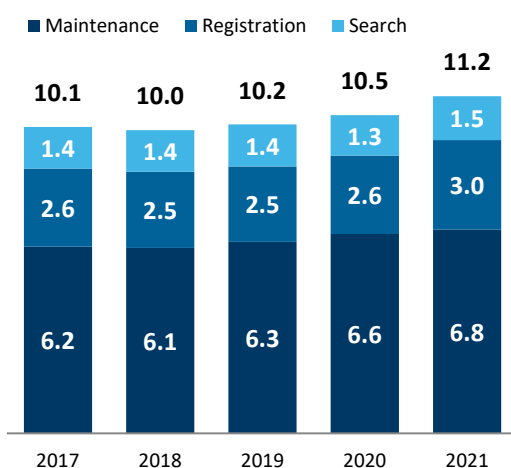
As mentioned earlier, transaction volume for the fourth quarter rose by 3 per cent compared to the same period in 2020. Search volume grew by 6 per cent compared to the same period in 2020. This growth offset the decline in registration volume during the quarter, which dropped 2 per cent despite revenue growth of 1 per cent. Maintenance volume was essentially flat for the quarter.

On an annual basis, revenue for the Corporate Registry was \$11.2 million, up 6 per cent or \$0.6 million compared to 2020. In 2021, registration, search, and maintenance revenue increased by 14 per cent, 9 per cent, and 2 per cent, respectively, when compared to 2020. More specifically, 2021 revenue from the incorporation and registration of new business entities, up 16 per cent, drove registration revenue growth, while revenue from the filing of annual returns and renewals was flat for the year, which impacts maintenance revenue.

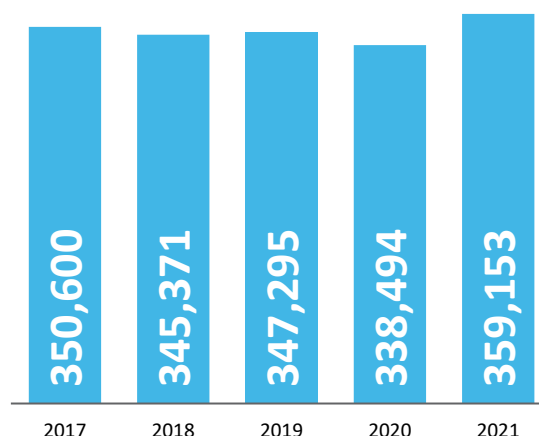
Annual transaction volume for 2021 rose by 6 per cent compared to 2020. Registration, search, and maintenance volume grew by 11 per cent, 8 per cent and 2 per cent, respectively, compared to the previous year.

The following tables present Corporate Registry results over the past five years demonstrating further trends, the reduction in volumes that COVID-19 contributed to in 2020, as well as strength in 2021.

**Saskatchewan Corporate Registry Revenue by Type  
for the year ended December 31,**  
(CAD millions)



**Saskatchewan Corporate Registry Transaction Volume  
for the year ended December 31,**  
(Number of transactions)

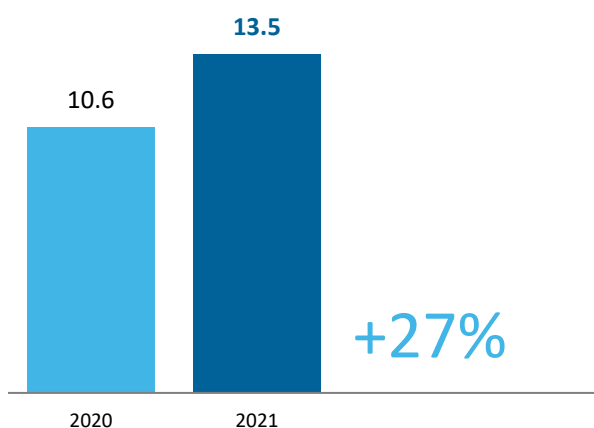


Note: Values may not add due to rounding.

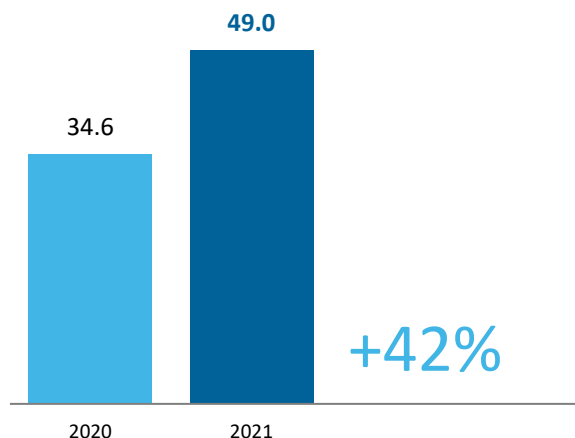
For the Corporate Registry, customers include law firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that are, were or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers accounted for about 32 per cent of revenue for 2021, and the top 100 customers comprised around 50 per cent of revenue.

## REGISTRY OPERATIONS EXPENSES AND EBITDA

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



**Registry Operations EBITDA  
for the year ended December 31,**  
(CAD millions)



(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 21,076	\$ 19,485	\$ 85,567	\$ 69,568
Total expenses <sup>1</sup>	7,572	8,882	36,585	34,955
EBITDA	\$ 13,504	\$ 10,603	\$ 48,982	\$ 34,613

<sup>1</sup> Total expenses exclude interest, taxes, depreciation and amortization.

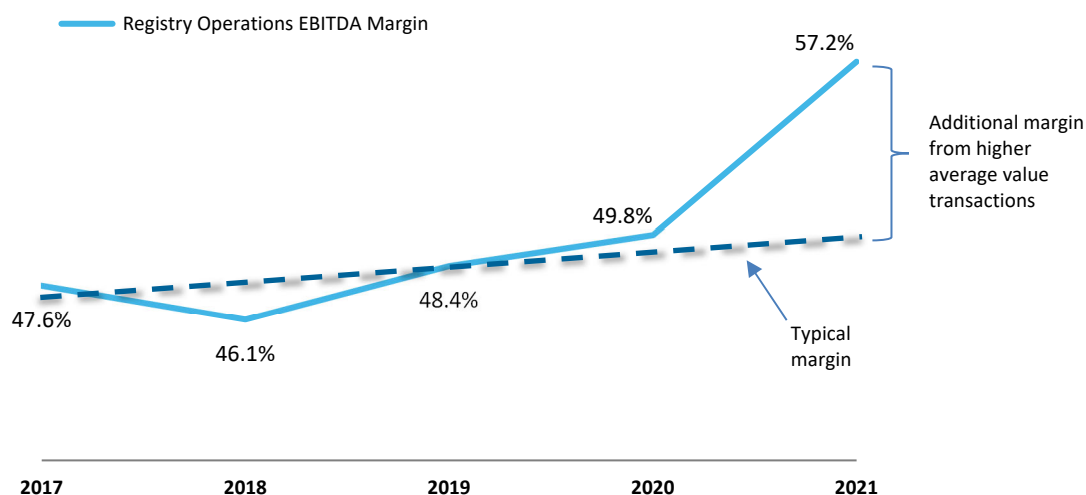
EBITDA for Registry Operations for the fourth quarter was \$13.5 million, up 27 per cent compared to the same period in 2020 and was \$49.0 million in 2021 compared to \$34.6 million in 2020. The increase was due to increased revenue across all registries, primarily the Land Registry.

Expenses decreased during the quarter, primarily from reductions in share-based compensation plans expense allocated during the quarter and reductions in professional and consulting fees.

For the year, expenses increased compared to last year primarily due to higher allocated share-based compensation plans expense related to the strong performance of the Company's share price. Additionally, we experienced increased financial services costs related to increased volumes and increased employee-related costs resulting from strong performance.

Over the past two years, Registry Operations has delivered exceptionally strong EBITDA, which is above historical levels. This strong EBITDA has been propelled by a combination of a robust Saskatchewan real estate market driving higher average transaction values, increased high value transactions and slightly higher transaction volumes in the Land Registry. While we expect continued strength in Registry Operations' EBITDA margin, we anticipate it to trend closer to pre-pandemic levels as depicted in the following graph.

**Registry Operations EBITDA Margin  
for the year ended December 31,**





## 3.2 Services

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

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 our Services segment.

Category	Offering	Software	Products
<b>Corporate Solutions</b>	Incorporation Services	Custom in-house	Nationwide Business Name Registration and Renewals Security Filings and Registrations
	Corporate Supplies	Custom in-house	Minute Books Seals and Stamps Corporate Legal Packages
<b>Regulatory Solutions</b>	Know-Your-Customer (“KYC”)	SIDni®, AttestNet® LEV®	Individual Identification Legal Entity Validation Beneficial Ownership Validation Account Onboarding Services US & International Corporate Entity Validation
	Public Records Searches	Custom in-house  Registry Complete	Corporate Profile or Business Name Searches NUANS <sup>1</sup> Searches PPSA <sup>2</sup> Searches Real Estate Searches Vital Statistics Searches
	Collateral Management	Custom in-house (AVS)	PPSA <sup>2</sup> /RDPRM <sup>3</sup> Search & Registrations Bank Act Filing Notice of Security Interest (Fixture) Registrations US UCC <sup>4</sup> Search & Filings
<b>Recovery Solutions</b>	Asset Recovery	Repo>>Connect	Fully managed service across Canada and the US Identification, retrieval and disposition of movable assets

### Competition

Our competitors vary by market and geography. They primarily include other intermediaries and suppliers to lenders and legal professionals.

### 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.

<sup>1</sup> 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.

<sup>2</sup> Personal Property Security Act.

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

<sup>4</sup> Uniform Commercial Code.

## Incorporation Services

- We provide a convenient, cost-effective method to incorporate businesses online or through our staff-assisted process. Leveraging our online technology platforms we service legal customers and the general public through a team of experienced law clerks in both Ontario and Quebec.
- Currently, we hold one of the two exclusive licences which allows us to access the Ontario Corporate Registry electronically on behalf of clients. Ontario intends to transition to a new licencing model and launched the first phase of their new public portal on October 19, 2021. Until the new model is fully rolled out, we expect to continue to hold one of the two exclusive licences. We also have non-exclusive licences to do the same in all other provincial and federal (Corporations Canada) corporate registries across Canada.
- In addition to incorporations, various other corporate filings are often required to operate a business. Items such as amendments to a company's governing articles, amalgamations, the continuance of a company, a change in registered address or changes to a board of directors. We also provide online and real-time NUANS and business name searches, registered agents of service and corporate document preparation to assist in the organization and maintenance of a business.

## Corporate Supplies

We provide a comprehensive array of corporate supplies to help companies organize and maintain their corporate legal documents. This is primarily done through the most common corporate supplies in packaged or individual formats, including customized corporate minute books, corporate seals/embossers, by-laws and share certificates, as well as a large variety of rubber and self-inking stamps.

## Regulatory Solutions

Regulatory Solutions captures revenue from our KYC, collateral management and general due diligence service offerings. We use our proprietary platform to assist clients with intuitive business rules and advanced automation to deliver regulatory services to support their credit/banking and legal processes. We leverage the public registry data to provide insights and improved customer experience through a single technology. We supplement all our technology with deep subject-matter knowledge offered through our legal professionals located in three locations (Montreal, QC, Toronto, ON, and Vernon, BC).

Our newest technology platform, Registry Complete, is a unified and streamlined platform that enables legal organizations to search and register with the various ministries across Canada in a secure cloud-based environment. This service allows legal organizations to take advantage of expanded Application Programming Interface ("API") service offerings, improved tools, faster turnaround, and a greater array of services in the pursuit of exceptional and expedient due diligence checks and client service. It also addresses key operational gaps in the modern legal industry landscape.

Our customers include non-legal customers, such as financial institutions and auto and equipment finance companies.

## Know-Your-Customer

- We support legal and financial institution due diligence activities for compliance purposes through the KYC verification (corporate and individual), public records search and registration services across Canada. Clients can obtain numerous reports and intelligence to verify and authenticate customer data to comply with their internal customer onboarding policies mandated by FINTRAC<sup>1</sup>/Anti-Money Laundering regulations. Using a web-based tool and associated APIs that provide real-time access to validate and verify an individual or

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<sup>1</sup> Financial Transactions and Reports Analysis Centre of Canada.

business's existence, our KYC services aggregates information from multiple trusted sources to provide reliable and accurate identification of an individual and/or a business and its principals.

#### Collateral Management

- In order to ensure or "perfect" a security interest against the personal property of a debtor, secured parties need to register in the statutory registry under the applicable personal property legislation. Registering provides the secured party with statutory protection and priority against other parties with competing security interests against the applicable movable collateral. Once a secured party has been paid out, or the security against the debtor is otherwise terminated, registrations (or liens) are then discharged and removed from the applicable security legislation.
- We service the adjudication and complete the loan fulfilment process, which involves detailed searches and registrations to be completed to perfect the security interest. We have invested in our technology, processes, and innovation to ensure we support customer and industry digitization strategies. This allows us to offer a complete lien registry solution that reaches further than the traditional registry submission services and includes PPSA/RDPRM searches and management, fixture filings, garage/repair liens, and US UCC Filings.

#### Public Records Search Services/Due Diligence

- Our public records search offerings include corporate profiles, business name searches, NUANS, PPSA searches, security searches, real estate searches, and birth, death and marriage certificate searches.
- Due diligence is an essential component of most merger and acquisition and financing transactions, where searches are performed to obtain a complete understanding of all legal obligations associated with a person or business. In the course of a due diligence undertaking, law firms, lenders and/or other professional advisors will often order a series of public records searches to verify third-party information. These searches are commonly referred to as security (or securities) searches.
- We provide security searches that can be conducted against an individual, business or corporation, property and assets across the country. Searches will reveal both present and historical information relating to debts and liabilities, pending and potential lawsuits, bankruptcy, liens, judgments, and sales of assets across Canada.

#### Recovery Solutions

Recovery Solutions offers a fully managed service across Canada and the US, which aids in facilitating and co-ordinating asset recovery on behalf of our clients. Asset recovery involves identification, retrieval, and disposal of movable assets such as automobiles, boats, aircraft, and other forms of portable physical assets used as collateral security for primarily consumer-focused credit transactions.

Our clients enjoy a complete turnkey solution where our team manages every step in the recovery process, including co-ordinating bailiffs, investigators and auctions. Our customers include most of the major banks that are involved in lending in the movable asset market in Canada.

Recovery Solutions allows us to offer our clients a complete solution in the credit life cycle, from origination to recovery. By connecting the registrations from our existing Services offerings to our new Recovery Solutions offering, our clients 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.

Our process also allows us to increase recoveries through our superior supply chain management experience and performance management of bailiffs, investigators and auctions.

## Revenue

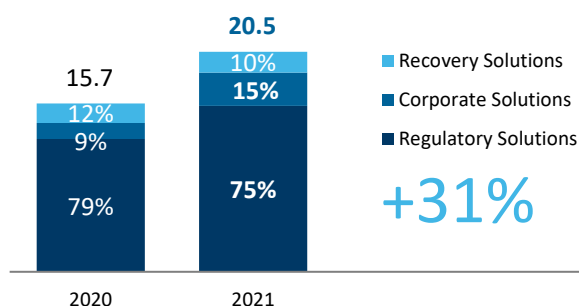
We earn revenue through transaction fees for search and registration services provided through incorporation, KYC, public records and due diligence, and collateral management services. All government fees associated with the service are either embedded in the transaction or management service fee or charged in addition to the service transaction fee. Additional revenue is earned in Recovery Solutions through management fees and commissions earned by the provision of asset recovery services. Corporate supplies are charged a per-unit fee in the same manner as a retail transaction product.

Key drivers for our revenue include increased regulatory and compliance requirements; the growing trend towards outsourcing business processes and services to realize cost savings and focus on core business activities; economic activity that can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities; and economic conditions impacting consumer behaviour which can affect the financing or default of new and used movable property in our collateral management and asset recovery business.

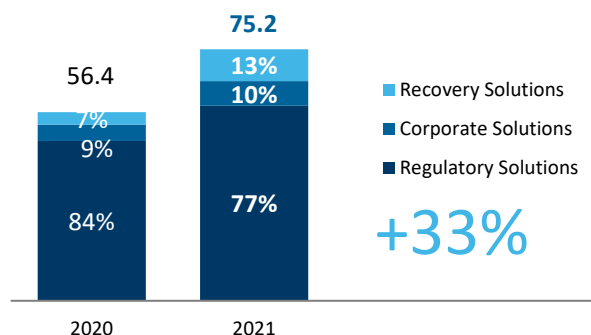
Our revenue in Corporate Solutions and Regulatory Solutions is reasonably diversified and has little seasonality; instead, it fluctuates in line with general economic drivers. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth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

## SERVICES REVENUE

**Services Revenue<sup>1</sup>**  
**for the three months ended December 31,**  
(CAD millions)



**Services Revenue<sup>1</sup>**  
**for the year ended December 31,**  
(CAD millions)



<sup>1</sup> Internal related parties and other revenue not displayed in the graph. Values may not add due to rounding.

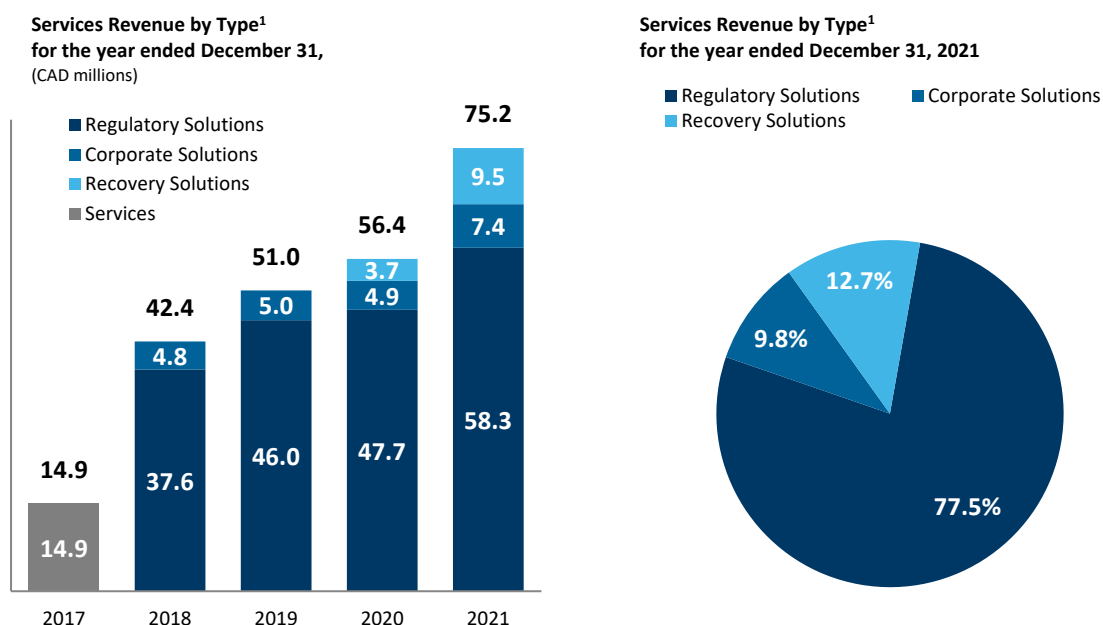
(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Regulatory Solutions	\$ 15,485	\$ 12,396	\$ 58,263	\$ 47,730
Recovery Solutions	1,953	1,821	9,516	3,721
Corporate Solutions	3,111	1,495	7,386	4,911
Internal related parties and other	-	33	-	40
Services revenue	\$ 20,549	\$ 15,745	\$ 75,165	\$ 56,402

Revenue for Services was \$20.5 million for the fourth quarter, an improvement of 31 per cent or \$4.8 million compared to the same period in 2020. This increase was driven by continued organic growth in Regulatory and Corporate Solutions, as well as the inclusion of new revenue from Recovery Solutions. Our organic growth comes from the addition of new legal customers, increased KYC financial customers and the uptake of new services from existing customers. As we seek to improve the client experience through technology, customers transitioned through 2021 from our legacy platform to our new Registry Complete platform received a more comprehensive suite of services. The response from customers has been very positive, and as a result we have recognized increased revenue.

A portion of the revenue increase in Regulatory Solutions and Corporate Solutions for both the fourth quarter and the year relates to changes in accounting for revenue as customers migrate to the Registry Complete technology, where additional value-added services are provided. This results in an increase in revenue and a corresponding increase in cost of goods sold with no change in net income or EBITDA. While this accounts for a portion of revenue growth, the Services segment has seen strong growth during the year, as evidenced by a 44 per cent increase in EBITDA over the prior year.

For the year ended December 31, 2021, revenue in the Services segment was \$75.2 million compared to \$56.4 million in 2020, representing a boost of 33 per cent or \$18.8 million. Annual revenue increases in all three revenue streams were recognized. Regulatory and Corporate Solutions experienced organic growth and new customer acquisitions. Recovery Solutions benefited from a full year of revenue realization in 2021, compared to five months in the prior year.

The following table demonstrates the growth in Services revenue over the past five years. The year-over-year revenue increases have resulted from the organic growth of the business combined with the acquisition and integration of various businesses since 2017.



<sup>1</sup> Internal related parties and other revenue not displayed in the graph. Revenue for 2017 does not display the disaggregation by revenue type as the data was not available for current Services revenue categories. Values may not add due to rounding.

## Regulatory Solutions

Revenue in Regulatory Solutions for the fourth quarter of 2021 was \$15.5 million, up 25 per cent compared to \$12.4 million for the same period of 2020. Revenue grew in the quarter due to organic customer growth in the following sectors: KYC, alternative small business lending and auto financing. We also onboarded new legal customers recognizing the value add services of Registry Complete.

For the year, revenue rose by 22 per cent, coming in at \$58.3 million compared to \$47.7 million in 2020. Revenue for the year increased because of the organic and new acquisition growth from our customer technology transition project initiative. There was also a return to normal transaction levels from the pandemic-impacted period in the prior year.

A portion of this revenue increase for both the fourth quarter and the year relates to changes in accounting for revenue as customers migrate to the Registry Complete technology where additional value added services are provided. This results in an increase in revenue and corresponding increase in cost of goods sold with no change in EBITDA.

## Recovery Solutions

Revenue in Recovery Solutions for the fourth quarter was \$2.0 million, a rise over the same period in 2020 of \$0.1 million. The increase was due to an increase in assignment levels as the government subsidy programs ended, accompanied by some return to improved transaction levels from the pandemic-impacted period in the prior year.

On an annual basis, revenue in 2021 was \$9.5 million compared to \$3.7 million in the prior year. When comparing these results, it is important to remember that the assets of Paragon were acquired on July 31, 2020.

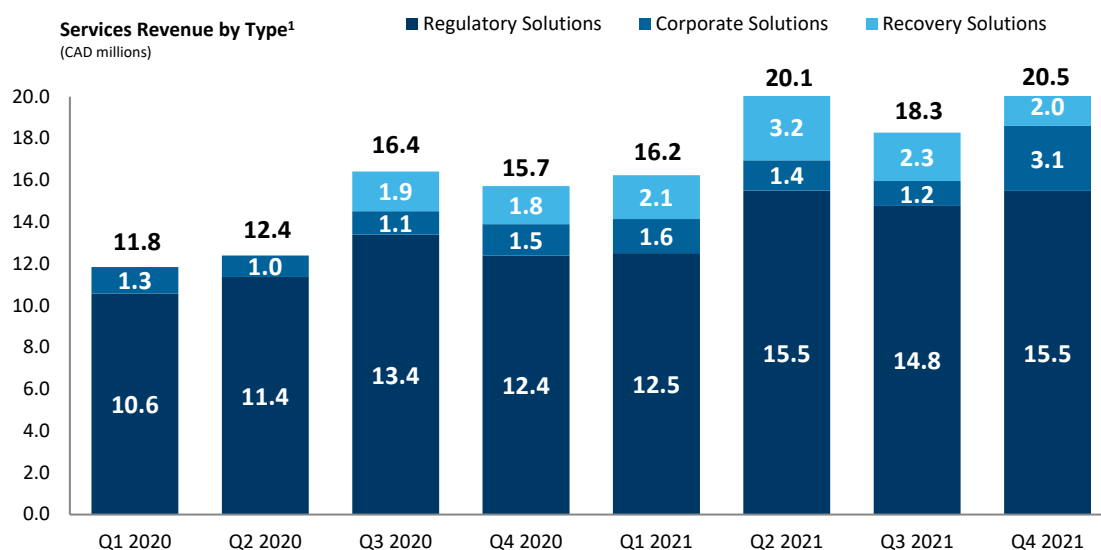
Growth of Recovery Solutions revenue has been impacted by multiple factors present in the Canadian economy, including the lack of availability of new vehicles inflating prices in the used market, government support programs that existed throughout the year, low interest rates and hesitation by lenders to take action due to current COVID-19 circumstances.

## Corporate Solutions

Corporate Solutions revenue for the quarter was \$3.1 million, increasing by 108 per cent or \$1.6 million compared to \$1.5 million in the fourth quarter of 2020. This increase for the quarter is primarily related to the transition of customers to the Registry Complete platform, where revenue is accounted for on a gross basis instead of net accounting as a result of additional value-added services being provided. As a result of this change in accounting treatment, both revenue and cost of goods sold increased by the same amount causing no impact to net income or EBITDA.

For the year, revenue increased by 50 per cent or \$2.5 million, coming in at \$7.4 million compared to \$4.9 million in 2020. This growth is a combination of the launch of additional corporate value-add products as a result of our continued technology investment in Registry Complete combined with the change in accounting treatment of this revenue now being accounted for on a gross basis. While this change in accounting treatment increases both revenue and cost of goods sold, it has no impact on net income or EBITDA.

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

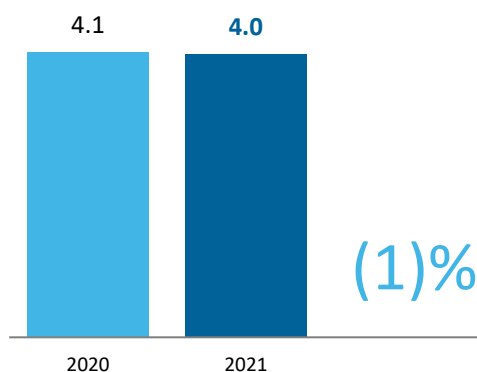


<sup>1</sup> Internal related parties and other revenue not displayed in graph. Values may not add due to rounding.

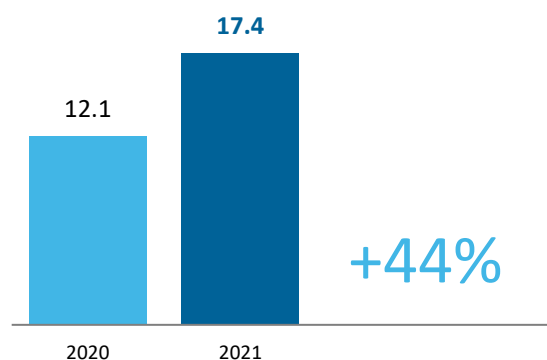
For 2021, the top 20 Services customers accounted for nearly 74 per cent of the revenue, while the top 100 Services customers comprised approximately 88 per cent of the revenue. No single customer accounted for more than 25 per cent of Services revenue in the period.

## SERVICES EXPENSES AND EBITDA

**Services EBITDA  
for the three months ended December 31,**  
(CAD millions)



**Services EBITDA  
for the year ended December 31,**  
(CAD millions)



(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 20,549	\$ 15,745	\$ 75,165	\$ 56,402
Total expenses <sup>1</sup>	16,515	11,679	57,788	44,327
EBITDA	\$ 4,034	\$ 4,066	\$ 17,377	\$ 12,075

<sup>1</sup> Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for Services was \$4.0 million for the quarter compared to \$4.1 million for the same period in 2020 and was \$17.4 million in 2021 compared to \$12.1 million in 2020. This 44 per cent increase in EBITDA for the year resulted from the continued use of automation and cross-selling to drive organic growth, additional new revenue from



Recovery Solutions and ongoing cost management.

Services expenses were \$16.5 million for the quarter compared to \$11.7 million in 2020 and were \$57.8 million in 2021 compared to \$44.3 million in 2020. The increase for the quarter and the year was largely due to higher cost of goods sold related to both increased revenue and changes in accounting for revenue and related cost of goods sold as customers began to use the Registry Complete technology. These increases were partially offset by savings due to continued cost management. Additionally, the year-over-year results include a full year of our Recovery Solutions division compared to five months in the prior year and an increase in corporate allocated costs mainly due to higher share-based compensation plans expense related to the strong performance of the Company's share price in 2021.

### 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.

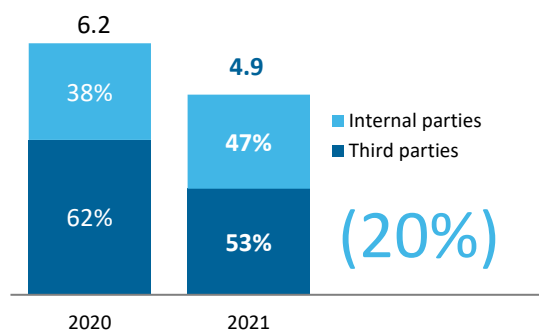
With a full suite of integrated modules that provide core functionality for submission, enforcement and enquiry processing, RegSys delivers solutions enabling the provision of core services to citizens in a user-friendly, efficient manner across multiple access points. The RegSys solution has also been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

Competitors in this segment include technology services organizations that provide application development, systems integration and/or application management services. This includes large multinationals or local niche players, both of which we can partner with to complement our offering depending on the clients' needs.

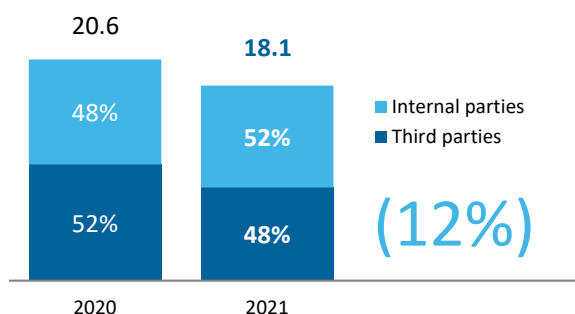
Technology Solutions does not experience seasonality but does fluctuate due to the timing of project-related revenue.

#### TECHNOLOGY SOLUTIONS REVENUE

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



**Technology Solutions Revenue**  
for the year ended December 31,  
(CAD millions)



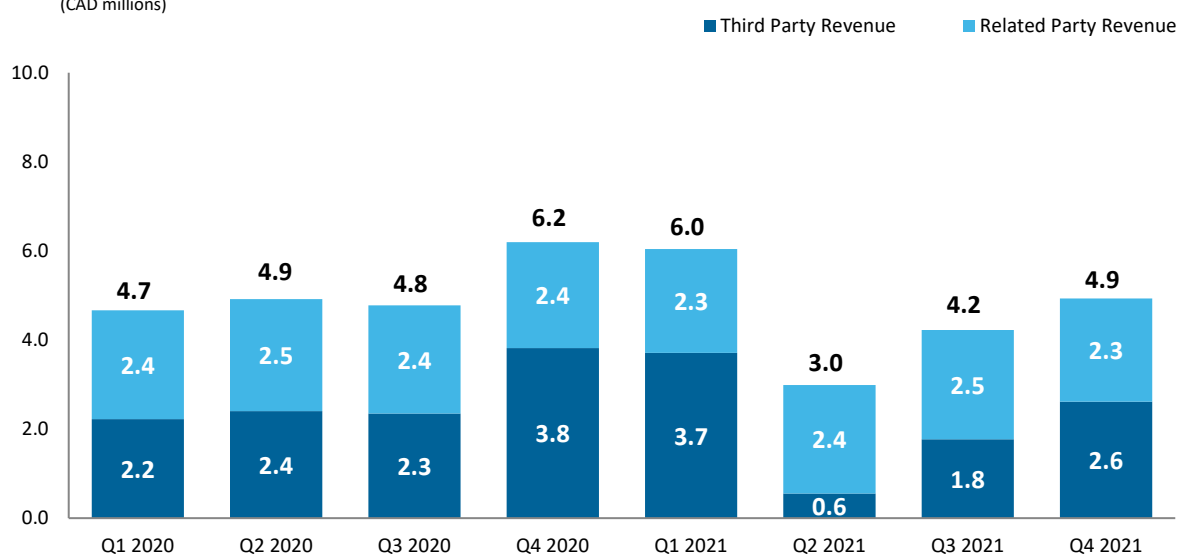
(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Third parties	\$ 2,613	\$ 3,815	\$ 8,644	\$ 10,782
Internal related parties	2,317	2,380	9,475	9,769
Technology Solutions revenue	\$ 4,930	\$ 6,195	\$ 18,119	\$ 20,551

Revenue in Technology Solutions was \$4.9 million for the quarter, a decrease of \$1.3 million compared to \$6.2 million for the same period in 2020.

Revenue from external parties for the quarter decreased \$1.2 million compared to the fourth quarter of 2020 and decreased \$2.1 million for the full year compared to the same period in 2020. The decrease was due to the timing of solution implementation projects, which impacts the timing of revenue recognition in the quarter and year over year compared to the same periods in 2020. Our Technology Solutions segment continues to be the most affected by COVID-19, which has impacted the commencement of potential new opportunities as well as progress on active projects as governments around the world have been responding to the pandemic. While we continue to see progress on solution delivery projects, certain milestones anticipated to be completed this year have been delayed into 2022. Revenue on our solution implementation projects will continue to be recognized in the quarters in which they are earned either through the achievement of milestones or a 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 external revenue.

**Technology Solutions Revenue by Type**  
(CAD millions)



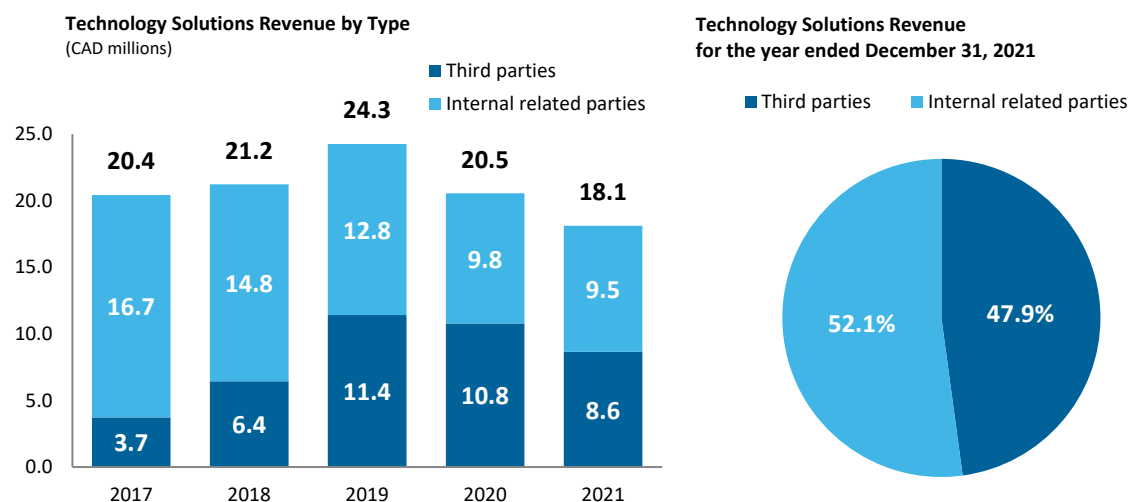
Note: Values may not add due to rounding.

Revenue in our Technology Solutions segment was \$18.1 million for the year ended December 31, 2021, compared to \$20.6 million in 2020, a decrease of \$2.5 million.

Revenue from external parties was \$8.6 million compared to \$10.8 million in 2020. Revenue from external third parties decreased in 2021 versus 2020, as delivery against milestones on signed contracts was delayed.

Internal related party revenue year-to-date decreased as we continued to reduce our internal support costs through continuous improvements in providing application maintenance and operations services.

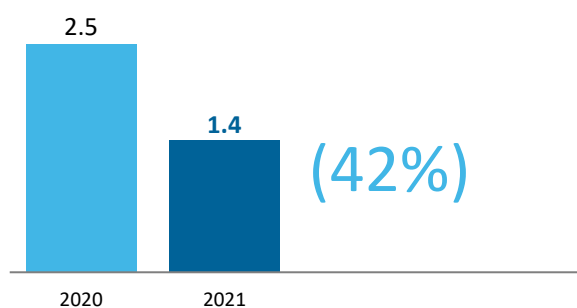
The following table provides details on Technology Solutions revenue over the past five years. Technology Solutions third-party revenue has been impacted by the COVID-19 pandemic through delays in active solution delivery projects, as well as new projects coming to market as governments around the world have focused on healthcare and pandemic measures.



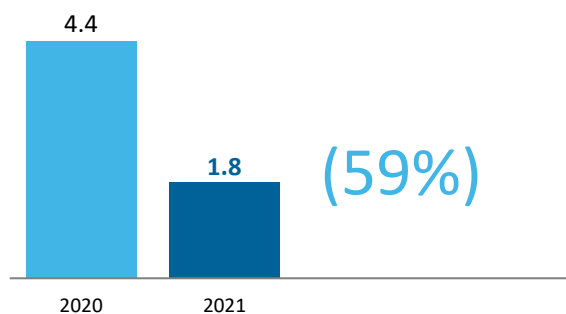
Note: Values may not add due to rounding.

## TECHNOLOGY SOLUTIONS EXPENSES AND EBITDA

**Technology Solutions EBITDA for the three months ended December 31,**  
(CAD millions)



**Technology Solutions EBITDA for the year ended December 31,**  
(CAD millions)



(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Revenue	\$ 4,930	\$ 6,195	\$ 18,119	\$ 20,551
Total expenses <sup>1</sup>	3,489	3,710	16,317	16,116
EBITDA	\$ 1,441	\$ 2,485	\$ 1,802	\$ 4,435

<sup>1</sup> Total expenses exclude interest, taxes, depreciation and amortization.

EBITDA for Technology Solutions was \$1.4 million for the quarter compared to \$2.5 million in the fourth quarter of 2020 and was \$1.8 million for the year compared to \$4.4 million in 2020.

For the quarter, Technology Solutions expenses were down \$0.2 million compared to the same period in 2020 and were up \$0.2 million for the year compared to 2020. EBITDA was down for the quarter and the year primarily due to lower third-party revenue from the delays in completion of certain milestones on solution implementation

projects. In addition, the year-to-date results were impacted by an impairment loss recorded on a customer contract and increased corporate allocated costs driven primarily by the share-based compensation plans.

### 3.4 Corporate and other

Corporate and other includes expenses related to our corporate activities and shared services functions. The Company previously included eliminations of Inter-segment revenue and costs in Corporate and other. These are now presented separately in the Financial Statements and, therefore, excluded below. Management believes this format provides a more transparent representation of the Corporate and other activities.

(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020 (restated) <sup>2</sup>	2021	2020 (restated) <sup>2</sup>
Third parties	\$ -	\$ 2	\$ 3	\$ 8
Internal related parties	34	35	157	140
Corporate and other revenue	\$ 34	\$ 37	\$ 160	\$ 148
Total expenses <sup>1</sup>	(1,397)	(1,496)	(7,789)	(7,879)
EBITDA	\$ (1,363)	\$ (1,459)	\$ (7,629)	\$ (7,731)

<sup>1</sup> Total expenses exclude interest, taxes, depreciation and amortization.

<sup>2</sup> During the year, the Company changed its accounting policy with respect to customization and configuration of SaaS arrangements. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

EBITDA for the quarter increased compared to the same period in 2020, primarily as a result of reduced professional and consulting services and reduced share-based compensation plans expense during the quarter. For the year, the decrease in expenses results from a reduction in corporate professional and consulting expenses not allocated to the segments.

## 4 Summary of Consolidated Quarterly Results

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

In Services, our Corporate Solutions and Regulatory Solutions services 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 experiences seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Our Recovery Solutions revenue also does not have specific seasonality but is countercyclical to our other business in that it can perform better in poor economic conditions.

The Company has observed that its historical pattern of seasonality in Registry Operations, and to some degree in Services, has been impacted due to the COVID-19 pandemic. Although the current year trends would support historical patterns, at this time, we are uncertain if or when seasonality will fully return to historical patterns.

Technology Solutions does not experience seasonality, however, it is the segment that has been most impacted by COVID-19 as a result of governments and clients being focused on responding to COVID-19. This has, therefore, resulted in delays in solution implementation as well as new business development opportunities coming to market. The balance of our corporate activities and shared services functions do not experience seasonality. Expenses are generally consistent from quarter to quarter but can fluctuate due to the timing of project-related or acquisition activities. As a result, our EBITDA margin fluctuates in line with the cumulative impact of the above factors.

(thousands of CAD)	2021				2020 (restated) <sup>1</sup>			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ 44,238	\$ 41,369	\$ 44,623	\$ 39,148	\$ 39,013	\$ 37,120	\$ 30,993	\$ 29,596
Expenses	29,775	27,268	34,627	30,954	27,086	29,637	24,707	24,626
Net income before items noted below	14,463	14,101	9,996	8,194	11,927	7,483	6,286	4,970
Net finance (expense)	(482)	(661)	(737)	(793)	(1,116)	(397)	(258)	(274)
Income before tax	13,981	13,440	9,259	7,401	10,811	7,086	6,028	4,696
Income tax expense	(3,695)	(3,706)	(2,749)	(1,853)	(2,888)	(1,999)	(1,607)	(1,303)
Net income	\$ 10,286	\$ 9,734	\$ 6,510	\$ 5,548	\$ 7,923	\$ 5,087	\$ 4,421	\$ 3,393
Other comprehensive (loss) income	(262)	(4)	(37)	(759)	(69)	331	(226)	666
Total comprehensive income	\$ 10,024	\$ 9,730	\$ 6,473	\$ 4,789	\$ 7,854	\$ 5,418	\$ 4,195	\$ 4,059
EBITDA margin	39.8%	42.3%	30.4%	30.3%	40.2%	29.4%	29.2%	26.1%
Adjusted EBITDA margin	38.9%	41.8%	41.5%	37.7%	43.6%	38.0%	33.5%	26.8%
Earnings per share, basic	\$ 0.59	\$ 0.56	\$ 0.37	\$ 0.32	\$ 0.45	\$ 0.29	\$ 0.25	\$ 0.19
Earnings per share, diluted	\$ 0.57	\$ 0.54	\$ 0.36	\$ 0.31	\$ 0.45	\$ 0.29	\$ 0.25	\$ 0.19

<sup>1</sup> During the year, the Company changed its accounting policy with respect to customization and configuration of SaaS arrangements. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

## 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 realized through three key functions:

- operating registries on behalf of governments;
- implementing and supporting registry and regulatory technology solutions; and
- delivering value-add services utilizing public data and records.

Through these functions, 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;
- produce increasing revenue with continued emphasis on EBITDA growth; and
- provide an enhanced customer experience for those interacting with ISC's systems, people and information.

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;*

**Innovation** – *emphasis on product and service innovation and exploration of new verticals;*

**Growth** – *active pursuit of attainable organic and inorganic growth;*

**Company Values** – *prominent focus on quality of service delivery and the engagement of our customers and employees.*

As the jurisdictions in which we operate begin to emerge from the COVID-19 pandemic and remove restrictions, the Company remains well positioned to thrive through adherence to and execution of its priorities, principles, and long-term strategy. As always, we will review and adjust our strategy to ensure the consistent delivery of the intended outputs listed above.

## 6 Financial and Capital Management

### 6.1 Cash flow

Our primary source of operating cash flow is generated from revenue related to our 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. 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 through our existing Credit Facility, will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments (refer to Note 16 in the Financial Statements, which are available on our website at [www.company.isc.ca](http://www.company.isc.ca) and in the Company's profile on SEDAR at [www.sedar.com](http://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 December 31, 2021, the Company held \$40.1 million in cash compared to \$33.9 million as at December 31, 2020, an increase of \$6.2 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$36.9 million (December 31, 2020 – \$27.3 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

(thousands of CAD)	Three Months Ended December 31,				Year Ended December 31,	
		2021	2020		2021	2020 (restated) <sup>2</sup>
Net cash flow provided by operating activities	\$	17,471	\$ 17,598	\$	61,212	\$ 40,979
Net change in non-cash working capital <sup>1</sup>		(3,142)	(3,962)		(14,185)	(3,521)
Cash provided by operating activities excluding working capital	\$	14,329	\$ 13,636	\$	47,027	\$ 37,458
Cash additions to property, plant and equipment		(10)	-		(10)	(63)
Cash additions to intangible assets		(587)	(985)		(2,217)	(1,160)
Consolidated free cash flow	\$	13,732	\$ 12,651	\$	44,800	\$ 36,235

<sup>1</sup> Refer to Note 26 of the Financial Statements for reconciliation.

<sup>2</sup> During the year, the Company changed its accounting policy with respect to customization and configuration of SaaS arrangements. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

Consolidated free cash flow for the quarter was \$13.7 million compared to \$12.7 million for the same quarter in 2020 and was \$44.8 million for the year compared to \$36.2 million in 2020. For the quarter and year, the increase primarily relates to higher cash flows provided by our operations. For the year, this was partially offset by an increase in capital expenditures in 2021; specifically, increased spending on intangible assets in Technology Solutions for product development.

The following table summarizes our sources and uses of funds for the three months and years ended December 31, 2021, and 2020:

(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020 (restated) <sup>1</sup>
Net cash flow provided by operating activities	\$ 17,471	\$ 17,598	\$ 61,212	\$ 40,979
Net cash flow (used in) investing activities	(553)	(925)	(366)	(70,815)
Net cash flow (used in) provided by financing activities	(19,541)	(4,894)	(54,274)	40,244
Effects of exchange rate changes on cash held in foreign currencies	(133)	(349)	(414)	(193)
(Decrease) increase in cash	\$ (2,756)	\$ 11,430	\$ 6,158	\$ 10,215
Cash, beginning of period	42,860	22,516	33,946	23,731
Cash, end of period	\$ 40,104	\$ 33,946	\$ 40,104	\$ 33,946

<sup>1</sup> During the year, the Company changed its accounting policy with respect to customization and configuration of SaaS arrangements. See section 1.1 “Consolidated highlights” – footnote 2 for further details.

## NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash flow provided by operating activities was \$17.5 million for the quarter compared to \$17.6 million for the same period last year and was \$61.2 million for the year compared to \$41.0 million in 2020.

For the fourth quarter of 2021, net cash flow provided by operating activities is similar to last year’s quarter, as higher quarter over quarter cash flows from operations were more than offset by higher current taxes and lower cash flow from net changes in non-cash working capital. The working capital variance is primarily attributable to lower share-based compensation liabilities, due to a reduction of the share price in the quarter relative to the prior year.

The increase year over year is primarily due to strong results from operations, and to a lesser extent improved cash flow from non-cash working capital items, partly offset by higher current income taxes. Improved cash flow from non-cash working capital is largely due to a reduction of receivables due to the timing of contracts and enhanced collections, increases to share-based compensation and corporate tax liabilities for items accrued but not yet paid, and partly offset by outflows associated with contract assets and contract liabilities due to timing.

## NET CASH FLOW USED BY INVESTING ACTIVITIES

Net cash flow used in investing activities for the quarter decreased by \$0.4 million compared to the same period in 2020 and \$70.4 million for the year compared to 2020. For the quarter, this resulted from less additions to intangible assets, while the reduction for the year primarily resulted from the purchase of Paragon on July 31, 2020, for \$70.2 million.

## NET CASH FLOW USED IN FINANCING ACTIVITIES

Net cash flow used in financing activities for the quarter was \$19.5 million, while in the same period in 2020, \$4.9 million was used by financing activities. During the current quarter, the cash used in financing activities predominantly related to a \$15.0 million voluntary prepayment of long-term debt.

For the year, cash flow used in financing activities was \$54.3 million compared to cash flows provided by financing activities in the prior year of \$40.2 million. In 2021, this primarily relates to \$35.0 million in voluntary debt prepayments and \$14.0 million in dividends, however, in the prior year, additional borrowings were secured to finance the Paragon acquisition.



## 6.2 Capital expenditures

Capital expenditures were \$0.6 million for the quarter, compared to \$1.0 million in 2020 and were \$2.5 million for the year, compared to \$1.5 million in 2020. Capital expenditures in 2021 were partially related to system development work across our business segments and increased spending for product development in Technology Solutions.

(thousands of CAD)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020 (restated) <sup>1</sup>
Registry Operations	\$ 30	\$ -	\$ 299	\$ 249
Services	171	189	557	350
Technology Solutions	396	791	1,640	828
Corporate and other	-	5	-	45
Total capital expenditures	\$ 597	\$ 985	\$ 2,496	\$ 1,472

<sup>1</sup> During the year, the Company changed its accounting policy with respect to customization and configuration of SaaS arrangements. See section 1.1 "Consolidated highlights" – footnote 2 for further details.

## 6.3 Debt

At December 31, 2021, our debt was \$41.0 million compared to \$76.3 million at December 31, 2020. During the quarter, the Company made a \$15.0 million voluntary prepayment against its revolving facility due to excess cash and the desire to minimize interest expense. During the year ended December 31, 2021, the Company made a total of \$35.0 million of voluntary prepayments compared to prepayments totalling \$68.0 million in the prior year towards our previous facility. No new borrowings were drawn during 2021.

On September 17, 2021, the Company entered into an amended and extended credit agreement in connection with its secured Credit Facility provided by its lenders. The aggregate amount available under the Credit Facility remains at \$150.0 million and the term of the Credit Facility has been extended from the previous expiry date of August 5, 2022, to September 17, 2026. In addition, the amended agreement simplifies the pricing structure. For further information on our Credit Facility, refer to Note 16 in our Financial Statements, which are available on our website at [www.company.isc.ca](http://www.company.isc.ca) and in the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company was in compliance with all covenants throughout the period. The amount of borrowing costs capitalized during 2021 and 2020 was nil.

## 6.4 Total assets

Total assets were \$232.5 million at December 31, 2021, compared to \$241.4 million at December 31, 2020.

(thousands of CAD)	Registry Operations		Services		Technology Solutions	Corporate and other	As at December 31, 2021
Total assets excluding intangibles, goodwill and cash	\$ 23,108	\$ 12,516	\$ 4,099	\$ 14,470	\$ 54,193		
Intangibles	1,506	54,794	4,755	12	61,067		
Goodwill	1,200	67,372	8,562	-	77,134		
Cash	-	-	-	40,104	40,104		
Total assets	\$ 25,814	\$ 134,682	\$ 17,416	\$ 54,586	\$ 232,498		

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	As at December 31, 2020 (restated) <sup>1</sup>
Total assets excluding intangibles, goodwill and cash	\$ 25,758	\$ 13,952	\$ 5,505	\$ 14,807	\$ 60,022
Intangibles <sup>2</sup>	2,395	63,203	4,332	24	69,954
Goodwill	1,200	67,372	8,883	-	77,455
Cash	-	-	-	33,946	33,946
Total assets	\$ 29,353	\$ 144,527	\$ 18,720	\$ 48,777	\$ 241,377

<sup>1</sup> During the year, the Company changed its accounting policy with respect to customization and configuration of SaaS arrangements. See section 1.1 “Consolidated highlights” – footnote 2 for further details.

<sup>2</sup> Certain prior year segment amounts have been changed to reflect the current year classifications.

## 6.5 Working capital

At December 31, 2021, working capital was \$19.5 million compared to \$28.1 million at December 31, 2020. The decrease in working capital is primarily the result of increased trade payables, incomes taxes payable and lower trade receivables. This is offset by a larger cash balance due to increased operational cash flow, and despite \$35.0 million in debt repayments during the year.

(thousands of CAD)	As at December 31, 2021	As at December 31, 2020
Current assets	\$ 56,447	\$ 55,383
Current liabilities	(36,905)	(27,289)
Working capital	\$ 19,542	\$ 28,094

## 6.6 Outstanding share data

The number of issued and outstanding Class A Shares as at December 31, 2021, was 17.5 million and the number of issued and outstanding share options as of December 31, 2021, was 1,548,247. These amounts are unchanged as of the filing date.

## 6.7 Common share dividend

On November 3, 2021, our Board declared a quarterly cash dividend of \$0.23 per Class A Share, paid on January 15, 2022, to shareholders of record as of December 31, 2021.

## 6.8 Commitments

The Company has commitments over the next five years that include future minimum payments for leasing of office space, an information technology service agreement with Information Systems Management Canada Corporation (“ISM”), other management services contracts and a commitment to the Government of Saskatchewan under the MSA. The following table summarizes our commitments as of December 31, 2021:

(thousands of CAD)	2022	2023	2024	2025	2026	Thereafter	Total
Operating leases and non-lease component of office leases <sup>1</sup>	\$ 1,620	\$ 1,149	\$ 1,030	\$ 298	\$ 300	\$ 942	\$ 5,339
Information technology <sup>2</sup> and other service agreements	3,978	3,303	490	13	7	-	7,791
Master Service Agreement <sup>3</sup>	500	500	500	500	500	3,500	6,000
Total	\$ 6,098	\$ 4,952	\$ 2,020	\$ 811	\$ 807	\$ 4,442	\$ 19,130

<sup>1</sup> The Company leases all of its office space and certain office equipment. The office spaces have lease terms of between two and 10 years, with various options to extend. The office equipment leases relate to photocopiers and have lease terms of three years. The Company does not have an option to purchase the leased assets at the expiry of the lease period.

<sup>2</sup> The Company has service agreements related to Information Technology with various service providers, including lease commitments for computer equipment where the Company has taken the exemption for low-value assets. Other service agreements relate to service contracts associated with corporate and shared services infrastructure.

<sup>3</sup> The MSA requires the Company to pay the Government of Saskatchewan the sum of \$0.5 million annually, in a single instalment payable on or before March 1, in each calendar year of the term for a 20-year period expiring on May 30, 2033.

## 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 December 31, 2021, consist of cash, short-term investments, 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 20 of the Financial Statements for information pertaining to financial instruments and related risk management.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### CREDIT RISK

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

The majority of cash is held with Canadian chartered banks, and the Company believes the risk of loss to be minimal. The maximum exposure to credit risk at December 31, 2021, is \$52.9 million (December 31, 2020 — \$51.0 million), equal to the carrying value of the Company's financial assets, those being cash at \$40.1 million (December 31, 2020 — \$33.9 million), short-term investments at \$36 thousand (December 31, 2020 — \$52 thousand) and trade and other receivables at \$12.8 million (December 31, 2020 — \$17.0 million). Quarterly reviews of the aged receivables are completed. The Company expects to fully collect the carrying value on all outstanding receivables. Therefore, the risk to the Company is low.

## LIQUIDITY RISK

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

## MARKET RISK

The Company's exposure to market risk is limited to the deferred share units, share appreciation rights and performance share unit liabilities whose fair values are affected by equity prices.

## INTEREST RATE RISK

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

## FOREIGN CURRENCY EXCHANGE RISK

The Company operates internationally and is exposed to fluctuations in various currencies, with the euro being the most material, followed by the US dollar. Movements in foreign currencies against the Canadian dollar may impact revenue, the value of assets and liabilities and affect the Company's profit and loss. The Company's exposure to other currencies is not significant at the end of the period.

## 7.2 Business risks and risk management

All companies are exposed to risk and are required to mitigate risks on a daily and long-term basis. A key component of creating strong and sustainable corporate performance is to balance risk and reward.

ISC considers risks that may affect the Company's ability to achieve its goals and objectives on an ongoing basis and implements processes to manage those risks. ISC is continuously monitoring numerous existing and emerging risks. Our corporate strategies and plans are designed to implement effective risk mitigation or management approaches on an ongoing basis.

The Board oversees ISC's Enterprise Risk Management ("ERM") framework. This includes ensuring appropriate management systems are in place to ensure ISC's risks are prudently managed.

The senior leadership team is accountable for providing executive oversight of ISC's ERM activities, including the ongoing identification and assessment of risks and the development of mitigation strategies to manage the corporate risks facing the Company.

The following is a high-level list of ISC's key business risks. A complete list of risk factors is contained in the Company's Annual Information Form available on the Company's website at [www.company.isc.ca](http://www.company.isc.ca) and in the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Cyber and Data Security	There is a risk that ISC could experience unplanned outages, unauthorized access, or unplanned disclosure of confidential information or loss of critical corporate or customer data due to a cybersecurity incident.
Technology Infrastructure and Applications	There is a risk that ISC's information technology systems and services, including applications, may become ineffective, inadequate, unreliable or incapable of effectively facilitating current and future requirements to support our business needs and the achievement of our strategic goals.

	We also rely on third-party service providers for aspects of our IT infrastructure and the provision of critical IT-related services.
Competition	ISC may be ineffective in its ability to compete against current or future competitors, in some cases given others' potential advantage having more innovative products, greater longevity in the market, access to low-cost capital, private ownership, etc. or as a result of ISC's potential requirement to receive service or other approvals from the Office of Public Registry Administration or other regulators.
Revenue Diversification	There is a risk that ISC's current revenue sources are not significantly diversified to withstand economic challenges or downturns connected to common revenue drivers.
Talent and Teams	ISC may not have the required competencies, skills and knowledge to execute on strategic priorities and achieve its strategic goals.
Compliance with Customer Contracts	Inability to comply with the requirements in customer contracts, including the Master Service Agreement with the Government of Saskatchewan, could result in the loss/termination of customer contracts as well as impacting ISC's reputation and future growth strategies.
Acquisitions	There is a risk that acquisitions are not fully aligned with ISC's lines of business or appropriately and efficiently integrated with ISC's operations, brand and information technology systems.
Cost/Efficiency/Profitability	There is a risk that ISC's business model and resourcing mix will not allow ISC to achieve cost efficiencies in new or existing product lines or be sufficiently nimble to take advantage of business development opportunities or adapt to volume changes within its business.
Economic Conditions	Changes in the condition of the economy, including those arising from public health concerns relating to emerging diseases such as COVID-19, could also adversely affect our employees and our operations, as well as our ability to implement our strategy to look for opportunities to grow revenue in other jurisdictions, which could have an adverse effect on our business, financial performance and financial condition.

The COVID-19 pandemic continues to impact Canadians and economies around the world. At the outset of the pandemic, we took swift action to ensure our customers and employees remained safe and healthy. To reduce the risk of transmission, we enabled most of our employees to work from home while we maintained continued communication and business activity virtually. Some precautions implemented to ensure our employees working from our office locations had a safe environment to work in include the implementation of social distancing procedures, availability of safety and sanitation products, and alternate arrangements for courier deliveries and pick-ups. Most of these procedures remain in place/available, and we will continue to revisit them as public health guidelines evolve.

As conditions allow, we will be introducing a methodical, cautious, phased approach as we prepare our organization to adapt to our "new normal" in the workplace. However, all of our segments have remained operational throughout the pandemic, and our staff have provided service to customers virtually, either online or by telephone. In the fourth quarter, the Company implemented a COVID-19 Vaccination Policy (the "Policy") for all of its employees. This Policy was implemented to ensure the health and safety of our employees and their families, our customers and all other stakeholders. Employees who choose not to be fully vaccinated or not to disclose their vaccination status will be required to provide proof of a negative test on a consistent basis, prior to entering any location maintained by ISC or any of its subsidiaries.

Notwithstanding the above, any prolonged economic downturn resulting from COVID-19 could have an adverse effect on our business, results of operations and financial condition.

## 8 Accounting Policies, Financial Measures and Controls

### 8.1 Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as at December 31, 2021.

### 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 Financial Statements, which are available on our website at [www.company.isc.ca](http://www.company.isc.ca) and in the Company's profile on SEDAR at [www.sedar.com](http://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 with milestones.

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

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2021, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions. Refer to Note 2 of the Financial Statements for further information pertaining to the adoption and changes in these policies.

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

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

The Company's accounting policy has historically been to capitalize costs related to the configuration and customization of SaaS arrangements as intangible assets in the consolidated statements of financial position. Following the issuance of this new IFRIC agenda decision, current SaaS arrangements were identified and assessed to determine if the Company has control of the software. For those arrangements where control does not exist, the Company derecognized the intangible previously capitalized. Adjustments were identified related to the capitalization of financial system implementation costs incurred in 2019 through 2021. See Note 2 of the Financial Statements for further information.

The IAS Board and IFRIC issued the following new standards and amendments to standards and interpretations,



which become effective for future periods.

Proposed Standard	Description	Effective Date
Amendments to IAS 37 – <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	<p>The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).</p> <p>The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p> <p>The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted. The Company does not have any onerous contracts as of December 31, 2021, and as a result will not have an adjustment to equity associated with adoption of this standard on January 1, 2022.</p>	January 1, 2022
Amendments to IFRS 3 – <i>Reference to the Conceptual Framework</i>	<p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 – <i>Levies</i>, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.</p> <p>Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.</p> <p>The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.</p> <p>This change will impact the analysis of business combinations. The amendment is prospective, and the Company will apply it to transactions after the effective date of January 1, 2022.</p>	January 1, 2022
Amendments to IAS 1 – <i>Classification of Liabilities as Current or Non-current</i>	<p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment is currently being assessed by the Company to determine the impact.</p>	January 1, 2023
Amendments to IAS 1 and IFRS	The amendments to IAS 1 – <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2 – <i>Making Material Judgements</i> require that an entity discloses its	January 1, 2023

Practice Statement 2 — <i>Disclosure of Accounting Policy Information</i>	material accounting policies, instead of its significant accounting policies.  The amendment is effective for annual periods beginning on or after January 1, 2023. This change will impact disclosures in Note 2 to the Notes to the Consolidated Financial Statements.	
Amendments to IAS 8 — <i>Definition of Accounting Estimates</i>	The amendments introduce a definition of accounting estimates and are intended to help entities distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. This distinction is important because changes in accounting policies must be applied retrospectively while changes in accounting estimates are accounted for prospectively.  The amendment is effective for annual periods beginning on or after January 1, 2023. This amendment is currently being assessed by the Company to determine the impact.	January 1, 2023
Amendments to IAS 12 — <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	The amendments narrow the scope of the initial recognition exemption to clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.  The amendment is effective for annual periods beginning on or after January 1, 2023. This amendment is currently being assessed by the Company to determine the impact.	January 1, 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 period have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

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

## 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-GAAP Performance Measure	Why we use it	How we calculate it	Most comparable IFRS financial measure
EBITDA  EBITDA Margin	<ul style="list-style-type: none"> <li>To evaluate performance and profitability of segments and subsidiaries as well as the conversion of revenue.</li> <li>We believe that certain investors and analysts use EBITDA to measure our ability to service debt and meet other performance obligations.</li> <li>EBITDA is also used as a component of determining short-term incentive compensation for employees.</li> </ul>	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"> <li>To evaluate performance and profitability of segments and subsidiaries as well as the conversion of revenue while excluding non-operational and share-based volatility.</li> <li>We believe that certain investors and analysts use Adjusted EBITDA to measure our ability to service debt and meet other performance obligations.</li> </ul>	Adjusted EBITDA: EBITDA add (remove) Share-based compensation expense, stock option expense, acquisition and integration costs, gain on disposal of property, plant and equipment assets  Adjusted EBITDA Margin: Adjusted EBITDA divided by Total revenue	Net income
Free Cash Flow	<ul style="list-style-type: none"> <li>To show cash available for debt repayment and reinvestment into the Company.</li> <li>We believe that certain investors and analysts use this measure to value a business and its underlying assets.</li> </ul>	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	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, 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 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 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.