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November 7, 2023

# Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2023



## CONTENTS

1	Overview .....	5
2	Consolidated Financial Analysis .....	10
3	Business Segment Analysis .....	15
4	Summary of Consolidated Quarterly Results .....	31
5	Business Strategy .....	32
6	Financial and Capital Management .....	33
7	Business Risks .....	37
8	Accounting Policies, Financial Measures and Controls .....	38

## INTRODUCTION

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

This document should be read in its entirety and is intended to complement and supplement ISC's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2023, and 2022 ("Financial Statements"). Additional information, including our Annual Information Form for the year ended December 31, 2022, is available on the Company's website at [company.isc.ca](http://company.isc.ca) and in the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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

This MD&A also includes certain measures, which have not been prepared in accordance with IFRS, such as adjusted net income, adjusted earnings per share, basic, adjusted earnings per share, diluted, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow and adjusted free cash flow. These measures are provided as additional information to complement IFRS measures. During the second quarter of 2023, ISC added adjusted net income, adjusted earnings per share, basic, adjusted earnings per share, diluted, and adjusted free cash flow as new non-IFRS financial metrics that exclude certain items outside the normal course of business and are believed to provide useful information related to ISC's performance. Refer to section 8.8 "Non-IFRS financial measures" for discussion on 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 adjusted net income, EBITDA and adjusted EBITDA to net income and section 6.1 "Cash flow" for a reconciliation of free cash flow and adjusted free cash flow to net cash flow provided by operating activities.

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. In this MD&A, *this quarter*, *the quarter*, or *third quarter* refer to the three months ended September 30, 2023, and *year-to-date* or *year-over-year* refer to the nine months ended September 30, 2023 unless the context indicates otherwise. All results commentary is compared to the equivalent period in 2022 or as at December 31, 2022, as applicable, unless otherwise indicated.

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

This MD&A contains forward-looking information and should be read in conjunction with the "Caution Regarding Forward-Looking Information" that follows. This MD&A is current as of November 7, 2023.

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

## RESPONSIBILITY FOR DISCLOSURE

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

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

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

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

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such forward-looking information. Factors that could cause our actual results or events to differ materially from those expressed or implied by such forward-looking information include, without limitation, operational, economic, market, financial, competitive, regulatory, technological and other risks (including those arising from public health concerns such as COVID-19) detailed from time to time in the filings made by the Company, including those detailed in our Annual Information Form for the year ended December 31, 2022, and the Financial Statements, copies of which are available on our website at [company.isc.ca](http://company.isc.ca) and in the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). 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

The results for the quarter and the first nine months ended September 30, 2023 continue to demonstrate our consistently strong performance, while the quarter was dominated by the Company's milestone announcement on July 5, 2023 regarding the extension of the term of ISC's exclusive Master Service Agreement (the "MSA") with the Province of Saskatchewan to manage and operate the Saskatchewan Land Registry, the Saskatchewan Land Surveys Directory, the Saskatchewan Corporate Registry and the Saskatchewan Personal Property Registry (collectively, the "Saskatchewan Registries") until 2053 (the "Extension").

The extension of the MSA with the Province of Saskatchewan has been an important priority for the Company and is beneficial for all stakeholders. From ISC's perspective, it immediately added new revenue through certain fee adjustments, thereby enhancing the Company's scale and financial profile. The fee adjustments are expected to result in estimated proforma incremental annual revenue and adjusted EBITDA to ISC of \$17.0 million and \$16.0 million, respectively.

As a result of the Extension, the Company adjusted its capital structure to fund an upfront payment (the "Upfront Payment") to the Province of Saskatchewan of \$150.0 million. To support this strategic agreement, the Company entered into an Amended and Restated Credit Agreement increasing its credit facility from \$150.0 million to \$250.0 million with the flexibility to upsize the aggregate revolving credit facility up to \$350.0 million. In addition, the Company expanded the lenders under the secured syndicated credit facility (the "Credit Facility") to include the Bank of Montreal. The syndicated Credit Facility now includes Royal Bank of Canada ("RBC"), Canadian Imperial Bank of Commerce ("CIBC") and the Bank of Montreal ("BMO").

With respect to the performance of our three segments during the third quarter and year-to-date, Registry Operations realized the benefits of the new fee adjustments which were implemented on July 29, 2023 with a positive impact on both revenue and adjusted EBITDA in the Saskatchewan Registries division. This was further enhanced by the implementation of annual CPI fee adjustments in the Saskatchewan Registries during the quarter and a full nine months of Ontario Property Tax Assessment Services in the current year compared to only four months in the prior year. Transaction volumes in the Saskatchewan Land Registry were lower during the quarter and year-to-date, following successive interest rate increases by the Bank of Canada which reduced transaction volumes. This impact was factored into expectations for our annual guidance provided in February as well as when we updated our annual guidance in August (see our news release dated August 2, 2023).

Consistent with the Company's strategy, the Services segment continues to drive organic growth for the Company with revenue and adjusted EBITDA both growing during the quarter and year-to-date. The main driver has been the Regulatory Solutions division as business from financial institutions (including auto lenders) continues to grow and they implement stronger due diligence procedures in a higher interest rate environment. We also saw a positive increase in Asset Recovery revenue in Recovery Solutions compared to the same quarter in 2022, which is to be expected in this division as it generally benefits from tougher economic conditions. During the quarter, Services also renegotiated an extension of the Ontario Corporate Registry contract with the Province of Ontario to the end of January 2025. This agreement ensures that Services can continue to access the Ontario Corporate Registry on behalf of clients, while preserving preferential access rights.

Technology Solutions continues to advance in both the implementation and delivery of contracts as well as the delivery of registry enhancements for the Saskatchewan Registries in Registry Operations. This work is expected to result in long-term benefits for the users of the Saskatchewan Registries as well as support the Company's pursuit of new registry opportunities globally. Subsequent to the end of the quarter, the Company announced that the State of Michigan had awarded a contract to ISC to upgrade the technology supporting the State's Uniform Commercial Code System.

In summary, the third quarter and nine months ended September 30, 2023, were periods of sustained, positive performance that reflects the Company's extremely strong fundamentals as well as its ability to perform well in challenging economic conditions and execute on strategically important initiatives.

## 1.1 Consolidated highlights

### SELECT CONSOLIDATED FINANCIAL INFORMATION

<b>Revenue</b>	<b>Net income</b>	<b>Earnings per share, diluted</b>	<b>Net cash flow provided by operating activities</b>
<b>\$54.6M</b>	<b>\$4.2M</b>	<b>\$0.23</b>	<b>\$14.6M</b>
+12% vs Q3 2022	-45% vs Q3 2022	-47% vs Q3 2022	-3% vs Q3 2022
<b>Adjusted net income<sup>1</sup></b>	<b>Adjusted EBITDA<sup>1</sup></b>	<b>Adjusted free cash flow<sup>1</sup></b>	
<b>\$8.4M</b>	<b>\$19.2M</b>	<b>\$14.4M</b>	
-3% vs Q3 2022	+13% vs Q3 2022	+27% vs Q3 2022	

<sup>1</sup> Adjusted net income, adjusted EBITDA and adjusted 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 adjusted net income and adjusted EBITDA to net income. Refer to section 6.1 "Cash flow" for a reconciliation of adjusted free cash flow to net cash flow provided by operating activities.

### SELECT FINANCIAL INFORMATION

The select quarterly financial information set out for the three and nine months ended September 30, 2023, and 2022, is derived from the Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods.

(thousands of CAD)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 54,610	\$ 48,768	\$ 157,029	\$ 143,791
Net income	4,234	7,756	19,331	26,820
Net cash flow provided by operating activities	14,573	15,058	34,618	25,116
Adjusted net income <sup>1</sup>	\$ 8,357	\$ 8,652	\$ 24,366	\$ 27,405
Adjusted EBITDA <sup>1</sup>	19,209	17,037	51,549	50,869
Adjusted EBITDA margin (% of revenue) <sup>1</sup>	35.2%	34.9%	32.8%	35.4%
Adjusted free cash flow <sup>1</sup>	\$ 14,444	\$ 11,357	\$ 36,795	\$ 35,395
Dividend declared per share	\$ 0.23	\$ 0.23	\$ 0.69	\$ 0.69
Earnings per share, basic	0.24	0.44	1.09	1.53
Earnings per share, diluted	0.23	0.43	1.07	1.50
Adjusted earnings per share, basic	0.47	0.49	1.37	1.56
Adjusted earnings per share, diluted	0.46	0.48	1.35	1.53

	As at September 30,	December 31,
	2023	2022
Total assets	\$ 537,766	\$ 283,454
Total non-current liabilities	\$ 311,134	\$ 88,240

<sup>1</sup> Adjusted net income, adjusted earnings per share, basic, adjusted earnings per share, diluted, adjusted EBITDA, adjusted EBITDA margin and adjusted 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 adjusted net income and adjusted EBITDA to net income. Refer to section 6.1 "Cash flow" for a reconciliation of adjusted free cash flow to net cash flow provided by operating activities.



### THIRD QUARTER CONSOLIDATED HIGHLIGHTS

- **Revenue** was \$54.6 million for the quarter, an increase of 12 per cent compared to the third quarter of 2022. The increase was due to continued customer and transaction growth in Services combined with fee increases implemented in Registry Operations in July 2023.
- **Net income** was \$4.2 million or \$0.24 per basic share and \$0.23 per diluted share compared to \$7.8 million or \$0.44 per basic share and \$0.43 per diluted share in the third quarter of 2022. The reduction in net income during the quarter resulted from increased net finance expense due to increased interest rates, higher borrowings used to fund the Upfront Payment, interest accrued on the vendor concession liability to the Province of Saskatchewan and amortization related to the intangible asset associated with the right to operate the Saskatchewan Registries. This was partially offset by strong adjusted EBITDA contributions from Registry Operations and Services.
- **Net cash flow provided by operating activities** was \$14.6 million for the quarter, a 3 per cent reduction from \$15.1 million in the prior year due to non-cash working capital changes in accounts receivable (due to higher revenue in the current year) and timing of income tax payments, partially offset by the growth of adjusted EBITDA in Registry Operations and Services.
- **Adjusted net income** was \$8.4 million or \$0.47 per basic share and \$0.46 per diluted share compared to \$8.7 million or \$0.49 per basic share and \$0.48 per diluted share in the third quarter of 2022. The slight decrease for the quarter was driven by increased interest expense on long-term debt, largely offset by the strong performance of Registry Operations following fee adjustments introduced during the quarter and continued customer and transaction growth in Services.
- **Adjusted EBITDA** was \$19.2 million for the quarter compared to \$17.0 million in 2022 primarily due to a higher contribution from Registry Operations driven by fee adjustments implemented during the quarter and continued customer and transaction growth in Services. This increase was partially offset by lower adjusted EBITDA in Technology Solutions and Corporate due to the timing of revenue recognition and continued investments in people and technology. **Adjusted EBITDA margin** was 35.2 per cent compared to 34.9 per cent in the third quarter of 2022.
- **Adjusted free cash flow** for the quarter was \$14.4 million, up 27 per cent compared to \$11.4 million in the third quarter of 2022, primarily related to stronger results from operations in Registry Operations and Services during the quarter. This was partially offset by increased capital expenditures related to technology systems in Registry Operations and Services and increased interest expense due to higher interest rates and higher principal balance outstanding as a result of the borrowings to fund the Upfront Payment.
- On July 5, 2023, the Company entered into an extension agreement (the extension agreement together with certain related ancillary agreements are collectively referred to as the “Extension Agreement”) with the Province of Saskatchewan to extend the term of its exclusive MSA until 2053. The Extension Agreement extends ISC’s exclusive right to manage and operate the Saskatchewan Registries. Under the Extension Agreement, ISC was granted the right to introduce and/or enhance fees on certain transactions with applicable fee adjustments that went into effect on July 29, 2023. The consideration to be paid includes the Upfront Payment, which was paid during the quarter, five annual cash payments of \$30.0 million per year commencing in July 2024 and annual contingent payments potentially payable after 2033 if certain volume growth criteria are met.

In addition to entering into the Extension Agreement, the MSA was also amended and restated (“Amended and Restated MSA”) to, among other things, implement certain incremental terms and conditions, the objectives of which are to enhance security features and protocols for the Saskatchewan Registries, contemplate emerging and future technology enhancements for the Saskatchewan Registries and the services provided pursuant to the Amended and Restated MSA, refresh and clarify governance practices and structure, adjust the registry fees chargeable by the Company, and provide flexibility for change over the life of the extended term.

- In connection with the Extension Agreement, ISC entered into an Amended and Restated Credit Agreement with its syndicate of lenders in connection to its Credit Facility. The aggregate amount available under the Credit Facility has been increased from \$150.0 million to \$250.0 million and consists of ISC’s existing \$150.0 million revolving credit facility together with a new \$100.0 million revolving credit facility. In addition, ISC maintains access to a \$100.0 million accordion option, providing the flexibility to upsize the aggregate revolving

credit facility up to \$350.0 million. The Consolidated Net Funded Debt to EBITDA financial covenant was increased to provide additional balance sheet flexibility to ISC. The expiry date of the Credit Facility of September 2026 remained unchanged. During the quarter, the Company made total drawings of \$150.7 million of which \$150.0 million was used to fund the Upfront Payment required on the execution of the Extension Agreement while \$0.7 million was used to fund transaction costs.

- On July 27, 2023, ISC announced that it has expanded the lenders under the Company's Credit Facility to include the Bank of Montreal. The syndicated Credit Facility now includes RBC, CIBC and the BMO. The total amount available under the Credit Facility remained unchanged.
- On August 2, 2023, our Board declared a quarterly cash dividend of \$0.23 per Class A Limited Voting Share ("Class A Share"), payable on or before October 15, 2023, to shareholders of record as of September 30, 2023.

## YEAR-TO-DATE CONSOLIDATED HIGHLIGHTS

- **Revenue** was \$157.0 million for the nine months ended September 30, 2023, an increase of 9 per cent compared to \$143.8 million in the same period in 2022. The increase resulted from continued customer and transaction growth in Services, a full nine months of revenue from the Ontario Property Tax Assessment Services division acquired in June 2022, fee increases implemented in the third quarter of 2023 within the Saskatchewan Registries division of Registry Operations and increased work on third-party solution delivery and implementation contracts in Technology Solutions. The above factors were partially offset by the expected slow down in activity in the Saskatchewan real estate sector during the first six months of 2023 following successive interest rate increases by the Bank of Canada beginning in the first quarter of 2022, which led to a reduction in Saskatchewan Land Registry volumes.
- **Net income** was \$19.3 million or \$1.09 per basic share and \$1.07 per diluted share for the nine months ended September 30, 2023, compared to \$26.8 million or \$1.53 per basic share and \$1.50 per diluted share in the same period of 2022. The decrease in net income of \$7.5 million from the prior year relates to increased net finance expense due to increased interest rates and higher borrowings used to fund the Upfront Payment, interest accrued on the vendor concession liability to the Province of Saskatchewan and amortization related to the intangible asset associated with the right to operate the Saskatchewan Registries. This was coupled with reduced adjusted EBITDA contributions in the first six months of the year due to lower transaction volumes within the Land Registry accompanied by increased acquisition, integration and other costs related to the Extension and the commencement of registry enhancements.
- **Net cash flow provided by operating activities** was \$34.6 million for the nine months ended September 30, 2023, an increase of \$9.5 million, compared to the same period of 2022, largely attributable to an \$8.6 million favorable net change in non-cash working capital resulting primarily from the timing of income tax payments and a decrease in prepaid expenses.
- **Adjusted net income** was \$24.4 million or \$1.37 per basic share and \$1.35 per diluted share for the nine months ended September 30, 2023, compared to \$27.4 million or \$1.56 per basic share and \$1.53 per diluted share for the nine months ended September 30, 2022. The decrease is due to increased interest expense on long-term debt combined with reduced Land Registry transaction volumes in the first six months of the year due to lower activity that was expected in the Saskatchewan real estate sector. This was offset by continued customer and transaction growth in Services and revenue growth in Registry Operations following a full nine months of income from Ontario Property Tax Assessment Services compared to four months in the prior year and fee adjustments introduced in the Saskatchewan Registries during the quarter.
- **Adjusted EBITDA** was \$51.5 million for the first nine months of the year compared to \$50.9 million last year. The increase relates to higher adjusted EBITDA contributed by Registry Operations related to fee adjustments introduced during the quarter coupled with a full nine months of contributions from Ontario Property Tax Assessment Services in the current year compared to four months in the prior year. This was partially offset by lower activity that was expected in the Saskatchewan real estate sector impacting the Saskatchewan Land Registry. The Regulatory Solutions division of Services also contributed higher adjusted EBITDA due to continued customer and transaction growth partially offset by reduced adjusted EBITDA in Technology Solutions and Corporate. **Adjusted EBITDA margin** for the year-to-date was 32.8 per cent compared to 35.4 per cent in the same period last year.



- **Adjusted free cash flow** for the nine months ended September 30, 2023, was \$36.8 million, an increase of \$1.4 million compared to \$35.4 million in the same period in 2022. The increase was primarily due to a full nine months of contributions from Ontario Property Tax Assessment Services in the current year compared to four months in the prior year, fee adjustments made in Registry Operations during the quarter and continued strong operating results in Services partially offset by reduced activity in the Saskatchewan real estate sector impacting Land Registry revenue in the first six months of the year, and increased capital expenditures and interest expense during the current year.

## 1.2 Subsequent events

- On October 31, 2023, ISC announced a new US\$3.2 million (approximately CA\$4.5 million) contract with the State of Michigan for a period of five years to be delivered through its Technology Solutions segment. This contract includes the delivery of a modern, online Uniform Commercial Code System using the Company's RegSys platform to support service improvement and efficiencies for the State of Michigan.
- On November 7, 2023, the Board declared a quarterly cash dividend of \$0.23 per Class A Share, payable on or before January 15, 2024, to shareholders of record as of December 31, 2023.

## 1.3 Outlook

*The following section includes forward-looking information, including statements related to our strategy, future results, including revenue and adjusted EBITDA, segment performance, the industries in which we operate, economic activity, growth opportunities, investments, and business development opportunities. Refer to "Caution Regarding Forward-Looking Information".*

For the balance of 2023, we expect continued organic growth in our Services segment, while the Registry Operations segment will continue to be a strong contributor to adjusted EBITDA and free cash flow generation. Our year-to-date results continue our history of positive quarter-after-quarter performance and stability; we expect that to continue.

We also expect to execute on our plan to de-lever the balance sheet to realize a long-term net leverage target of 2.0x – 2.5x; a plan which commenced immediately following the announcement of the Extension in July, as evidenced by our third quarter 2023 payment against our outstanding debt.

At the end of October, the Bank of Canada held interest rates at 5 per cent, noting that it was prepared to raise interest rates again if inflation remains high. We therefore expect economic conditions in Canada to remain in line with our expectations for the remainder of 2023. As a result, we expect volumes in the Saskatchewan Land Registry within Registry Operations to remain at current (seasonally adjusted) levels, as well as a continuing positive impact in the Regulatory and Recovery Solutions divisions in Services due to increased due diligence searches and Asset Recovery revenue, respectively. Overall, we believe our performance will remain strong for the balance of the year, being steady in our core products and services, well positioned with certain counter-cyclical businesses and ready to benefit positively from any improvements to market conditions in the future.

With the above factors in mind, we are pleased to reiterate our updated annual guidance provided in August 2023 with revenue for 2023 expected to be between \$207.0 million and \$212.0 million and adjusted EBITDA<sup>1</sup> to be between \$71.0 million and \$76.0 million. Given the strength of the business to date, we expect revenue to be at the top end of our guidance range and adjusted EBITDA to be towards the lower end of the guidance range, as we continue to invest in people and technology to position ourselves for the growth ahead.

In summary, we are proud of the year-to-date work we have done in 2023 to realize our short-term objectives for the year while pursuing our long-term goals for growth. Although the capital markets are currently challenging, and are presently not recognizing ISC's extremely strong fundamentals, the Company is stronger than ever, especially with the Extension completed, a robust plan to de-lever in the near term and a management team focused on long-term growth.

<sup>1</sup> Adjusted EBITDA is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures 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 adjusted EBITDA to net income.

## 2 Consolidated Financial Analysis

Consolidated revenue was up 12 and 9 per cent respectively, for the three and nine months ended September 30, 2023, compared to the same prior year periods due to growth in all three operating segments. Revenue for the quarter grew due to continued customer and transaction growth in Services combined with fee increases implemented for the Saskatchewan Registries in Registry Operations during the quarter and increased work on third-party solution delivery and implementation contracts in Technology Solutions. Year-to-date, revenue grew for the same reasons as in the quarter coupled with a full nine months of revenue from the Ontario Property Tax Assessment Services division within Registry Operations.

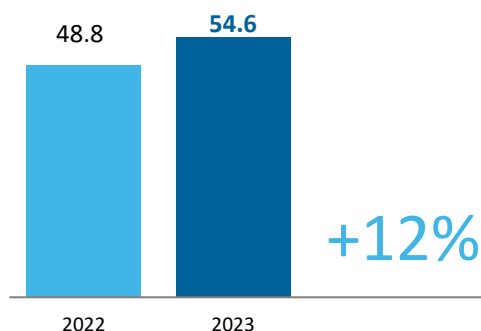
Net income was down 45 and 28 per cent for the three and nine months ended September 30, 2023 compared to the same prior year periods. The reduction in net income during the quarter primarily resulted from increased net finance expense and amortization related to the Extension. The year-to-date reduction in net income is consistent with the explanation for the quarter coupled with reduced adjusted EBITDA contributions in the first six months of the year related to lower transaction volumes within the Land Registry accompanied by increased acquisition, integration and other costs primarily related to the Extension and registry enhancements.

### 2.1 Consolidated statements of comprehensive income

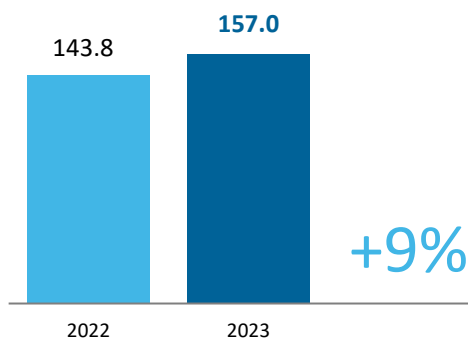
(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue</b>				
Registry Operations	\$ 27,419	\$ 25,025	\$ 74,997	\$ 69,116
Services	25,551	22,248	76,344	69,865
Technology Solutions	1,635	1,492	5,664	4,802
Corporate and other	5	3	24	8
<b>Total revenue</b>	<b>54,610</b>	<b>48,768</b>	<b>157,029</b>	<b>143,791</b>
<b>Expenses</b>				
Wages and salaries	15,962	15,061	44,901	38,270
Cost of goods sold	14,471	12,245	41,441	37,208
Depreciation and amortization	5,624	3,983	13,863	10,635
Information technology services	3,461	2,504	9,626	7,379
Occupancy costs	1,191	1,126	3,482	2,836
Professional and consulting services	1,332	957	4,459	3,743
Financial services	519	394	2,326	2,068
Other	774	652	2,766	2,165
<b>Total expenses</b>	<b>43,334</b>	<b>36,922</b>	<b>122,864</b>	<b>104,304</b>
<b>Net income before items noted below</b>	<b>11,276</b>	<b>11,846</b>	<b>34,165</b>	<b>39,487</b>
<b>Finance income (expense)</b>				
Interest income	346	130	899	194
Interest expense	(5,517)	(1,168)	(7,864)	(2,333)
<b>Net finance (expense)</b>	<b>(5,171)</b>	<b>(1,038)</b>	<b>(6,965)</b>	<b>(2,139)</b>
<b>Income before tax</b>	<b>6,105</b>	<b>10,808</b>	<b>27,200</b>	<b>37,348</b>
<b>Income tax expense</b>	<b>(1,871)</b>	<b>(3,052)</b>	<b>(7,869)</b>	<b>(10,528)</b>
<b>Net income</b>	<b>4,234</b>	<b>7,756</b>	<b>19,331</b>	<b>26,820</b>
<b>Other comprehensive income (loss)</b>				
Unrealized (loss) gain on translation of financial statements of foreign operations	(27)	29	88	(721)
Change in fair value of marketable securities, net of tax	-	19	-	11
<b>Other comprehensive (loss) income for the period</b>	<b>(27)</b>	<b>48</b>	<b>88</b>	<b>(710)</b>
<b>Total comprehensive income</b>	<b>\$ 4,207</b>	<b>\$ 7,804</b>	<b>\$ 19,419</b>	<b>\$ 26,110</b>

## 2.2 Consolidated revenue

Consolidated revenue  
for the three months ended September 30,  
(CAD millions)



Consolidated revenue  
for the nine months ended September 30,  
(CAD millions)



(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Registry Operations	\$ 27,419	\$ 25,025	\$ 74,997	\$ 69,116
Services	25,551	22,248	76,344	69,865
Technology Solutions	1,635	1,492	5,664	4,802
Corporate and other	5	3	24	8
<b>Total revenue</b>	<b>\$ 54,610</b>	<b>\$ 48,768</b>	<b>\$ 157,029</b>	<b>\$ 143,791</b>

Total revenue increased during the quarter by \$5.8 million compared to the prior year quarter as a result of:

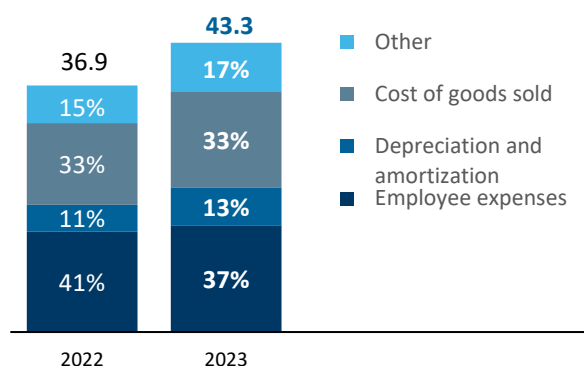
- Increased revenue for Services of \$3.3 million, or 15 percent for the third quarter of 2023, compared to the same period in 2022. Growth was mostly driven by continued transaction and customer growth in Regulatory Solutions due to our strong service offering, competitive pricing and customer-focused approach.
- A revenue increase of \$2.4 million in Registry Operations driven by the implementation of fee adjustments on July 29, 2023 in the Saskatchewan Land Registry. The fee adjustments were made pursuant to the Extension Agreement and as part of the annual review of registry fees related to Saskatchewan CPI.

Total year-to-date revenue increased by \$13.2 million or 9 per cent compared to the prior year, again mainly due to:

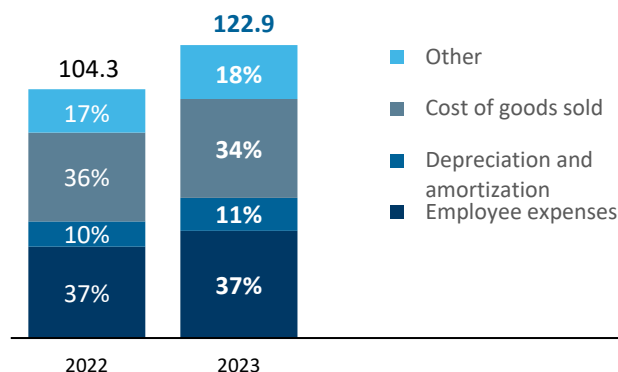
- Increased revenue of \$6.5 million in Services, a rise of 9 per cent driven primarily by growth in Regulatory Solutions as described in the quarterly results above.
- Increased revenue of \$5.9 million in Registry Operations, of which \$6.5 million relates to Ontario Property Tax Assessment Services division revenue following the acquisition on June 1, 2022, providing nine months of revenue in 2023 as compared to four months in 2022. This increase was partially offset by an expected reduction in Saskatchewan Land Registry revenue year-to-date attributable to reduced activity in the Saskatchewan real estate sector as a result of successive interest rate increases by the Bank of Canada commencing in the first quarter of 2022.
- Increased third-party revenue of \$0.9 million in Technology Solutions as revenue is recognized for ongoing and new solution definition and implementation contracts.

## 2.3 Consolidated expenses

**Consolidated expenses  
for the three months ended September 30,**  
(CAD millions)



**Consolidated expenses  
for the nine months ended September 30,**  
(CAD millions)



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

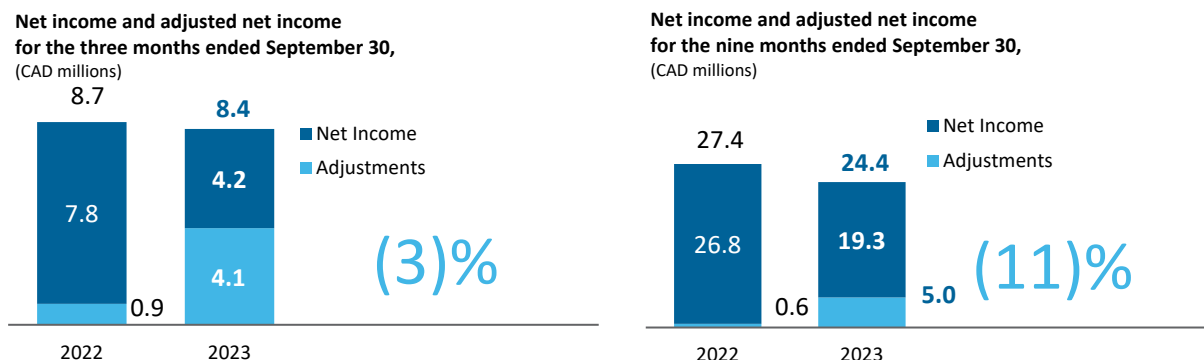
(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Wages and salaries	\$ 15,962	\$ 15,061	\$ 44,901	\$ 38,270
Cost of goods sold	14,471	12,245	41,441	37,208
Depreciation and amortization	5,624	3,983	13,863	10,635
Information technology services	3,461	2,504	9,626	7,379
Occupancy costs	1,191	1,126	3,482	2,836
Professional and consulting services	1,332	957	4,459	3,743
Financial services	519	394	2,326	2,068
Other	774	652	2,766	2,165
<b>Total expenses</b>	<b>\$ 43,334</b>	<b>\$ 36,922</b>	<b>\$ 122,864</b>	<b>\$ 104,304</b>

Consolidated expenses were \$43.3 million for the quarter, an increase of \$6.4 million compared to the same quarter last year. The increase in the quarter was due to:

- An increase in wages and salaries of \$0.9 million related to:
  - Increased investment in people of \$0.5 million within the Technology Solutions and Corporate segments as we continue to deliver on new and ongoing contracts as well as corporate growth priorities.
  - A \$0.4 million increase in expense related to share-based compensation resulting from a greater increase in the Company's share price during the quarter than during the same period of the prior year.
- An increase in cost of goods sold of \$2.2 million related to the increase in Services revenue within Regulatory Solutions.
- An increase in depreciation and amortization of \$1.6 million primarily related to two months of amortization with respect to the intangible asset associated with the right to manage and operate the Saskatchewan Registries.
- Increased information technology costs of \$1.0 million related to project delivery work in Technology Solutions, in combination with the enhancement of security initiatives, including the work associated as we progress to ISO 27001 certification.
- An increase in professional and consulting services of \$0.4 million driven by increased acquisition, integration and other costs to support acquisitions and other corporate growth opportunities.

The year-over-year rise in expenses for the nine months ended September 30, 2023 was \$18.6 million driven by the same factors outlined for the three months ended September 30, 2023 quarter-over-quarter increases. In addition, the year-to-date results reflect a full year of expenses with respect to the operations of acquisitions made in the prior year reported within Registry Operations and Services. Comparative results reflect expenses from the February 14, 2022 acquisition date in Services and from the June 1, 2022 acquisition date in Registry Operations.

## 2.4 Consolidated net income and adjusted net income



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

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted net income	\$ 8,357	\$ 8,652	\$ 24,366	\$ 27,405
Add (subtract):				
Share-based compensation (expense) recovery	(1,513)	(1,081)	24	697
Acquisition, integration and other costs	(796)	(127)	(3,545)	(1,444)
Effective interest component of interest expense	(64)	(18)	(100)	(54)
Interest on vendor concession liability	(1,733)	-	(1,733)	-
Amortization of right to manage and operate the Saskatchewan Registries	(1,543)	-	(1,543)	-
Tax effect on above adjustments <sup>1</sup>	1,526	330	1,862	216
<b>Net income</b>	<b>\$ 4,234</b>	<b>\$ 7,756</b>	<b>\$ 19,331</b>	<b>\$ 26,820</b>
Weighted average # of shares	17,871,392	17,658,225	17,758,752	17,564,276
Weighted average # of diluted shares	18,135,991	17,978,577	18,016,514	17,916,398
Earnings per share, basic	\$ 0.24	\$ 0.44	\$ 1.09	\$ 1.53
Earnings per share, diluted	0.23	0.43	1.07	1.50
Adjusted earnings per share, basic	0.47	0.49	1.37	1.56
Adjusted earnings per share, diluted	0.46	0.48	1.35	1.53

<sup>1</sup> Calculated at ISC's statutory tax rate of 27.0 per cent.

Net income for the quarter was \$4.2 million or \$0.24 per basic share and \$0.23 per diluted share compared to \$7.8 million or \$0.44 per basic share and \$0.43 per diluted share in the third quarter of 2022 and was \$19.3 million or \$1.09 per basic share and \$1.07 per diluted share year-to-date compared to \$26.8 million or \$1.53 per basic share and \$1.50 per diluted share last year.

The decrease for the three months ended September 30, 2023 compared the prior year period related primarily to:

- Net finance expense increased from \$1.0 million in the prior year quarter to \$5.2 million during the three months ended September 30, 2023 primarily resulting from increased borrowings to fund the Upfront Payment during the quarter as well as interest accrued on the vendor concession liability to the Province of Saskatchewan related to the five cash payments of \$30.0 million per year, totalling \$150.0 million, commencing in July 2024 with the final payment expected to be made in 2028.



- Amortization expense increased by \$1.6 million due to the intangible asset associated with the right to manage and operate the Saskatchewan Registries.

These increased expenses were partially offset by an increased adjusted EBITDA contribution from Registry Operations and Services.

Year-to-date, the decrease in net income of \$7.5 million from the prior year relates to the explanations for the quarter coupled with:

- Reduced adjusted EBITDA contributions from Registry Operations in the first six months of the year primarily due to lower activity that was expected in the Saskatchewan real estate sector impacting transaction volumes in the Saskatchewan Land Registry.
- Increased acquisition, integration and other costs of \$2.1 million throughout the year-to-date primarily due to expenses related to the Extension and registry enhancements.

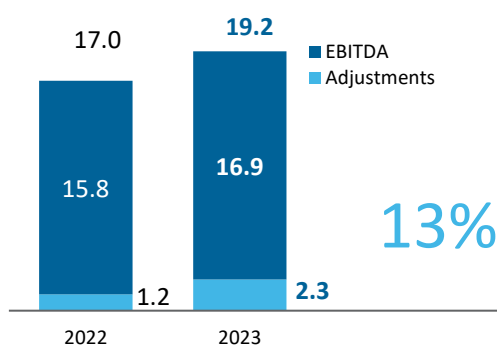
Adjusted net income for the quarter was \$8.4 million or \$0.47 per basic share and \$0.46 per diluted share, a decrease compared to \$8.7 million in the comparative quarter last year or \$0.49 per basic share and \$0.48 per diluted share. On a year-to-date basis, adjusted net income was \$24.4 million or \$1.37 per basic share and \$1.35 per diluted share compared to adjusted net income of \$27.4 million or \$1.56 per basic share and \$1.53 per diluted share.

The 3 per cent decrease in adjusted net income for the third quarter of 2023 compared to the prior year resulted from increased interest expense on long-term debt associated with the Extension and higher interest rates following successive interest rate increases by the Bank of Canada. This decrease was partially offset by revenue growth in Registry Operations following fee increases introduced during the quarter and continued customer and transaction growth in Services.

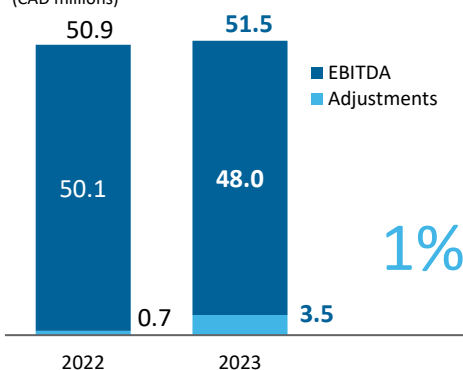
The 11 per cent decrease in adjusted net income for the nine months ended September 30, 2023 is due to the same reasons as in the third quarter accompanied by reduced adjusted EBITDA contributions in the first six months of the year due to lower activity in the Saskatchewan real estate sector following successive interest rate increases by the Bank of Canada commencing in the first quarter of 2022, which reduced transaction volumes in the Saskatchewan Land Registry.

## 2.5 Consolidated EBITDA and adjusted EBITDA

**Consolidated EBITDA and adjusted EBITDA for the three months ended September 30,**  
(CAD millions)



**Consolidated EBITDA and adjusted EBITDA for the nine months ended September 30,**  
(CAD millions)



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

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted EBITDA	\$ 19,209	\$ 17,037	\$ 51,549	\$ 50,869
Add (subtract):				
Share-based compensation (expense) recovery	(1,513)	(1,081)	24	697
Acquisition, integration and other costs	(796)	(127)	(3,545)	(1,444)
EBITDA	\$ 16,900	\$ 15,829	\$ 48,028	\$ 50,122
Add (subtract):				
Depreciation and amortization	(5,624)	(3,983)	(13,863)	(10,635)
Net finance expense	(5,171)	(1,038)	(6,965)	(2,139)
Income tax expense	(1,871)	(3,052)	(7,869)	(10,528)
Net income	\$ 4,234	\$ 7,756	\$ 19,331	\$ 26,820
EBITDA margin (% of revenue)	30.9%	32.5%	30.6%	34.9%
Adjusted EBITDA margin (% of revenue)	35.2%	34.9%	32.8%	35.4%

Consolidated adjusted EBITDA for the third quarter was \$19.2 million, an increase of \$2.2 million from \$17.0 million in the third quarter of 2022 due primarily to:

- Higher adjusted EBITDA contribution from Registry Operations due to fee increases effective July 29, 2023 made pursuant to the Extension and as part of the annual review of registry fees related to Saskatchewan CPI.
- Continued customer and transaction growth in Services resulting in increased adjusted EBITDA contribution from Regulatory Solutions due to our strong service offering, competitive pricing and customer focused approach. This was combined with supporting customers in the financial institution and auto finance sectors as they implemented stronger due diligence as a result of the higher interest rate environment.

For the first nine months of the year, adjusted EBITDA was \$51.5 million, an increase of \$0.7 million compared to the first nine months of 2022 primarily driven by:

- Higher adjusted EBITDA contributed by Registry Operations related to the July 29, 2023 fee increases coupled with a full nine months of contributions from Ontario Property Tax Assessment Services in the current year compared to four month in the prior year. This was partially offset by lower activity in the Saskatchewan real estate sector following the successive interest rate increases by the Bank of Canada that commenced in the first quarter of 2022 which impacted the Saskatchewan Land Registry.
- Higher adjusted EBITDA contributed by Services of \$1.2 million related to growth in Regulatory Solutions for the same reasons noted above for the quarter.

The above increases in adjusted EBITDA for both the quarter and year-to-date were partially offset by reduced adjusted EBITDA in Technology Solutions and Corporate due to the timing of revenue recognition on solution definition and implementation contracts and continued investments in people and technology.

### 3 Business Segment Analysis

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

ISC currently has three operating segments:

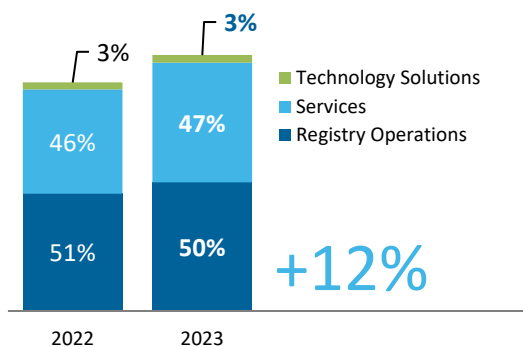
**Registry Operations** delivers registry and information services on behalf of governments and private sector organizations.

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

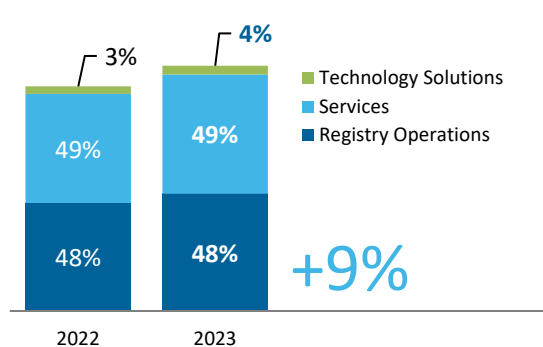
**Technology Solutions** provides the development, delivery and support of registry (and related) technology solutions.

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

**Revenue by Segment<sup>1</sup>**  
for the three months ended September 30,

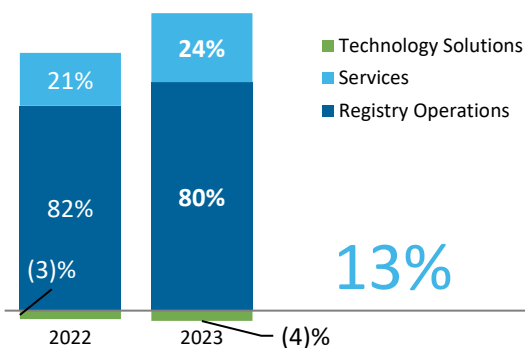


**Revenue by Segment<sup>1</sup>**  
for the nine months ended September 30,

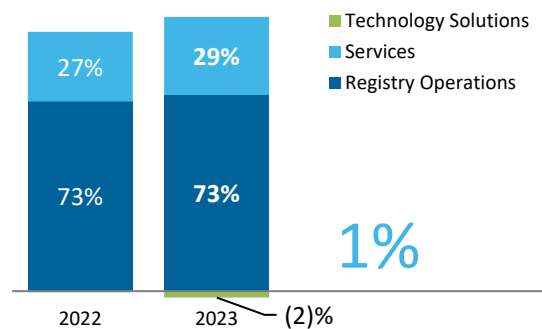


<sup>1</sup> Corporate and other and Inter-segment eliminations are excluded. Technology Solutions revenue included in the above graphs is third-party revenue. Values may not add due to rounding.

**Adjusted EBITDA by Segment<sup>1</sup>**  
for the three months ended September 30,



**Adjusted EBITDA by Segment<sup>1</sup>**  
for the nine months ended September 30,



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

### 3.1 Registry Operations

Our Registry Operations segment delivers registry and information services on behalf of governments and private sector organizations. This segment currently has two major clients with long-term agreements, one agreement with the Province of Saskatchewan and one with the Province of Ontario.

Our offerings are generally categorized into two divisions, Saskatchewan Registries and Ontario Property Tax Assessment Services.

A more detailed description of our Registry Operations business can be found in Management’s Discussion and Analysis for the year ended December 31, 2022, which is available on our website at [company.isc.ca](http://company.isc.ca) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). No material changes have taken place since that date other than those described below.

#### Saskatchewan Registries

ISC provides services on behalf of the Province of Saskatchewan under the Amended and Restated MSA in effect until 2053, 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”).

On July 5, 2023, the Company entered into an agreement to extend ISC's exclusive right to manage and operate the Saskatchewan Registries until 2053. Under the Extension Agreement, ISC was granted the right to introduce and/or enhance fees on certain transactions. Applicable fee adjustments became effective July 29, 2023.

The MSA has also been amended and restated to, among other things, implement certain incremental terms and conditions, the objectives of which are to enhance security features and protocols for the Saskatchewan Registries, contemplate emerging and future technology enhancements for the Saskatchewan Registries and the services provided pursuant to the Amended and Restated MSA, refresh and clarify governance practices and structure, adjust the registry fees chargeable by the Company, and provide flexibility for change over the life of the extended term. Certain costs associated with the Extension along with a portion of the transaction costs associated with the Extension have been capitalized as an intangible asset related to the right to manage and operate the Saskatchewan Registries while the remainder of the costs have been expensed pursuant to IFRS.

The consideration paid and to be paid by ISC to the Province of Saskatchewan with respect to the Extension consists of:

- the Upfront Payment of \$150.0 million, paid in July 2023;
- five cash payments of \$30.0 million per year, totalling \$150.0 million, commencing in July 2024 with the final payment expected to be made in 2028 (the "Subsequent Payments"); and
- annual contingent payments potentially payable after 2033 if cumulative annual volume growth for certain Saskatchewan Land Registry transactions fall within a pre-determined range, calculated in any given year as follows:
  - 25 per cent of any revenue associated with long-term volume growth between 0 per cent to 1 per cent;
  - 50 per cent of any revenue associated with long-term volume growth between 1 per cent to 3 per cent;
  - ISC to retain unlimited upside on any incremental volume growth in excess of 3 per cent.

ISC has commenced enhancement of the Saskatchewan Registries leveraging ISC-owned technology to offer best-in-class technology, security and user experience for the Saskatchewan Registries. These expenditures will be capitalized as intangible assets or expensed in accordance with IFRS.

Additional information about the Amended and Restated MSA is available on our website at [company.isc.ca](http://company.isc.ca) in the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and in our news release dated July 5, 2023.

#### *Saskatchewan Land Registry*

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

#### *Saskatchewan Personal Property Registry*

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

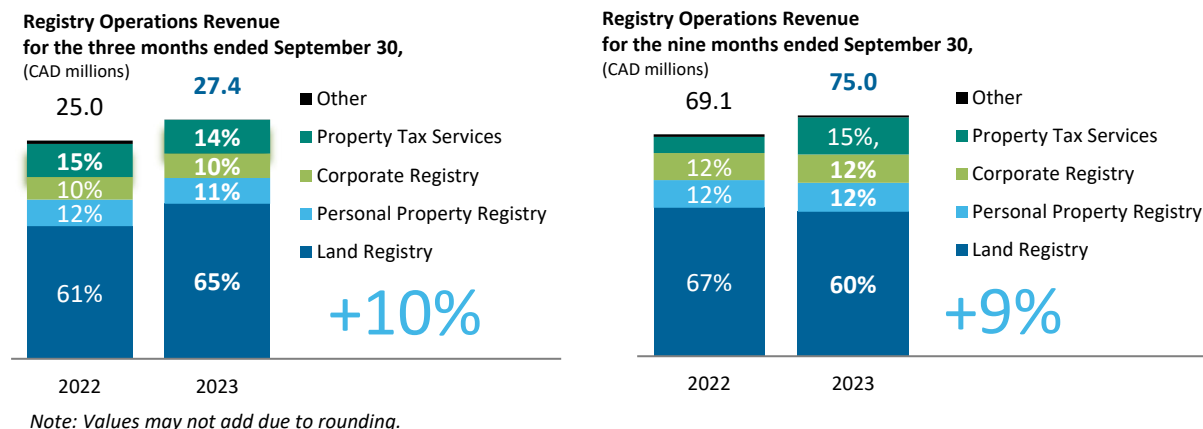
#### *Saskatchewan Corporate Registry*

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

#### **Ontario Property Tax Assessment Services**

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

## REGISTRY OPERATIONS REVENUE



(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Land Registry	\$ 17,781	\$ 15,208	\$ 45,024	\$ 46,248
Personal Property Registry	2,956	3,052	8,994	8,638
Corporate Registry	2,807	2,577	8,816	8,434
Property Tax Assessment Services	3,875	3,813	11,575	5,042
Other	-	375	588	754
<b>Registry Operations revenue</b>	<b>\$ 27,419</b>	<b>\$ 25,025</b>	<b>\$ 74,997</b>	<b>\$ 69,116</b>

Revenue for Registry Operations for the quarter was \$27.4 million, up \$2.4 million or 10 per cent compared to \$25.0 million in the third quarter of 2022. The main reason for the increase is due to fee adjustments made on July 29, 2023, which resulted in higher revenue from the Saskatchewan Land Registry.

Year-to-date, revenue was \$75.0 million compared to \$69.1 million in the same period in 2022, an increase of \$5.9 million or 9 per cent. The primary driver of the year-over-year increase was additional incremental revenues earned for the full year-to-date from our acquisition of Ontario Property Tax Assessment Services in June 2022. This increase was offset in the Saskatchewan Registries, where revenue in the Saskatchewan Land Registry experienced a decline compared to the same period last year due to reduced activity in the Saskatchewan real estate sector during the period following successive interest rate increases by the Bank of Canada, which impacted volume. The impact of the reduction in Land Registry volume was partially offset by fee adjustments made on July 29, 2023 to the Land Registry.

### Saskatchewan Land Registry

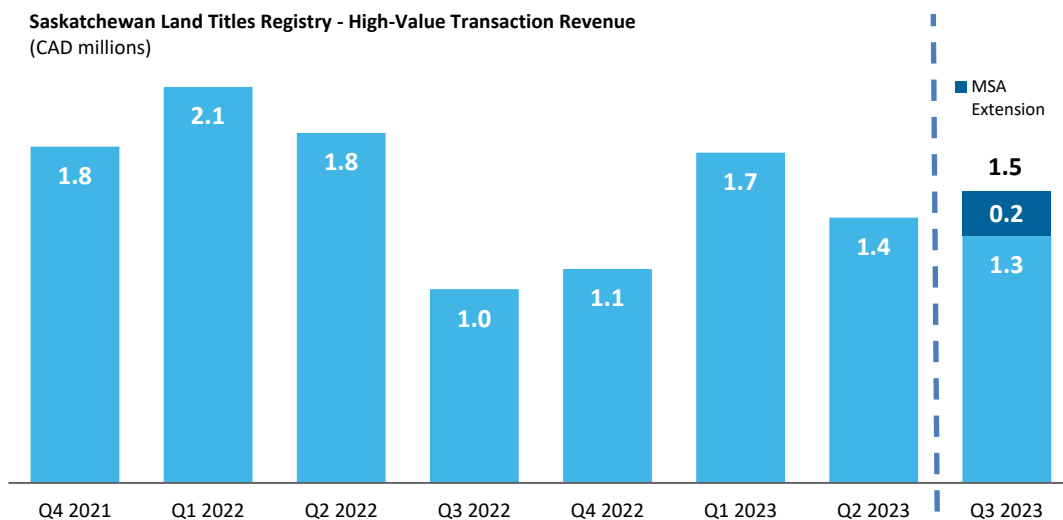
For the third quarter of 2023, revenue for the Land Registry was \$17.8 million, an increase of \$2.6 million or 17 per cent compared to the same period in 2022. Fee adjustments made in relation to the Extension Agreement, as well as fee changes made as part of the annual review of registry fees related to Saskatchewan CPI, led to the increase in revenue, despite a 1 per cent decline in volume during the quarter. This 1 per cent decline is an improvement from the prior two quarters where volumes decreased by more than 10 percent in each quarter in comparison to the prior year's quarters. It should also be noted that Saskatchewan CPI for 2022 was 6.6 per cent, much higher than in recent years due to inflation.

Year-to-date, revenue was \$45.0 million in 2023 compared to \$46.2 million last year-to-date, a reduction of \$1.2 million or 3 per cent. Successive interest rate increases by the Bank of Canada led to lower activity in the Saskatchewan real estate sector which contributed to lower revenue during the first half of 2023. The third quarter saw volume stabilize, and revenue improved due to pricing changes made on July 29, 2023.

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 third quarter was \$17.1 million, increasing by \$2.6 million or 18 per cent compared to the third quarter in 2022. The growth was due to pricing changes made during the quarter, despite lower volume, which decreased by 1 per cent.



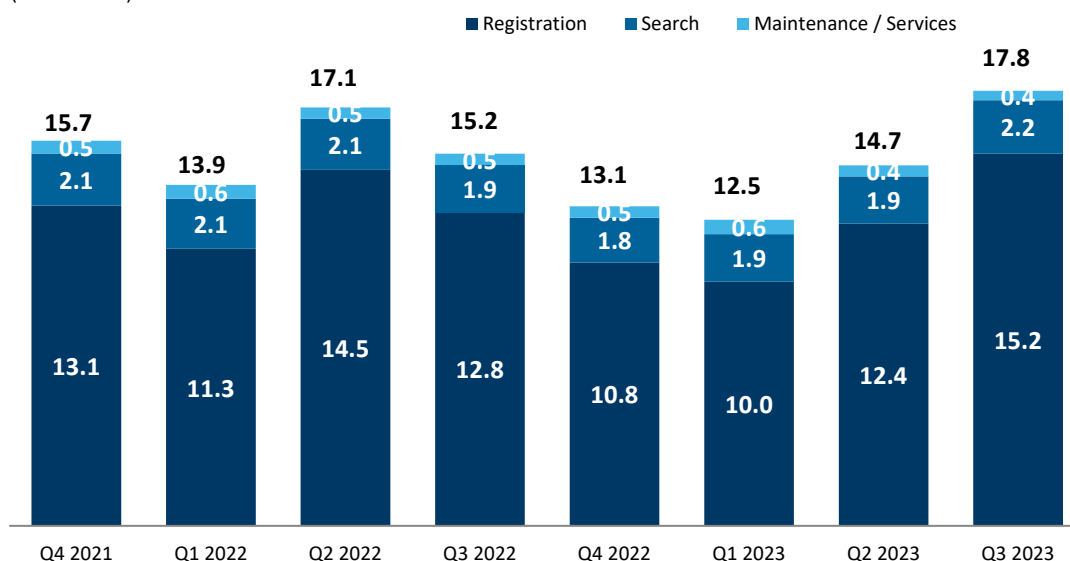
As a result of the new ad-valorem fee that was implemented on July 29, 2023, the revenue related to high-value transactions has increased. For comparative purposes, the graph below has been adjusted so that the impact of the additional revenue from the new ad-valorem rate is clear. The first seven quarters in the graph below were prepared on the basis that a high-value transaction was a transaction that generated revenue of \$10,000 (i.e., from a land value of \$3.3 million or more). The light blue bar for the third quarter of 2023 was prepared using all transactions with a land value of \$3.3 million or more at the previous ad-valorem rate of 0.3 per cent (for comparison), while the dark blue bar shows the additional revenue generated at the new ad-valorem rate of 0.4 per cent.



High-value property registration revenue for the third quarter of 2023 was \$1.5 million, an increase of \$0.5 million compared to \$1.0 million in the third quarter of 2022. This growth is partially due to the increase in the ad valorem fee that took effect on July 29, 2023. Had the ad-valorem rate remained at 0.3 per cent on July 29, 2023, high-value transactions revenue in the third quarter of 2023 would have been \$1.3 million, as illustrated in the graph above which shows the last 8 quarters of high-value transaction revenue.

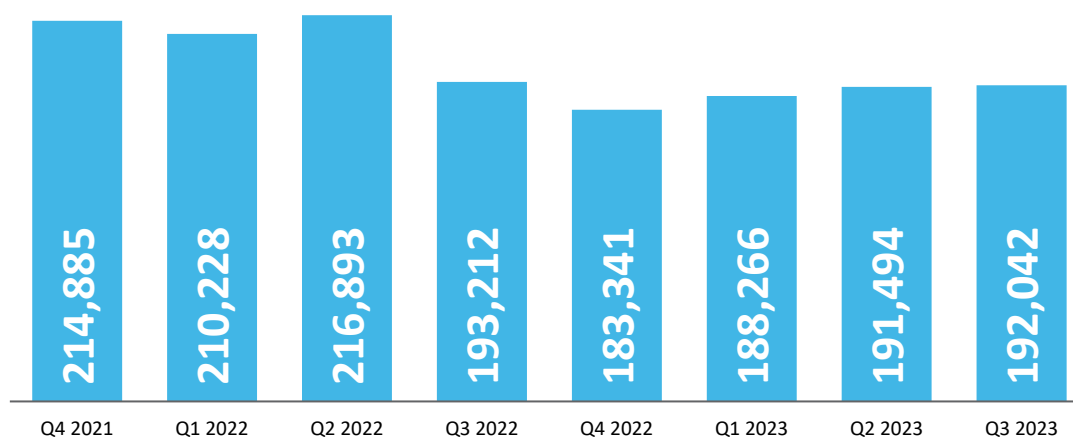
The following graphs show the Land Registry revenue by type of transaction and overall transaction volume, respectively. Typically, the second and third quarters generate the most revenue for the Land Registry. For more information on seasonality, refer to section 4 “Summary of Consolidated Quarterly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

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



Note: Values may not add due to rounding.

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



Transaction volume in the Land Titles Registry declined slightly by 1 per cent for the third quarter of 2023 when compared to the same period in 2022. This is an improvement compared to the first two quarters of 2023 where volumes decreased by more than 10 per cent in each quarter, respectively. The current quarter saw a reduction in the volume of title searches of 1 per cent. Title searches make up the largest component of transaction volume at 73 per cent during the quarter. Regular land transfers grew during the period, increasing by 1 per cent while mortgage registrations volume declined during the period, shrinking by 4 per cent when compared to the third quarter of 2022. Year-to-date, Land Titles Registry transaction volume was lower by 8 per cent when compared to the first three quarters of 2022.

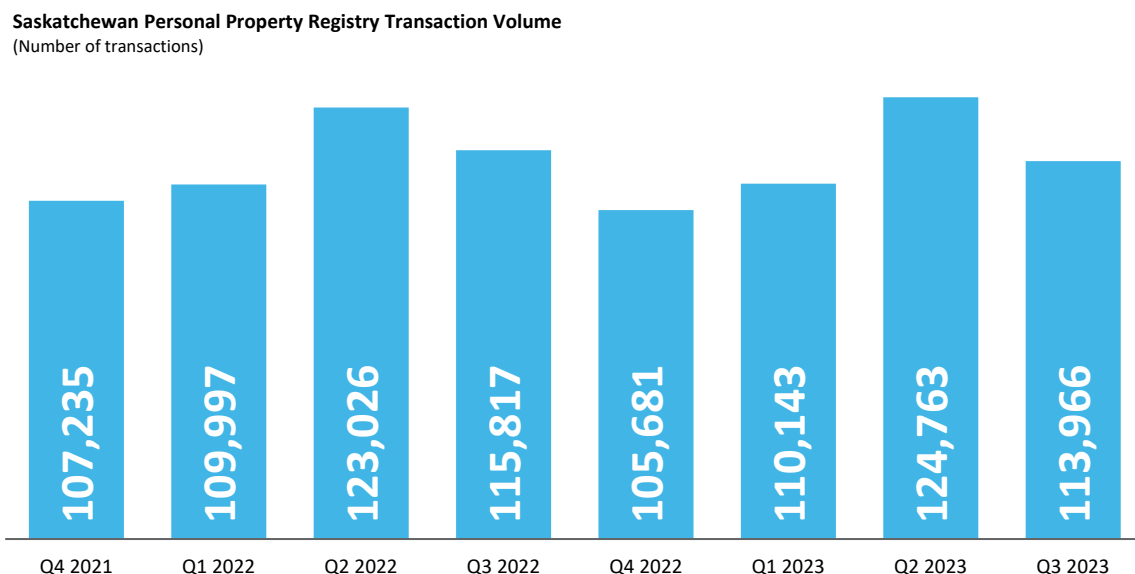
The regular land transfer volume noted above includes residential, commercial, agricultural, industrial, and government transactions as well as any private sales where a realtor may not be used. When reviewing public sources of Saskatchewan housing resale data, it should be noted that land transfers through the Registry are not limited to that category of data. Additionally, there may also be a lag between the time at which a sale is

recognized and the time the sale is submitted to the Land Titles Registry.

### Saskatchewan Personal Property Registry

In the third quarter of 2023, revenue for the Personal Property Registry was \$3.0 million, consistent with the same quarter in 2022. Revenue for the first nine months of 2023 was \$9.0 million compared to \$8.6 million during the same period in 2022, an increase of 4 per cent.

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



Overall volume for the quarter was down 2 per cent compared to the third quarter of 2022. Registration and maintenance volume declined by 5 per cent and 6 per cent, respectively, compared to the same period in 2022. Search volume for the quarter and nine-month period of 2023, respectively, was consistent with the prior year periods.

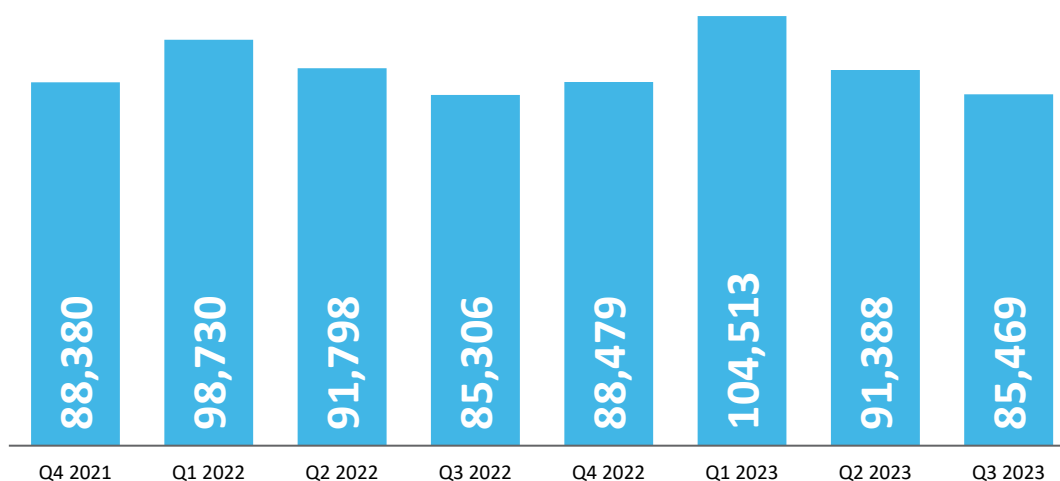
### Saskatchewan Corporate Registry

Revenue for the Corporate Registry for the third quarter of 2023 was \$2.8 million, a rise of 9 per cent or \$0.2 million compared to the same period in 2022. Search revenue grew by 34 per cent due to CPI pricing increases which came into effect on July 29, 2023. Maintenance revenue and registration revenue each grew by 4 per cent and 7 per cent, respectively. Revenue for the first three quarters of 2023 was \$8.8 million, up \$0.4 million or 5 per cent, compared to the same period last year.

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

### Saskatchewan Corporate Registry Transaction Volume

(Number of transactions)



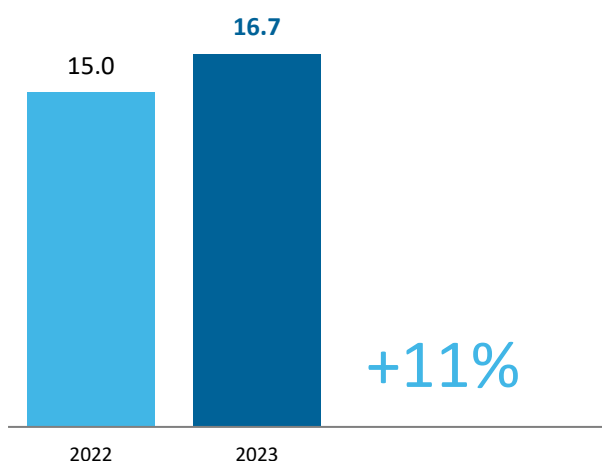
Total transaction volume for the quarter was consistent with the prior year quarter. Year to date, volume rose 2 per cent when compared to the same period last year.

### Ontario Property Tax Assessment Services

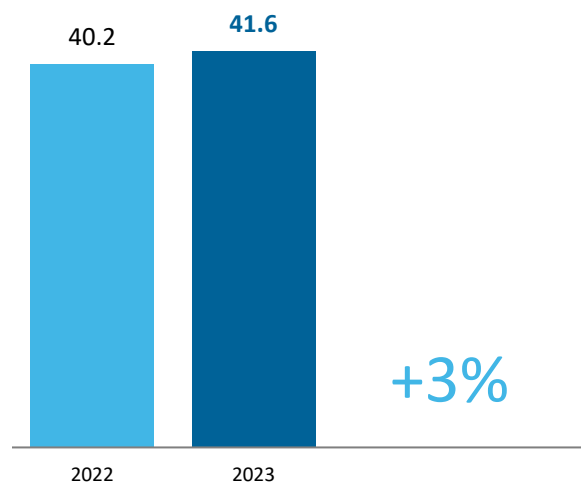
Revenue for the Ontario Property Tax Assessment Services division in the third quarter of 2023 was \$3.9 million, compared to \$3.8 million in the same period last year. The total revenue for each year of the agreement with the Province of Ontario is determined at the time of renewal and is paid monthly. Should the Province of Ontario request any change orders during the term of the contract, the revenue from any change order is based on the scope of work agreed to by the parties and is in addition to regular revenue. Ontario Property Tax Assessment Services revenue for the nine months ended September 30, 2023, was \$11.6 million, \$6.5 million higher than the prior year-to-date, as a result of a full nine months of revenue during the current year when compared to four months in the prior year.

### REGISTRY OPERATIONS EXPENSES, EBITDA, AND ADJUSTED EBITDA

Registry Operations Adjusted EBITDA  
for the three months ended September 30,  
(CAD millions)



Registry Operations Adjusted EBITDA  
for the nine months ended September 30,  
(CAD millions)



(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 27,419	\$ 25,025	\$ 74,997	\$ 69,116
Total expenses <sup>1</sup>	12,107	10,675	35,454	28,482
EBITDA	\$ 15,312	\$ 14,350	\$ 39,543	\$ 40,634
Adjustments <sup>2</sup>	1,393	655	2,054	(389)
Adjusted EBITDA	\$ 16,705	\$ 15,005	41,597	\$ 40,245

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

<sup>2</sup> As shown in section 2.5 "Consolidated EBITDA and adjusted EBITDA", adjusted EBITDA adjustments are comprised of share-based compensation and acquisition, integration and other costs applicable to each segment.

Adjusted EBITDA for Registry Operations for the third quarter was \$16.7 million, up 11 per cent compared to the same period last year. The increase was due to the July 29, 2023 fee increases made pursuant to the Extension and as part of the annual review of registry fees related to Saskatchewan CPI. This increase was partially offset by a slight reduction in Saskatchewan Land Registry transactions due to reduced activity in the Saskatchewan real estate sector following the impact of successive interest rate increases by the Bank of Canada that commenced in the first quarter of 2022.

On a year-to-date basis, adjusted EBITDA increased to \$41.6 million from \$40.2 million, an increase of 3 per cent driven by the fee increases discussed above combined with a full nine months of Ontario Property Tax Assessment Services in the current year compared to only four months in the prior year. These increases were partially offset by reduced activity in the Saskatchewan real estate sector during the year-to-date which has reduced transaction volumes in the Saskatchewan Land Registry following successive interest rate increases by the Bank of Canada since the first quarter of 2022.



## 3.2 Services

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

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

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

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

### Corporate Solutions

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

<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 incorporations, 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.

During the quarter, Services renegotiated an extension of the Ontario Business Registry contract with the Province of Ontario. This agreement, which now expires at the end of January 2025, ensures that Services can continue to access the Ontario Corporate Registry on behalf of clients, while preserving our preferential access rights during the term.

### Regulatory Solutions

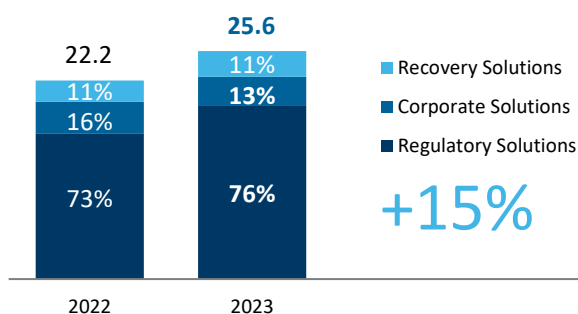
Regulatory Solutions captures revenue from our KYC, collateral management and general due diligence service offerings. The Company uses its proprietary platform to assist customers with intuitive business rules and advanced automation to deliver regulatory services to support their credit/banking and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

### Recovery Solutions

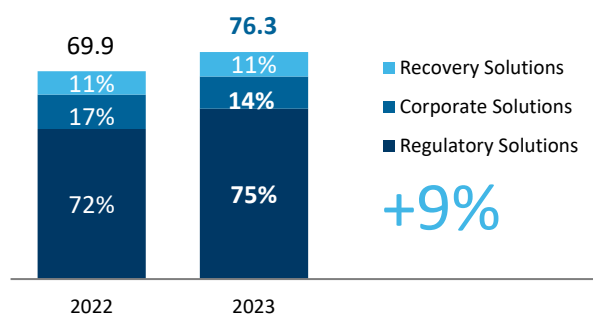
Recovery Solutions offers our customers a fully managed asset recovery service accompanied by accounts receivable management services. Recovery Solutions allows us to offer our customers a complete solution in the credit life cycle, from origination to recovery. By connecting the registrations from our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

## SERVICES REVENUE

Services Revenue<sup>1</sup>  
for the three months ended September 30,  
(CAD millions)



Services Revenue<sup>1</sup>  
for the nine months ended September 30,  
(CAD millions)



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

(thousands of CAD)	Three Months Ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Regulatory Solutions	\$ 19,396	\$ 16,332	\$ 57,316	\$ 50,453
Recovery Solutions	2,882	2,386	8,224	7,862
Corporate Solutions	3,273	3,530	10,804	11,550
Internal related parties and other	-	-	-	-
Services revenue	\$ 25,551	\$ 22,248	\$ 76,344	\$ 69,865

Revenue for Services was \$25.6 million for the third quarter of 2023, an increase of 15 per cent, or \$3.3 million compared to the same period in 2022. The growth was driven by continued transaction and customer growth in Regulatory Solutions due to our strong service offering, competitive pricing and customer-focused approach. This was further augmented by customers in the financial institution and auto finance sectors as they continued to enhance their due diligence in a higher interest rate environment. Revenue from Recovery Solutions also grew during the third quarter through increased Asset Recovery revenue. For the first three quarters of 2023, revenue grew by 9 per cent to \$76.3 million compared to \$69.9 million during the same period in 2022, primarily due to strength in Regulatory Solutions.

## Regulatory Solutions

Revenue in Regulatory Solutions for the third quarter of 2023 was \$19.4 million, an increase of \$3.1 million or 19 per cent compared to \$16.3 million for the same period in 2022. Growth was driven by continued transaction and customer growth in Regulatory Solutions due to our strong service offering, competitive pricing and customer-focused approach. This was further augmented by customers in the financial institution and auto finance sectors as they continued to enhance their due diligence in a higher interest rate environment.

For the first three quarters of 2023, revenue was \$57.3 million, a rise of \$6.9 million or 14 per cent compared to \$50.5 million for the same period in 2022. Similarly to the third quarter, year-to-date revenue grew due to transaction and customer growth in KYC and Collateral Management services.

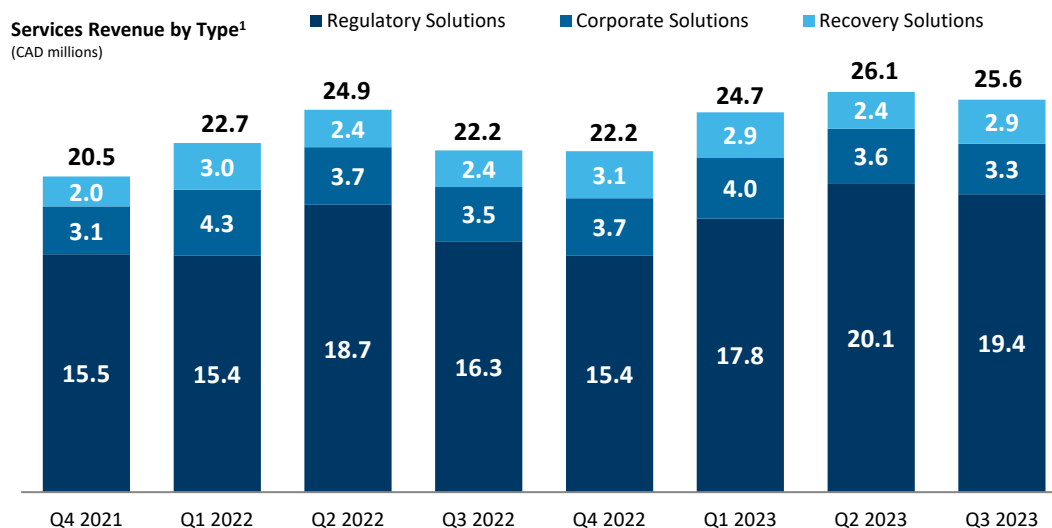
## Recovery Solutions

Revenue in Recovery Solutions for the third quarter of 2023 was \$2.9 million, an increase of 21 per cent or \$0.5 million compared to the same prior year period. Growth during the quarter was due to an increase in individual Asset Recovery customer assignments when compared to the third quarter of 2022. Year-to-date, revenue was \$8.2 million, higher by \$0.4 million or 5 per cent compared to \$7.9 million for the same period in 2022. Following successive interest rate increases by the Bank of Canada, we have seen an increase in individual Asset Recovery customer assignments on a year-to-date basis.

## Corporate Solutions

Corporate Solutions revenue for the quarter was \$3.3 million, a decline of 7 per cent or \$0.3 million compared to \$3.5 million in the third quarter of 2022 and for the first nine months of 2023, revenue was \$10.8 million, a decrease of \$0.7 million or 6 per cent compared to \$11.5 million for the same period in 2022. This decline, for the quarter and the year-to-date, was due to reduced Ontario corporate filing transactions following further opening of the Ontario Business Registry in March 2023. This was partially offset by growth in corporate filing transactions outside of Ontario, new customer growth and increased Corporate Supplies revenue.

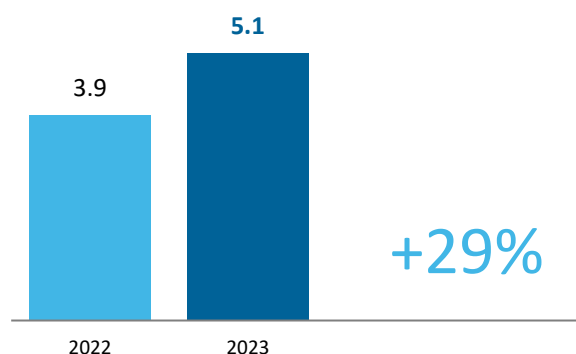
Our Services segment revenue by division is shown in the following graph.



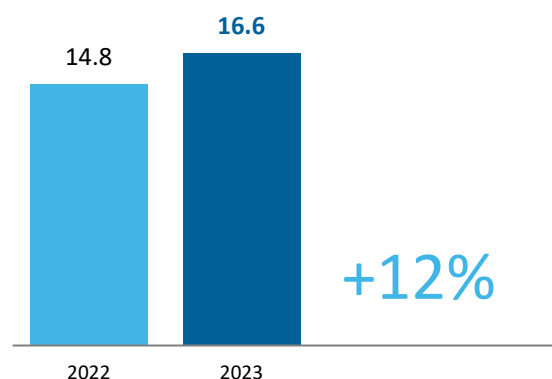
<sup>1</sup> Internal related parties and other revenue not displayed in graph. Values may not add due to rounding.

## SERVICES EXPENSES, EBITDA, AND ADJUSTED EBITDA

**Services Adjusted EBITDA**  
for the three months ended September 30,  
(CAD millions)



**Services Adjusted EBITDA**  
for the nine months ended September 30,  
(CAD millions)



(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 25,551	\$ 22,248	\$ 76,344	\$ 69,865
Total expenses <sup>1</sup>	20,606	18,449	59,789	55,253
EBITDA	\$ 4,945	\$ 3,799	\$ 16,555	\$ 14,612
Adjustments <sup>2</sup>	106	109	(2)	214
Adjusted EBITDA	\$ 5,051	\$ 3,908	\$ 16,553	\$ 14,826

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

<sup>2</sup> As shown in section 2.5 "Consolidated EBITDA and adjusted EBITDA", adjusted EBITDA adjustments are comprised of share-based compensation and acquisition, integration and other costs applicable to each segment.

Adjusted EBITDA for Services was \$5.1 million for the third quarter compared to \$3.9 million for the same period last year. The increase was due to increased transactions and customer growth in Regulatory Solutions, as well as growth in Recovery Solutions. This was partially offset by an increase in the cost of goods sold related to the additional revenue.

Year-to-date adjusted EBITDA for Services was \$16.6 million compared to \$14.8 million in the same period in the prior year due to customer and transaction growth in Regulatory Solutions, offset by increased cost of goods sold related to this additional revenue. Other costs in Services remained stable when compared to the prior year.

### 3.3 Technology Solutions

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

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

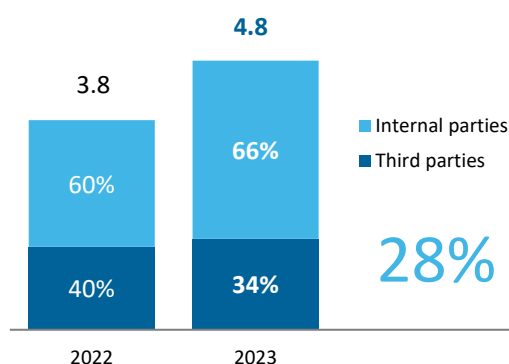
We offer RegSys — a complete registry solution that provides a readily transferable technology platform capable of serving a wide range of registry needs. RegSys is a multi-register platform that delivers the flexibility, scalability and features that enable public sector organizations to deliver enhanced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

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

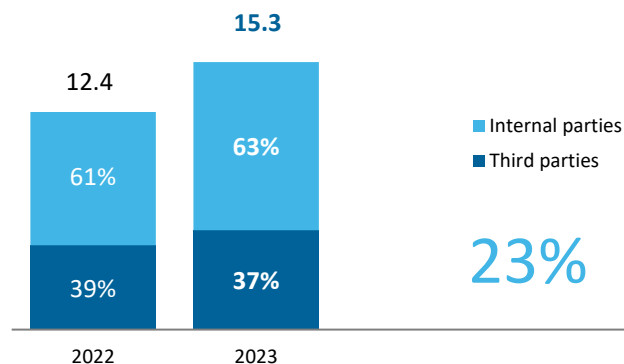
A more detailed description of our Technology Solutions business can be found in Management's Discussion and Analysis for the year ended December 31, 2022, which is available on our website at [company.isc.ca](http://company.isc.ca) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). No material changes have taken place since that date.

## TECHNOLOGY SOLUTIONS REVENUE

**Technology Solutions Revenue  
for the three months ended September 30,  
(CAD millions)**



**Technology Solutions Revenue  
for the nine months ended September 30,  
(CAD millions)**



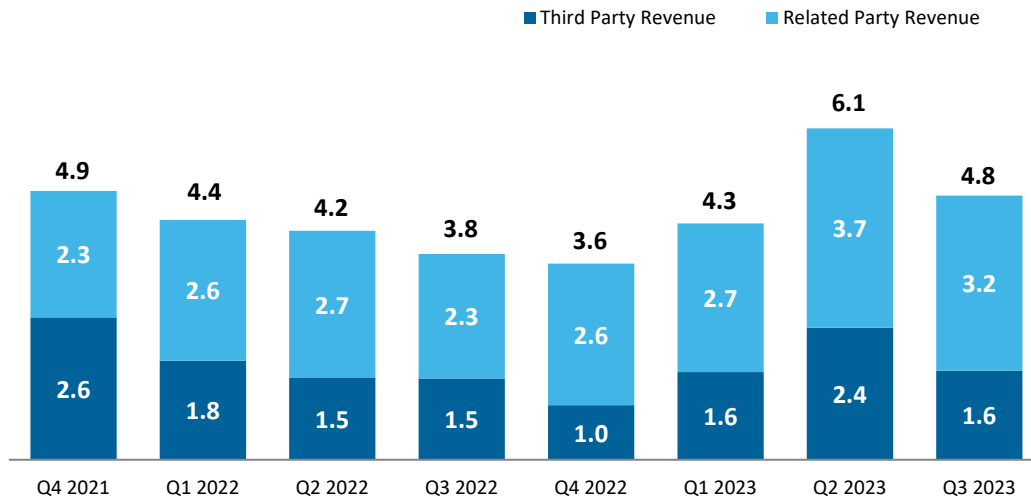
(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Third parties	\$ 1,635	\$ 1,492	\$ 5,664	\$ 4,802
Internal related parties	3,210	2,283	9,594	7,608
Technology Solutions revenue	\$ 4,845	\$ 3,775	\$ 15,258	\$ 12,410

Revenue in Technology Solutions was \$4.8 million for the quarter, an increase of \$1.1 million compared to \$3.8 million for the same period in 2022. Year-to-date, revenue was \$15.3 million, an increase of \$2.8 million from \$12.4 million for the same period in 2022.

Revenue from third parties for the quarter increased by \$0.1 million compared to the third quarter of 2022. This was due to continued progress on delivery of contracts disclosed in the first quarter of 2023 for the States of Guernsey and the Department of Registrar of Companies and Intellectual Property in Cyprus accompanied by progress on other ongoing contracts. Year-to-date, revenue from third parties increased by \$0.9 million driven by the same reasons outlined for the quarter.

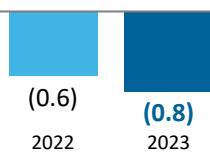
Technology Solutions has commenced delivery of registry enhancements for the Saskatchewan Registries in Registry Operations. The segment is also currently developing a registry solution to support operation of the International Registry of Interests in Rolling Stock (formerly referred to as the International Registry for Railway Rolling Stock) that will be operated by Regulis S.A. ("Regulis"), currently reported under our Corporate segment. 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 through related party resources; therefore, segment revenue may continue to fluctuate over time, particularly as we pursue additional third-party revenue.

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

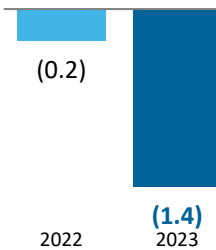


**TECHNOLOGY SOLUTIONS EXPENSES, EBITDA, AND ADJUSTED EBITDA**

**Technology Solutions adjusted EBITDA for the three months ended September 30,**  
(CAD millions)



**Technology Solutions adjusted EBITDA for the nine months ended September 30,**  
(CAD millions)



(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 4,845	\$ 3,775	\$ 15,258	\$ 12,410
Total expenses <sup>1</sup>	5,775	4,508	16,654	12,590
EBITDA	\$ (930)	\$ (733)	\$ (1,396)	\$ (180)
Adjustments <sup>2</sup>	152	108	(2)	(70)
Adjusted EBITDA	\$ (778)	\$ (625)	\$ (1,398)	\$ (250)

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

<sup>2</sup> As shown in section 2.5 "Consolidated EBITDA and adjusted EBITDA", adjusted EBITDA adjustments are comprised of share-based compensation and acquisition, integration and other costs applicable to each segment.

Adjusted EBITDA for Technology Solutions was a loss of \$0.8 million for the quarter compared to a loss of \$0.6 million in the third quarter of 2022 and a loss of \$1.4 million for the nine months ended September 30, 2023 compared to a loss of \$0.3 million for the first nine months of 2022. While progress continues to be made on new and continuing solution definition and implementation contracts, timing of revenue recognition and increased costs as additional people are onboarded to support solution definition and implementation contracts and internal related party priorities have contributed to the quarter and year-to-date results as compared to the same periods in the prior year.



### 3.4 Corporate and other

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

Following the acquisition of Regulis on December 20, 2022, the Company has included Regulis within the Corporate segment until it commences operations. Regulis holds a contract under the Luxembourg Rail Protocol of the Cape Town Convention which provides the exclusive right and obligation to develop, deliver and operate the International Registry of Interests in Rolling Stock for a period of 10 years from the date the registry goes live, as defined in the Luxembourg Rail Protocol. The acquisition will continue to expand the Company's portfolio of services and solutions to help improve the delivery of modern registry services by and for governments, as well as intergovernmental and private organizations. Technology Solutions is developing the registry solution to support this registry with the expectation of going live following completion.

The Company continues to advance work related to obtaining ISO 27001 certification.

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Third parties	\$ 5	\$ 3	\$ 24	\$ 8
Internal related parties	38	37	113	109
Corporate and other revenue	\$ 43	\$ 40	\$ 137	\$ 117
Total expenses <sup>1</sup>	(2,470)	(1,627)	(6,811)	(5,061)
EBITDA	\$ (2,427)	\$ (1,587)	\$ (6,674)	\$ (4,944)
Adjustments <sup>2</sup>	787	336	1,880	992
Adjusted EBITDA	\$ (1,640)	\$ (1,251)	\$ (4,794)	\$ (3,952)

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

<sup>2</sup> As shown in section 2.5 "Consolidated EBITDA and adjusted EBITDA", adjusted EBITDA adjustments are comprised of share-based compensation and acquisition, integration and other costs applicable to each segment.

Similar to the second quarter of 2023, adjusted EBITDA decreased for the three months ended September 30, 2023 by \$0.4 million from the prior year quarter due to an increase in corporate costs related to investments in people, technology and ISC's continued focus on growth initiatives. Year-to-date, adjusted EBITDA decreased by \$0.8 million, also driven by investments in people, technology and continued focus on growth including ongoing work on Regulis.

## 4 Summary of Consolidated Quarterly Results

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

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

Technology Solutions does not experience seasonality; however, this segment is impacted by the timing of procurement activities largely undertaken by governments around the world and the timing of revenue recognition related to the progress of work on solution definition and implementation contracts.

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

(thousands of CAD)	2023				2022			2021	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	
Revenue	\$ 54,610	\$ 53,295	\$ 49,124	\$ 46,104	\$ 48,768	\$ 50,870	\$ 44,153	\$ 44,238	
Expenses	43,334	40,965	38,565	39,396	36,922	33,919	33,463	29,775	
Net income before items noted below	11,276	12,330	10,559	6,708	11,846	16,951	10,690	14,463	
Net finance expense	(5,171)	(889)	(905)	(1,038)	(1,038)	(666)	(435)	(482)	
Income before tax	6,105	11,441	9,654	5,670	10,808	16,285	10,255	13,981	
Income tax expense	(1,871)	(3,208)	(2,790)	(1,721)	(3,052)	(4,628)	(2,848)	(3,695)	
Net income	\$ 4,234	\$ 8,233	\$ 6,864	\$ 3,949	\$ 7,756	\$ 11,657	\$ 7,407	\$ 10,286	
Other comprehensive income (loss)	(27)	5	110	688	48	(310)	(448)	(262)	
Total comprehensive income	\$ 4,207	\$ 8,238	\$ 6,974	\$ 4,637	\$ 7,804	\$ 11,347	\$ 6,959	\$ 10,024	
EBITDA margin	30.9%	30.8%	29.9%	23.4%	32.5%	40.2%	31.3%	39.8%	
Adjusted EBITDA margin	35.2%	33.4%	29.5%	29.3%	34.9%	37.8%	33.0%	38.9%	
Earnings per share, basic	\$ 0.24	\$ 0.47	\$ 0.39	\$ 0.22	\$ 0.44	\$ 0.66	\$ 0.42	\$ 0.59	
Earnings per share, diluted	\$ 0.23	\$ 0.46	\$ 0.38	\$ 0.22	\$ 0.43	\$ 0.65	\$ 0.41	\$ 0.57	

## 5 Business Strategy

### STRATEGIC PRIORITIES

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

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

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

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

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



#### Long-term Orientation

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



#### Growth

Attainable organic and inorganic growth available in the near-term



#### Innovation

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



#### Values and Differentiation

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

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

## 6 Financial and Capital Management

### 6.1 Cash flow

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

Historically, ISC has financed operations and met capital and finance expenditure requirements through cash provided from operating activities. The Company has also used borrowing to supplement cash generated from operations to finance acquisition activities. The Company believes that internally-generated cash flow, supplemented by additional borrowing that may be available to us through our existing Credit Facility, will be sufficient to meet cash requirements, capital expenditures, merger and acquisition activity, and anticipated dividend payments (refer to Note 16 in the December 31, 2022 Financial Statements, which are available on our website at [company.isc.ca](http://company.isc.ca) and in the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) for our existing Credit Facility). In connection with the Extension, ISC entered into the Amended and Restated Credit Agreement with its syndicate of lenders discussed further in section 6.3 "Debt".

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 September 30, 2023, the Company held \$21.4 million in cash compared to \$34.5 million as at December 31, 2022, a decrease of \$13.1 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$59.5 million (December 31, 2022 – \$39.6 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities.

### CONSOLIDATED FREE CASH FLOW & ADJUSTED FREE CASH FLOW

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Adjusted Free Cash Flow	\$ 14,444	\$ 11,357	\$ 36,795	\$ 35,395
Add (subtract):				
Share-based compensation (expense) recovery	(1,513)	(1,081)	24	697
Acquisition, integration, and other costs	(796)	(127)	(3,545)	(1,444)
Registry enhancement capital expenditures	(157)	-	(529)	-
Free cash flow <sup>2</sup>	\$ 11,978	\$ 10,149	\$ 32,745	\$ 34,648
Add (subtract):				
Cash additions to property, plant and equipment	71	183	250	411
Cash additions to intangible assets <sup>3</sup>	382	122	1,286	733
Interest received	(347)	(130)	(900)	(194)
Interest paid	2,498	949	4,693	1,740
Interest paid on lease obligations	88	107	277	302
Principal repayment on lease obligations	579	516	1,746	1,537
Net change in non-cash working capital <sup>1</sup>	(676)	3,162	(5,479)	(14,061)
Net cash flow provided by operating activities	\$ 14,573	\$ 15,058	\$ 34,618	\$ 25,116

<sup>1</sup> Refer to Note 16 of the Financial Statements for reconciliation.

<sup>2</sup> Commencing on January 1, 2023, ISC revised the definition of free cash flow which is a non-IFRS measure to include interest received and paid as well as principal repayments on lease obligations. This is further defined in section 8.8 "Non-IFRS financial measures", reconciled above and has been reflected in the comparative period. The impact of the change to free cash flow to include interest received and paid, interest paid on lease obligations and principal repayments on lease obligations on the previously stated prior year results was a \$1.4 million decrease for the three months ended September 30, 2022, and a decrease of \$3.4 million for the nine months ended September 30, 2022.

<sup>3</sup> During the third quarter of 2023, ISC entered into the Extension Agreement which resulted in the acquisition of an intangible asset related to the right to manage and operate the Saskatchewan Registries. While this material transaction has been excluded from the above free cash flow calculation, the asset has been presented in section 6.2 Capital expenditures.

Free cash flow increased to \$12.0 million for the third quarter of 2023 compared to \$10.1 million in the prior year quarter due to stronger results from operations during the current period driven by:

- Fee adjustments for the Saskatchewan Registries in Registry Operations that took effect on July 29, 2023.
- Continued customer and transaction growth in Services as we continue to support Regulatory Solutions' financial institution and auto finance customers as they perform enhanced due diligence resulting from the higher interest rate environment.
- Lower current income tax expense associated with current year earnings.

The stronger results of operations were offset by increased interest paid on debt obligations during the quarter due to a combination of higher interest rates and increased principal outstanding throughout the period.

Year-to-date, free cash flow was \$32.7 million, down from \$34.6 million in the prior year due to the reasons provided above for the quarter and offset by lower Land Registry revenue resulting from lower activity in the Saskatchewan real estate sector during the first six months of the year.

Adjusted free cash flow for the quarter was \$14.4 million, up 27 per cent compared to \$11.4 million in the third quarter of 2022 and was \$36.8 million year-to-date compared to \$35.4 million in the first nine months of 2022, an increase of 4 per cent. While certain items are excluded from adjusted free cash flow, including the commencement of registry enhancement work for Registry Operations required by the Extension Agreement, the explanation for the decrease from the prior year for both the quarter and year-to-date is consistent with the reasons cited for free cash flow, including reduced activity in the Saskatchewan real estate sector impacting Land Registry revenue primarily in the first six months of the year. This was more than offset by additional revenue from fee adjustments made in Registry Operations during the third quarter and continued strong operating results from Services.

The following table summarizes sources and uses of funds for the three and nine months ended September 30, 2023, and 2022:

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	<b>2023</b>	2022	<b>2023</b>	2022
Net cash flow provided by operating activities	\$ 14,573	\$ 15,058	\$ 34,618	\$ 25,116
Net cash flow used in investing activities	(153,036)	(172)	(154,292)	(55,056)
Net cash flow provided by (used in) financing activities	133,235	(9,246)	106,541	22,682
Effects of exchange rate changes on cash held in foreign currencies	63	160	45	61
(Decrease) increase in cash	\$ (5,165)	\$ 5,800	\$ (13,088)	\$ (7,197)
Cash, beginning of period	26,556	27,107	34,479	40,104
Cash, end of period	\$ 21,391	\$ 32,907	\$ 21,391	\$ 32,907

## NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

Net cash flow provided by operating activities was \$14.6 million for the quarter compared to cash provided of \$15.1 million for the same period last year. The decrease of \$0.5 million was due to a \$3.8 million reduction in cash from changes in non-cash working capital partially offset by the strength of Registry Operations and Services earnings. The change in non-cash working capital is primarily driven by non-cash working capital changes in accounts receivable due to higher revenue in the current year and timing of income tax payments partially offset by the growth of Registry Operations and Services earnings.

For the nine-month period ended September 30, 2023, cash provided by operating activities was \$34.6 million compared to \$25.1 million last year. This \$9.5 million variance is largely attributable to an \$8.6 million favourable net change in non-cash working capital resulting primarily from the following:

- \$6.0 million related to the timing of income tax payments which included the payment in 2022 of increased 2021 taxes due to strong 2021 results combined with increased instalment payments in 2022.

- \$2.0 million related to a decrease of prepaid expenses.
- \$0.6 million related to all other working capital items.

## NET CASH FLOW USED IN INVESTING ACTIVITIES

Net cash used in investing activities for the quarter was \$153.0 million compared to \$0.2 million in the same period last year. The increase was primarily attributable to the Upfront Payment which resulted in the acquisition of an intangible asset related to the right to manage and operate the Saskatchewan Registries.

Net cash used in investing activities for the year-to-date was \$154.3 million compared to \$55.1 million in the comparative period. The current year increase was primarily driven by the Upfront Payment required by the Extension Agreement compared to the purchase of Reamined Systems Inc. (“Reamined”) and the UPLlevel group of companies in the prior year.

## NET CASH FLOW USED IN FINANCING ACTIVITIES

Net cash flow provided by financing activities for the quarter was \$133.2 million, compared to cash used of \$9.2 million for the same period in 2022. This change was primarily the result of borrowings to fund the Upfront Payment offset by \$14.0 million in debt prepayments compared to \$5.0 million in prepayments in the comparative period.

Net cash flow provided by financing activities for the year-to-date was \$106.5 million compared to \$22.7 million for the same period in 2022, for a net increase of \$83.9 million cash provided by financing activities. Primary drivers of the increase were the following:

- Additional borrowings with respect to the Upfront Payment compared to \$40.0 million of borrowings in the prior year-to-date to finance the acquisition of Reamined.
- \$24.0 million increase in voluntary debt prepayments with year-to-date prepayments of \$29.0 million compared to \$5.0 million in the prior year.
- \$4.7 million in interest paid year-to-date compared to \$1.7 million in the prior year. Successive interest rate increases by the Bank of Canada, higher average debt balances associated with the Extension and higher interest rates compared to the prior year, all contributed to higher costs of servicing debt compared to the prior year.

## 6.2 Capital expenditures

Capital expenditures were \$277.5 million for the quarter, compared to \$0.7 million in the prior year and \$279.8 million year-to-date compared to \$1.9 million in the prior year, with the increases primarily resulting from ISC entering into the Extension Agreement. ISC has capitalized the contract service arrangement in accordance with IAS 38 whereby the payments pursuant to the Extension Agreement and directly attributable costs have been present valued and capitalized in accordance with IFRS and have been included in the capital expenditures for Registry Operations below. In both periods, the remainder of capital expenditures not related to the Extension Agreement were primarily related to system development work across our business segments.

(thousands of CAD)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Registry Operations <sup>1</sup>	\$ 277,131	\$ 376	\$ 278,383	\$ 725
Services	62	191	552	429
Technology Solutions	145	114	627	745
Corporate and other	178	-	196	-
<b>Total capital expenditures</b>	<b>\$ 277,516</b>	<b>\$ 681</b>	<b>\$ 279,758</b>	<b>\$ 1,899</b>

<sup>1</sup> Registry Operations includes consideration for Service concession arrangements.



## 6.3 Debt

At September 30, 2023, the Company's debt was \$187.2 million compared to \$66.0 million at December 31, 2022.

In connection with the Extension, ISC entered into the Amended and Restated Credit Agreement with its syndicate of lenders. The aggregate amount available under the Credit Facility has been increased from \$150.0 million to \$250.0 million and consists of ISC's existing \$150.0 million revolving credit facility together with a new \$100.0 million revolving credit facility. In addition, ISC maintains access to a \$100.0 million accordion option, providing the flexibility to upsize the aggregate revolving credit facility up to \$350.0 million. The Consolidated Net Funded Debt to EBITDA financial covenant has been increased to provide additional balance sheet flexibility to ISC. The expiry date of the Credit Facility of September 2026 remains unchanged. ISC funded the Upfront Payment and other related transaction costs for the Extension by drawing on the Credit Facility.

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

During the first nine months of 2023, the Company made voluntary prepayments of \$29.0 million (2022 – \$5.0 million) against its revolving credit facility to minimize interest expense. \$14.0 million (2022 – \$5.0 million) of the total voluntary prepayments was made in the quarter ended September 30, 2023. In the comparable year-to-date period last year, the Company borrowed \$40.0 million to finance the acquisition of Reamined offset by \$5.0 million of debt prepayments.

The Company is focused on continuing sustainable growth and rapidly deleveraging its balance sheet towards a long-term net leverage target of 2.0x – 2.5x. The prepayments described above are in support of the deleveraging plans.

For further information on our Credit Facility, refer to Note 16 in the December 31, 2022, Financial Statements and Note 9 in the September 30, 2023, Financial Statements which are available on our website at [company.isc.ca](http://company.isc.ca) and in the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and our news release dated July 5, 2023.

## 6.4 Total assets

Total assets were \$537.8 million at September 30, 2023, compared to \$283.5 million at December 31, 2022. Total assets increased during the first nine months of the year largely as a result of the acquisition of the \$277.6 million intangible asset associated with the right to manage and operate the Saskatchewan Registries in connection with the signing of the Extension Agreement.

(thousands of CAD)	Registry Operations	Services	Technology Solutions	Corporate and other	As at September 30, 2023
Total assets excluding intangibles, goodwill and cash	\$ 23,901	\$ 16,200	\$ 4,666	\$ 13,606	\$ 58,373
Intangibles	306,664	44,760	4,586	794	356,804
Goodwill	21,098	71,537	8,563	-	101,198
Cash	-	-	-	21,391	21,391
<b>Total assets</b>	<b>\$ 351,663</b>	<b>\$ 132,497</b>	<b>\$ 17,815</b>	<b>\$ 35,791</b>	<b>\$ 537,766</b>

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

## 6.5 Working capital

Between December 31, 2022 and September 30, 2023, working capital decreased by \$29.2 million largely driven by the impact of the Extension.

(thousands of CAD)	As at September 30, 2023	As at December 31, 2022
Current assets	\$ 47,906	\$ 57,216
Current liabilities	(59,529)	(39,626)
Working capital	\$ (11,623)	\$ 17,590

The main drivers of the \$29.2 million decrease in working capital compared to December 31, 2022, are as follows:

(thousands of CAD)		
Cash additions to intangible assets pursuant to the Extension Agreement	\$	(153,430)
Portion financed with long-term debt		150,684
Subtotal		(2,746)
Free cash flow for the first nine months of 2023		32,745
Financing and other items:		
Repayment of long-term debt		(29,000)
Dividends paid		(12,214)
Stock options exercised		4,379
Addition of vendor concession liability – current portion		(20,392)
All other		(1,985)
Total change in working capital	\$	(29,213)

## 6.6 Outstanding share data

The number of issued and outstanding Class A Shares as at September 30, 2023, was 18,004,641 and the number of issued and outstanding share options as of September 30, 2023, was 1,005,198. As of November 7, 2023, the date of filing, the number of issued and outstanding Class A Shares was 18,004,641 and the number of issued and outstanding share options was 1,005,198.

## 6.7 Common share dividend

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

# 7 Business Risks

## 7.1 Financial instruments and financial risks

Financial instruments held in the normal course of business included in our consolidated statements of financial position as at September 30, 2023, consist of cash, trade and other receivables, accounts payable and accrued liabilities excluding share-based accrued liabilities, vendor concession liability 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 13 of the Financial Statements for information pertaining to financial instruments and related risk management.

## 7.2 Business risks and risk management

ISC faces certain risks that can impact its business and its financial and operational performance. For the information on the risk management approach, business risks and risk management, refer to the Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2022, which are available

on the Company's website at [company.isc.ca](http://company.isc.ca) and in the Company's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The main risks and uncertainties that could affect our future business results and associated risk mitigation activities have not materially changed since the release of our Management's Discussion and Analysis for the year ended December 31, 2022.

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

## 8 Accounting Policies, Financial Measures and Controls

### 8.1 Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as at September 30, 2023.

### 8.2 Related party transactions

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

### 8.3 Critical accounting estimates

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

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

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

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

### 8.4 Changes in accounting policies

The Company adopted the Amendments to IAS 1 requiring entities to disclose material, instead of significant, accounting policy information that was effective for the interim and annual consolidated financial statements commencing January 1, 2023. The adoption of this standard has not had a material impact on our financial results. For details on other future accounting policy changes, refer to section 8.4 "Changes in accounting policies" of our December 31, 2022 MD&A included in our 2022 Annual Report. We are continuing to evaluate the impact of standards that are effective for us after Fiscal 2023.

### 8.5 Financial measures and key performance indicators

Revenue, expenses and net income are key performance indicators the Company uses to manage its business and evaluate its financial results and operating performance. In addition to these results, which are reported in accordance with IFRS, certain non-IFRS measures are supplemental indicators of operating performance and financial position as well as used 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 adjusted net income, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow and adjusted free cash flow. Refer to section 8.8 "Non-IFRS financial measures".

## 8.6 Internal controls over financial reporting

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

No changes in our internal controls over financial reporting that have occurred during the three and nine-month period ended September 30, 2023, have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

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

## 8.7 Disclosure controls and procedures

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

## 8.8 Non-IFRS financial measures

This MD&A includes certain measures that have not been prepared in accordance with IFRS, such as adjusted net income, adjusted earnings per share, basic, adjusted earnings per share, diluted, EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, free cash flow and adjusted free cash flow. 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 future capital expenditure and working capital requirements.

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

Non-IFRS Performance Measure	Why we use it	How we calculate it	Most comparable IFRS financial measure
Adjusted net income	<ul style="list-style-type: none"> <li>To evaluate performance and profitability while excluding non-operational and share-based volatility.</li> <li>We believe that certain investors and analysts will use adjusted net income and adjusted earnings per share to evaluate performance while excluding items that management believes do not contribute to our ongoing operations.</li> </ul>	Adjusted net income;	Net income
Adjusted earnings per share, basic		Net income	Earnings per share, basic
Adjusted earnings per share, diluted		Add	Earnings per share, diluted
		Share-based compensation expense, acquisitions, integration and other costs, effective interest component of interest expense, debt finance costs expensed to professional and consulting, amortization of the intangible asset associated with the right to manage and operate the Saskatchewan Registries, amortization of	

		<p>registry enhancements, interest on the vendor concession liability and the tax effect of these adjustments at ISC's statutory tax rate.</p> <p>Adjusted earnings per share, basic;</p> <p>Adjusted net income divided by weighted average number of common shares outstanding</p> <p>Adjusted earnings per share, diluted;</p> <p>Adjusted net income divided by diluted weighted average number of common shares outstanding</p>	
<p>EBITDA</p> <p>EBITDA margin</p>	<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> </ul>	<p>EBITDA:</p> <p>Net income</p> <p>add (remove)</p> <p>Depreciation and amortization, net finance expense, income tax expense</p> <p>EBITDA margin:</p> <p>EBITDA</p> <p>divided by</p> <p>Total revenue</p>	<p>Net income</p>
<p>Adjusted EBITDA</p> <p>Adjusted EBITDA margin</p>	<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> <li>Adjusted EBITDA is also used as a component of determining short-term incentive compensation for employees.</li> </ul>	<p>Adjusted EBITDA:</p> <p>EBITDA</p> <p>add (remove)</p> <p>share-based compensation expense, acquisition, integration and other costs, gain/loss on disposal of assets if significant</p> <p>Adjusted EBITDA margin:</p> <p>Adjusted EBITDA</p> <p>divided by</p> <p>Total revenue</p>	<p>Net income</p>
<p>Free cash flow</p>	<ul style="list-style-type: none"> <li>To show cash available for debt repayment and reinvestment into the Company on a levered basis.</li> <li>We believe that certain investors and analysts use this measure to value a business and its underlying assets.</li> </ul>	<p>Net cash flow provided by operating activities</p> <p>deduct (add)</p> <p>Net change in non-cash working capital, cash additions</p>	<p>Net cash flow provided by operating activities</p>

	<ul style="list-style-type: none"> <li>Free cash flow is also used as a component of determining short-term incentive compensation for employees.</li> </ul>	to property, plant and equipment, cash additions to intangible assets, interest received and paid as well as interest paid on lease obligations and principal repayments on lease obligations	
Adjusted free cash flow	<ul style="list-style-type: none"> <li>To show cash available for debt repayment and reinvestment into the Company on a levered basis from continuing operations while excluding non-operational and share-based volatility.</li> <li>We believe that certain investors and analysts use this measure to value a business and its underlying assets based on continuing operations while excluding short term non-operational items.</li> </ul>	Free cash flow deduct (add) Share-based compensation expense, acquisition, integration and other costs and registry enhancement capital expenditures	Net cash flow provided by operating activities

## 8.9 Non-IFRS financial measures definition

Adjusted net income is defined as net income adjusted for share-based compensation expense or income, acquisition, integration and other costs, the effective interest component of interest expense, amortization of the intangible asset associated with the right to manage and operate the Saskatchewan Registries and amortization of registry enhancement capital expenditures, interest on the vendor concession liability and the tax effect of these adjustments at ISC's statutory tax rate. We believe this measure provides useful information to evaluate earnings while excluding non-operational and share-based volatility.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization expense. Adjusted EBITDA adjusts EBITDA for share-based compensation expense or income, transactional gains or losses on assets, asset impairment charges, and acquisition, integration and other costs. These measures, in addition to net income and income from operations, remove fluctuations caused by the above adjustments. EBITDA margin and adjusted EBITDA margin are calculated as a percentage of overall revenue.

Free cash flow is used as a financial measure of liquidity and financial strength. Adjusting for the swings in non-cash working capital items due to seasonality or other timing issues, cash additions to property, plant and equipment and intangible assets, as well as interest received and paid including interest paid on lease obligations and principal repayments on lease obligations, free cash flow assists in the long-term assessment of liquidity and financial strength. Adjusted free cash flow adjusts for share-based compensation expense or recovery, acquisition, integration and other costs and registry enhancement capital expenditures. Adjusted free cash flow does not represent residual cash flow available for discretionary expenditures.