ISC

November 6, 2019

2019 Unaudited Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2019

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Information Services Corporation

Condensed Consolidated Statements of Financial Position

As At (thousands of CAD dollars, unaudited)	Note		September 30, 2019		December 31, 2018 (restated*)		January 1, 2018 (restated*)
Assets							
Current assets							
Cash		**$**	**19,263**	$	28,651	$	31,265
Short-term investments			**550**		448		301
Trade and other receivables	3		**12,237**		8,964		7,510
Contract assets	4		**1,821**		1,414		-
Income tax recoverable			**943**		5		-
Prepaid expenses			**1,736**		2,091		1,913
Total current assets			**36,550**		41,573		40,989
Non-current assets							
Property, plant and equipment	6		**3,113**		3,795		4,504
Right-of-use assets	7		**9,781**		11,558		10,308
Intangible assets	8		**41,796**		40,704		47,022
Goodwill	9		**45,493**		44,310		44,473
Deferred tax asset	12		**30,423**		31,742		34,992
Total non-current assets			**130,606**		132,109		141,299
Total assets		**$**	**167,156**	$	173,682	$	182,288
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities	10	**$**	**16,691**	$	17,118	$	16,522
Contract liabilities	11		**2,201**		2,599		1,407
Income tax payable	12		**235**		2,561		3,223
Lease obligations	13		**1,777**		1,778		1,859
Contingent consideration	25		**-**		2,322		-
Long-term debt – current portion	15		**2,000**		2,000		1,500
Provisions	16		**803**		-		-
Total current liabilities			**23,707**		28,378		24,511
Non-current liabilities							
Lease obligations	13		**9,092**		10,457		9,081
Contingent consideration			**-**		-		15,723
Deferred tax liability	12		**7,545**		7,963		9,407
Long-term debt	15		**16,500**		18,000		20,060
Total non-current liabilities			**33,137**		36,420		54,271
Shareholders' equity							
Share capital	19		**19,955**		19,955		19,955
Equity settled employee benefit reserve	14		**2,072**		1,687		1,070
Accumulated other comprehensive income			**4**		514		390
Retained earnings			**88,281**		86,728		82,091
Total shareholders' equity			**110,312**		108,884		103,506
Total liabilities and shareholders' equity		**$**	**167,156**	$	173,682	$	182,288

**See Note 2*

See Note 25 for Commitments and Contingencies

See accompanying Notes

Condensed Consolidated Statements of Comprehensive Income

(thousands of CAD dollars, unaudited)	Note	Three Months Ended September 30, **2019**	Three Months Ended September 30, 2018 (restated*)	Nine Months Ended September 30, **2019**	Nine Months Ended September 30, 2018 (restated*)
Revenue	21	**$ 32,175**	$ 30,186	**$ 95,026**	$ 88,116
Expenses					
Wages and salaries		**10,589**	9,028	**30,110**	27,586
Cost of goods sold		**7,881**	6,395	**22,935**	18,051
Depreciation and amortization	6, 7, 8	**3,291**	2,885	**8,704**	8,624
Information technology services		**2,237**	2,057	**6,247**	6,140
Occupancy costs		**1,072**	759	**2,698**	2,510
Professional and consulting services		**899**	1,481	**2,930**	3,823
Financial services		**383**	525	**1,676**	1,718
Other		**536**	558	**1,734**	2,010
Total expenses		**26,888**	23,688	**77,034**	70,462
Net income before items noted below		**5,287**	6,498	**17,992**	17,654
Finance income (expense)					
Interest income		**64**	117	**212**	299
Interest expense		**(486)**	306	**(1,170)**	(918)
Net finance (expense) income		**(422)**	423	**(958)**	(619)
Change in contingent consideration	25	**-**	2,762	**-**	3,762
Income before tax		**4,865**	9,683	**17,034**	20,797
Income tax expense	12	**(1,607)**	(1,921)	**(4,981)**	(5,318)
Net income		**$ 3,258**	$ 7,762	**$ 12,053**	$ 15,479
Other comprehensive income (loss)					
Items that may be subsequently reclassified to net income					
Unrealized loss on translation of financial statements of foreign operations		**(263)**	(129)	**(616)**	(16)
Change in fair value of marketable securities, net of tax		**130**	(30)	**106**	(71)
Other comprehensive (loss) for the period		**(133)**	(159)	**(510)**	(87)
Total comprehensive income		**$ 3,125**	$ 7,603	**$ 11,543**	$ 15,392
Earnings per share ($ per share)					
Total, basic	18	**$ 0.19**	$ 0.44	**$ 0.69**	$ 0.88
Total, diluted	18	**$ 0.19**	$ 0.44	**$ 0.69**	$ 0.88

**See Note 2*

See accompanying Notes

Condensed Consolidated Statements of Changes in Equity

(thousands of CAD dollars, unaudited)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive Income	Equity Reserve	Total
Balance at January 1, 2018, as audited		$ 82,556	$ 19,955	$ 390	$ 1,070	$ 103,971
Impact of IFRS 16		(465)	-	-	-	(465)
Restated balance at January 1, 2018		82,091	19,955	390	1,070	103,506
Restated net income for the period		15,479	-	-	-	15,479
Other comprehensive loss		-	-	(87)	-	(87)
Stock option expense	14	-	-	-	451	451
Dividend declared		(10,500)	-	-	-	(10,500)
Restated balance at September 30, 2018		$ 87,070	$ 19,955	$ 303	$ 1,521	$ 108,849
Balance at January 1, 2019		**$ 87,227**	**$ 19,955**	**$ 514**	**$ 1,687**	**$ 109,383**
Impact of IFRS 16		**(499)**	**-**	**-**	**-**	**(499)**
Restated balance at January 1, 2019		**86,728**	**19,955**	**514**	**1,687**	**108,884**
Net income		**12,053**	**-**	**-**	**-**	**12,053**
Other comprehensive loss		**-**	**-**	**(510)**	**-**	**(510)**
Stock option expense	14	**-**	**-**	**-**	**385**	**385**
Dividend declared		**(10,500)**	**-**	**-**	**-**	**(10,500)**
Balance at September 30, 2019		**$ 88,281**	**$ 19,955**	**$ 4**	**$ 2,072**	**$ 110,312**

See accompanying Notes

Information Services Corporation

Condensed Consolidated Statements of Cash Flows

(thousands of CAD dollars, unaudited)	Note	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018 (restated**)	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018 (restated**)
Operating					
Net income		**$ 3,258**	$ 7,762	**$ 12,053**	$ 15,479
Add: Charges not affecting cash					
Depreciation	6, 7	**1,333**	723	**2,959**	2,252
Amortization	8	**1,958**	2,162	**5,745**	6,372
Foreign exchange loss (gain)		**(34)**	47	**(69)**	62
Deferred tax expense recognized in net income		**364**	485	**918**	1,586
(Gain) loss on disposal of property, plant and equipment		**(1)**	55	**(1)**	55
Recovery of MARS* project expenses	8	**-**	-	**-**	19
Net finance expense (income)		**422**	(423)	**958**	619
Stock option expense	14	**89**	178	**385**	451
Change in contingent consideration		**-**	(2,762)	**-**	(3,762)
Net change in non-cash working capital	24	**(1,740)**	2,572	**(8,798)**	(1,553)
Net cash flow provided by operating activities		**5,649**	10,799	**14,150**	21,580
Investing					
Interest received		**64**	117	**212**	299
Short-term investments		**-**	-	**-**	(250)
Cash received on disposal of property, plant and equipment		**3**	-	**3**	-
Additions to property, plant and equipment		**(300)**	(83)	**(538)**	(216)
Additions to intangible assets		**(493)**	(582)	**(1,964)**	(1,434)
Acquisition through business combination	23	**-**	-	**(6,768)**	-
Net cash flow used in investing activities		**(726)**	(548)	**(9,055)**	(1,601)
Financing					
Interest paid		**(278)**	(130)	**(633)**	(594)
Interest paid on right-of-use assets		**(119)**	(97)	**(370)**	(306)
Principal payments on lease obligations		**(444)**	(464)	**(1,320)**	(1,394)
Repayment of long-term debt		**(500)**	(375)	**(1,500)**	(1,125)
Dividend paid		**(3,500)**	(3,500)	**(10,500)**	(10,500)
Net cash flow used in financing activities		**(4,841)**	(4,566)	**(14,323)**	(13,919)
Effects of exchange rate changes on cash held in foreign currencies		**(20)**	(13)	**(160)**	(21)
Increase (decrease) in cash		**62**	5,672	**(9,388)**	6,039
Cash, beginning of period		**19,201**	31,632	**28,651**	31,265
Cash, end of period		**$ 19,263**	$ 37,304	**$ 19,263**	$ 37,304

**Mineral Administration Registry Saskatchewan*
***See Note 2*
See accompanying Notes

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1 Nature of the Business

Information Services Corporation is the parent company of its subsidiary group (collectively, the "Company", or "ISC") and is a Canadian corporation with its Class A Limited Voting Shares ("Class A Shares") listed on the Toronto Stock Exchange ("TSX") under the symbol ISV. The head and registered office of the Company is 300 - 10 Research Drive, Regina, Saskatchewan, S4S 7J7. The Company is a provider of registry and information management services for public data and records. The Company has regional service centres across Saskatchewan and has offices in Regina, SK, Toronto, ON, Montreal, QC, Vernon, BC, and Dublin, Ireland. ISC has three reportable segments: Registry Operations, Services and Technology Solutions. A functional summary of these segments is as follows:

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

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

As at September 30, 2019, ISC's principal revenue generating segments were Registry Operations and Services.

2 Basis of Presentation

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 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"). Therefore, they do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the year-end financial statements for the Company for the year ended December 31, 2018, as described in Note 3 of the December 31, 2018, consolidated financial statements, except for the impact of the adoption of new policies and the standards and interpretations as described below in the changes in accounting policy section. The significant estimates and assumptions in determining the value of assets and liabilities and the significant judgments in applying accounting policies are the same as those applied in the Company's consolidated financial statements for the year ended December 31, 2018. The unaudited condensed consolidated interim financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows.

These unaudited condensed consolidated interim financial statements were authorized by the Audit Committee of the ISC Board of Directors ("Board") for issue on November 6, 2019.

Basis of measurement

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

Functional and presentation currency

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars ("CAD"), which is the functional currency of the parent company.

Basis of consolidation

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

Use of estimates and judgments

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

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

Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment (Note 6);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 8) and goodwill (Note 9);
- the recoverability of deferred tax assets (Note 12); and
- the amount and timing of revenue from contracts from customers (Note 21) and the associated carrying value of assets recognized from the costs incurred to fulfil the contracts (Note 4).

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions.

Leases

On January 1, 2019, the Company adopted IFRS 16 — *Leases* ("IFRS 16") using the full retrospective method and therefore the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. IFRS 16 supersedes previous accounting standards for leases, including IAS 17 — *Leases* ("IAS 17").

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. The Company, as a lessee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. There are recognition exemptions for short-term leases and leases of low-value items.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under the residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

In situations where the lease liability is remeasured, the incremental amount of the remeasurement is also reflected as an adjustment to the right-of-use asset. However, if the carrying amount of the right-or-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement is recognized in profit or loss.

Reconciliation of condensed consolidated interim statements of income for the three and nine months ended September 30, 2018

Below is the effect of transition to IFRS 16 on our condensed consolidated interim statements of income for the three and nine months ended September 30, 2018.

	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
(thousands of CAD dollars, unaudited)	As previously reported	Adjustments	Restated	As previously reported	Adjustments	Restated
Revenue	**$ 30,186**	$ -	**$ 30,186**	**$ 88,116**	$ -	**$ 88,116**
Total expenses excluding depreciation and amortization	21,364	(561)	20,803	63,538	(1,700)	61,838
Depreciation and amortization	2,411	474	2,885	7,189	1,435	8,624
Total expenses	**23,755**	**(87)**	**23,688**	**70,727**	**(265)**	**70,462**
Net income before items noted below	6,411	87	6,498	17,389	265	17,654
Net finance (expense)	520	(97)	423	(313)	(306)	(619)
Change in contingent consideration	2,762	-	2,762	3,762	-	3,762
Income before tax	**9,693**	**(10)**	**9,683**	**20,838**	**(41)**	**20,797**
Income tax expense	(1,921)	-	(1,921)	(5,319)	1	(5,318)
Net income	**$ 7,772**	**$ (10)**	**$ 7,762**	**$ 15,519**	**$ (40)**	**$ 15,479**

Reconciliation of condensed consolidated statements of financial position as at January 1, 2018 and December 31, 2018

Below is the effect of transition to IFRS 16 on our condensed consolidated statements of financial position as at January 1, 2018 and December 31, 2018.

(thousands of CAD dollars, unaudited)	As at January 1, 2018 As previously reported	Adjustments	Restated	As at December 31, 2018 As previously reported	Adjustments	Restated
Assets						
Right-of-use assets	$ -	$ 10,308	$ 10,308	$ -	$ 11,558	$ 11,558
Deferred tax asset	34,837	155	34,992	31,580	162	31,742
Other current and non-current assets	136,988	-	136,988	130,382	-	130,382
Total assets	$ 171,825	$ 10,463	$ 182,288	$ 161,962	$ 11,720	$ 173,682
Liabilities						
Current portion of lease obligations	$ -	$ 1,859	$ 1,859	$ -	1,778	$ 1,778
Lease obligations	-	9,081	9,081	-	10,457	10,457
Deferred tax liability	9,419	(12)	9,407	7,979	(16)	7,963
Other current and non-current liabilities	58,435	-	58,435	44,600	-	44,600
Total current and non-current liabilities	67,854	10,928	78,782	52,579	12,219	64,798
Shareholders' equity						
Share capital	19,955	-	19,955	19,955	-	19,955
Equity settled employee benefit reserve	1,070	-	1,070	1,687	-	1,687
Accumulated other comprehensive income	390	-	390	514	-	514
Retained earnings	82,556	(465)	82,091	87,227	(499)	86,728
Total shareholders' equity	103,971	(465)	103,506	109,383	(499)	108,884
Total liabilities and shareholders' equity	$ 171,825	$ 10,463	$ 182,288	$ 161,962	$ 11,720	$ 173,682

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at management's best estimate of the expenditure to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is significant.

3 Trade and Other Receivables

The components of trade and other receivables are as follows:

(thousands of CAD dollars)	September 30, 2019	December 31, 2018
Trade receivables	**$ 11,457**	$ 7,884
GST/HST/VAT receivables	**74**	353
Other	**706**	727
Total trade and other receivables	**$ 12,237**	$ 8,964

4 Contract Assets

The components of contract assets are as follows:

(thousands of CAD dollars)	September 30, 2019	December 31, 2018
Unbilled revenue	**$ 2**	$ 636
Contract fulfilment costs	**1,819**	778
Total contract assets	**$ 1,821**	$ 1,414

Unbilled revenue is uninvoiced amounts due from customers under Technology Solutions contracts that arise when the Company meets performance-related milestones. At the point the Company invoices the amounts, they are reclassified into trade receivables.

Contract fulfilment costs are costs the Company incurs related to the fulfilment of Technology Solutions contracts but prior to reaching a performance milestone. Once the performance milestone is achieved, these costs, along with the associated revenue, will be recognized in the consolidated statements of comprehensive income.

The Company does not have any contract acquisition costs at the end of the reporting period and did not recognize any amortization of contract acquisition costs during the period (2018 — nil).

There were no impairment losses recognized on any contract asset during the reporting period (2018 — nil).

5 Seasonality

Our Registry Operations segment experiences moderate seasonality, primarily because Saskatchewan Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest. In our Services segment, our core legal and financial services revenue is fairly diversified and has little seasonality; rather, it fluctuates in line with the general economic drivers. Our collateral management product line experiences seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the second and fourth quarters. Our Technology Solutions segment does not experience seasonality but can fluctuate due to the timing of project related revenue. The balance of our corporate activities and shared services functions, reported under Corporate and other, do not experience seasonality. Expenses are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related or acquisition activities.

6 Property, Plant and Equipment

(thousands of CAD dollars)	Leasehold Improvements	Office Furniture	Office Equipment	Hardware	Assets Under Development	Total
Cost						
Balance at December 31, 2017	$ 10,828	$ 3,214	$ 195	$ 2,628	$ 65	$ 16,930
Additions	24	69	4	217	234	548
Disposals	(616)	(2)	(6)	(188)	-	(812)
Transfers	134	-	4	162	(300)	-
Foreign exchange adjustments	-	1	-	6	1	8
Balance at December 31, 2018	$ 10,370	$ 3,282	$ 197	$ 2,825	$ -	$ 16,674
Acquired assets	-	11	-	12	-	23
Additions	-	6	-	38	494	538
Disposals	(43)	(23)	-	(270)	-	(336)
Transfers	-	24	-	351	(375)	-
Foreign exchange adjustments	(3)	(4)	-	(17)	-	(24)
Balance at September 30, 2019	**$ 10,324**	**$ 3,296**	**$ 197**	**$ 2,939**	**$ 119**	**$ 16,875**
Accumulated depreciation						
Balance at December 31, 2017	$ 7,298	$ 2,739	$ 136	$ 2,253	$ -	$ 12,426
Depreciation	786	148	21	227	-	1,182
Disposals	(536)	(1)	(7)	(187)	-	(731)
Foreign exchange adjustments	-	-	-	2	-	2
Balance at December 31, 2018	$ 7,548	$ 2,886	$ 150	$ 2,295	$ -	$ 12,879
Depreciation	469	154	16	219	-	858
Impairment[1]	368	-	-	-	-	368
Disposals	(43)	(23)	-	(269)	-	(335)
Foreign exchange adjustments	-	(1)	-	(7)	-	(8)
Balance at September 30, 2019	**$ 8,342**	**$ 3,016**	**$ 166**	**$ 2,238**	**$ -**	**$ 13,762**
Carrying value						
At December 31, 2018	$ 2,822	$ 396	$ 47	$ 530	$ -	$ 3,795
At September 30, 2019	**$ 1,982**	**$ 280**	**$ 31**	**$ 701**	**$ 119**	**$ 3,113**

[1] Impairment– see Note 16.

7 Right-of-use Assets

(thousands of CAD dollars)		Property and Equipment[1]
Cost		
Balance at January 1, 2018	$	14,820
Additions		3,124
Disposals		(276)
Foreign exchange adjustments		40
Balance at December 31, 2018	$	17,708
Additions		17
Disposals		(527)
Foreign exchange adjustments		(87)
Balance at September 30, 2019	**$**	**17,111**
Accumulated depreciation		
Balance at January 1, 2018	$	4,512
Depreciation		1,908
Disposals		(276)
Foreign exchange adjustments		6
Balance at December 31, 2018	$	6,150
Depreciation		1,560
Impairment[2]		173
Disposals		(527)
Foreign exchange adjustments		(26)
Balance at September 30, 2019	**$**	**7,330**
Carrying value		
At December 31, 2018	$	11,558
At September 30, 2019	**$**	**9,781**

[1] The Company's right-of-use assets consist primarily of property leases associated with the lease of office space. Equipment leases include one lease with a carrying value less than $25 thousand (2018 - $1 thousand).

[2] Impairment– see Note 16.

8 Intangible Assets

(thousands of CAD dollars)	Internal Use Software - Acquired	Internal Use Software - Internally Developed	Business Solutions - Acquired	Business Solutions - Internally Developed	Brand, Non-Compete, Other	Contracts, Customer & Partner Relation-ships	Assets Under Develop-ment	Total
Cost								
Balance at December 31, 2017	$ 25,793	$ 77,346	$ 2,113	$ 1,867	$ 2,257	$ 27,312	$ 1,880	$ 138,568
Additions	325	-	-	-	-	-	1,902	2,227
Disposals	(283)	(209)	-	-	-	-	-	(492)
Transfers	-	-	-	2,317	-	-	(2,317)	-
Foreign exchange adjustments	-	-	77	59	22	27	7	192
Balance at December 31, 2018	$ 25,835	$ 77,137	$ 2,190	$ 4,243	$ 2,279	$ 27,339	$ 1,472	$ 140,495
Acquired assets	4,051	-	-	-	176	1,001	-	5,228
Additions	357	-	-	-	-	-	1,607	1,964
Disposals	-	-	-	-	-	-	-	-
Transfers	102	-	-	1,307	-	-	(1,409)	-
Foreign exchange adjustments	-	-	(170)	(131)	(49)	(60)	(55)	(465)
Balance at September 30, 2019	**$ 30,345**	**$ 77,137**	**$ 2,020**	**$ 5,419**	**$ 2,406**	**$ 28,280**	**$ 1,615**	**$ 147,222**
Accumulated Depreciation								
Balance at December 31, 2017	$ 10,368	$ 76,241	$ 288	$ 1,598	$ 554	$ 2,497	$ -	$ 91,546
Amortization	4,131	476	319	455	631	2,673	-	8,685
Disposals	(283)	(209)	-	-	-	-	-	(492)
Recovery of MARS* expenses	-	-	-	19	-	-	-	19
Foreign exchange adjustments	-	-	17	2	9	5	-	33
Balance at December 31, 2018	$ 14,216	$ 76,508	$ 624	$ 2,074	$ 1,194	$ 5,175	$ -	$ 99,791
Amortization	2,505	242	233	502	212	2,051	-	5,745
Disposals	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-	-	(56)	(12)	(27)	(15)	-	(110)
Balance at September 30, 2019	**$ 16,721**	**$ 76,750**	**$ 801**	**$ 2,564**	**$ 1,379**	**$ 7,211**	**$ -**	**$ 105,426**
Carrying Value								
At December 31, 2018	$ 11,619	$ 629	$ 1,566	$ 2,169	$ 1,085	$ 22,164	$ 1,472	$ 40,704
At September 30, 2019	**$ 13,624**	**$ 387**	**$ 1,219**	**$ 2,855**	**$ 1,027**	**$ 21,069**	**$ 1,615**	**$ 41,796**

*Mineral Administration Registry Saskatchewan

9 Goodwill

The components of goodwill are as follows:

(thousands of CAD dollars)	**September 30, 2019**	December 31, 2018
Balance, beginning of the period	**$ 44,310**	$ 44,473
Additions (Note 23)	**1,517**	-
Purchase price adjustment relating to prior year acquisition	**-**	(315)
Foreign exchange adjustment	**(334)**	152
Balance, end of period	**$ 45,493**	$ 44,310

10 Accounts Payable and Accrued Liabilities

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

(thousands of CAD dollars)	**September 30, 2019**	December 31, 2018
Trade payables	**$ 777**	$ 1,349
Accrued liabilities	**8,839**	8,506
Customer deposits	**3,575**	3,763
Dividend payable	**3,500**	3,500
Total accounts payable and accrued liabilities	**$ 16,691**	$ 17,118

11 Contract Liabilities

The components of contract liabilities are as follows:

(thousands of CAD dollars)	**September 30, 2019**	December 31, 2018
Amounts received in advance of Registry Operations transaction, maintenance and support contracts (i)	**$ 527**	$ 322
Amounts received in advance of Technology Solutions support and delivery contracts (ii)	**1,674**	2,277
Total contract liabilities	**$ 2,201**	$ 2,599

(i) Revenue that relates to Registry Operations transactions is recognized at a point in time. Revenue that relates to Registry Operations maintenance and support contracts is recognized over time. A contract liability is recognized for payments received from end-use customers in advance of services being provided and is recognized into revenue either at the point in time the service is rendered or over the service period.

(ii) Revenue that relates to Technology Solutions contracts is recognized over time as the performance obligations in the contract are achieved. These obligations may be based on a time period or on performance-based milestones identified in the contract. A contract liability is recognized for payments received from customers in advance and is recognized into revenue either over the service period or when performance milestones are achieved.

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(thousands of CAD dollars)	**2019**	2018	**2019**	2018
Registry Operations transaction, maintenance and support contracts	**$ 19**	$ 12	**$ 316**	$ 237
Technology Solutions support and delivery contracts	**63**	145	**970**	398
Total revenue recognized that was included in the balance at the beginning of the period	**$ 82**	$ 157	**$ 1,286**	$ 635

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

12 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2018 — 27.0 per cent).

(thousands of CAD dollars)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018 (restated*)	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018 (restated*)
Current tax expense	**$ 1,243**	$ 1,436	**$ 4,063**	$ 3,732
Deferred tax expense	**364**	485	**918**	1,586
Income tax expense	**$ 1,607**	$ 1,921	**$ 4,981**	$ 5,318

**See Note 2*

No deferred tax has been recognized in respect of $1.6 million of tax losses related to ERS. The tax asset will be recognized as sufficient future taxable profits are earned. These losses do not expire.

13 Lease Obligations

(thousands of CAD dollars)	**Property and equipment[1]**
Balance at January 1, 2018	$ 10,940
Additions	-
Interest expense for the period	399
Effect of modification to lease terms	3,124
Lease payments	(2,262)
Foreign exchange adjustments	34
Balance at December 31, 2018	$ 12,235
Additions	24
Interest expense for the period[2]	370
Effect of moderation to lease term	(10)
Lease payments[2]	(1,690)
Foreign exchange adjustments	(60)
Balance at September 30, 2019	**$ 10,869**

[1] The Company's lease obligations consist primarily of property leases associated with the lease of office space. Equipment leases include one lease with a carrying value of less than $25 thousand (2018 - $1 thousand).

[2] Lease payments net of interest expense represents the principal portion of lease payments reflected on the condensed consolidated interim statements of cash flows.

Expenses for short-term leases and leases of low-dollar value items are not material. There are no variable lease payments which are not included in the measurement of lease obligations. All extension options have been included in the measurement of lease obligations.

The following table presents the contractual undiscounted cash flows for lease obligations as at September 30, 2019:

(thousands of CAD dollars)	Total undiscounted lease obligations
2019	$ 563
2020	2,226
2021	2,287
2022	1,756
2023	1,625
Thereafter	4,274
Total commitments	$ 12,731

14 Share-Based Compensation Plans

Performance share unit ("PSU") and Share appreciation rights ("SAR") plan

On May 15, 2019, the Company established a new long-term incentive program utilizing PSUs and SARs to support alignment of long-term incentives with the achievement of the Company's strategic plan.

Under the plan, the Board may award PSUs and SARs at its discretion in accordance with the established terms of the plan. PSU awards vest at the end of the specified vesting period if the performance conditions in the grant agreement are met. SAR awards vest and become exercisable at a rate of 25 per cent on each anniversary of the grant date beginning with the first anniversary, unless an alternate vesting schedule is specified by the Board at the time of the award.

PSUs earn dividend equivalent units in the form of additional PSUs at the same rate as dividends on Class A Shares. The cash redemption value of the PSUs is equivalent to the market value of the Class A Shares when redemption takes place multiplied by a multiplier based on the grant agreement and the performance against the performance conditions as specified. The maximum PSU payout multiplier is 150 per cent.

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

On the settlement date, the Company delivers to each participant a cash payment equal to the redemption value of the PSUs or SARs. As of September 30, 2019, no SARs or PSUs have been awarded.

Deferred share unit ("DSU") plan

A summary of the status of the DSU plan and the changes within the nine months ended September 30, 2019, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2018	72,114.15	$ 17.44
DSUs granted during the period	-	-
DSUs credited as a result of cash dividends paid	2,639.00	16.24
Balance at September 30, 2019	**74,753.15**	**$ 17.39**

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

Share-based compensation expense for the three months ended September 30, 2019, was nil (2018 — $118 thousand) and for the nine months ended September 30, 2019, totalled $102 thousand (2018 — $212 thousand). The total carrying amount of the liability arising from the DSUs as of September 30, 2019, totalled $1.2 million (December 31, 2018 — $1.1 million). The liability amount is included within accounts payable and accrued liabilities on the consolidated statements of financial position.

The fair value of the DSUs at September 30, 2019, has been calculated using the market value of the Company's Class A Shares on the TSX.

Stock option plan

A summary of the status of the stock option plan and the changes within the nine months ended September 30, 2019, are as follows:

	Units	Average Exercise Price
Balance at December 31, 2018	1,548,247	$ 17.27
Stock options granted during the period	-	-
Balance at September 30, 2019	**1,548,247**	**$ 17.27**

The outstanding share options at the end of the period had a weighted average exercise price of $17.27 (December 31, 2018 — $17.27). The number of options exercisable at the end of the period was 961,217 (December 31, 2018 — 587,851) and had a weighted average exercise price of $16.78 (December 31, 2018 — $16.50) based on a range of exercise prices from $15.04 to $18.85 (December 31, 2018 — $15.04 to $18.85).

The Company has recognized an equity reserve at an estimated amount based on the fair value of the stock options using the Black-Scholes option pricing model as of the following grant dates based on the following inputs:

	May 16, 2018	May 17, 2017	August 15, 2016	August 12, 2015	May 13, 2014
Spot price	$ 17.85	$ 18.85	$ 17.40	$ 15.04	$ 18.80
Expected volatility	19.93%	19.33%	17.77%	18.97%	22.50%
Risk-free interest rate	2.00%	1.60%	1.30%	2.00%	2.50%
Dividend yield	4.83%	4.73%	4.48%	4.54%	4.20%
Expected life (days)	2,920	2,920	2,920	2,920	2,920
Fair value	$ 1.73	$ 1.66	$ 1.35	$ 1.45	$ 2.74

The Company included the following variables:

- the expected volatility, which is based on a three-year standard deviation of ISC's stock price;
- the risk-free rate, which is estimated based on a 10-year Canada bond rate; and
- the maximum option term, which is the maximum duration before expiry.

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation related to the stock option plan for the three months ended September 30, 2019, totalled $89 thousand (2018 — $178 thousand) and for the nine months ended September 30, 2019, totalled $385 thousand (2018 — $451 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of September 30, 2019, totalled $2.1 million (December 31, 2018 — $1.7 million).

15 Debt

At September 30, 2019, the Company had nil cash drawings on its operating facility (2018 — nil). At September 30, 2019, non-cash drawings, consisting of letters of credit and similar, were approximately $0.2 million (2018 — $0.2 million). Term debt is as follows:

(thousands of CAD dollars)	September 30, 2019	December 31, 2018
Term loan facility		
Current portion	**$ 2,000**	$ 2,000
Long-term portion	**16,500**	18,000
Total long-term debt	**$ 18,500**	$ 20,000

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

The amount of borrowing costs capitalized during 2019 and 2018 was nil.

16 Provisions

The following table presents the movement in provisions during the period:

(thousands of CAD dollars)	Restructuring Provision	Other Provisions	Total
Balance, December 31, 2018	$ -	$ -	$ -
Additions	643	160	803
Utilizations and settlements	-	-	-
Total provisions	**$ 643**	**$ 160**	**$ 803**

During the quarter, the Company made the decision to close three of its regional service centres in Saskatchewan in addition to other services. The restructuring provision primarily consists of severance, site decommissioning and contract termination costs. The Other provisions related to costs expected to be incurred under site contracts as a result of the closure decision. Management expects to settle the provisions within the next 12 months.

In the quarter, the Company also recorded impairments of leasehold improvements and right of use assets related to these regional service centres that aggregate to $541 thousand (2018 - nil).

17 Liabilities Arising from Financing Activities

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

(thousands of CAD dollars)	Three Months ended September 30, 2019	Three Months ended September 30, 2018 (restated*)	Nine Months ended September 30, 2019	Nine Months ended September 30, 2018 (restated*)
Financing activities				
Interest paid (a)	**$ (278)**	$ (130)	**$ (633)**	$ (594)
Interest paid on right-of-use-asset (a)	**(119)**	(97)	**(370)**	(306)
Payments on lease obligations (b)	**(444)**	(464)	**(1,320)**	(1,394)
Repayment of long-term debt (c)	**(500)**	(375)	**(1,500)**	(1,125)
Dividends paid (d)	**(3,500)**	(3,500)	**(10,500)**	(10,500)
Net cash flow used in financing activities	**$ (4,841)**	$ (4,566)	**$ (14,323)**	$ (13,919)

	As at December 31, 2018 (restated*)	Cash Flows		Non-cash Changes: Dividends Declared	Non-cash Changes: Other	**As at September 30, 2019**
Interest payable	$ -	$ (1,003)	(a)	$ -	$ 1,162	**$ 159**
Lease obligations including current portion	12,235	(1,320)	(b)	-	(46)	**10,869**
Long-term debt including current portion	20,000	(1,500)	(c)	-	-	**18,500**
Dividends payable	3,500	(10,500)	(d)	10,500	-	**3,500**
	$ 35,735	$ (14,323)		$ 10,500	$ 1,116	**$ 33,028**

	As at December 31, 2017	Cash Flows		Non-cash Changes: Dividends Declared	Non-cash Changes: Other	As at September 30, 2018 (restated*)
Interest payable	$ -	$ (900)	(a)	$ -	$ 900	$ -
Lease obligations including current portion	-	(1,394)	(b)	-	10,937	9,543
Long-term debt including current portion	21,560	(1,125)	(c)	-	-	20,435
Dividends payable	3,500	(10,500)	(d)	10,500	-	3,500
	$ 25,060	$ (13,919)		$ 10,500	$ 11,837	$ 33,478

**See Note 2*

18 Earnings Per Share

The calculation of earnings per share is based on net income after tax and the weighted average number of shares outstanding during the period. Details of the earnings per share are set out below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(thousands of CAD dollars, except number of shares and earnings per share)	**2019**	2018 (restated*)	**2019**	2018 (restated*)
Net income	**$ 3,258**	$ 7,762	**$ 12,053**	$ 15,479
Weighted average number of shares, basic	**17,500,000**	17,500,000	**17,500,000**	17,500,000
Potential dilutive shares resulting from stock options	**27,667**	47,106	**30,920**	54,407
Weighted average number of shares, diluted	**17,527,667**	17,547,106	**17,530,920**	17,554,407
Earnings per share ($ per share)				
Total, basic	**$ 0.19**	$ 0.44	**$ 0.69**	$ 0.88
Total, diluted	**$ 0.19**	$ 0.44	**$ 0.69**	$ 0.88

**See Note 2*

19 Equity and Capital Management

	Class A		**Class B**	
(thousands of CAD dollars, except number of shares)	**Number of Shares**	**Share Capital**	**Number of Shares**	**Share Capital**
Balance at January 1, 2018	17,500,000	$ 19,955	1	$ -
No movement	-	-	-	-
Balance at December 31, 2018	17,500,000	$ 19,955	1	$
Balance at January 1, 2019	**17,500,000**	**$ 19,955**	**1**	**$ -**
No movement	-	-	-	-
Balance at September 30, 2019	**17,500,000**	**$ 19,955**	**1**	**$ -**

Capital management

The Company's capital at September 30, 2019, consists of long-term debt, share capital, employee benefit reserve, accumulated other comprehensive income and retained earnings (comprising total shareholders' equity).

(thousands of CAD dollars)	**September 30, 2019**	December 31, 2018 (restated*)
Long-term debt	**$ 18,500**	$ 20,000
Share capital	**19,955**	19,955
Accumulated other comprehensive income	**4**	514
Equity settled employee benefit reserve	**2,072**	1,687
Retained earnings	**88,281**	86,728
Capitalization	**$ 128,812**	$ 128,884

**See Note 2*

20 Financial Instruments and Related Risk Management

The Company does not currently use any form of derivative financial instruments to manage its exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk.

Market risk

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

			September 30, 2019		December 31, 2018	
(thousands of CAD dollars)	**Classification**	**Level**	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial assets						
Cash	AC	L2	**$ 19,263**	**$ 19,263**	$ 28,651	$ 28,651
Short-term investments						
GICs	AC	L2	**400**	**400**	400	400
Marketable securities	FVTOCI	L1	**150**	**150**	48	48
Trade and other receivables	AC	L2	**12,237**	**12,237**	8,964	8,964
Financial liabilities						
Accounts payable and accrued liabilities	AC	L2	**16,691**	**16,691**	17,118	17,118
Long-term debt	AC	L2	**18,500**	**18,500**	20,000	20,000
Provisions	AC	L2	**803**	**803**	-	-

Fair value of financial instruments

IFRS require fair value measurements to be categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 — Quoted prices are readily available from an active market.

Level 2 — Inputs, other than quoted prices included in Level 1 that are observable either directly or indirectly.

Level 3 — Inputs are not based on observable market data.

The carrying values of cash, trade and other receivables, accounts payable and accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. Long-term debt is managed with prime loans, short-term bankers' acceptance, letter of credit or letter of guarantee. These borrowings will bear interest at a base rate of prime plus applicable margin varying between 0.45 per cent and 2.25 per cent per annum. The Company is not exposed to significant interest rate risk because interest bearing financial instruments are at a low level relative to total assets and equity.

The deferred share unit liability's fair value is calculated taking into consideration the market price, expected volatility and the risk-free interest rate. This liability is classified as Level 2, but the risk remains low due to the materiality.

21 Revenue

The Company derives its revenue from the transfer of goods or services at either a point in time or over time. This is consistent with the revenue from third-parties' information that is disclosed for each reportable segment under IFRS 8 — *Operating Segments* (see Note 21). The following table presents our revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

Segment revenue

(thousands of CAD dollars)	Three Months Ended September 30, **2019**	Three Months Ended September 30, 2018	Nine Months Ended September 30, **2019**	Nine Months Ended September 30, 2018
Registry Operations				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**$ 12,417**	$ 12,801	**$ 36,933**	$ 38,111
Personal Property Registry	**2,722**	2,723	**7,771**	7,806
Corporate Registry	**2,423**	2,343	**7,626**	7,562
Services	**12,887**	10,447	**37,615**	30,793
Technology Solutions	**1,715**	1,870	**5,064**	3,836
Corporate and other	**11**	2	**17**	8
Total revenue	**$ 32,175**	$ 30,186	**$ 95,026**	$ 88,116

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

Timing of revenue recognition

(thousands of CAD dollars)	Three Months Ended September 30, **2019**	Three Months Ended September 30, 2018	Nine Months Ended September 30, **2019**	Nine Months Ended September 30, 2018
At a point in time				
Registry Operations revenue				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**$ 11,924**	$ 12,343	**$ 35,441**	$ 36,681
Personal Property Registry	**2,722**	2,723	**7,771**	7,806
Corporate Registry	**2,207**	2,132	**6,986**	6,935
Services revenue	**12,887**	10,447	**37,615**	30,793
Technology Solutions revenue	**-**	-	**-**	287
Corporate and other	**11**	2	**17**	8
	$ 29,751	$ 27,647	**$ 87,830**	$ 82,510
Over time				
Registry Operations revenue				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**493**	458	**1,492**	1,430
Corporate Registry	**216**	211	**640**	627
Technology Solutions revenue	**1,715**	1,870	**5,064**	3,549
	$ 2,424	$ 2,539	**$ 7,196**	$ 5,606
Total revenue	**$ 32,175**	$ 30,186	**$ 95,026**	$ 88,116

22 Segment Information

Operating segments are identified as components of a company where separate discrete financial information is available for evaluation by the chief operating decision maker regarding allocation of resources and assessment of performance. The Company uses EBITDA and earnings before interest and taxes ("EBIT") as key measures of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources. EBITDA is calculated as income before depreciation and amortization, net finance expense, and income tax expense. EBIT is calculated as income after depreciation and amortization expense but before non-incidental gains or losses on disposition of non-current assets, net finance expense, and income tax expense.

ISC has three reportable segments – Registry Operations, Services, and Technology Solutions. A functional summary of these three segments follows:

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

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

Corporate and other includes our corporate activities and shared services functions, share of profit (loss) in associate not included in operating segments, and eliminations of inter-segment revenue and costs. The Registry Operations and Services segments operate substantially in Canada. The Technology Solutions segment operates both in Canada and Ireland.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. We account for transactions between reportable segments in the same way we account for transactions with external parties; however, we eliminate them on consolidation.

Revenue and EBIT

For the three months ended September 30, 2019

(thousands of CAD dollars)	**Registry Operations**	**Services**	**Technology Solutions**	**Corporate and other**	**Consolidated Total**
Revenue from third parties	**$ 17,562**	**$ 12,887**	**$ 1,715**	**$ 11**	**$ 32,175**
Plus: inter-segment revenue	**-**	**-**	**3,375**	**(3,375)**	**-**
Total revenue	**$ 17,562**	**$ 12,887**	**$ 5,090**	**$ (3,364)**	**$ 32,175**
Expenses excluding depreciation and amortization	**(9,238)**	**(11,096)**	**(5,604)**	**2,341**	**(23,597)**
EBITDA	**8,324**	**1,791**	**(514)**	**(1,023)**	**8,578**
Depreciation and amortization	**(521)**	**(1,355)**	**(439)**	**(435)**	**(2,750)**
Impairment	**(541)**	**-**	**-**	**-**	**(541)**
EBIT	**$ 7,262**	**$ 436**	**$ (953)**	**$ (1,458)**	**$ 5,287**
Net finance (expense)					**(422)**
Income tax expense					**(1,607)**
Net income					**$ 3,258**
Additions to non-current assets, including acquisitions	**$ 395**	**$ 110**	**$ 105**	**$ 183**	**$ 793**

For the three months ended September 30, 2018 (restated*)

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	$ 17,867	$ 10,447	$ 1,870	$ 2	$ 30,186
Plus: inter-segment revenue	-	-	3,639	(3,639)	-
Total revenue	$ 17,867	$ 10,447	$ 5,509	$ (3,637)	$ 30,186
Expenses excluding depreciation and amortization	(8,980)	(9,142)	(5,252)	2,571	(20,803)
Change in contingent consideration	-	2,762	-	-	2,762
EBITDA	8,887	4,067	257	(1,066)	12,145
Depreciation and amortization	(513)	(1,587)	(350)	(435)	(2,885)
EBIT	$ 8,374	$ 2,480	$ (93)	$ (1,501)	9,260
Net finance income					423
Income tax expense					(1,921)
Net income					$ 7,762
Additions to non-current assets, including acquisitions	$ 158	$ 133	$ 421	$ (47)	$ 665

**See Note 2*

For the nine months ended September 30, 2019

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	**$ 52,330**	**$ 37,615**	**$ 5,064**	**$ 17**	**$ 95,026**
Plus: inter-segment revenue	**-**	**96**	**9,849**	**(9,945)**	**-**
Total revenue	**$ 52,330**	**$ 37,711**	**$ 14,913**	**$ (9,928)**	**$ 95,026**
Expenses excluding depreciation and amortization	**(27,262)**	**(32,463)**	**(15,187)**	**6,582**	**(68,330)**
EBITDA	**25,068**	**5,248**	**(274)**	**(3,346)**	**26,696**
Depreciation and amortization	**(1,537)**	**(3,965)**	**(1,286)**	**(1,375)**	**(8,163)**
Impairment	**(541)**	**-**	**-**	**-**	**(541)**
EBIT	**$ 22,990**	**$ 1,283**	**$ (1,560)**	**$ (4,721)**	**$ 17,992**
Net finance (expense)					**(958)**
Income tax expense					**(4,981)**
Net income					**$ 12,053**
Additions to non-current assets, including acquisitions	**$ 663**	**$ 7,236**	**$ 602**	**$ 769**	**$ 9,270**

For the nine months ended September 30, 2018 (restated*)

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	$ 53,479	$ 30,793	$ 3,836	$ 8	$ 88,116
Plus: inter-segment revenue	-	-	11,113	(11,113)	-
Total revenue	$ 53,479	$ 30,793	$ 14,949	$ (11,105)	$ 88,116
Expenses excluding depreciation and amortization	(28,535)	(26,156)	(14,669)	7,522	(61,838)
Change in contingent consideration	-	3,762	-	-	3,762
EBITDA	24,944	8,399	280	(3,583)	30,040
Depreciation and amortization	(1,591)	(4,732)	(943)	(1,358)	(8,624)
EBIT	$ 23,353	$ 3,667	$ (663)	$ (4,941)	21,416
Net finance (expense)					(619)
Income tax expense					(5,318)
Net income					$ 15,479
Additions to non-current assets, including acquisitions	$ 259	$ 325	$ 1,076	$ (10)	$ 1,650

**See Note 2*

Inter-segment revenue is charged among segments at arm's-length rates, based on rates charged to third parties. Total consolidated revenue is attributed to customers within Ireland and Canada. For the three months ended September 30, 2019, third-party revenue within Ireland was $1.6 million (2018 — $1.3 million) and the remainder was in Canada. For the nine months ended September 30, 2019, third-party revenue within Ireland was $4.0 million (2018 — $2.8 million). No single customer represented more than 10.0 per cent of the total consolidated revenue.

Assets and liabilities

As at September 30, 2019 (thousands of CAD dollars)	**Registry Operations**	**Services**	**Technology Solutions**	**Corporate and other**	**Consolidated Total**
Assets					
Total assets, excluding intangibles, goodwill and cash	**$ 27,336**	**$ 11,149**	**$ 5,084**	**$ 17,035**	**$ 60,604**
Intangibles	**3,249**	**32,760**	**4,749**	**1,038**	**41,796**
Goodwill	**5,800**	**35,715**	**3,978**	**-**	**45,493**
Cash	**-**	**-**	**-**	**19,263**	**19,263**
Total assets	**$ 36,385**	**$ 79,624**	**$ 13,811**	**$ 37,336**	**$ 167,156**
Liabilities	**$ 9,552**	**$ 10,753**	**$ 3,953**	**$ 32,586**	**$ 56,844**

As at December 31, 2018 (thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Assets					
Total assets, excluding intangibles, goodwill and cash	$ 29,258	$ 8,269	$ 3,999	$ 18,491	$ 60,017
Intangibles	4,054	30,815	5,418	417	40,704
Goodwill	5,800	34,198	4,312	-	44,310
Cash	-	-	-	28,651	28,651
Total assets	$ 39,112	$ 73,282	$ 13,729	$ 47,559	$ 173,682
Liabilities	$ 9,412	$ 11,355	$ 8,254	$ 35,777	$ 64,798

Non-current assets are held in Canada and Ireland. At September 30, 2019, non-current assets held in Ireland were $9.0 million (December 31, 2018 — $10.0 million) while the remainder were held in Canada.

23 Acquisitions

On February 15, 2019, the Company through its wholly owned subsidiary, ESC, acquired substantially all of the assets of Securefact Transaction Services, Inc. ("Securefact"), for $6.8 million by way of an asset purchase agreement. Securefact is located in Toronto, ON and is engaged in the business of providing public record search and registration services. This acquisition broadens the Company's portfolio of know-your-customer technology solutions and services.

This acquisition is a business combination to which IFRS 3 – *Business Combinations* applies. A table outlining the net cash flow related to the acquisition is provided below.

Net cash outflow related to the acquisition

(thousands of CAD dollars)	**2019**
Consideration paid in cash	**$ 6,768**
Less: cash balance acquired	**-**
Total net cash outflow related to the acquisition	**$ 6,768**

The table below presents the preliminary allocation of the net purchase price for accounting purposes.

(thousands of CAD dollars)		Preliminary
Assets		
Property, plant and equipment	$	23
Intangible assets		5,228
Net assets acquired	$	5,251
Goodwill arising on acquisition		
Total consideration allocated		6,768
Net assets acquired		5,251
Total goodwill arising on acquisition	$	1,517

The goodwill of $1.5 million arising on the acquisition included amounts in relation to the benefit of an increased market presence and competencies, related market growth, and the assembled workforce of Securefact. All of the goodwill recognized is expected to be deductible for income tax purposes.

The intangible assets above consist of technology of $4.1 million, customer contracts of $1.0 million and brand of $0.2 million.

Professional fees associated with the cost of the acquisition expensed during the three months and nine months ended September 30, 2019, were nil and $0.2 million respectively.

The revenue and net loss of the acquiree since the acquisition date included in the condensed consolidated statement of comprehensive income for 2019, were $1.1 million and $(0.3) million respectively.

The consolidated revenue and comprehensive income for the Company and the acquiree combined for 2019, as though the acquisition date for the business combination occurred during the year had been as of January 1, 2019, would have been $95.3 million, unaudited and $11.2 million, unaudited, respectively.

24 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(thousands of CAD dollars)		**2019**		2018		**2019**		2018
Trade and other receivables	**$**	**(861)**	$	662	**$**	**(3,243)**	$	(621)
Prepaid expenses		**266**		(319)		**351**		(180)
Contract assets		**204**		235		**(535)**		(975)
Accounts payable and accrued liabilities		**1,195**		841		**(482)**		8
Contract liabilities		**(203)**		5		**(257)**		602
Contingent liability		**(2,830)**		305		**(2,171)**		931
Provisions		**803**		-		**803**		-
Income taxes		**(314)**		843		**(3,264)**		(1,318)
Net change in non-cash working capital	**$**	**(1,740)**	$	2,572	**$**	**(8,798)**	$	(1,553)

Income taxes paid, net of refunds received, for the three months ended September 30, 2019, totalled $1.5 million (2018 — $0.5 million) and for the nine months ended September 30, 2019, totalled $7.3 million (2018 — $5.0 million).

25 Commitments and Contingencies

Commitments

As of September 30, 2019, the Company has commitments over the next five years that include future minimum payments for leasing of office space, an information technology ("IT") service agreement with Information Systems Management Canada Corporation, other management services contracts and a commitment to the Government of Saskatchewan under the MSA:

(thousands of CAD dollars)	Office leases as previously disclosed at December 31, 2018	Remove portion related to IFRS 16	Remove non-lease component portion recognized in YTD Q3 2019	Non-lease component of office leases	IT and other service agreements	Master Service Agreement	Total
2019	$ 3,440	$ (2,262)	$ (897)	$ 281	$ 1,259	$ -	**$ 1,540**
2020	3,412	(2,240)	(56)	1,116	3,161	500	**4,777**
2021	3,471	(2,300)	(57)	1,114	2,669	500	**4,283**
2022	2,725	(1,770)	(31)	924	2,610	500	**4,034**
2023	2,509	(1,619)	-	890	2,562	500	**3,952**
Thereafter	6,287	(4,298)	-	1,989	-	5,000	**6,989**
Total commitments	$ 21,844	$ (14,489)	$ (1,041)	$ 6,314	$ 12,261	$ 7,000	**$ 25,575**

Contingent consideration

As part of the AVS Systems Inc. acquisition completed in 2017, the Company agreed to pay additional consideration contingent upon the realization of future business. During the quarter ended September 30, 2018, the Company entered into an agreement to provide for the early termination of this contingent consideration and the fair value of the contingent consideration was adjusted down by $2.8 million resulting in the total of the downward fair value adjustments being $3.8 million for the nine months ended September 30, 2018. The fair value adjustments resulted in an increase to income before tax of $2.8 million on the consolidated interim statement of comprehensive income for the three months ended September 30, 2018, and $3.8 million for the nine months ended September 30, 2018.

As part of the ERS acquisition completed in 2017, the Company agreed to pay up to €5.0 million in consideration contingent upon the retention of existing leadership and the award and realization of future business over a 30-month period. For accounting purposes, the retention portion of the contingent consideration is classified as post acquisition remuneration.

A continuity of contingent consideration related to the ERS acquisition is presented below:

(thousands of CAD dollars)	
Balance at December 31, 2018	$ 2,322
Remuneration expense through wages and salaries	766
Accretion recognized in interest expense	8
Settlement	(2,937)
Foreign exchange adjustment	(159)
Balance at September 30, 2019	**$ -**

Other contingencies

Management's estimate of liability for claims and legal actions that may be made by customers pursuant to the assurance provision and the MSA is based upon claims submitted. As at September 30, 2019, the liability was nil (December 31, 2018 — nil).

Through the normal course of operations, the Company occasionally enters into indemnity agreements with surety companies to provide surety bonds or guaranties required under contracts with customers. In the event that the Company fails to perform under the contracts and the surety company incurs a cost on the surety bond or guarantee, the Company is obligated to repay the costs incurred in relation to the claim up to the value of the bond or guarantee. The Company's obligation under the bonds or guarantees issued by the surety company expires on completion of obligations under the customer contract to which the bond or guarantee relates. The terms of the current outstanding surety bonds and guarantees range from February 2018 to June 2021.

At September 30, 2019, the outstanding surety bonds and guarantees totalled $ nil (December 31, 2018 — $1.7 million). The Company has not recorded any liability related to this bond, as management believes that no material events of default exist under the contract with its customers.

26 Reclassifications

Certain prior year figures have been reclassified to conform with the current year presentation.

27 Subsequent Events

On November 6, 2019, the Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before January 15, 2020, to shareholders of record as of December 31, 2019.