



March 14, 2017

Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2016

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1 Introduction

This Management's Discussion and Analysis ("MD&A") for Information Services Corporation ("ISC") discusses our financial and operating performance, business indicators and outlook from management's viewpoint. This document should be read in its entirety and is intended to complement and supplement ISC's Consolidated Financial Statements for the years ended December 31, 2016, and 2015. Additional information, including our Annual Information Form for the year ended December 31, 2016, is available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

2 Responsibility for Disclosure

This MD&A contains information from our audited Consolidated Financial Statements (the "Financial Statements") for the years ended December 31, 2016, 2015, and 2014, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The financial information that appears throughout our MD&A is consistent with the Financial Statements.

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

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

This MD&A is current as of March 14, 2017. The Board of Directors ("Board") carries out its responsibility for review of this disclosure primarily through the Audit Committee, which is comprised exclusively of independent directors.

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

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

3 Caution Regarding Forward-Looking Statements

Certain statements in this MD&A about ISC's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements, or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indicate", "anticipate", "believe", "estimate", "predict",

“project”, “targets”, “strive”, “strategy”, “continue”, “likely” or “potential”, or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. By their nature, these statements involve assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

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

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

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

- potential disagreements with the Government of Saskatchewan;
- ISC’s limited ability to set fees;
- legislative changes that affect our business;
- the Canadian economy and, in particular, the Saskatchewan economy, including conditions within the real estate market, inflation, interest rate levels, unemployment levels and consumer behaviour;

- the level of search and registration activities, principally as related to the Land, Personal Property and Corporate Registries in Saskatchewan (collectively, the “Saskatchewan Registries”);
- reliance on key personnel;
- our ability to execute our growth strategy, including the ability to complete and integrate new acquisitions and to secure contracts to provide new service offerings;
- our ability to realize growth opportunities, including the potential benefits that are anticipated to result from new acquisitions or service offerings we pursue from time to time;
- our ability to generate revenue and effectively manage costs in our Services segment, including our reliance on key customers;
- any undisclosed liabilities acquired pursuant to past or future acquisitions;
- any compromise to the integrity or security of our information assets;
- our reliance on information technology systems or a material disruption in our computer systems;
- our reliance on third-party service providers or other contractors under key contractual arrangements;
- competition for service offerings (other than our exclusive service offerings to the Government of Saskatchewan);
- our ability to obtain future financing;
- our insurance may not provide adequate coverage;
- litigation and tax matters;
- our liability to the Government of Saskatchewan under the Master Service Agreement (“MSA”) is unlimited, except in certain specified circumstances;
- any adverse changes in labour relations;
- any failure to protect ISC’s intellectual property rights;
- the potential for a volatile market price for our Class A Limited Voting Shares (“Class A Shares”); and
- our ability to pay dividends, which is dependent on our ability to generate sufficient income and cash flow.

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

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

Market and Industry Data

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

4 Consolidated Highlights

4.1 Fourth Quarter Consolidated Highlights

- Revenue was \$21.2 million for the three months ended December 31, 2016, a decrease of 6.1 per cent, compared to \$22.6 million for the three months ended December 31, 2015.
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the fourth quarter of 2016 was \$6.8 million compared to \$8.2 million in the same quarter of last year, a decrease of \$1.4 million.
- The EBITDA margin for the fourth quarter of 2016 was 32.2 per cent compared to 36.3 per cent in the fourth quarter of 2015.
- Adjusted EBITDA was \$7.3 million for the fourth quarter 2016 compared to \$8.6 million in the same quarter last year, with an adjusted EBITDA margin of 34.6 per cent for the quarter compared to 38.2 per cent in the fourth quarter of 2015. EBITDA was adjusted for stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs.
- Net income and total comprehensive income for the three months ended December 31, 2016, was \$2.9 million, or \$0.17 per basic and diluted share. In the fourth quarter of 2015, net income was \$4.6 million, or \$0.26 per basic and diluted share.
- On November 2, 2016, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before January 15, 2017, to shareholders of record as of December 31, 2016.

4.2 Year End Consolidated Highlights

- Revenue was \$88.4 million for the year ended December 31, 2016, an increase of 12.8 per cent compared to \$78.3 million for the year ended December 31, 2015.
- EBITDA for the year ended December 31, 2016, was \$29.5 million compared to \$28.4 million for the year ended December 31, 2015, an increase of \$1.1 million.
- Our EBITDA margin for the year ended December 31, 2016, was 33.4 per cent compared to 36.2 per cent in the year ended December 31, 2015.
- Adjusted EBITDA was \$33.5 million for the year ended December 31, 2016, compared to \$30.4 million in the same period last year, with an adjusted EBITDA margin of 37.9 per cent for the year ended December 31, 2016, compared to 38.8 per cent in the same period of 2015. EBITDA was adjusted for stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs.
- Net income and total comprehensive income for the year ended December 31, 2016, was \$15.5 million or \$0.89 per basic share and \$0.87 per diluted share. For the year ended December 31, 2015, net income was \$15.9 million or \$0.91 per basic and \$0.90 per diluted share.
- On February 19, 2016, and April 6, 2016, the Company subscribed to additional shares of Dye & Durham Corporation, formerly OneMove Technologies Inc. ("Dye & Durham") and contributed additional capital of \$990 thousand and \$215 thousand, respectively, representing its pro rata share of an equity raise by Dye & Durham. These investments maintained the Company's 30 per cent ownership in Dye & Durham and the funds were used to finance certain growth activities of the company.
- On March 7, 2016, we announced that, with effect from December 1, 2015, the Master Service Agreement ("MSA") was amended and a Programs Operating Agreement was entered into between the Government of Saskatchewan and ISC. Under the terms of this new agreement, ISC was appointed to manage and operate the Common Business Identifier Program and the Business Registration Saskatchewan Program for the same term as the MSA. The Province of Saskatchewan will pay ISC an annual operating fee of \$825 thousand.
- On July 11, 2016, ISC launched its new system for the Corporate Registry, providing a more convenient service to search, register and maintain corporate entities in Saskatchewan.
- Successfully completed the integration of ESC Corporate Services Ltd. ("ESC").
- On July 25, 2016, ISC announced that the membership of the Saskatchewan Government and General Employees' Union Local 2214 ratified a new collective agreement with respect to its in-scope employees. The new four-year agreement, ending September 30, 2019, includes annual wage

increases effective October 1 of each year, consisting of 2.0 per cent retroactive to 2015, 1.75 per cent in 2016, 1.75 per cent in 2017 and 2.0 per cent in 2018.

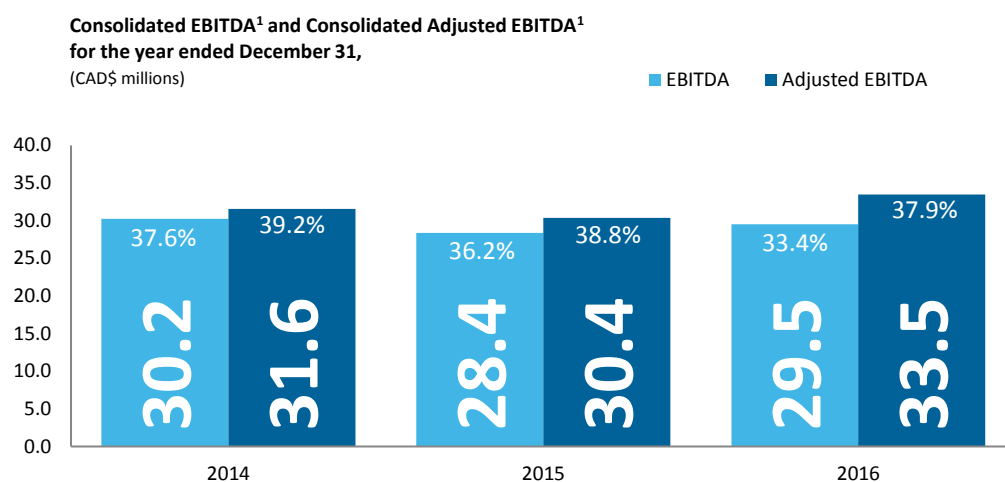
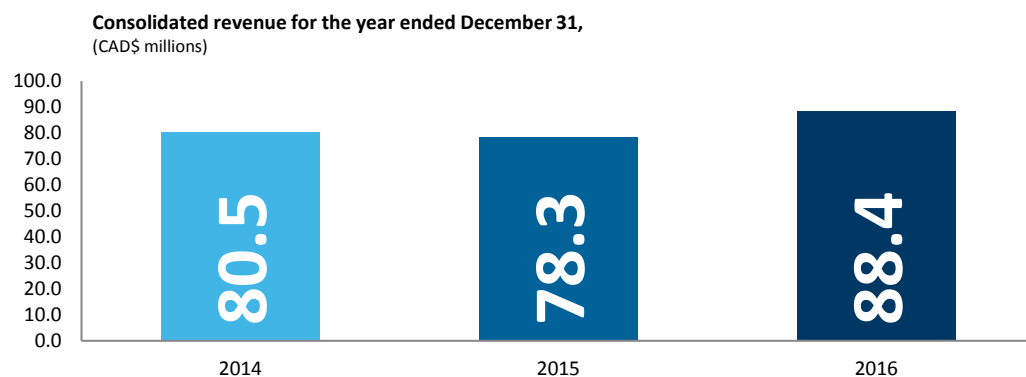
- Refreshed the ISC and ESC brands.

4.3 Subsequent Events

- On January 23, 2017, the Company announced that it had successfully completed the acquisition of all of the issued and outstanding common shares of Enterprise Registry Solutions Ltd. ("ERS"), a global leader in the development and implementation of registry technology. This acquisition enhances ISC's core registry offering by adding leading registry technology solutions and consultancy services. The Company completed the transaction with CAD\$14.0 million of the purchase price paid on closing of the transaction and up to €5.0 million in consideration is contingent on the retention of existing leadership and realization of future business. The purchase price was financed through a combination of \$4.0 million in cash and the balance drawn down from our existing credit facility, pursuant to the September 28, 2015, amended and restated Credit Facilities. The acquisition of ERS is not expected to be immediately accretive to ISC's earnings per share in 2017.
- On March 14, 2017, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before April 15, 2017, to shareholders of record as of March 31, 2017.

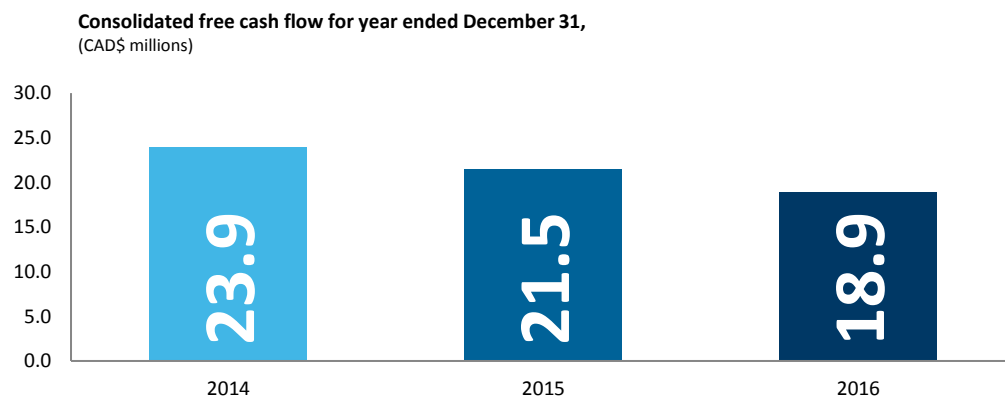
ISC® Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2016



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

² Percentages expressed represent the EBITDA and Adjusted EBITDA margin percentages, respectively.



5 Business Overview

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

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

ISC operates two reportable segments, defined by their primary type of service offerings, namely Registries and Services. The balance of our corporate activities and shared services functions are reported as Corporate.

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

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

In addition, ISC also has an investment in Dye & Durham (formerly OneMove Technologies Inc.). On September 2, 2015, ISC completed its investment of 30 per cent of the issued and outstanding voting common shares of Dye & Durham. On February 19, 2016, and April 6, 2016, the Company contributed additional capital representing its pro rata share of equity raises by Dye & Durham, maintaining ISC's 30 per cent ownership interest.

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

As a subsequent event, ERS is not part of the reporting period for the year ended December 31, 2016, but is included to ensure a full understanding of our business. For more information on ERS, please refer to our latest Annual Information Form available on www.SEDAR.com.

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

5.1 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.

ISC operates two reportable segments, defined by their primary type of service offerings, namely Registries and Services. The balance of our corporate activities and shared services functions are reported as Corporate.

5.2 Our Registries Segment

Our registries business involves the provision of registry and information services and software solutions to governments and private sector organizations. We work with our clients to support their policies and execute procedures to ensure the integrity of the data and manage the information technology, data management and authentication processes. We deliver a strong customer service experience online, by telephone and in person. Currently, ISC provides registry and information services to the Province of Saskatchewan and is the exclusive provider of the Land Titles Registry, Land Surveys Directory, Geomatics, the Personal Property Registry, the Corporate Registry, the Common Business Identifier Program and the Business Registration Saskatchewan Program in Saskatchewan.

The Land Registry includes the Land Titles Registry, the Land Surveys Directory (“Land Surveys”) and Geomatics:

- The Land Titles Registry issues titles to land and registers transactions affecting titles, including changes of ownership and the registration of interests in land;
- Land Surveys registers land survey plans and creates a representation of Saskatchewan land parcels in the cadastral parcel mapping system; and
- Geomatics services manages geographic data in relation to the cadastral parcel mapping system that is integrated with the Land Titles Registry and Land Surveys. In addition, there are stand-alone services such as topographical maps and aerial photos.

The Personal Property Registry is a notice-based public registry where individuals, corporations, lenders and others can register security interests (liens) and certain other interests in personal property on movable types of personal property such as automobiles, farm equipment, trailers, boats, etc.

The Corporate Registry is a province-wide system for registering business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names.

The Common Business Identifier Program allows for the use of the Canada Revenue Agency Business Number as the common business identifier for business entities that interact with participating public sector programs in Saskatchewan. This number is assigned when a business is registered through the Saskatchewan Corporate Registry. Business Registration Saskatchewan provides a single online point of access that enables new businesses to integrate with other government agencies and complete the initial

steps to register in the Corporate Registry, register as an employer with Saskatchewan Workers' Compensation Board and register for Provincial Sales Tax with the Saskatchewan Ministry of Finance.

In each of these Saskatchewan Registries, there are three common revenue components. Revenue is primarily generated by earning fees from our end-use customers for:

1. Registrations;
2. Searches; and
3. Maintenance transactions.

Registrations in Saskatchewan are conducted primarily online or through staff-assisted services that facilitate the submission and registration of interests in land or property, or registrations related to business entities. Our customers typically submit registration requests electronically and registrations are completed through automated or manual processes.

Searches for current or historical information are conducted online by customers or in person at an ISC Customer Service Centre. Customized services are also available for searches of larger volumes of records or consolidated information from multiple registries and other sources.

Maintenance transactions are also conducted online or through our Customer Service Centres and include maintenance of registry information, mineral certifications and the annual filings required for corporate entities.

These transactions are primarily Core Registry Services as defined by the MSA, and the fees associated with these core services are set pursuant to the MSA. ISC also has the ability to set and generate fees from non-core ancillary services, an example of which would be priority mineral certification services and geomatics-related services.

ISC earns an annual operating fee under the Programs Operating Agreement for the Common Business Identifier and Business Registration Saskatchewan Programs, entered into under the new amendment to the MSA announced on March 7, 2016.

Land Registry

As noted earlier, from a reporting perspective, the Land Registry includes the Land Titles Registry, Land Surveys Directory and Geomatics services.

Land Titles Registry

The Land Titles Registry issues titles to land and registers transactions affecting titles, including changes of ownership and the registration of interests in land. The Land Titles Registry provides access to timely and reliable land ownership information to support new and used home sales, land and home development transfer, and other value-added transactions. Its primary users are legal firms, financial institutions, developers and resource companies.

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

Revenue for the Land Titles Registry is earned through registration, search and maintenance fees. Registration fees are either a flat fee or value-based fee calculated as a percentage of the value of the land and/or property being registered. The Company typically charges a flat fee per transaction for search and maintenance transactions. However, in certain instances, we may charge a negotiated fee for a customized search or maintenance transaction such as certain mineral certification or bulk data requests. Approximately 78.7 per cent of all Land Titles Registry registration transactions were submitted online in 2016.

Land Surveys and Geomatics

Land Surveys registers land survey plans and creates a representation of Saskatchewan land parcels in the cadastral parcel mapping system. Land survey plans define the geographic boundaries of land parcels throughout Saskatchewan, while the cadastral parcel mapping system depicts the land survey system with surface and mineral ownership parcel boundaries.

Land Surveys services include registrations, searches and related survey services. Revenue related to all services is earned as a flat fee per transaction.

Our customers include surveyors, developers, resource companies and other businesses that require our mapping systems and survey plans to support their development plans.

Geomatics manages geographic data related to the cadastral parcel mapping system which is integrated with the Land Titles Registry and Land Surveys. Geomatics data is searchable by the public and provides the cadastral and derived data used to produce the Saskatchewan provincial base map for land-related activities within the province. The services provided vary considerably.

Unlike the other services offered within the Land Registry, Geomatics does not derive revenue from registration or maintenance services; rather, it generates revenue through searches and value-added services. Fees for Geomatics services are typically negotiated per transaction based on the type and nature of services required. For example, ISC receives a service fee from the Saskatchewan Ministry of Government Relations for hosting the Saskatchewan Civic Address Registry ("CAR"), a province-wide civic address registry and an online maintenance system, but does not receive transaction-based fees related to use of the portal.

The Company also provides Geomatics services for land-related data and applications. For example, ISC developed the Mineral Administration Registry Saskatchewan ("MARS") for the Saskatchewan Ministry of the Economy, which provides an online system for issuing and administering Crown land mineral dispositions throughout Saskatchewan and eliminates the need to physically stake Crown mineral claims. The Company has been hosting and supporting MARS since 2015 in exchange for a service fee.

The GeoSask portal, a service for which ISC received an annual fee from certain Government of Saskatchewan ministries and agencies for operating the portal, was discontinued in May 2016. ISC did not receive transaction-based fees related to the use of the portal.

Personal Property Registry

The Personal Property Registry is a notice-based public registry in which security interests and other certain interests in personal property (property other than land, buildings and other property affixed to land) may be registered. The Personal Property Registry enables lenders as well as buyers of personal property (e.g., motor vehicles) to search for information such as security interests registered against an individual, business or personal property used as collateral. Buyers and lenders search the Personal Property Registry to verify there are no outstanding notices of third-party interests in personal property.

Our customers include third-party providers to the financial industry, financial institutions, insurance companies, law firms, equipment and auto dealers, and auctioneers.

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

Customers are charged flat fees per transaction, and the automated web-based system enables real-time completion of search and registration services and minimizes operational effort to deliver services. Approximately 99.7 per cent of searches in the registry are completed online. The high online usage is stable, with minimal numbers of end-use consumers needing staff assistance to complete their transactions.

Corporate Registry

The Corporate Registry is a province-wide system for registering business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names. Every corporation must be registered in the Corporate Registry to maintain its legal status and carry on business within Saskatchewan. Records on all Saskatchewan businesses are maintained and made available to the public through the Corporate Registry.

Our customers include law firms, financial institutions, accountants, non-profit and co-operative associations and entrepreneurs.

Services are billed as flat fees for each transaction. Unlike other registries, the Company earns the majority of its fees in relation to maintenance services provided to entities that file annual returns or wish to make changes to their structure or business profile.

On July 11, 2016, ISC launched its new technology system for the Corporate Registry, updating the registry's technology platform and providing customers a more convenient service to search, register and maintain corporate entities in Saskatchewan. The new system has many benefits, including online submission of all filings and immediate registration for most transactions. The online application also

offers access to digitally verified registry documents and options for customers to self-manage staff access. A number of permanent changes to the services and fee structure were implemented with the launch of the new system.

Common Business Identifier and Business Registration Saskatchewan

The Common Business Identifier Act (Saskatchewan) provides the framework and authority for Saskatchewan to expand the use of the Canada Revenue Agency Business Number as the common business identifier for business entities that interact with participating public sector programs in Saskatchewan. This number is assigned when a business is registered through the Saskatchewan Corporate Registry. Business Registration Saskatchewan provides a single online point of access that enables new businesses to integrate with other government agencies and complete the initial steps to register in the Corporate Registry, register as an employer with Saskatchewan Workers' Compensation Board and register for Provincial Sales Tax with the Saskatchewan Ministry of Finance.

Under the terms of the MSA with the Government of Saskatchewan, ISC was appointed to manage and operate the Common Business Identifier and the Business Portal services for an initial period of 36 months.

On March 7, 2016, we announced that, taking effect from December 1, 2015, the MSA was amended to appoint ISC to continue to manage and operate the Common Business Identifier Program and the Business Registration Saskatchewan Program (formerly referred to as the Business Portal) for the same term as the MSA. The Province of Saskatchewan will pay ISC an annual operating fee of \$825 thousand, for such programs, subject to an annual Consumer Price Index adjustment calculated in accordance with the MSA. We do not currently charge any additional fees for business owners who register through Business Registration Saskatchewan.

Saskatchewan Asbestos Registry

On November 7, 2013, Saskatchewan proclaimed legislation requiring mandatory reporting of public buildings known to contain asbestos. The Saskatchewan Asbestos Registry of Public Buildings has been created to share information about public buildings containing asbestos.

In 2015, we completed the development and implementation of the Saskatchewan Asbestos Registry, which was launched on May 4, 2015, and we entered into an agreement with the Ministry of Labour Relations and Workplace Safety to host and support the Asbestos Registry. ISC receives a monthly service fee for hosting and managing this registry.

5.3 Our Services Segment

Our Services segment includes our wholly owned subsidiary ESC Corporate Services Ltd. ("ESC").

ESC provides services to law firms, corporations, financial institutions and others to fulfill a wide variety of clients' public records due diligence, filings and corporate supply requirements in connection with

public business registries in Canada and certain other countries. ESC has offices in Toronto, ON and Montreal, QC.

ESC provides its Canadian financial institution clients with customized, automated and proven solutions to validate the status of business entities. For its law firm customers that range from large firms to sole practitioners, this segment also provides a complete suite of corporate services and supplies.

Services provided through ESC have two revenue components: transactional fees and per-unit charges. ESC earns revenue through transaction fees charged for all search and registration products as well as Know-Your-Customer services. All government fees associated with the service are either embedded in the search fee or charged in addition to the service transaction fee. ESC does not earn any subscription-based fees relating to any of its products. Corporate supplies are charged a per-unit fee in the same manner as a product in a retail transaction.

Search and Registration Services

ESC provides search services, including corporate, business name, personal property, real property, corporate name search reports (also known as NUANS¹ reports), trademark, the *Bank Act* (Canada) ("*Bank Act*") and other search services, primarily to legal professionals. ESC provides corporate, business name, personal property, trademark, *Bank Act* and other registration and filing services (e.g., business incorporations, amendments, amalgamations, etc.), primarily to lawyers and law firms.

ESC's search and registration services focus on legal professionals with a mix of small and large law firms based primarily in Ontario and Quebec. ESC has built an online workflow platform to service legal customers through a team of experienced law clerks in both Ontario and Quebec able to provide full-service public registry solutions to support business and complex legal transactions. ESC also provides nationwide search and registration services for its customers directly or indirectly.

Know-Your-Customer Services

While all banks operating in Canada have to follow the same Anti-Money Laundering ("*AML*") laws and regulations, financial institutions each structure their *AML* efforts somewhat differently. Financial institutions and many non-financial institutions are required to identify and report transactions of a suspicious nature to the Financial Transactions Reports Analysis Centre of Canada ("*FINTRAC*"). *FINTRAC* is Canada's financial intelligence unit and plays a central role in Canada's fight against money laundering and terrorism. For example, a bank must verify a customer's identity and, if necessary, monitor transactions for suspicious activity. This is often termed as Know-Your-Customer ("*KYC*"). The term *KYC* also refers to the bank regulation which governs these activities. The objective of *KYC* guidelines is to

¹ NUANS (Newly Updated Automated Name Search) is a registered trademark of the Government of Canada and is a computerized search system that compares a proposed corporate name or trademark with databases of existing corporate bodies and trademarks.

prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering activities. Related procedures also enable banks to better understand their customers and their financial dealings. This helps them manage their risks prudently.

ESC supports customers' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources (e.g., corporate registry, personal property registry, land registry, litigation, and bankruptcy and *Bank Act* searches). These services are provided primarily to financial institutions.

ESC has developed a proprietary platform for financial institutions to on-board new commercial accounts while remaining compliant with Canadian KYC and AML regulations captured under the federal *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada). The customer on-boarding verification report generated by ESC leverages its search service to provide financial institutions a process and system to verify, retrieve and store information about corporate clients to meet these regulatory requirements.

Corporate Supplies and Accessories

The corporate supplies provided by ESC help companies to effectively organize and maintain their corporate legal documents. A corporation is legally required to maintain records of important corporate documents (its certificate of incorporation or letters patent, articles of incorporation, by-laws, unanimous shareholder agreement, meeting minutes and resolutions of the shareholders, among other information). These records are typically kept in a minute book. Other items typically include a corporate seal and share certificates.

These products are sold and distributed primarily to legal professionals and include customized corporate minute books, corporate seals, share certificates, legal supplies and related ancillary accessories for businesses and corporations.

6 Business Strategy

Strategic Priorities

ISC's goal is to deliver value to shareholders through the consistent performance of its existing business and the execution of appropriate growth opportunities. The Company has identified three strategic priorities to support the achievement of this goal, as outlined in the table below.

Earnings Growth & Sustainable Cost Management	Organizational Effectiveness & Compliance	Growth Identification & Execution
<ul style="list-style-type: none"> • Deliver consistent EBITDA growth with a focus on increased margins through the generation of permanent cost efficiencies • Focus on critical cost lines to manage expenditures and prioritize investments 	<ul style="list-style-type: none"> • Implement systems and process renewal to support earnings growth and the evolving needs of current and potential customers • Deliver on credible, efficient registry services and compliance with the Master Service Agreement 	<ul style="list-style-type: none"> • Replication of ISC core service offerings in other Canadian and international jurisdictions • Incremental growth through service enhancements and new products • Acquisition of companies, systems and assets to enhance ISC's competitive advantage in current or new business lines, industries or expanded product offerings

7 Results of Operations

Consolidated Statements of Comprehensive Income

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Revenue	\$ 21,201	\$ 22,579	\$ 88,375	\$ 78,318
Expenses				
Wages and salaries	8,214	7,318	28,008	24,846
Information technology services	2,432	2,474	9,602	9,688
Depreciation and amortization	2,955	1,776	8,429	5,713
Occupancy costs	1,284	1,239	4,992	4,563
Professional and consulting services	1,607	1,161	5,564	3,569
Cost of goods sold	779	940	3,586	955
Financial services	510	426	2,362	2,362
Project initiatives	(298)	476	3,214	2,521
Other	765	409	2,172	1,513
	18,248	16,219	67,929	55,730
Income before net finance expense (income)	2,953	6,360	20,446	22,588
Finance expense (income)				
Interest income	(68)	(70)	(256)	(331)
Interest expense	142	129	577	236
Net finance expense (income)	74	59	321	(95)
Share of profit in associate ¹	925	52	1,654	62
Change in contingent consideration	-	-	(1,000)	-
Income before tax	3,804	6,353	20,779	22,745
Income tax expense	885	1,786	5,276	6,828
Net income and total comprehensive income	\$ 2,919	\$ 4,567	\$ 15,503	\$ 15,917

¹ As a result of the acquisition of 30 per cent of the issued and outstanding voting common shares of Dye & Durham Corporation (formerly OneMove Technologies Inc.) on September 2, 2015, ISC records its share of the results of Dye & Durham Corporation in accordance with the equity method of accounting.

7.1 Fourth Quarter Results

Consolidated Revenue

Revenue was \$21.2 million for the three months ended December 31, 2016, a \$1.4 million decrease compared to the same period in 2015.

(thousands of CAD dollars)	Registries	Services	Corporate	Three Months Ended December 31,	
				2016	2015
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 13,038	\$ -	\$ -	\$ 13,038	\$ 14,816
Personal Property Registry	2,273	-	-	2,273	2,407
Corporate Registry	2,254	-	-	2,254	2,038
Registries	17,565	-	-	17,565	19,261
Services	-	3,427	-	3,427	3,166
Other	-	-	209	209	152
	\$ 17,565	\$ 3,427	\$ 209	\$ 21,201	\$ 22,579

Registries

Overall

Revenue for all Registries was \$17.6 million for the three months ended December 31, 2016, a decrease of \$1.7 million, or 8.8 per cent, compared to the three months ended December 31, 2015. Our results were lower mainly due to decreased revenues from the Land Titles Registry.

On December 7, 2016, ISC experienced a broad technology service disruption affecting the availability of Saskatchewan registry services and support. Upon resumption of registry services on December 13, 2016, ISC addressed the backlog that may have accumulated. Any discretionary transactions, such as searches which were not completed during the service disruption, did not have a material impact on registry revenue.

Land Registry

Revenue was \$13.0 million for the quarter ended December 31, 2016, decreasing by 12.0 per cent compared to the three months ended December 31, 2015.

(i) Land Titles Registry

Land Titles Registry revenue for the three months ended December 31, 2016, was \$12.2 million, a decline

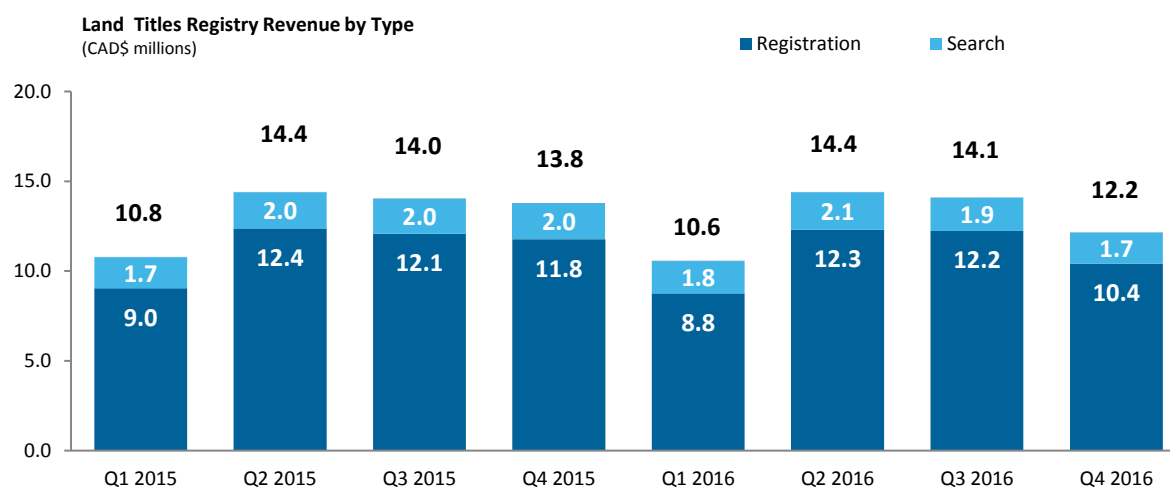
of 11.8 per cent compared to the same period in December 31, 2015.

Overall transaction volumes fell by 15.0 per cent for the three months ended December 31, 2016, compared to the same period last year, primarily due to declines in key transaction types. Regular land transfers in the fourth quarter of 2016 fell by 9.3 per cent compared to the fourth quarter of 2015. Year-over-year, the volume of mortgage registrations and title searches declined by 7.9 per cent and 12.7 per cent, respectively.

The majority of the revenue in the Land Titles Registry is derived from value-based fees. Average land values for regular land transfers in the fourth quarter of 2016, although 12.8 per cent above the 2010-2015 average, were flat compared to those in the fourth quarter of 2015. A softening of housing prices is noted by the most recent data from Statistics Canada New Housing Price Index for Saskatchewan. Results for November 2016 indicate a decline of 1.7 per cent, compared to November 2015².

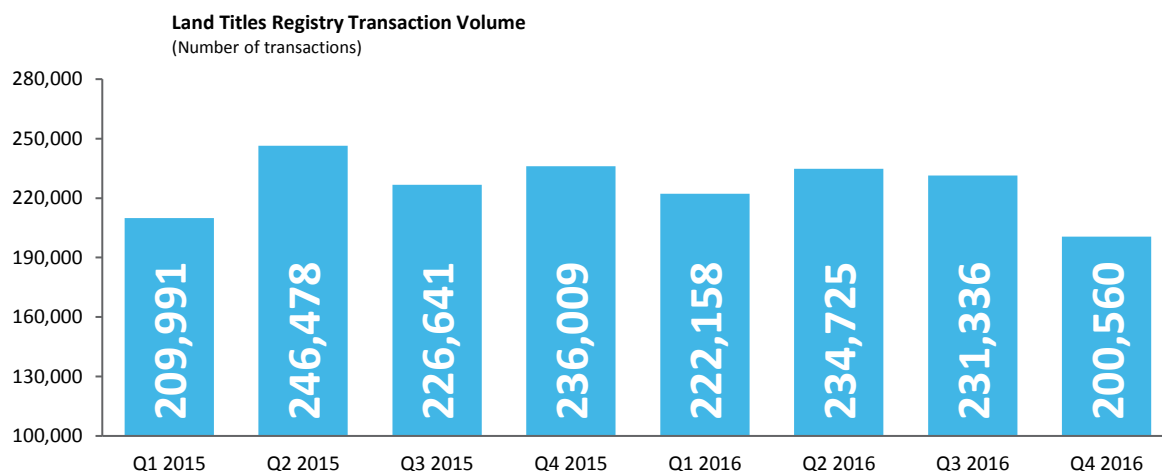
High-value property registration revenue for the three months ended December 31, 2016, was lower at \$1.0 million, compared to \$1.6 million for the same period in 2015. Each high-value registration generated revenue of \$10,000 or more.

The following charts show the Land Title Registry’s revenue by type of transaction and the overall transaction volume, respectively. The fourth quarter is typically a weaker quarter compared to the third quarter, which is consistent year-over-year. For more information on seasonality, please refer to the “Summary of Consolidated Quarterly Results”.



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

² Statistics Canada. Table 327-0046 – New housing price indexes, monthly (index, 2007=100), CANSIM (database), accessed January 13, 2017.



(ii) Land Surveys and Geomatics

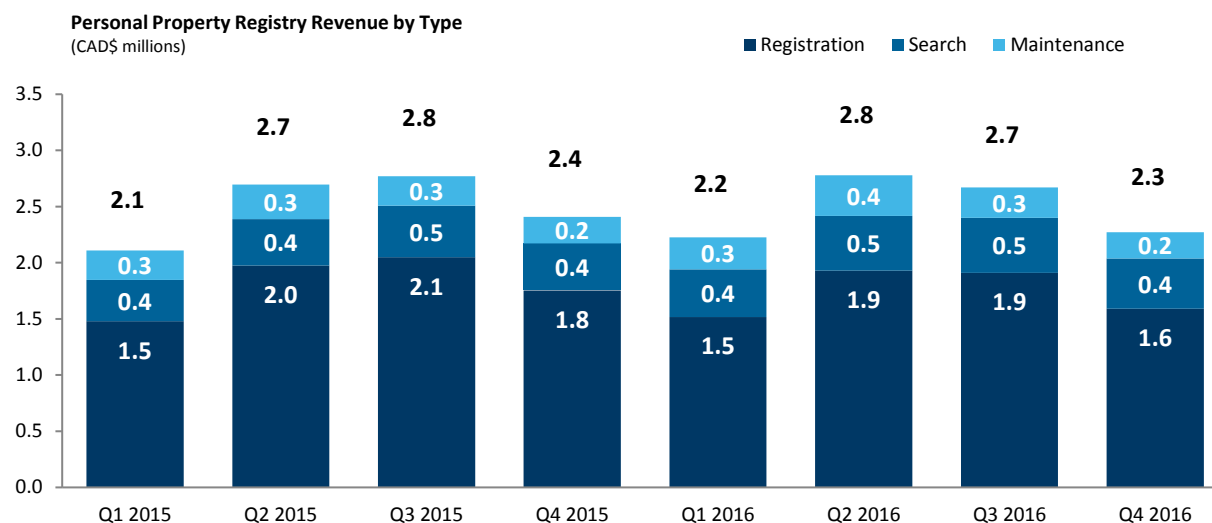
Collectively, the revenue from Land Surveys and Geomatics was \$0.9 million for the three months ended December 31, 2016, a decrease of \$0.1 million, or 14.5 per cent, compared to the same period in 2015. The decline is due to the weaker economic conditions in Saskatchewan. Revenue from Land Surveys was down 11.9 per cent due to declines in registration and search transaction volumes for the fourth quarter in 2016 when compared to the same period in 2015. These declines were partially offset by growth in service transactions, up 89.4 per cent quarter-over-quarter. Geomatics revenue declined 15.9 per cent compared to the same quarter in 2015 due to lower requests for geomatics services, bulk data and sales.

Personal Property Registry

Revenue for the Personal Property Registry for the three months ended December 31, 2016, was \$2.3 million, which represents a decrease of 5.6 per cent, or \$0.1 million, from the same period in 2015.

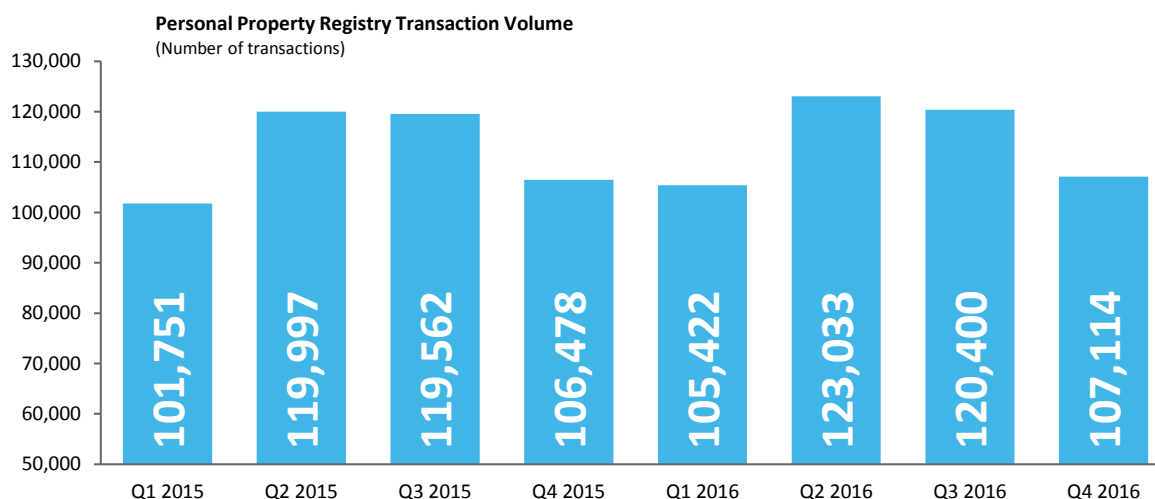
The main driver of revenue for this registry – personal property security registration setups – has shown a decline in revenue of 9.7 per cent compared to the same period last year. Volumes of setups in the fourth quarter of 2016 shrunk 5.6 per cent compared to the same quarter of 2015. As well, scheduled registry fee changes effective July 1, 2016, which rebalanced fees across several categories, resulted in a decrease in the average price per setup.

The graph below depicts the revenue by type of transaction. Year-over-year, registration revenue fell due to the decrease in personal property security registration setups, while search and maintenance revenue was stable when comparing the three months ended December 31, 2016, to the same period in 2015. Quarterly revenue continues to reflect the typical pattern of seasonality.



Transaction volumes for the fourth quarter of 2016 edged up by 0.6 per cent compared to the same period last year. This was primarily due to an increase in search, up 2.6 per cent, and maintenance volumes, up 4.6 per cent, which offset the 4.2 per cent decrease in registration volumes.

The following graph shows the transaction volumes by quarter for 2015 and 2016 for comparison.



Corporate Registry

Revenue for the Corporate Registry for the quarter ended December 31, 2016, was \$2.3 million, an increase of \$0.2 million, or 10.6 per cent, compared to the same period in 2015.

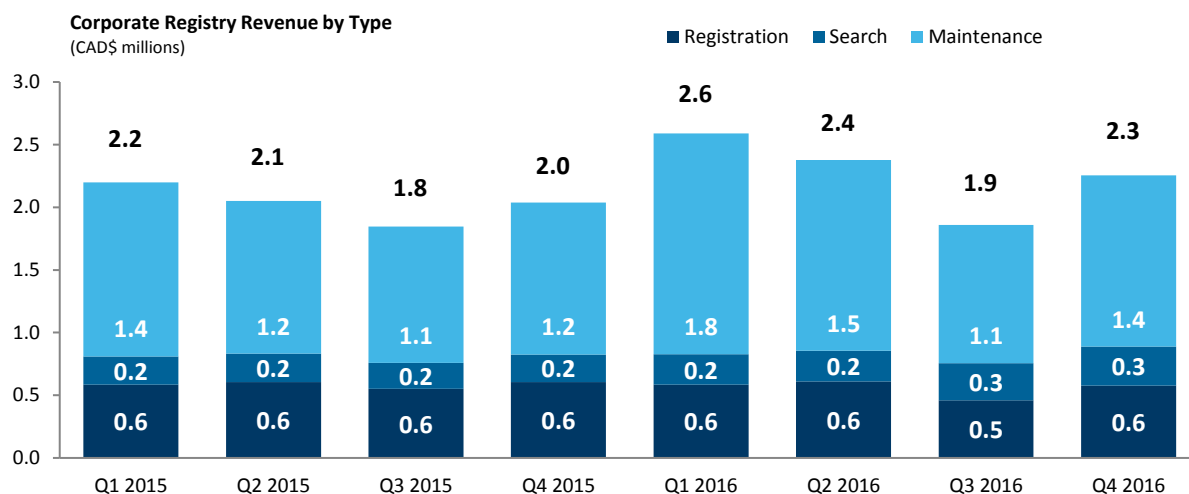
On July 11, 2016, ISC launched its new system for the Saskatchewan Corporate Registry, updating the registry's technology platform and providing customers a more convenient service to search, register and

maintain corporate entities in Saskatchewan. The new system has many new benefits, including online submission of all filings and immediate registration for most transactions. The online application also offers access to digitally verified registry documents and options for customers to self-manage staff access.

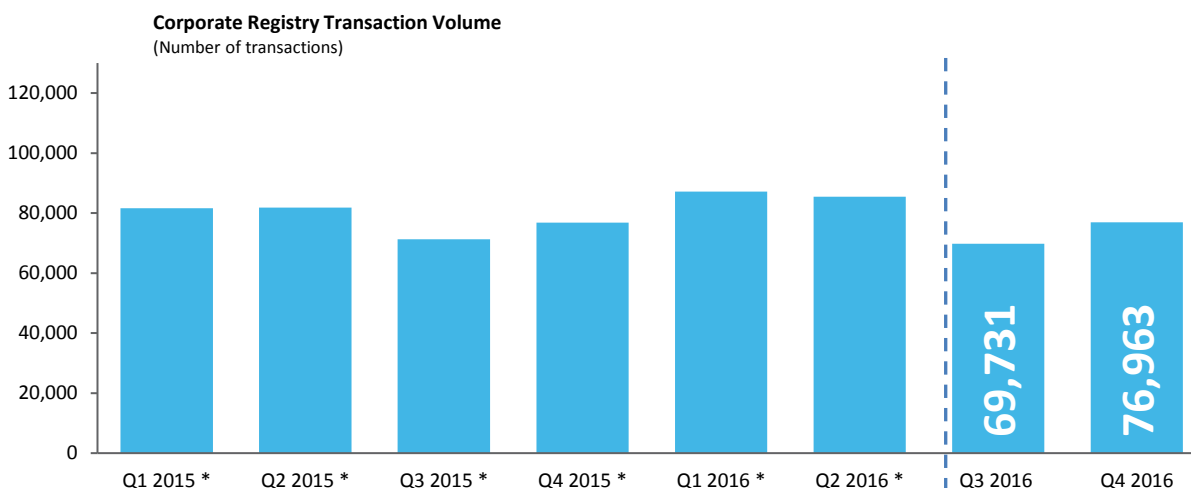
A number of permanent changes to the services and fee structure were implemented with the launch of the new system. The new fee schedule resulted in structural changes to how volumes are recorded.

With that in mind, revenue from the filing of annual returns and renewals, classified as maintenance transactions, was flat compared to the fourth quarter of 2015. Revenue from the incorporation and registration of new business entities, classified as registration, decreased by 4.0 per cent compared to the fourth quarter 2015. This decline was more than offset by increases in search revenue which was up 41.6 per cent when compared to the fourth quarter of 2015, due to pricing changes.

The following graph depicts the revenue by type of transaction. Corporate Registry revenue for the fourth quarter of 2016 improved compared to the same period in 2015 due to new revenue from operating the Common Business Identifier Program and Business Registration Saskatchewan Program (classified as maintenance revenue).



The transaction volumes for the Corporate Registry for the fourth quarter of 2016 are shown below. As a result of the new fee schedule as well as the Corporate Registry system implementation in July 2016, the recording of volumes for fee generating transactions has changed. Historical trending in the graph below has been adjusted to approximate expected comparative volumes under the current structure.



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

As of December 31, 2016, there were approximately 74,939 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 72,011 as of December 31, 2015. Positive active entity growth helps support revenue stability due to the filing of annual returns and business name renewals included in maintenance transactions.

Services

The revenue in our Services segment for the fourth quarter, which consists of revenue earned by our wholly owned subsidiary ESC, was \$3.4 million. This is an increase of \$0.3 million, or 8.2 per cent, compared to the fourth quarter of 2015.

Revenue from search and registration services was \$1.4 million for the three months ended December 31, 2016, which represents 42.0 per cent of total revenue, and declined by 2.2 per cent compared to the same period in 2015. Search and registration services revenue includes corporate, business name, personal property, real property, corporate name search reports (also known as NUANS³ reports), trademark, *Bank Act* and other search and registration services. These services are provided primarily to lawyers and law firms.

Revenue from Know-Your-Customer services for the three months ended December 31, 2016, was \$1.2 million, or 35.0 per cent of total revenue and grew by \$0.3 million or 27.3 per cent compared to the fourth quarter of 2015. This includes KYC services that support customers' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources (e.g., corporate registry,

³ NUANS (Newly Updated Automated Name Search) is a registered trademark of the Government of Canada and is a computerized search system that compares a proposed corporate name or trademark with databases of existing corporate bodies and trademarks.

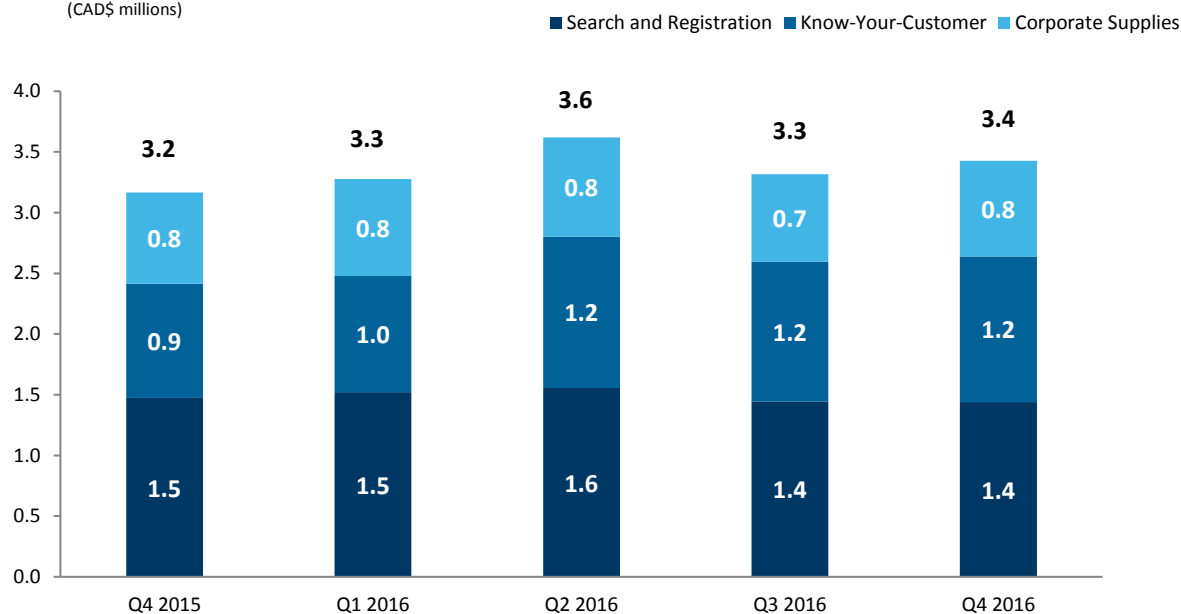
ISC® Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2016

personal property registry, land registry, litigation, and bankruptcy and *Bank Act* searches). These services are provided primarily to financial institutions.

Revenue from corporate supplies for the three months ended December 31, 2016, was \$0.8 million, representing 23.0 per cent of the total Services revenue, improved by a modest 5.0 per cent compared to the three months ended December 31, 2015. This includes corporate supplies and accessories for the manufacturing, sale and distribution of customized corporate minute books, corporate seals, share certificates, legal supplies and related ancillary accessories for businesses and corporations. These services are provided primarily to lawyers and law firms.

Services Revenue by Type
(CAD\$ millions)



Consolidated Expenses

For the three months ended December 31, 2016, consolidated expenses (all segments) were \$18.2 million, an increase of 12.5 per cent, compared to \$16.2 million for the same period of 2015.

(thousands of CAD dollars)	Three Months Ended December 31,	
	2016	2015
Expenses		
Wages and salaries	\$ 8,214	\$ 7,318
Information technology services	2,432	2,474
Depreciation and amortization	2,955	1,776
Occupancy costs	1,284	1,239
Professional and consulting services	1,607	1,161
Cost of goods sold	779	940
Financial services	510	426
Project initiatives	(298)	476
Other	765	409
	\$ 18,248	\$ 16,219

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

- Wages and salaries were \$8.2 million, up \$0.9 million, for the three months ended December 31, 2016, compared to the same period of 2015. The increase was primarily the result of normal salary and performance management increases across all segments and the impact of the new collective bargaining agreement in the Registries segment which came into effect in 2016.
- Depreciation and amortization costs were \$3.0 million for the three months ended December 31, 2016, compared to \$1.8 million in the same period of 2015. The increase was mainly due to an acceleration of depreciation of certain assets replaced by the new technology system for the Saskatchewan Corporate Registry, due to a reassessment of their useful lives.
- Professional and consulting services were \$1.6 million for the three months ended December 31, 2016, compared to \$1.2 million in 2015. The increase was due to costs associated with the exploration and implementation of growth initiatives.

- Project initiatives were lower by \$0.8 million from the fourth quarter of 2015 as a result of a number of costs associated with an ongoing project meeting our capitalization requirements and therefore being transferred to assets under development.
- Other costs increased to \$0.8 million in 2016 from \$0.4 million in the same quarter of 2015. The increase was mainly due to the Company's rebranding initiative.

Net Finance Expense (Income)

Net finance expense (income) for the three months ended December 31, 2016, was an expense of \$74 thousand compared to \$59 thousand for the same period in 2015. The increase was due to a slightly higher interest rate on our revolving term facility as compared to 2015.

Share of Profit in Associate

For the three months ended December 31, 2016, ISC recorded its share of profit in associate (Dye & Durham, formerly OneMove) of \$925 thousand compared to \$52 thousand in 2015. The increase was due to the larger overall net income that resulted from OneMove's purchase and amalgamation of Dye & Durham in March 2016.

Net Income and Earnings per Share

Net income and total comprehensive income for the three months ended December 31, 2016, was \$2.9 million, or \$0.17 per basic and diluted share, compared to \$4.6 million, or \$0.26 per basic and diluted share, for the same period in 2015.

Adjusted EBITDA

Adjusted EBITDA was \$7.3 million, a 34.6 per cent margin, for the three months ended December 31, 2016, compared to \$8.6 million, a 38.2 per cent margin, for the same period in 2015. The decrease was primarily due to the lower revenue experienced in our Registries segment (primarily the Land Registry), combined with higher employee and professional services expenses as previously described.

7.2 Year-End Results

Consolidated Revenue

Revenue was \$88.4 million for the year ended December 31, 2016, compared to \$78.3 million in 2015, an increase of 12.8 per cent.

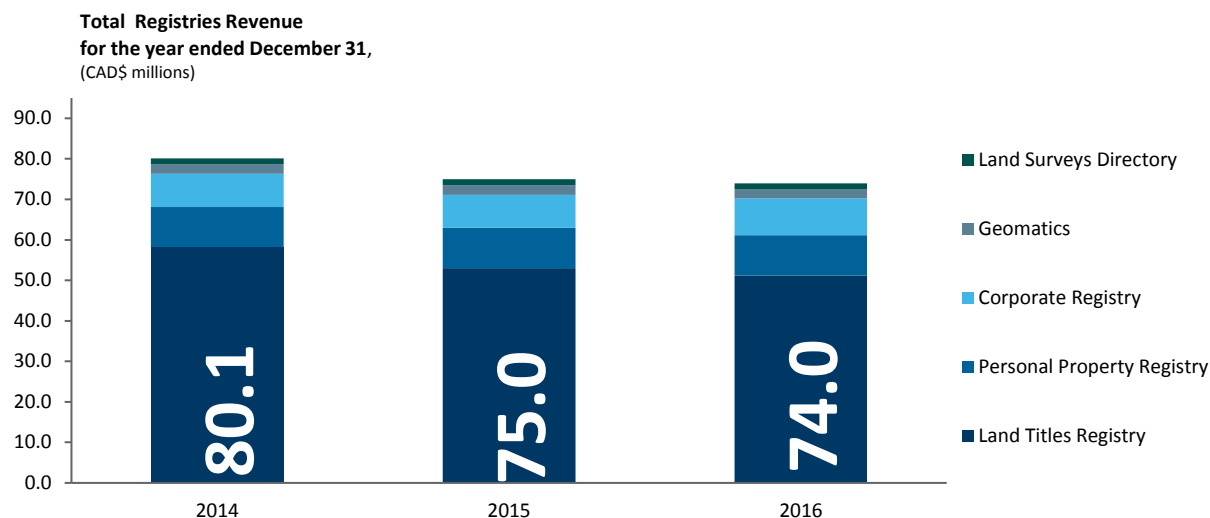
(thousands of CAD dollars)	Registries	Services	Corporate	Year Ended December 31,	
				2016	2015
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 54,921	\$ -	\$ -	\$ 54,921	\$ 56,871
Personal Property Registry	9,947	-	-	9,947	9,981
Corporate Registry	9,082	-	-	9,082	8,133
Registries	73,950	-	-	73,950	74,985
Services	-	13,639	-	13,639	3,166
Other	-	-	786	786	167
	\$ 73,950	\$ 13,639	\$ 786	\$ 88,375	\$ 78,318

Registries

Overall

Revenue for all Registries was \$74.0 million for the year ended December 31, 2016, a decrease of \$1.0 million, or 1.4 per cent, compared to the year ended December 31, 2015. Our results were lower mainly due to decreased revenues from the Land Registry.

The Company's top five customers for the Registries segment represent 18.7 per cent of the total Registry segment revenue for the year ended December 31, 2016. Of those customers, no single customer represented more than 10.0 per cent of total Registries segment revenue.



Land Registry

Land Registry revenue was \$54.9 million for the year ended December 31, 2016, decreasing \$2.0 million or 3.4 per cent compared to the year ended December 31, 2015.

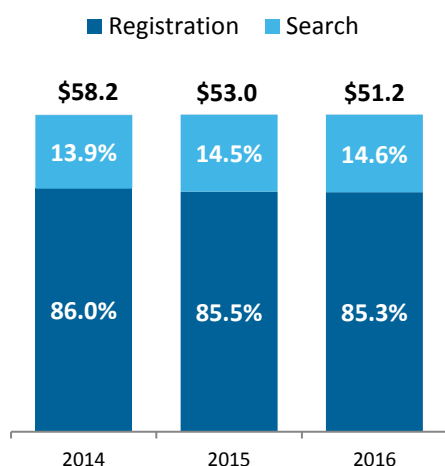
(i) Land Titles Registry

Land Titles Registry revenue for the year ended December 31, 2016, was \$51.2 million, a decrease of 3.3 per cent or \$1.8 million compared to 2015.

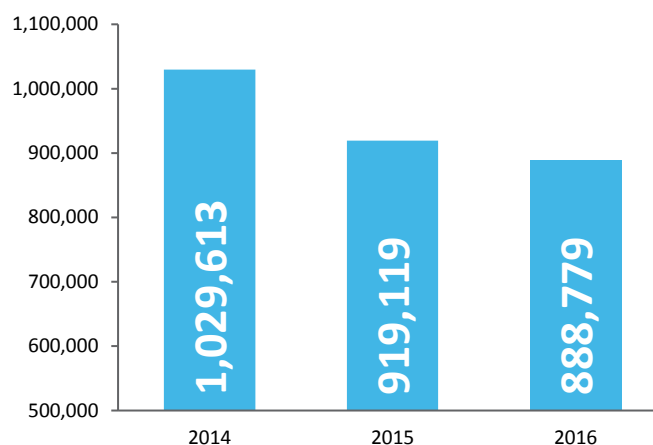
The majority of the revenue in the Land Titles Registry is derived from value-based fees. Average land values for regular land were lower in 2016 when compared to 2015, consistent with data from the Statistics Canada New Housing Price Index for Saskatchewan, which shows year-over-year declines for each month of 2016 (*most recent data only provides results up to November 2016*), compared to 2015⁴.

⁴ Statistics Canada. Table 327-0046 – New housing price indexes, monthly (index, 2007=100), CANSIM (database), accessed January 13, 2017.

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



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



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

Saskatchewan housing starts declined in 2016, down 10.5 per cent year-over-year, while the number of completions was down 9.4 per cent⁵. Housing completion volumes were higher than housing starts, contributing to buyers' market conditions in parts of the province. These are indicators of the slowdown in the Saskatchewan real estate market and have impacted revenue.

As a result, overall revenue generating transactions in the Land Titles Registry fell 3.3 per cent in 2016, which can be attributed to a slower real estate market in Saskatchewan. The volume of regular land transfers, mortgage registrations and title searches declined by 3.3 per cent, 9.8 per cent and 5.9 per cent, respectively, compared to 2015. These volume declines were partly negated by an increase of resource sector interest transactions in 2016.

The Land Titles Registry continued to see a large number of high-value property transactions which generated a high fee per transaction, although to a lesser degree than 2015. We received \$3.6 million in revenue from these transactions in 2016, below the \$4.2 million in 2015. Between 2010 and 2015, we typically saw an average of \$3.2 million on an annual basis.

The primary customers of the Land Titles Registry are legal firms, financial institutions, developers and resource companies. For the year ended December 31, 2016, our top 20 Land Titles Registry customers represented about 39.3 per cent of our revenue and our top 100 Land Titles Registry customers represented 76.0 per cent of revenue. Nearly 78.7 per cent of all Land Titles Registry registration

⁵ Statistics Canada CANSIM Table 027-0001: Canada Mortgage and Housing Corporation, housing starts, under construction and completions in centres 10,000 and over, accessed January 13, 2017.

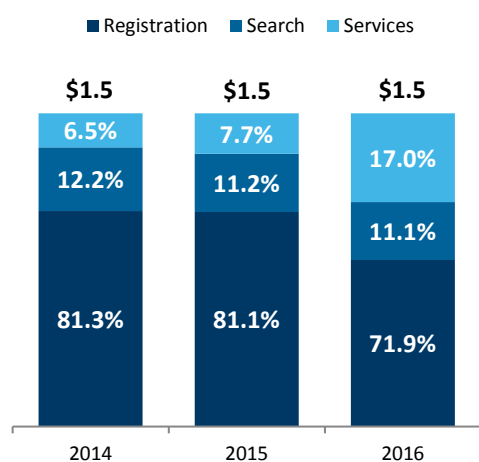
transactions were submitted online in 2016, an increase of 1.4 per cent compared to 2015.

(ii) Land Surveys and Geomatics

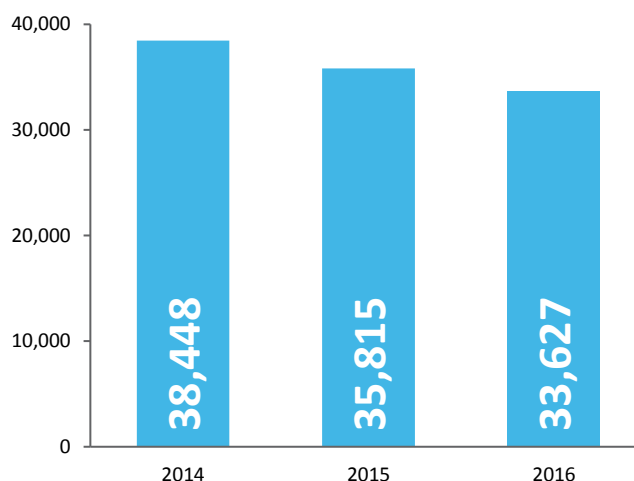
Collectively, the revenue from Land Surveys and Geomatics was \$3.7 million for the year ended December 31, 2016, a decrease of \$0.2 million, or 4.6 per cent, compared to the same period in 2015. The overall decrease was due to lower revenues from Geomatics, down \$0.2 million or 7.8 per cent for the year, which was impacted by the overall economy and lower requests for geomatics services, bulk data and sales. Land Surveys revenue was relatively flat, up a modest 0.7 per cent compared to 2015.

For the year ended December 31, 2016, Land Surveys generated revenue of \$1.5 million and was flat compared to the same period in 2015. In 2016, registrations accounted for 71.9 per cent of total revenue. Land Surveys transaction volume was lower by 6.1 per cent year-over-year.

Land Surveys Revenue by Type for the year ended December 31, (CAD\$ millions)

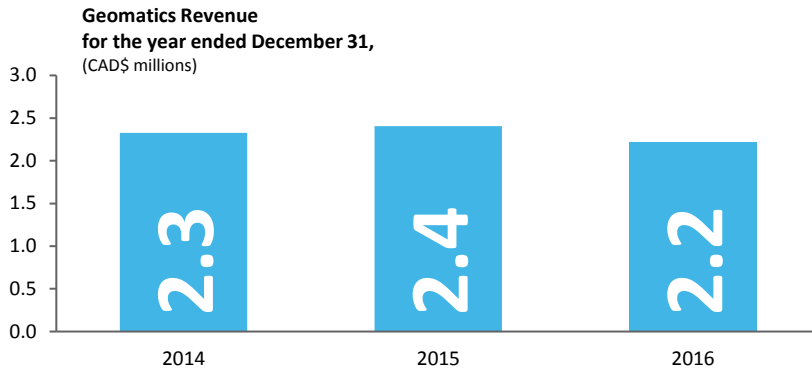


Land Surveys Transaction Volume for the year ended December 31, (Number of transactions)



Land Surveys customers include surveyors, developers, resource companies, government and other businesses that access our mapping systems and survey plans to support their development plans. For the year ended December 31, 2016, our top 20 Land Surveys customers represented 90.9 per cent of our revenue, whereas the top 100 customers accounted for 95.6 per cent.

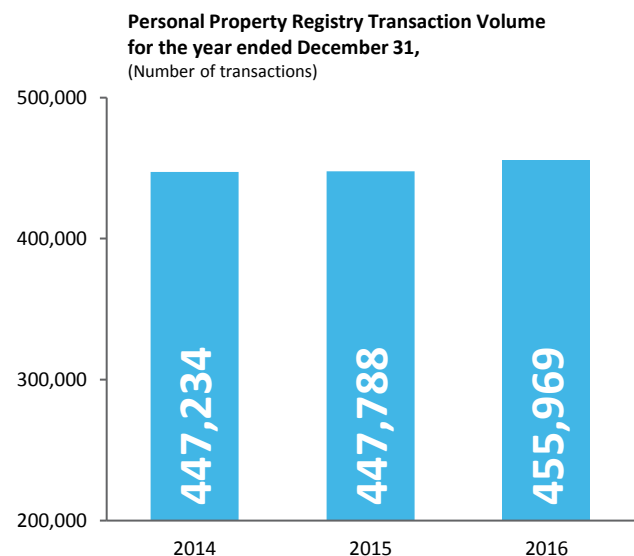
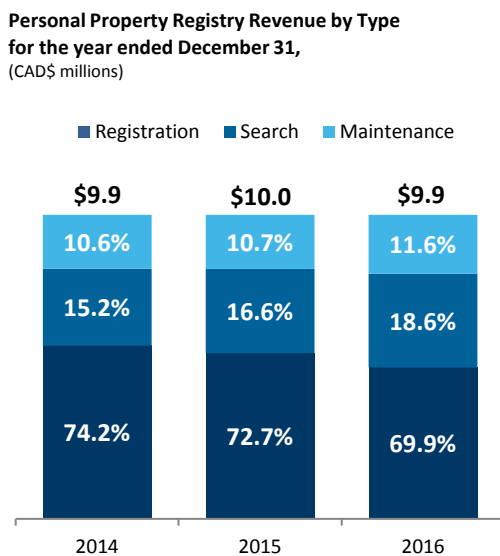
Total revenue resulting from Geomatics was \$2.2 million for the year ended December 31, 2016, a decline of 7.8 per cent compared to 2015.



Geomatics customers include government departments (provincial and municipal), resource companies, land developers, other businesses and the general public. They also include utility, pipeline and transportation companies. For the year ended December 31, 2016, our top 20 Geomatics customers comprised 86.5 per cent of our revenue, while our top 100 customers represented 97.7 per cent of revenue.

Personal Property Registry

Revenue for the Personal Property Registry for the year ended December 31, 2016, was stable at \$9.9 million, which represents a negligible decrease of 0.3 per cent from the same period in 2015.



Registration revenue for this registry decreased by 4.3 per cent in 2016, largely due to a 4.2 per cent decline in personal property security registration revenue compared to last year. This was mainly counterbalanced by increases in search revenue (up 11.5 per cent) and maintenance revenue (up 8.1 per cent) for the year.

The graph above reflects year-over-year transaction volumes. Overall volumes improved by 1.8 per cent

in 2016. Search volume grew 4.6 per cent while maintenance volume increased 7.3 per cent, more than offsetting the 4.6 per cent decline of registration volumes.

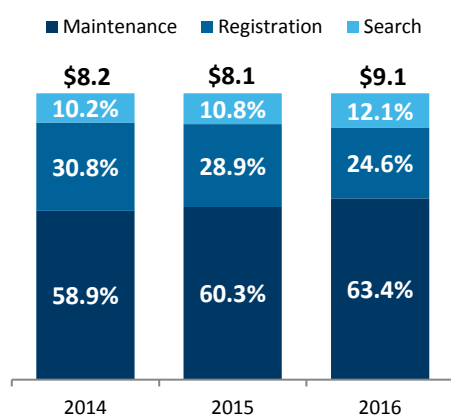
New motor vehicle sales in Saskatchewan is one of the activity drivers of the Personal Property Registry. Statistics Canada reported that new motor vehicle sales (units) for Saskatchewan decreased by 5.5 per cent for 2016, when compared to 2015⁶. This was reflected in the declines we observed in personal property security registration setups in 2016.

Customers of the Personal Property Registry are primarily in the financial sector as well as legal firms. The top 20 Personal Property Registry customers generated 81.4 per cent of the revenue for the year ended December 31, 2016, while the top 100 represented 93.4 per cent of our revenue.

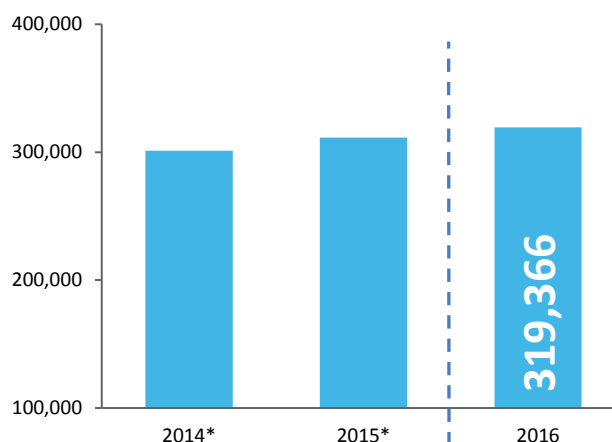
Corporate Registry

Revenue for the Corporate Registry for the year ended December 31, 2016, was \$9.1 million, up 11.7 per cent or \$0.9 million, which is due to revenue from the Common Business Identifier Program.

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



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



**Note: As a result of the new fee schedule and Corporate Registry system implementation in July 2016, the recording of volumes for fee generating transactions has changed. Historical trending in the graph above has been adjusted to approximate expected comparative volumes under the current structure.*

As noted previously, on July 11, 2016, ISC launched its new system for the Saskatchewan Corporate Registry, updating the registry's technology platform and providing customers a more convenient service to search, register and maintain corporate entities in Saskatchewan. A number of permanent changes to the services and fee structure were implemented with the launch of the new system. The new fee

⁶ Statistics Canada Table 079-0003 – New motor vehicle sales, Canada, provinces and territories, CANSIM (database), accessed February 21, 2017.

schedule resulted in structural changes to how volumes are recorded.

Overall, revenue improved due to new revenue of \$0.9 million from operating the Common Business Identifier Program in 2016. With that in mind, there was some shifting in remaining types of revenue during the year. Revenue from the filing of annual returns and renewals (classified as maintenance transactions) improved by 4.0 per cent in 2016 when compared to 2015. Revenue from the incorporation and registration of new business entities, classified as registration, decreased by 4.6 per cent compared to 2015. Also of note, search revenue jumped 24.6 per cent year-over-year, mainly due to pricing changes.

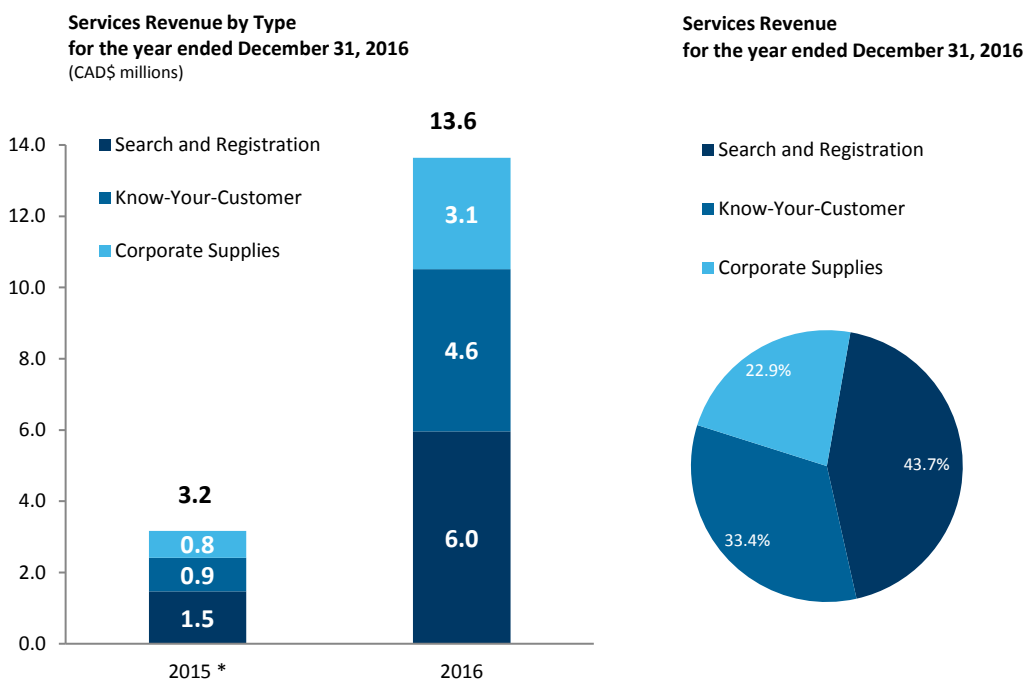
Compared to 2015, business confidence in Saskatchewan has declined for most months in 2016, according to the Canadian Federation of Independent Business ("CFIB") barometer index, resulting in the province ranking near the bottom nationally for most of 2016⁷. The decline in business confidence can contribute to the reduction in the rate of new entity creation, including incorporation of new businesses.

For the Corporate Registry, customers largely include legal firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that were, or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers accounted for nearly 35.3 per cent of revenue for the nine months ended December 31, 2016, whereas the top 100 customers made up about 52.9 per cent of revenue.

⁷ CFIB Economics Business Barometer and corresponding data table – December 2016

Services

The revenue in our Services segment for the year ended December 31, 2016, was \$13.6 million, an increase of \$10.5 million compared to 2015. The increase was primarily due to ESC's revenue contribution of 12 months in 2016 compared to three months in 2015.



*Note: 2015 revenue results for ESC, which ISC acquired on October 1, 2015, are for the fourth quarter only.

2016 was a strong year for ESC with solid organic growth in all of its lines of business. This was largely due to legal activity across the country as well as strong compliance-driven activities in the financial services industry that triggered active due diligence on companies throughout Canada.

Revenue from search and registration services was \$6.0 million for the year ended December 31, 2016, representing 43.7 per cent of the total revenue of the Services segment.

Revenue from Know-Your-Customer services for the year ended December 31, 2016, was \$4.6 million, or 33.4 per cent of total Services revenue.

Revenue from corporate supplies for the year ended December 31, 2016, was \$3.1 million, representing 22.9 per cent of total Services revenue.

The top 20 ESC customers comprised about 48.8 per cent of the revenue for the year ended December 31, 2016, while the top 100 ESC customers made up nearly 63.7 per cent of revenue. No single customer accounted for more than 25.0 per cent of ESC revenue in the same period.

Consolidated Expenses

For the year ended December 31, 2016, consolidated expenses (all segments) were \$67.9 million, an increase of 21.9 per cent, compared to \$55.7 million for the same period of 2015.

(thousands of CAD dollars)	Year Ended December 31,	
	2016	2015
Expenses		
Wages and salaries	\$ 28,008	\$ 24,846
Information technology services	9,602	9,688
Depreciation and amortization	8,429	5,713
Occupancy costs	4,992	4,563
Professional and consulting services	5,564	3,569
Cost of goods sold	3,586	955
Financial services	2,362	2,362
Project initiatives	3,214	2,521
Other	2,172	1,513
	\$ 67,929	\$ 55,730

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

- Wages and salaries were \$28.0 million, up \$3.2 million, for the year ended December 31, 2016, compared to the same period in 2015. The increase was mainly the result of salaries related to our Services segment included for the full year in 2016 compared to only three months in 2015.
- Depreciation and amortization costs were \$8.4 million for the year ended December 31, 2016, compared to \$5.7 million in the same period of 2015. The increase was mainly due to the additional depreciation from capital assets of our Services segment and the acceleration of depreciation of certain assets replaced by the new technology system for the Saskatchewan Corporate Registry, due to a reassessment of their useful lives.
- Professional and consulting services were \$5.6 million for the year ended December 31, 2016, compared to \$3.6 million in 2015. The increase was due to costs associated with the exploration and implementation of growth initiatives.

- Cost of goods sold was \$3.6 million for the year ended December 31, 2016, compared to \$1.0 million in 2015. The substantial increase was due to the addition of our Services segment in 2015, which offers a corporate supplies product line.
- Project initiatives were \$3.2 million for the year compared to \$2.5 million in 2015. The increase was due to focused effort on growth and technology maintenance initiatives.
- Other costs increased to \$2.2 million for the year ended December 31, 2016, compared to \$1.5 million in 2015. The increase was due to costs associated with our corporate rebranding, as well as a full year of additional miscellaneous costs from our Services segment.

Net Finance Expense (Income)

Net finance expense (income) for the year ended December 31, 2016, was an expense of \$0.3 million compared to income of \$95 thousand for the same period in 2015. The change was due to the addition of a new, committed long-term debt facility at the end of the third quarter of 2015 and the resulting increased interest paid in 2016 as compared to 2015.

Share of Profit in Associate

For the year ended December 31, 2016, ISC recorded its share of profit in associate (Dye & Durham) of \$1,654 thousand compared to \$62 thousand in 2015. The increase was due to a full year of results in 2016 versus only a partial year in 2015 as well as the larger overall net income that resulted from OneMove's purchase and amalgamation of Dye & Durham in March 2016.

Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2015 – 27.0 per cent). Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the follow reasons:

(thousands of CAD dollars, except where noted)	Year Ended December 31,	
	2016	2015
Income from operations before tax	\$ 20,779	\$ 22,745
Combined statutory income tax rate	27.0%	27.0%
Expected income tax expense	5,610	6,141
Increase (decrease) in income tax resulting from:		
Non-deductible expenses/non-taxable income	(72)	621
(Over) under provision in prior years	(264)	-
Other	2	66
Income tax expense	\$ 5,276	\$ 6,828
Effective income tax rate	25.4%	30.0%

The Company records future income tax assets and liabilities related to deductible temporary differences. The Company assesses the value of these assets and liabilities based on their probability of being realized given management assessments of future taxable income.

Net Income and Earnings per Share

Net income and total comprehensive income for the year ended December 31, 2016, was \$15.5 million, or \$0.89 per basic and \$0.87 per diluted share, compared to \$15.9 million, or \$0.91 per basic and \$0.90 per diluted share, for the same period in 2015.

(thousands of CAD dollars)	Year Ended December 31,	
	2016	2015
Registries	\$ 17,856	\$ 16,930
Services ¹	(403)	274
Corporate	(1,950)	(1,287)
Net income and comprehensive income	\$ 15,503	\$ 15,917

¹ Net income for the Services segment for the year ended December 31, 2016, was impacted by the \$1.0 million adjustment to the contingent consideration (see "Change in Contingent Consideration" on the consolidated statement of comprehensive income of the Financial Statements).

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:

(thousands of CAD dollars, except number of shares and earnings per share)	Year Ended December 31,	
	2016	2015
Net income and total comprehensive income	\$ 15,503	\$ 15,917
Weighted average number of shares, basic	17,500,000	17,500,000
Potential dilutive shares resulting from stock options	374,654	120,230
Weighted average number of shares, diluted	17,874,654	17,620,230
Earnings per share (\$ per share)		
Total, basic	\$ 0.89	\$ 0.91
Total, diluted	\$ 0.87	\$ 0.90

Adjusted EBITDA

Adjusted EBITDA was \$33.5 million, a 37.9 per cent margin, for the year ended December 31, 2016, compared to \$30.4 million, a 38.8 per cent margin, for the same period in 2015. The increased adjusted EBITDA value was a result of additional spend on growth-related activities in 2016, which is added back to the calculation; however, the margin as a percentage of revenue declined based on higher overall revenue for 2016 versus 2015.

8 Summary of Consolidated Quarterly Results

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

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

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

Expenses are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related expenses. As a result of the above, our EBITDA margin fluctuates in line with some seasonality.

(thousands of CAD dollars)	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ 21,201	\$ 22,894	\$ 24,674	\$ 19,606	\$ 22,579	\$ 19,675	\$ 20,053	\$ 16,011
Expenses	18,248	16,854	16,468	16,359	16,219	12,830	13,112	13,568
Income before net finance expense (income)	2,953	6,040	8,206	3,247	6,360	6,845	6,941	2,443
Net finance expense (income)	74	78	83	85	59	(28)	(59)	(66)
Share of profit (loss) in associate ¹	925	479	263	(13)	52	10	-	-
Change in contingent consideration	-	(1,000)	-	-	-	-	-	-
Income before tax	3,804	5,441	8,386	3,149	6,353	6,883	7,000	2,509
Income tax expense	885	1,631	1,808	953	1,786	2,227	2,027	789
Net income and total comprehensive income	\$ 2,919	\$ 3,810	\$ 6,578	\$ 2,196	\$ 4,567	\$ 4,656	\$ 4,973	\$ 1,720
EBITDA margin (% of revenue) ²	32.2%	32.1%	41.7%	25.9%	36.3%	41.5%	41.1%	23.5%
Adjusted EBITDA margin (% of revenue) ²	34.6%	41.5%	45.1%	27.9%	38.2%	48.6%	41.9%	23.6%
Earnings per share, basic	\$ 0.17	\$ 0.22	\$ 0.38	\$ 0.13	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.10
Earnings per share, diluted	\$ 0.17	\$ 0.22	\$ 0.37	\$ 0.12	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.10

¹ Share of profit (loss) in associate was a result of the acquisition of 30 per cent of the issued and outstanding voting common shares of Dye & Durham Corporation (formerly OneMove Technologies Inc.) on September 2, 2015.

² EBITDA, EBITDA margin, Adjusted EBITDA and Adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures by other corporations. Refer to section "Non-IFRS Financial Measures".

9 Financial Measures and Key Performance Indicators

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

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

Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Net income and total comprehensive income	\$ 2,919	\$ 4,567	\$ 15,503	\$ 15,917
Depreciation and amortization	2,955	1,776	8,429	5,713
Net finance expense (income)	74	59	321	(95)
Income tax expense	885	1,786	5,276	6,828
EBITDA ¹	6,833	8,188	29,529	28,363
Adjustments				
Stock-based compensation expense	46	56	418	192
Stock option expense	95	88	376	174
Acquisition and integration costs	362	293	3,132	1,652
(Gain) loss on disposal of property, plant and equipment assets	-	-	(1)	1
Loss on disposal of intangibles assets	-	-	-	4
Adjusted EBITDA ¹	\$ 7,336	\$ 8,625	\$ 33,454	\$ 30,386
EBITDA margin (% of revenue) ¹	32.2%	36.3%	33.4%	36.2%
Adjusted EBITDA margin (% of revenue) ¹	34.6%	38.2%	37.9%	38.8%

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

Consolidated Free Cash Flow

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Cash provided by operating activities	\$ 6,052	\$ 7,604	\$ 26,164	\$ 30,738
Cash additions to property, plant and equipment	(21)	(309)	(851)	(1,790)
Cash additions to intangible assets	(1,579)	(845)	(5,848)	(2,656)
Net change in non-cash working capital ¹	(841)	239	(600)	(4,803)
Consolidated free cash flow ²	\$ 3,611	\$ 6,689	\$ 18,865	\$ 21,489

¹ Refer to the Note 19 of the Financial Statements for reconciliation.

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

10 Outlook

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

Currently, the majority of the Company's revenue is linked to registry transaction volumes and values driven by economic conditions in Saskatchewan. The remaining portion of our revenue is linked to the overall economic conditions in Ontario and Quebec.

At present, the Company expects the 2017 Saskatchewan economy to be comparable to 2016, which drives our Registries segment results, with stability or some softening of growth anticipated for the central Canadian markets, impacting our Services segment.

The key drivers of expenses will continue to be wages, salaries and information technology costs. The Company will continue to manage costs prudently, maintaining appropriate margins in a challenging

economy, while balancing re-investment in the business in order to improve the customer experience or integrate services and realize synergies. In 2017, the Company will also be focused on the integration of ERS into both our business and sales activities.

Based on these factors, ISC expects an EBITDA margin of between 31.0 per cent and 33.0 per cent in 2017.

Management expects capital expenditure in 2017 to be in the range of \$5.0 to \$6.0 million, funded from operating cash flow. This expenditure is expected to continue to focus on the maintenance, enhancement and upgrade of core technology components and enterprise systems in both our Registries and Services segments.

Registries

For the Registries segment in 2017, we expect the Saskatchewan economy to continue to be challenged and, therefore, project a neutral to slightly declining revenue environment. The delay in the economic recovery has been longer than most expected, resulting in extended difficulties in certain commodity sectors such as oil and gas and mining. According to several external forecasts, Saskatchewan's real Gross Domestic Product (GDP) growth is expected to pick up in 2017 after a moderate contraction in 2016.

Overall, our preliminary view is that we expect revenue for the registries business to see some modest declines as a result of the continued economic softness.

External forecasts for some of the key economic drivers of our registries business, such as housing re-sales, housing starts and new motor vehicle sales, are expected to show little positive movement in 2017. The 2016 Saskatchewan Consumer Price Index, used for expected pricing changes in 2017, is forecasted to be 1.1 per cent. We currently expect registry segment revenue to be down for 2017 compared to 2016 as a result of moderately lower transaction volumes.

For the Land Registry (which includes revenue from the land titles, survey and geomatics areas), housing re-sale volumes and average land values in 2017 are expected to see softening compared to those in 2016. As well, we do not expect to see the same volume of resource sector transactions as in 2016, which may result in overall lower volumes.

Regarding the Corporate Registry, with a full year of revenue related to the Common Business Identifier Program, revenue for 2017 is expected to be near 2016 levels. While in 2016 we observed a decline in incorporation and registration of new businesses volumes, maintenance volumes and revenue from the filing of annual returns was positive. We expect this stability to continue into 2017. We also foresee search revenue increasing as a result of the pricing changes made in 2016.

For the Personal Property Registry, our initial view is that we expect revenue to be down slightly for 2017 compared to 2016, due to slightly lower volumes as well as some downward price adjustments made in 2016. Provincial population and net migration, employment, retail sales and new motor vehicle sales in

Saskatchewan are drivers of activity in the Personal Property Registry. A number of these areas of activity have seen declines in 2016 and we anticipate the declines will continue through 2017.

Services

The revenue in our Services segment is tied to the economic activity that its clients – law firms, financial institutions and professional firms – are undertaking on behalf of companies across Canada. The economic activity has spinoff effects in areas such as credit lending, mergers, acquisitions, incorporations and various new business startup activities that trigger activity for our Services segment.

For 2017, our current view is that we expect a slowing economy to deliver modest growth across most of the Services business, with some new business in 2016 contributing to improving margins and growing revenue in particular segments of the business. We expect some increases in our overall expenses as we continue to invest in additional sales and Information Technology (IT) support, to address new customer solutions and continuous improvement of our software solutions for all aspects of our business.

11 Liquidity and Capital Resources

11.1 Cash Flow

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

Historically, ISC has financed its operations and met its capital and finance expenditure requirements through cash provided from operating activities. Most recently, the Company has also utilized borrowing to supplement cash generated from operations to finance acquisition activities. The Company believes that internally generated cash flow, supplemented by additional borrowing that may be available to us (refer to Note 10 of the Financial Statements for our existing Credit Facilities), will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments.

Liquidity risk is managed based on financial forecasts and anticipated cash flow. Cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at December 31, 2016, the Company held \$33.7 million in cash, compared to \$36.6 million as at December 31, 2015, a decrease of \$2.9 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$16.4 million (December 31, 2015 – \$21.5 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent

basis with offerings of securities.

The following table summarizes our sources and uses of funds for the three months and year ended December 31, 2016, and 2015:

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Net cash flow provided by operating activities	\$ 6,052	\$ 7,604	\$ 26,164	\$ 30,738
Net cash flow (used in) investing activities	(1,021)	(21,763)	(7,436)	(28,091)
Net cash flow (used in) provided by financing activities	(9,603)	10,949	(21,616)	343
Increase in cash	(4,572)	(3,210)	(2,888)	2,990
Cash, beginning of period	38,255	39,781	36,571	33,581
Cash, end of period	\$ 33,683	\$ 36,571	\$ 33,683	\$ 36,571

Net Cash Flow Provided by Operating Activities

Net cash flow provided by operating activities for the three months ended December 31, 2016, was \$6.1 million compared to \$7.6 million for the same period in 2015. For the year ended December 31, 2016, net cash flow from operating activities was \$26.2 million compared to \$30.7 million for the same period in 2015. The higher figure in 2015 was due to the receipt of a large payment for GST/HST during that year.

Net Cash Flow Used in Investing Activities

Net cash flow used in investing activities for the three months ended December 31, 2016, was \$1.0 million compared to \$21.8 million for the three months ended December 31, 2015, and for the year ended December 31, 2016, was \$7.4 million compared to \$28.1 million for the same period in 2015. The larger investing activities in 2015 reflect the investment made in ESC in 2015.

Net Cash Flow (Used in) Provided by Financing Activities

Net cash flow used in financing activities for the three months ended December 31, 2016, was \$9.6 million compared to net cash flow provided of \$10.9 million for the three months ended December 31, 2015. For the year ended December 31, 2016, net cash flow used was \$21.6 million compared to net cash flow provided of \$0.3 million for the same period in 2015. The 2016 figures represent cash used in the payment of dividends and financing charges (interest), as well as the \$1.0 million contingent consideration paid, while 2015 results represent the payment of dividends and lower financing charges, offset by the receipt of proceeds of long-term debt received in the fourth quarter of 2015.

11.2 Capital Expenditures

Capital expenditures for the three months ended December 31, 2016, were \$1.1 million, compared to \$1.5 million for the same period in 2015. For the year ended December 31, 2016, capital expenditures were \$6.3 million compared to \$4.0 million for the same period in 2015. Capital expenditures were focused on the renewal and enhancement of technology supporting the Corporate Registry, the acquisition of the interest of a subcontractor in a customer contract within our Services segment and growth identification and execution.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Registries	\$ 200	\$ 1,315	\$ 3,189	\$ 3,009
Services	5	11	2,050	11
Corporate	903	199	1,036	997
Total capital expenditures	\$ 1,108	\$ 1,525	\$ 6,275	\$ 4,017

11.3 Long-Term Debt

Long-term debt for the year ended December 31, 2016, was \$23.4 million compared to \$24.6 million at December 31, 2015.

The revolving term facility of \$9.935 million consists of a three-year, committed revolving term loan facility, which matures on September 28, 2018, unless renewed prior to that time. It is currently held in a six-month bankers' acceptance note bearing interest at 1.100 per cent that matures on June 21, 2017, (December 31, 2015 – bankers' acceptance note, due June 28, 2016, bearing interest at 0.963 per cent per annum).

The operating facility, which consists of a \$10.0 million uncommitted, revolving credit facility, was undrawn at December 31, 2016. The operating facility is repayable by ISC upon demand by the lender and the lender may terminate such operating facility at any time.

The non-revolving term facility had \$13.5 million outstanding as of December 31, 2016, and is repayable through quarterly payments of \$375 thousand, maturing on September 28, 2018. This facility bears an interest rate of prime plus applicable margin which, at December 31, 2016, equated to 2.7 per cent, plus 0.7 per cent, for a rate of 3.4 per cent per annum (December 31, 2015 – 2.7 per cent, plus 0.7 per cent, for a rate of 3.4 per cent per annum).

11.4 Total Assets

Total assets decreased to \$131.3 million at December 31, 2016, compared to \$136.3 million at December 31, 2015, primarily due to the net use of cash in 2016 as outlined previously and a decrease of our deferred tax assets in our Registries segment.

(thousands of CAD dollars)	As at December 31,			
	Registries	Services	Corporate	2016
Cash	\$ 21,232	\$ 1,835	\$ 10,616	\$ 33,683
Goodwill	-	13,141	-	13,141
Assets excluding cash and goodwill	39,996	18,492	26,009	84,497
Total assets	\$ 61,228	\$ 33,468	\$ 36,625	\$ 131,321

(thousands of CAD dollars)	As at December 31,			
	Registries	Services	Corporate	2015
Cash	\$ 23,784	\$ 895	\$ 11,892	\$ 36,571
Goodwill	-	13,141	-	13,141
Assets excluding cash and goodwill	43,248	18,332	24,985	86,565
Total assets	\$ 67,032	\$ 32,368	\$ 36,877	\$ 136,277

11.5 Working Capital

As at December 31, 2016, working capital was \$25.4 million, an increase of \$3.7 million, compared to \$21.7 million at December 31, 2015. The change in working capital resulted from a decrease in cash and a decrease in our trade and other payables as a result of the payment of the contingent consideration related to the ESC transaction.

(thousands of CAD dollars)	As at December 31,	As at December 31,
	2016	2015
Current assets	\$ 41,800	\$ 43,180
Current liabilities	(16,363)	(21,490)
Working capital	\$ 25,437	\$ 21,690

11.6 Outstanding Share Data

The number of basic issued and outstanding Class A Shares as at December 31, 2016, was 17.5 million and the number of fully diluted shares was 17.9 million. On November 2, 2016, the Board declared a quarterly cash dividend of \$0.20 per Class A Share, which was paid on January 15, 2017, to shareholders of record as of December 31, 2016.

12 Share-Based Compensation Plan

12.1 Deferred Share Unit Plan

The Company has established a Deferred Share Unit ("DSU") plan to provide directors and senior officers of ISC with the opportunity to acquire DSUs in order to allow them to participate in the long-term success of ISC and to promote a greater alignment of interests between our directors, senior officers and shareholders. Refer to Note 7 of the Financial Statements on the share-based compensation plan.

Share-based compensation, related to DSUs, for the three months ended December 31, 2016, totalled \$46 thousand (2015 – \$56 thousand) and for the year ended December 31, 2016, totalled \$418 thousand (2015 – \$192 thousand). The total carrying amount of the liability arising from the DSUs as of December 31, 2016, totalled \$800 thousand (2015 – \$442 thousand).

On August 15, 2016, the Board granted 15,232 DSUs at a weighted average award price of \$17.40 that vest quarterly. On August 18, 2016, 3,379.45 DSUs were redeemed at a weighted average award price of \$17.69. As at December 31, 2016, the DSU plan balance was 45,444.05 (December 31, 2015 – 31,726.50) with a fair value of \$18.14 per DSU. The weighted average award price of the DSUs granted at December 31, 2016, was \$16.94 (December 2015 – \$16.82).

12.2 Stock Option Plan

The Company established a stock option plan that was approved by shareholders in 2014, to encourage share ownership and enhance the Company's ability to attract, retain and motivate key personnel and reward significant performance achievements. Refer to Note 7 of the Financial Statements on the share-based compensation plan. On March 14, 2017, the Board approved an amended and restated stock option plan, with the amendments principally related to the expansion of the limitation provisions (grants to one person, aggregate option grants to insiders and option grants to non-employee directors) and a further narrowing of the plan amendments that can be made without shareholder approval.

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation related to the stock option plan for the three months ended December 31, 2016, totalled \$96 thousand (2015 – \$88 thousand) and for the year ended December 31, 2016, totalled \$376 thousand (2015 – \$173 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as at December 31, 2016, totalled \$599 thousand (2015 – \$223 thousand).

On August 15, 2016, the Board granted 298,509 stock options at an exercise price of \$17.40. As at December 31, 2016, a total of 759,259 (December 31, 2015 – 460,750) stock options had been granted.

The outstanding share options at the end of the period had a weighted average exercise price of \$15.41 (2015 – \$15.49).

13 Commitments

The Company is subject to contractual obligations such as leasing office space, the MSA with the Government of Saskatchewan and information technology service agreements with Hewlett-Packard (Canada) Co. ("HP") and Information Systems Management Canada Corporation ("ISM"). The following table summarizes our commitments as of December 31, 2016:

(thousands of CAD dollars)	2017	2018	2019	2020	2021	Thereafter	Total
Office leases ¹	\$ 3,138	\$ 3,118	\$ 3,121	\$ 2,922	\$ 2,488	\$ 6,425	\$ 21,212
Master Service Agreement ²	500	500	500	500	500	6,000	8,500
Information Technology Service Agreements ^{3,4}	8,920	8,586	2,852	-	-	-	20,358
Total	\$ 12,558	\$ 12,204	\$ 6,473	\$ 3,422	\$ 2,988	\$ 12,425	\$ 50,070

¹ The Company leases all of its office space through operating leases. Operating leases related to office space include lease terms of between two and ten years, with various options to extend. The Company does not have an option to purchase the leased assets at the expiry of the lease period.

² The MSA requires ISC to pay the Government of Saskatchewan and to manage and operate the Land Titles Registry, Land Surveys, Personal Property Registry and Corporate Registry on behalf of the Government of Saskatchewan for a 20-year period.

³ HP provides application development, maintenance and support services related to the operation of the Land Titles Registry, Personal Property Registry, and Geomatics pursuant to an agreement for information technology services. An Amending Agreement for a five-year term was signed and effective as of June 1, 2015.

⁴ ISM provides hardware management services and support services for software and hardware infrastructure pursuant to a services agreement. An Amending Agreement for a five-year term was signed and effective as of May 1, 2015.

14 Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2016.

15 Related Party Transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 15 of our Financial Statements for information pertaining to transactions with related parties.

16 Critical Accounting Estimates

ISC's critical accounting estimates are contained in the Financial Statements. Refer to Note 2 for the summary of use of estimates and judgments. The preparation of consolidated 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.

17 Changes in Accounting Policies

Refer to Note 3 of the Financial Statements for information pertaining to changes in accounting policies effective in 2016 and for information on issued accounting pronouncements that will be effective in future years.

18 Financial Instruments and Financial Risks

Financial instruments held in the normal course of business included in our consolidated statement of financial position as at December 31, 2016, consist of cash, trade receivables, trade and other payables, provision for early retirement plan, dividend payable, long-term debt and deferred share unit liability.

The Company does not use any form of derivative financial instruments to manage our exposure to credit risk, interest rate risk or market risk. Refer to Note 14 of the Financial Statements for information pertaining to financial instruments and related risk management.

18.1 Fair Value of Financial Instruments

The carrying values of cash, trade receivables, trade and other payables, provision for early retirement plan and dividend payable approximate fair value due to their immediate or relatively short-term maturity. Within long-term debt, the revolving term is currently managed throughout the three-year term with short-term bankers' acceptance notes and, as such, the carrying value approximates fair value due to the short term to maturity as well. It has been determined that there are no differences between the carrying amount and the fair market value of these instruments. In regard to the non-revolving term within long-term debt, it bears an interest rate of prime plus applicable margin, which exposes the Company to some interest rate risk. However, the impact of a change in interest rate is expected to be low.

18.2 Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company extends credit to its customers in the normal course of business and is exposed to credit risk in the event of non-performance by customers, but does not anticipate such non-performance would be material.

The Company monitors the credit risk and credit rating of customers on a regular basis. The Company has significant concentration of credit risk among government sectors. Our customers are primarily provincial, federal and municipal government ministries and agencies, and our private sector customers are diverse.

Cash is held with major Canadian chartered banks and the Company believes the risk of loss to be minimal. The maximum exposure to credit risk at December 31, 2016, is \$37.9 million (December 31, 2015 – \$40.2 million) equal to the carrying value of the Company's financial assets, those being cash at \$33.7 million

(December 31, 2015 – \$36.6 million) and trade receivables at \$4.2 million (December 31, 2015 – \$3.6 million). Quarterly reviews of the aged receivables are completed. The Company expects to fully collect on all outstanding receivables; therefore, the risk to the Company is low.

18.3 Liquidity Risk

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

18.4 Market Risk

The Company is not exposed to market risk with respect to financial instruments as it does not hold any financial assets or liabilities whose fair value is affected by equity prices.

18.5 Interest Rate Risk

The Company is subject to interest rate risks as the Credit Facilities bear interest at rates that are based on floating rates based on prime, which can vary in accordance with borrowing rates. The Company manages interest rate risk by using short-term bankers' acceptance notes with an option to lock in rates at any time and by monitoring the effects of market changes in interest rates. The Company considers the interest rate risk on its overall debt to be low.

19 Business Risks and Risk Management

All companies are exposed to risk and are required to mitigate risks on a daily and long-term basis. A key component of creating strong and sustainable corporate performance is to balance risk and reward. This begins by understanding a company's risk tolerance and appetite for taking on new risks.

ISC actively identifies risks that may affect the Company's ability to achieve its goals and objectives and implements processes to manage those risks. At the foundation of this process are the frameworks, policies, tools and procedures that help the organization to ensure risks are being identified and managed at a strategic, operational and procedural level. ISC is constantly addressing numerous existing and emerging risks. Our corporate strategies and plans are designed to implement effective risk mitigation or management approaches on an ongoing basis.

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

The executive team is accountable for providing executive oversight of ISC's ERM activities, including the ongoing identification and assessment of risks and the development of mitigation strategies to manage the corporate risks facing the Company. The key corporate risks are documented and tracked as part of ISC's risk register.

The following are high-level descriptions of primary business risks:

Revenue Diversification	There is a risk that ISC's current revenue sources are not significantly diversified to withstand economic challenges in Canada or downturns connected to common revenue drivers.
Cost/Efficiency/ Profitability	There is a risk that ISC's business model and resourcing mix will not allow ISC to achieve cost efficiencies in new or existing product lines, or be sufficiently nimble to take advantage of business development opportunities or adapt to volume changes within its business.
Acquisition	There is a risk that acquisitions could occur with insufficient due diligence, leadership and cultural differences, over-valuation, imprudent financing, ineffective post-acquisition integration or could be misaligned with ISC's overall strategy.
Reputational	There is a risk that ISC's reputation could be negatively impacted, thereby damaging ISC's credibility, future revenue and/or business opportunities. Events that could impact ISC's reputation include the integrity and security of information, inability to successfully implement on growth strategies and failure to comply with rules, regulation and disclosures.
Human and Organizational Capital	There is a risk that ISC does not have the required competencies, skills and knowledge to execute on strategic priorities as a growing publicly traded company.
Aligning Investor Expectations	There is a risk that a lack of alignment of ISC's strategy with investor expectations may result in unfavourable outcomes and investor behaviours or actions.
IT Infrastructure	There is a risk that ISC does not have the IT infrastructure (i.e., age, integrity or architecture of hardware, networks, software and facilities) in place to effectively facilitate current and future requirements to support its business needs and the achievement of its strategic goals. There is also a risk of potential service disruptions or service delays. ISC relies on third-party service providers for aspects of its IT infrastructure and the provision of critical IT-related services.

Competition	There is a risk that ISC may be ineffective in its ability to compete against current or future competitors, in some cases given others' potential advantage having greater longevity in the market, access to low-cost capital, private ownership, etc., or as a result of ISC's potential requirement to receive ancillary service approvals from the Government of Saskatchewan or other regulators.
MSA Compliance	Inability to comply with the requirements in the MSA could result in the loss/termination of the agreement as well as impacting ISC's reputation and future growth strategies.
Labour Relations	In the event of a labour disruption such as a strike or lockout, ISC's ability to carry on operations would be expected to be impaired significantly, which could have a material adverse effect on the business, results of operations and financial condition.
Misalignment of Service Evolution and Pricing Approach	There is a risk that business model requirements for successful and profitable evolution of registry services are not supported by the Government of Saskatchewan.

You are cautioned that the foregoing discussion of risks and uncertainties is not exhaustive. Additional information on these and other risks that could affect our business, operations or financial results are also discussed in our Annual Information Form filed on www.sedar.com or on www.company.isc.ca.

20 Internal Controls over Financial Reporting

The Company's management, including the President and Chief Executive Officer and the Vice President, Finance & Technology and Chief Financial Officer, is responsible for establishing and maintaining appropriate internal control over financial reporting. Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The design and effectiveness of ISC's internal controls over financial reporting in accordance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as at December 31, 2016, was evaluated by management. The Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") was used to evaluate the effectiveness of our internal controls over financial reporting. Based on this evaluation, the President and Chief Executive Officer and the Vice President, Finance & Technology and Chief Financial Officer concluded that our internal controls over financial reporting were effective as at December 31, 2016.

During the year, the design scope of internal controls over financial reporting were expanded to include controls, policies and procedures of ESC Corporate Services Ltd. which was acquired in the previous year.

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

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

21 Disclosure Controls and Procedures

The Company's management, including the President and Chief Executive Officer and the Vice President, Finance & Technology and Chief Financial Officer, is responsible for establishing and maintaining appropriate disclosure control and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management, including the President and Chief Executive Officer and the Vice-President, Financial & Technology and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosures. The design and effectiveness of ISC's disclosure controls and procedures in accordance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as at December 31, 2016, was evaluated by management. Based on the foregoing evaluation, the President and Chief Executive Officer and the Vice President, Finance & Technology and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that material information relating to the Company is made known to them and that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

22 Non-IFRS Financial Measures

22.1 Non-IFRS Financial Measures

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

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

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

22.2 Non-IFRS Financial Measures Definition

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

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