



March 13, 2018

Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2017

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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, 2017, and 2016. Additional information, including our Annual Information Form for the year ended December 31, 2017, is available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

This MD&A contains information from our audited Consolidated Financial Statements (the "Financial Statements") for the years ended December 31, 2017, 2016, and 2015, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards ("IAS") 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 dollars ("CAD"). In this MD&A, all references to "\$" or "dollars" are to Canadian dollars and amounts are stated in Canadian dollars unless otherwise indicated.

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

This MD&A is current as of March 13, 2018.

2 Responsibility for Disclosure

The Board of Directors ("Board") of ISC is responsible for review and approval of this disclosure.

The Audit Committee ("Audit Committee") of the Board, which is comprised exclusively of independent directors, 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.

3 Caution Regarding Forward-Looking Information

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

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

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

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such forward-looking information. Factors that could cause our actual results or events to differ materially from those expressed or implied by such forward-looking information, include, without limitation, the following: changes to or loss of the MSA (as that term is defined herein) and potential disagreements with the Government of Saskatchewan; limitations on our ability to increase fees under the MSA; reliance on key customers and licences; dependence on key projects and clients, securing new business and fixed-price contracts; changes in economic, market and other conditions; reliance on information technology systems; ability to realize growth opportunities, including the ability to complete and integrate new

acquisitions and to secure contracts to provide new service offerings; ability to manage our foreign operations; competition for service offerings (other than our exclusive service offerings to the Government of Saskatchewan); undisclosed liabilities acquired pursuant to past or future acquisitions; ability to attract and retain qualified personnel; ability to obtain future financing; failure to protect our intellectual property rights; legislative changes; changes in anticipated tax liabilities; risk of litigation; adequacy of our insurance coverage; reliance on third-party suppliers or other contractors; adverse changes in labour relations; liability to the Government of Saskatchewan; any compromise to the integrity or security of our information assets; any failure in our financial reporting safeguards or internal controls; ownership restrictions and director appointment rights and restrictions under *The Information Services Corporation Act* (Saskatchewan); and our ability to continue to pay dividends. You should consider these factors carefully. We caution that the foregoing list is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, this forward-looking information. See "Business Risks and Risk Management".

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

You should not place undue reliance on forward-looking information contained herein.

4 Consolidated Highlights

4.1 Fourth quarter consolidated highlights

- Revenue was \$23.6 million for the three months ended December 31, 2017, an increase of \$2.4 million compared to \$21.2 million for the three months ended December 31, 2016.
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the fourth quarter of 2017 was \$7.8 million compared to \$6.8 million in the same quarter last year, an increase of \$1.0 million.
- The EBITDA margin for the fourth quarter of 2017 was 33.2 per cent compared to 32.2 per cent in the same quarter in 2016.
- Adjusted EBITDA was \$9.0 million for the fourth quarter compared to \$7.3 million in the same quarter last year, with an adjusted EBITDA margin of 38.0 per cent for the quarter compared to 34.6 per cent in the fourth quarter of 2016. 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 for the three months ended December 31, 2017, was \$18.8 million or \$1.07 per basic and diluted share. In the fourth quarter of 2016, net income was \$2.9 million or \$0.17 per basic and diluted share. The increase in net income and earnings per share was largely due to the impact of the \$15.4 million accounting gain before tax on the sale of our 30.1 per cent ownership interest in Dye & Durham Corporation ("Dye & Durham" or "D&D") for \$25.0 million in cash on October 5, 2017. Without the impact of the gain, net income would have been \$5.4 million or \$0.31 per basic and diluted share. Also contributing to the increase in net income and earnings per share was the impact of a one per cent increase in substantively enacted future corporate tax rates by the Saskatchewan government in December 2017. This resulted in a reduction in deferred income tax expense in the current period of \$1.4 million, an increase of \$0.08 per basic and diluted share. This tax increase reversed a previously announced reduction which impacted our third quarter of 2017.
- On December 21, 2017, the Company through its wholly owned subsidiary ESC Corporate Services Ltd. ("ESC"), acquired all of the issued and outstanding shares of AVS Systems Inc. ("AVS"). AVS provides automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. The Company paid \$25.0 million in cash on closing. The Company may pay up to \$20.0 million in additional consideration contingent on the realization of future business with financial institutions and auto and equipment finance companies across Canada over a period of 13 months ending January 31, 2019.
- On November 7, 2017, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, paid on or before January 15, 2018, to shareholders of record as of December 31, 2017.

4.2 Year-end consolidated highlights

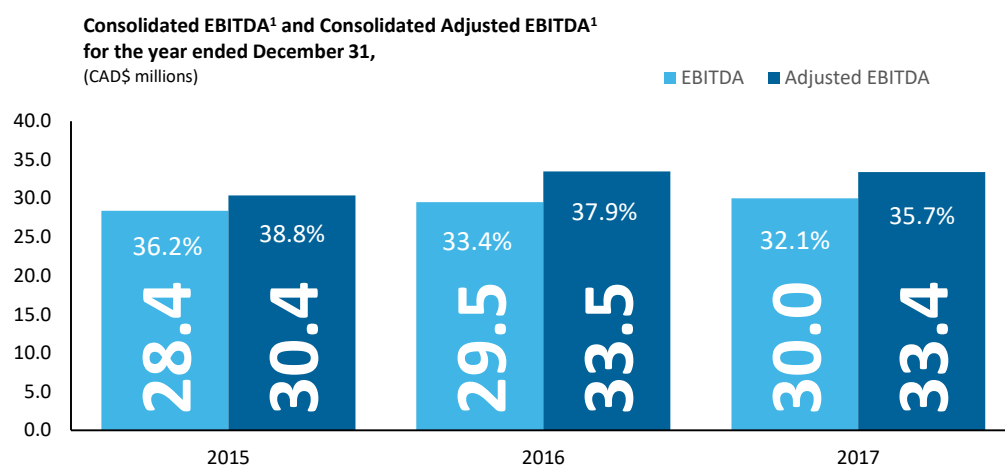
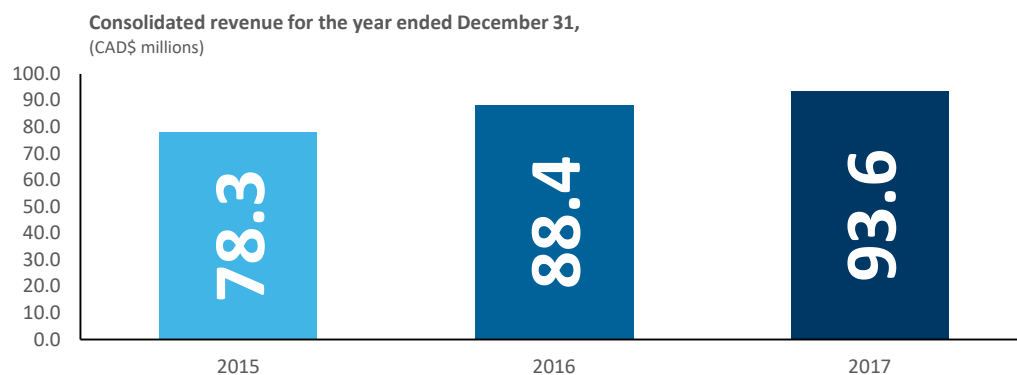
- Revenue was \$93.6 million for the year ended December 31, 2017, an increase of 5.9 per cent compared to \$88.4 million for the year ended December 31, 2016.
- EBITDA for the year ended December 31, 2017, was \$30.0 million compared to \$29.5 million in the same period last year.
- Our EBITDA margin for the year ended December 31, 2017, was 32.1 per cent compared to 33.4 per cent in 2016.
- Adjusted EBITDA was \$33.4 million for the year ended December 31, 2017, compared to \$33.5 million in the same period last year, with ISC generating an adjusted EBITDA margin of 35.7 per cent for the period compared to 37.9 per cent in the year ended December 31, 2016. 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 for the year ended December 31, 2017, was \$27.8 million or \$1.59 per basic and \$1.58 per diluted share. For 2016, net income was \$15.5 million or \$0.89 per basic and \$0.88 per diluted share. The increase in net income and earnings per share was mainly due to the impact of the \$15.4

million accounting gain before tax on the sale of our 30.1 per cent ownership interest in D&D on October 5, 2017. Without this gain, net income would have been \$14.4 million or \$0.82 per basic and diluted share.

- On January 23, 2017, we acquired all issued and outstanding common shares of Enterprise Registry Solutions Ltd. ("ERS"), a global leader in the development and implementation of registry technology. The Company completed the transaction with \$14.3 million of the purchase price paid on closing of the transaction and up to €5.0 million in additional consideration contingent on the retention of existing leadership and realization of future business. The purchase price was financed through a combination of cash and \$10.0 million of debt.
- In March 2017, we contributed additional capital of \$2.5 million, representing slightly more than our pro rata share of an equity raise by Dye & Durham, raising our ownership interest to 30.1 per cent. These funds were used to finance certain growth activities of Dye & Durham. On October 5, 2017, we sold our interest in Dye & Durham.
- On June 1, 2017, through our wholly owned subsidiary, ESC Corporate Services Ltd. ("ESC"), we acquired all issued and outstanding common shares of Alliance Online Ltd. ("Alliance"), a personal property, corporate and land registry search and submission provider located in Mississauga, ON, for a purchase price of \$1.0 million plus working capital of \$0.1 million.

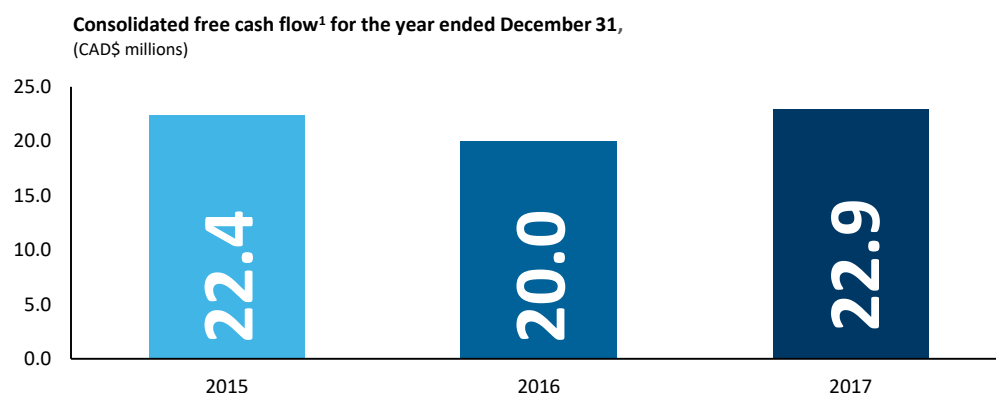
4.3 Subsequent events

- On March 13, 2018, our Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before April 15, 2018, to shareholders of record as of March 31, 2018.



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 22 "Non-IFRS Financial Measures".

Percentages expressed represent the EBITDA and adjusted EBITDA margin percentages, respectively.



¹ ISC has changed the recognition of current income taxes within the definition of free cash flow to match the balance recognized on the statement of comprehensive income. Comparative figures for 2015 and 2016 have been updated accordingly. 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 22 "Non-IFRS Financial Measures".

4.4 Select consolidated financial information

The select annual financial information set out for the years ended December 31, 2017, 2016, and 2015, is derived from ISC's Consolidated Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods. It should be noted that (i) the 2017 and 2016 results each include a full financial year for ESC, which was acquired on October 1, 2015, as compared to 2015, which only included ESC's results for the fourth quarter and (ii) the 2017 results include ERS starting January 23, 2017, and AVS starting December 21, 2017. In addition, the 2017 results exclude the Company's share of profit in Dye & Durham in the fourth quarter of 2017 as the shares were sold on October 5, 2017 and instead include the gain on the sale of the shares.

(thousands of CAD dollars)	Year Ended December 31,		
	2017	2016	2015
Revenue	\$ 93,592	\$ 88,375	\$ 78,318
Net income	27,789	15,503	15,917
EBITDA ¹	\$ 30,015	\$ 29,529	\$ 28,364
Adjusted EBITDA ¹	33,403	33,454	30,386
EBITDA margin (% of revenue) ¹	32.1%	33.4%	36.2%
Adjusted EBITDA margin (% of revenue) ¹	35.7%	37.9%	38.8%
Free cash flow ²	\$ 22,918	\$ 19,993	\$ 22,403
Dividend declared per share	\$ 0.80	\$ 0.80	\$ 0.80
Earnings per share, basic ³	1.59	0.89	0.91
Earnings per share, diluted ³	1.58	0.88	0.90

	As at December 31,		
	2017	2016	2015
Total assets	\$ 171,825	\$ 131,321	\$ 136,277
Total non-current liabilities	\$ 45,202	\$ 25,637	\$ 27,345

¹ EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. Refer to section 22 "Non-IFRS Financial Measures". The 2017 EBITDA figure does not include the gain from our sale of ownership in D&D.

² ISC has changed the recognition of current income taxes within the definition of free cash flow to equal the balance recognized on the statement of comprehensive income. Comparative figures for 2015 and 2016 have been updated accordingly.

³ The calculation of earnings per share was based on net income after tax and the weighted average number of shares outstanding during the period.

4.5 Significant Acquisitions

During the year, the Company completed the acquisition of three entities: ERS, Alliance and AVS. Details around our significant acquisitions are below. Refer to Note 23 of our financial statements for more information pertaining to our acquisitions.

ERS

On January 23, 2017, the Company acquired all of the issued and outstanding common shares of ERS. The Company completed the transaction with \$14.3 million (€10.0 million) of the purchase price paid on closing of the transaction, subject to working capital adjustments. The transaction was financed through a combination of cash and \$10.0 million of debt from our existing credit facilities, pursuant to the September 28, 2015, amended and restated Credit Facilities. As part of the transaction, the Company agreed to pay up to €5.0 million in consideration contingent upon the retention of existing leadership and the award and realization of future business over a 30-month period. For accounting purposes, the retention portion of the contingent consideration is classified as post-acquisition remuneration and is not included as part of the related acquisition consideration. The portion of the contingent consideration related to the award and realization of future business will be recorded in the period incurred, if the realization occurs within the 30-month period.

ERS, which is headquartered in Dublin, Ireland, is a provider of registry technology solutions and expertise, specializing in the implementation and support of systems related to the corporate registry domain. Its registry solutions support registries in Europe, North America and Asia. The acquisition of ERS strengthens the Company's ability to compete more effectively for new registry business by having an additional registry technology solution in its offering.

AVS

On December 21, 2017, the Company, through its wholly owned subsidiary ESC, acquired all of the issued and outstanding common shares of AVS. The Company completed the transaction with \$25.0 million of the purchase price paid in cash on closing of the transaction, subject to working capital adjustments. As part of the transaction, the Company agreed to pay up to \$20.0 million in additional consideration contingent on the realization of future business with financial institutions and auto and equipment finance companies across Canada, over a period of 13 months ending January 31, 2019. Management's fair value estimate for the contingent consideration is \$14.8 million at December 31, 2017 and is recorded in other long-term liabilities. A Business Acquisition Report was filed on SEDAR in relation to the AVS acquisition on March 5, 2018.

AVS, which is based in Vernon, BC, provides automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. The acquisition of AVS positions the Company's Services segment to support the growing needs of financial institutions and legal firms to outsource key business processes associated with credit due diligence, protection and default solutions while they focus on their core businesses and allows the Company to capitalize on new avenues for growth in our Services segment.

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.

We continue 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 Registries segment includes the provision of registry services with our core business commitment to the Government of Saskatchewan outlined in a 20-year Master Service Agreement (“MSA”). Our Services segment contains the product and services we provide to legal and financial institutions through ESC. The balance of our corporate activities and shared services functions, including the services and products provided by ERS, are reported as Corporate.

As further outlined in section 6 “Business Strategy”, with the acquisitions in 2017 and additions to our management team, beginning in 2018, the Company will organize into three segments — Registry Operations, Technology Solutions and Services. Commencing in the first quarter of 2018, we will present our results under these three segments.

5.2 Registries Segment

Our Registries segment 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.

Currently, ISC provides registry and information services to the Province of Saskatchewan under a 20-year MSA and is the exclusive full-service solution provider of the Saskatchewan Land Registry, the Saskatchewan Personal Property Registry, the Saskatchewan Corporate Registry, the Common Business Identifier Program and the Business Registration Saskatchewan Program in Saskatchewan (collectively, the “Saskatchewan Registries”).

For all services in this segment, competitors include infrastructure funds and private equity firms as well as information services companies, registry software providers and other such information-based companies that develop and provide software platforms to manage registry and related information services. These types of companies may compete with ISC by acting as, or partnering with, businesses

that can provide other required processes, such as customer service and delivery, in conjunction with software platforms to provide full-service solutions.

Saskatchewan Land Registry

The Saskatchewan Land Registry (“Land Registry”) includes the Saskatchewan Land Titles Registry (“Land Titles Registry”), Saskatchewan Land Surveys Directory (“Land Surveys”) and Saskatchewan Geomatics services (“Geomatics”).

Saskatchewan 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, in the Province of Saskatchewan. The Land Titles Registry provides access to timely and reliable land ownership information to support new and used home sales, land and home development transfers and other value-added transactions. Its primary users include law 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 land values, provincial population and mortgage qualifying requirements also affect the housing market which, in turn, influences 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, calculated as a percentage of the value of the land and/or property being registered. We typically charge a flat fee per transaction for search and maintenance transactions. However, in certain instances, we may charge a negotiated fee for a customized search or maintenance transaction such as certain mineral certification or bulk data requests.

Approximately 79.9 per cent of all Land Titles Registry registration transactions were submitted online in 2017.

Saskatchewan 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.

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

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

Geomatics manages geographic data related to the cadastral parcel mapping system, which is integrated

with the Land Titles Registry and Land Surveys. 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.

Geomatics customers include government departments (provincial and municipal), resource companies, land developers, utility, pipeline and transportation companies, and the public.

Unlike the other services offered within the Land Registry, Geomatics generates revenue mainly through 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, a province-wide civic address registry and an online maintenance system but does not receive transaction-based fees related to the use of the portal.

We also provide 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. We have been hosting and supporting MARS since 2015 in exchange for a service fee.

Saskatchewan Personal Property Registry

The Saskatchewan Personal Property Registry ("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, such as 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.

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

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

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

Customers complete 99.6 per cent of searches in the registry online. The high online usage is stable with minimal numbers of end-use consumers needing staff assistance to complete their transactions.

Saskatchewan Corporate Registry

The Saskatchewan Corporate Registry ("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 our other registries, the Company earns most of its fees in the Corporate Registry in relation to maintenance services provided to business entities that file annual returns or wish to make changes to their structure or profile.

On July 11, 2016, ISC launched a 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 RegSys platform, a system we sell through ERS, 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. Approximately 86.4 per cent of all registrations in the Corporate Registry were submitted online in 2017. A number of permanent changes to the services and fee structure were implemented with the launch of the system.

Common Business Identifier Program and Business Registration Saskatchewan Program

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.

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.

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 amendment to the MSA announced on March 7, 2016. The operating fee is 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 was 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 entered into an agreement with the Saskatchewan 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 Services Segment

Our Services segment provides products and services through ESC. ESC delivers industry-leading solutions uniting public record data, customer authentication, corporate legal services and collateral management to support optimal lending practices through innovation, technology and deep domain expertise. The business has offices in Toronto, ON, Montreal, QC and Vernon, BC.

In June 2017, ESC acquired Alliance, a personal property, corporate, and land registry search and submission provider. In December 2017, ESC acquired AVS, based in Vernon, BC. AVS provides automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. With the addition of AVS, our Services segment is now positioned to serve the full credit-lending cycle and deliver proven credit due diligence, protection and default solutions to the Canadian financing industry. Both Alliance and AVS were amalgamated with ESC upon closing of the respective transactions.

Through these acquisitions, our Services segment has expanded its customer base and strategic partnerships with large financial institutions and auto and equipment finance companies across Canada to broaden its existing market share in the competitive collateral management business. We now distinguish ourselves from our competitors through a robust technology platform that provides a fully automated workflow for our clients.

Revenue derived from our Services segment is linked to clients and the business they undertake across Canada. Economic activity can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities, which drives activity for our Services segment. Other key drivers for this segment include increased regulatory and compliance requirements for financial institutions as well as the growing trend to outsource business processes and services to realize cost savings and focus on their core businesses without compromising service quality.

We report revenue from our Services segment's products and services in three distinct categories: search and registration services (which now also includes services provided by AVS), Know-Your-Customer ("KYC") services and corporate supplies. Services provided have two revenue components: transactional fees and per unit charges. We earn revenue through transaction fees for all search and registration products as well as KYC services. All government fees associated with the service are either embedded in the search fee or charged in addition to the service transaction fee. Corporate supplies are charged a per unit fee in the same manner as a product in a retail transaction. We do not earn any subscription-based fees relating to any of our Services segment products.

With the addition of AVS in our Services segment, in 2018 we will simplify the way in which we report revenue for our Services segment. This will allow us to better reflect the business by the industries and

customers we serve. The three categories of search and registration, KYC and corporate supplies will be consolidated to two categories, namely Legal Support Services and Financial Support Services. Legal Support Services revenue will consist of revenue from the corporate supplies business as well as search and registration services provided to our legal customers. Financial Support Services will consist of search and registration, KYC and other services ESC provides to non-legal customers, such as financial institutions and auto finance companies.

Our competitors in the Services segment vary by market and geography. Competitors primarily include other intermediaries and suppliers to legal professionals and financial institutions, offering national ordering and fulfilment platforms. Our search and registration services for professional firms compete with similar service companies, providing additional value through convenience and intermediation of various public registries.

In Ontario, the Ontario Business Information System ("ONBIS") licence holders make up most of the competition alongside a few smaller vendors. In Quebec, the competition includes similar service providers active in that market exclusively. In the financial services marketplace, we compete against a small number of distinctly different service providers, all of whom offer additional services beyond our KYC programs. For corporate supplies, we have a small number of competitors supplying the legal market with customized products, while the consumer market is typically serviced by big box office supply retailers. We also service the consumer market through direct supply relationships with office products providers.

Our Services segment is sufficiently diversified with little seasonality to its revenue performance.

Search and Registration Services

We provide nationwide search and registration services for our customers directly or indirectly. We provide search services, including corporate, business name, personal property, real property, corporate name search reports (also known as NUANS¹ reports), trademark and the *Bank Act* (Canada) primarily to legal professionals. Registration and filing services include personal property, trademark, business incorporations, amendments, and amalgamations that we provide to legal professionals as well as financial service businesses and institutions.

The Company 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. The Company's proven technology for fully automated workflow also satisfies many of the most sophisticated financial institutions in Canada.

We benefit from ESC's status as one of three official service providers under the ONBIS licence to the

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.

Government of Ontario's Ministry of Government Services. This licence is currently renewed on a three-year term until January 2020 with an optional two-year extension. ESC also holds licences with the Government of Ontario to distribute and register *Personal Property Security Act* ("PPSA") searches and registrations, as well as the Government of Quebec's Corporate Registry ("REQ") and Corporations Canada for registering corporations directly within each of these two registry systems. ESC is one of two licensees directly integrated into the REQ database for providing full-service search and registration transactions in Quebec.

Know-Your-Customer Services

We 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 such as corporate registry, personal property registry, land registry, litigation, bankruptcy and *Bank Act* searches. These services are provided primarily to financial and credit institutions.

We use our proprietary platform for financial institutions and companies in the financial services sector to on-board new commercial accounts while remaining compliant with Canadian KYC and Anti-Money Laundering regulations captured under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada). The customer on-boarding verification reports we generate leverage our search service to provide our clients with a process and system to verify, retrieve and store information about corporate clients to meet these regulatory requirements.

Corporate Supplies

The corporate supplies provided by our Services segment help companies to effectively organize and maintain their corporate legal documents. These products are sold and distributed primarily to legal professionals and law firms 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 the following key strategic priorities to support the achievement of this goal:

- To be the global leader in registry operations and solutions and the Canadian leader in provision of value-add services utilizing public data and records;
- To deliver organic revenue growth over three years with continued emphasis on EBITDA growth, and increasing revenue from our products, registry expertise and advisory services; and
- To provide enhanced customer experience for those interacting with ISC, registry systems and registry information.

Organizational Structure

On October 12, 2017, ISC announced an expanded leadership team to support our evolving business as well as our strategic priorities. In addition, the Company also noted that there would be an increased emphasis on technology solutions to complement the existing Registries and Services businesses. These changes position us to meet the wide array of client and customer needs for registry and related information services solutions.

Beginning in 2018, we will organize into three segments — Registry Operations, Technology Solutions and Services. A functional summary of these three segments is as follows:

- Registry Operations (currently our Registries segment) will focus on the delivery of registry services on behalf of governments.
- Technology Solutions will provide support for the development, delivery and support of registry (and related) technology solutions.
- Services will continue to deliver products and services that utilize public records and data to provide value to customers in the legal and financial sectors.

As a result, we will commence reporting these segments with the disclosure of our first quarter 2018 financial results. These segments will replace our current reporting format as described in section 5.1 "Segment Information".

7 Results of Operations

Consolidated statements of comprehensive income

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Revenue	\$ 23,589	\$ 21,201	\$ 93,592	\$ 88,375
Expenses:				
Wages and salaries	7,913	8,214	32,802	28,008
Information technology services	2,093	2,432	10,179	9,602
Depreciation and amortization	1,792	2,955	7,507	8,429
Occupancy costs	1,295	1,284	5,292	4,992
Professional and consulting services	711	1,607	4,511	5,564
Cost of goods sold	1,378	779	4,141	3,586
Financial services	683	510	2,235	2,362
Project initiatives	1,005	(298)	2,823	3,214
Other	669	765	2,204	2,172
Total expenses	17,539	18,248	71,694	67,929
Net income before items noted below	6,050	2,953	21,898	20,446
Finance (expense) income				
Interest income	172	68	369	256
Interest expense	(247)	(142)	(876)	(577)
Net finance expense	(75)	(74)	(507)	(321)
Share of profit (loss) in associate	-	(925)	610	1,654
Change in contingent consideration	-	-	-	(1,000)
Gain on sale of associate	15,438	-	15,438	-
Income before tax	21,414	3,804	37,439	20,779
Income tax expense	(2,640)	(885)	(9,650)	(5,276)
Net income	18,774	\$ 2,919	27,789	\$ 15,503
Other comprehensive income (loss)				
Unrealized gain (loss) on translation of financial statements of foreign operations	193	-	429	-
Change in fair value of marketable securities (net of tax)	(2)	-	(39)	-
Other comprehensive income (loss) for the period	191	-	390	-
Total comprehensive income	\$ 18,965	\$ 2,919	\$ 28,179	\$ 15,503

Fourth quarter results

Consolidated revenue

Revenue was \$23.6 million for the three months ended December 31, 2017, an increase of \$2.4 million compared to the same period in 2016.

(thousands of CAD dollars)	Segments			Three Months Ended December 31,	
	Registries	Services	Corporate	2017	2016
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 13,762	\$ -	\$ -	\$ 13,762	\$ 13,038
Personal Property Registry	2,294	-	-	2,294	2,273
Corporate Registry	2,468	-	-	2,468	2,254
Registries revenue	18,524	-	-	18,524	17,565
Services revenue	-	4,035	-	4,035	3,427
Other revenue	-	-	1,030	1,030	209
Total revenue	\$ 18,524	\$ 4,035	\$ 1,030	\$ 23,589	\$ 21,201

Registries

Overall

Revenue for our Registries segment was \$18.5 million for the three months ended December 31, 2017, an increase of \$1.0 million or 5.5 per cent compared to the fourth quarter in 2016. Overall fourth quarter revenue was higher primarily due to increased revenue from the Land Titles Registry and Corporate Registry.

Land Registry

Revenue for the Land Registry was \$13.8 million for the quarter ended December 31, 2017, an increase of 5.5 per cent compared to the same period in 2016.

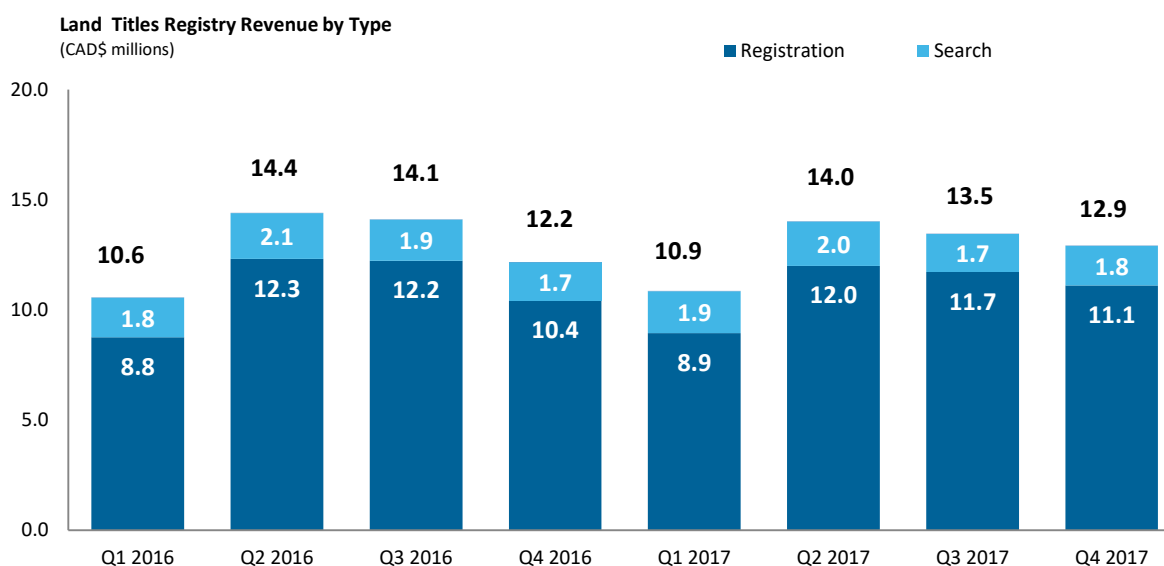
(i) Land Titles Registry

Land Titles Registry revenue for the fourth quarter of 2017 was \$12.9 million, a rise of \$0.8 million or 6.3 per cent compared to the same period in 2016. This was mainly due to stronger high-value property registration revenue. Each high-value registration generated revenue of \$10,000 or more. Revenue from these types of registrations was a record \$1.9 million for the quarter with two unusually high-value transactions accounting for \$0.6 million in revenue.

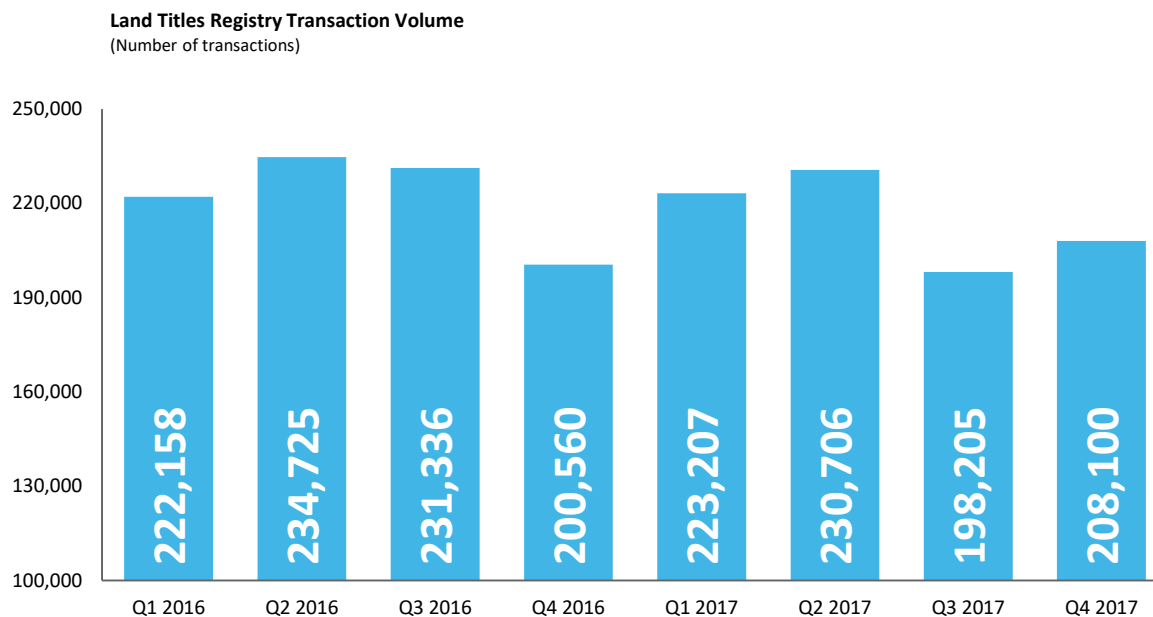
Most of the revenue in the Land Titles Registry is derived from value-based fees. Average land values increased by 1.7 per cent in the fourth quarter after removing the effect of the two unusually high-value transactions noted above.

Overall transaction volumes grew by 3.8 per cent for the fourth quarter of 2017 compared to the same period last year, partly due to a rise in resource sector interest transactions. The volume of regular land transfers and title searches grew by 1.7 per cent and 3.3 per cent, respectively, compared to the same period in 2016. The volume of mortgage registrations continued to show a decline, down 15.8 per cent for the quarter compared to the same period in 2016.

The following graphs show the Land Titles Registry revenue by type of transaction and the overall transaction volume, respectively. Seasonality remains consistent year-over-year with the fourth quarter typically generating slightly less revenue than the third quarter. For more information on seasonality, please refer to section 8 “Summary of Consolidated Quarterly Results”.



Note: Values may not add up due to rounding from minor Maintenance transactions not displayed.



(ii) Land Surveys and Geomatics

Collectively, the revenue from Land Surveys and Geomatics was \$0.8 million for the fourth quarter, a decrease of 5.1 per cent compared to last year.

Revenue from Land Surveys was down 9.7 per cent for the fourth quarter, or \$32 thousand in 2017, compared to the same period in 2016. This was primarily due to a decline in services revenue, down 43.5 per cent, or \$25 thousand, on lower volumes.

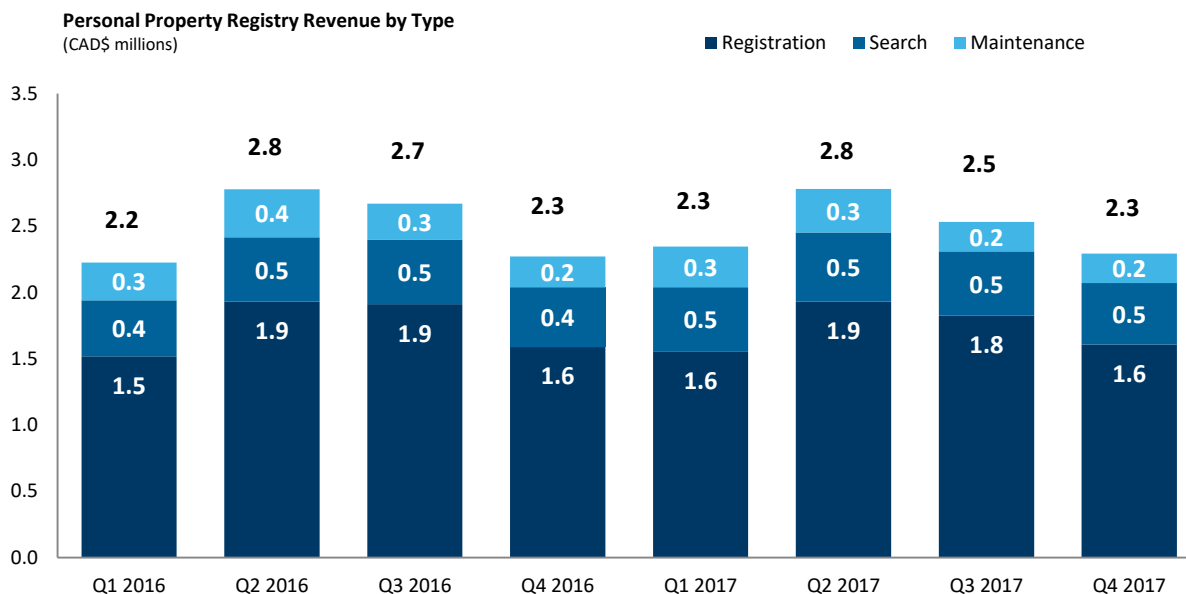
Geomatics revenue was down 2.4 per cent compared to the same quarter in 2016 due to lower requests for geomatics services.

Personal Property Registry

Revenue for the Personal Property Registry for the fourth quarter of 2017 was \$2.3 million, consistent with the same period in 2016.

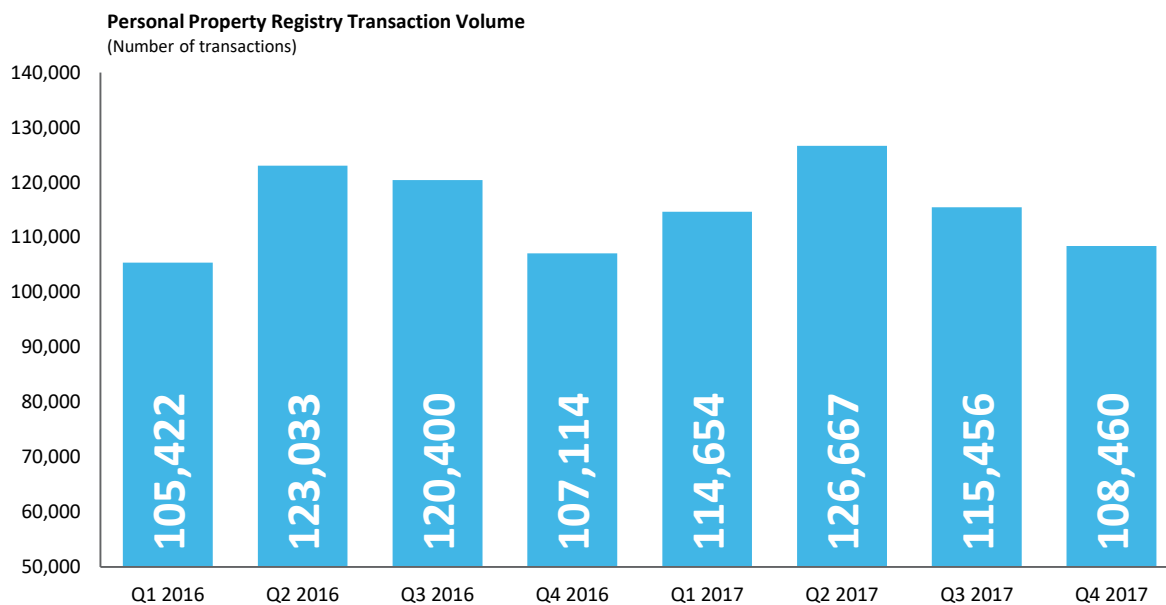
Personal property security registration setups saw volumes improve by 0.7 per cent compared to the same period in 2016. Revenue for the same transaction type increased by 1.1 per cent compared to the same period last year.

The graph on the following page depicts the Personal Property Registry revenue by type of transaction. Compared to the same period last year, fourth quarter 2017 registration and search revenue was 1.2 per cent and 3.3 per cent higher, respectively. Maintenance revenue was 5.0 per cent lower. Revenue results for the fourth quarter are weaker compared to the third quarter, reflecting the typical pattern of seasonality.



Note: Values may not add due to rounding.

Transaction volumes for the fourth quarter of 2017 increased by 1.3 per cent compared to the same period last year. Specifically, registration volumes grew by 1.2 per cent and search transactions by 2.8 per cent, offsetting an 8.2 per cent decline in maintenance volumes.

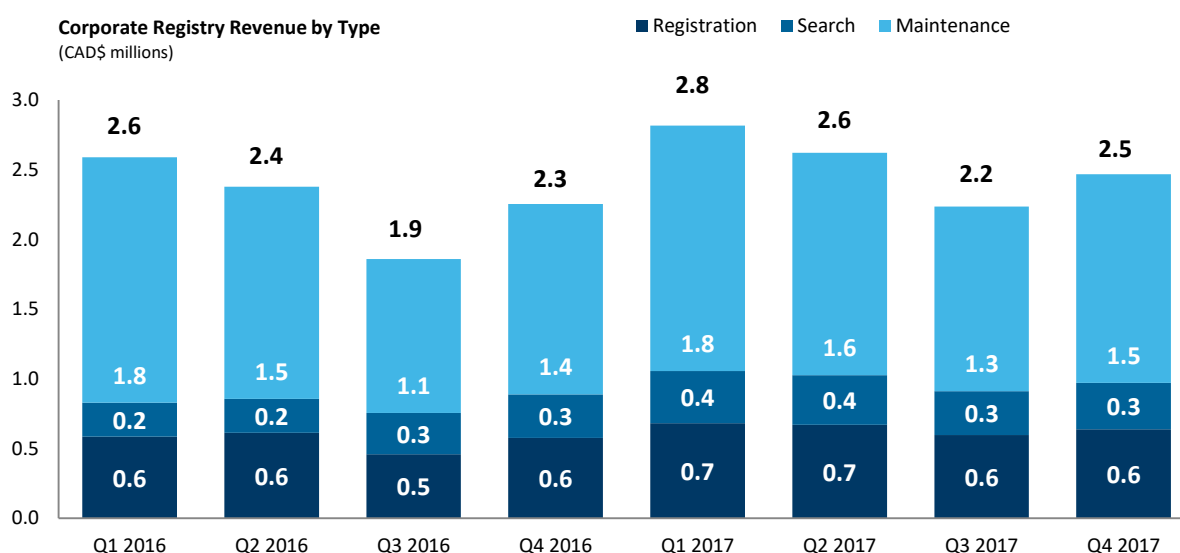


Corporate Registry

Revenue for the Corporate Registry for the quarter ended December 31, 2017, was \$2.5 million, an increase of 9.5 per cent, or \$0.2 million, compared to the same period in 2016. This quarterly variance is largely explained by increases across most transaction types.

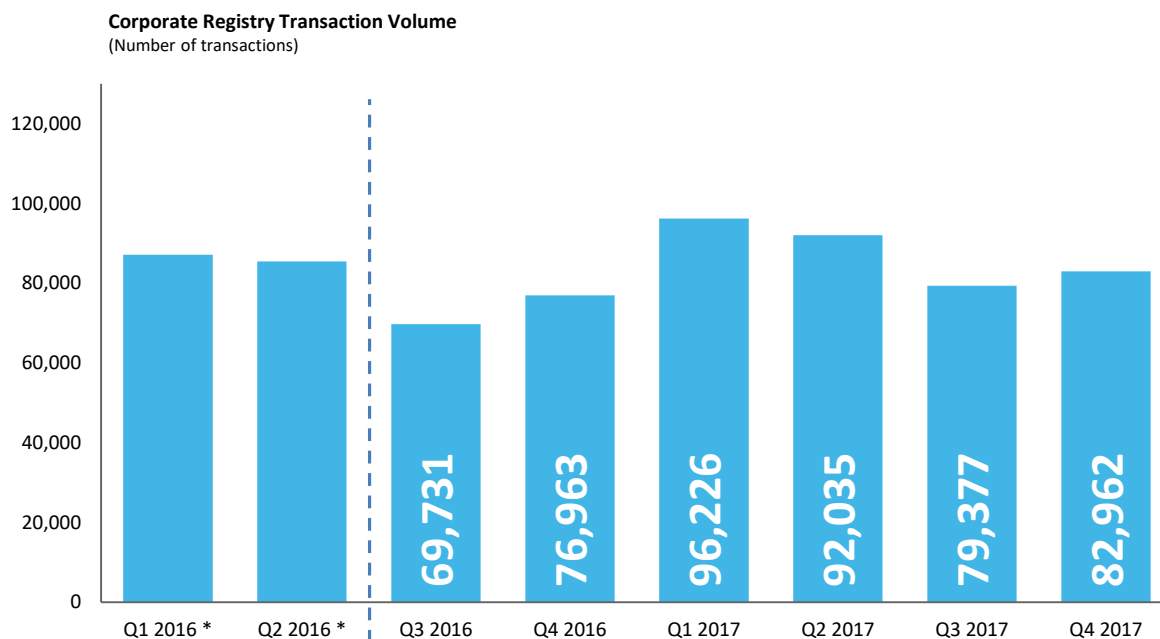
Revenue from the filing of annual returns and renewals increased by 4.8 per cent in the quarter compared to the same period in 2016. Revenue from the incorporation and registration of new business entities also increased by 9.4 per cent compared to the fourth quarter last year. Search revenue increased by 7.0 per cent compared to the fourth quarter in 2016. Entity amendment revenue, which is part of maintenance transactions, also increased 121.3 per cent, or \$183 thousand.

The following graph depicts revenue by type of transaction. Corporate Registry revenue for the fourth quarter of 2017 increased compared to the same period in 2016 due to improvements across maintenance, registration and search transaction types. Quarterly revenue continues to mirror the Company's typical pattern of seasonality.



Note: Values may not add due to rounding.

The graph on the following page shows the transaction volumes for the Corporate Registry for the fourth quarter of 2017. The Corporate Registry system implementation and the new fee schedule (both implemented in July 2016), changed the way we record volumes for fee generating transactions. We have adjusted the historical trending in the graph below to approximate expected comparative volumes under the current system.



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

Transaction volumes for the fourth quarter increased by 7.8 per cent compared to the same period last year. Specifically, registration volumes grew by 15.3 per cent, search transactions by 6.0 per cent, and maintenance volumes by 9.5 per cent compared to the same period in 2016.

As of December 31, 2017, there were approximately 72,993 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 74,830 as at December 31, 2016. The majority of the change can be attributed to the resumption of enforcement processes for annual returns and renewals which was restarted in 2017. Prior to this, enforcement processes had been suspended before and after the Corporate Registry system implementation in July 2016.

Services

Revenue derived from our Services segment is linked to clients and the business they undertake across Canada. Economic activity can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities, which drives activity for our Services segment. Other key drivers for this segment include increased regulatory and compliance requirements for financial institutions, as well as the growing trend to outsource business processes and services to realize cost savings and focus on their core businesses without compromising service quality.

Revenue in our Services segment for the three months ended December 31, 2017, was \$4.0 million. This is an increase of \$0.6 million or 17.7 per cent compared to the fourth quarter of 2016. This is due to continued expansion of new financial services clients adopting KYC services, a full quarter of incremental revenue from our Alliance acquisition PPSA-related revenue plus post-acquisition revenue from AVS for

ISC® Management's Discussion and Analysis

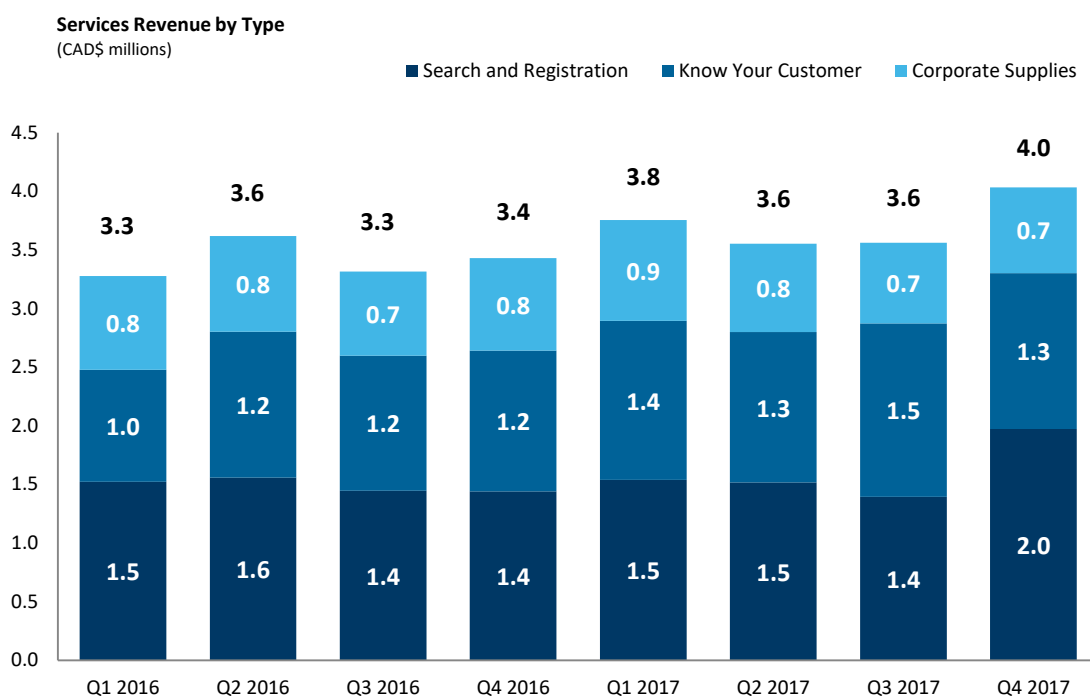
For the Fourth Quarter and Year Ended December 31, 2017

December 21 to December 31, 2017, which is captured in the search and registration category in our Services segment.

Search and registration services revenue for the fourth quarter of 2017 was \$2.0 million, an increase of \$0.5 million or 36.9 per cent compared to the same period in 2016. The increase was primarily due to additional revenue from our acquisitions of AVS and Alliance. Search and registration services are provided primarily to lawyers and law firms.

KYC services revenue for the three months ended December 31, 2017, was \$1.3 million and grew by \$129 thousand or 10.7 per cent compared to the same period last year. The increase was due to new customer on-boarding and organic growth of the existing customer base. KYC services are provided primarily to financial institutions.

Corporate supplies revenue for the fourth quarter of 2017 was \$0.7 million, a decrease of \$55 thousand or 7.0 per cent compared to the same quarter in 2016. The revenue decrease for the fourth quarter was due to timing of customer orders. Corporate supplies and services are primarily provided to lawyers and law firms.



Consolidated expenses

For the three months ended December 31, 2017, consolidated expenses (all segments) were \$17.5 million, a decrease of 3.9 per cent, compared to \$18.2 million for the same period in 2016, as shown below.

(thousands of CAD dollars)	Three Months Ended December 31,	
	2017	2016
Expenses		
Wages and salaries	\$ 7,913	\$ 8,214
Information technology services	2,093	2,432
Depreciation and amortization	1,792	2,955
Occupancy costs	1,295	1,284
Professional and consulting services	711	1,607
Cost of goods sold	1,378	779
Financial services	683	510
Project initiatives	1,005	(298)
Other	669	765
Total expenses	\$ 17,539	\$ 18,248

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

- Wages and salaries were \$7.9 million, down \$0.3 million, for the three months ended December 31, 2017, compared to the same period in 2016. The decrease was mainly due to the timing of accruals related to our Short-term Incentive Plan, partially offset by the additional wages and salaries from our subsidiary ERS, increased employee resourcing in our technology area and annual salary increases generally.
- Information technology service costs were \$2.1 million, down \$0.3 million for the quarter compared to the fourth quarter of 2016. The decrease in the quarter reflects savings associated with the termination of our technology services contract with DXC Technology Company ("DXC") (formerly Hewlett-Packard (Canada) Co.), which were partially offset by additional wages and salaries in our technology area, as mentioned above, as the Company consolidated support and development functions internally and by the technology costs in our ERS subsidiary.

- Depreciation and amortization costs were \$1.8 million for the three months ended December 31, 2017, compared to \$3.0 million in the same period in 2016. The decrease is due to an acceleration of depreciation of certain assets replaced by the new technology system for the Saskatchewan Corporate Registry in 2016 and the full amortization of the land data conversion asset at the end of the second quarter of 2017. This was offset slightly by the depreciation of new assets and depreciation in our subsidiary ERS.
- Professional and consulting services were \$0.7 million for the three months ended December 31, 2017, compared to \$1.6 million for the same period in 2016. Professional and consulting services encompasses a wide range of activities and the reduction in 2017 is due to different corporate requirements year-over-year.
- Cost of goods sold was \$1.4 million for the fourth quarter of 2017, an increase of \$0.6 million compared to the fourth quarter of 2016. The rise in the quarter was due to cost of goods increases for our corporate supplies business in our Services segment.
- Project initiatives were \$1.0 million for the three months ended December 31, 2017, an increase of \$1.3 million compared to the same period in 2016. The increase was due to focused effort on growth initiatives and the transfer of an ongoing project to assets under development in 2016 that met our capitalization requirements.

Net finance expense (income)

Net finance expense was flat at \$0.1 million for the three months ended December 31, 2017, and for the same period in 2016.

Gain on sale of associate

During the quarter, the Company sold its 30.1 per cent stake in Dye & Durham for \$25.0 million which resulted in a \$15.4 million accounting gain before tax (\$13.4 million after-tax). For more details, refer to Note 11 of our Financial Statements for the period ended December 31, 2017.

Net income and earnings per share

Net income for the three months ended December 31, 2017, was \$18.8 million or \$1.07 per basic and diluted share, compared to \$2.9 million or \$0.17 per basic and diluted share for the same period in 2016. The increase in net income and earnings per share was mainly due to the gain on the sale of our stake in Dye & Durham. Without the gain, net income would have been \$5.4 million or \$0.31 per basic and diluted share.

Adjusted EBITDA

Adjusted EBITDA was \$9.0 million, a 38.0 per cent margin, for the three months ended December 31, 2017, compared to \$7.3 million, a 34.6 per cent margin, for the same period in 2016. Refer to section 9 "Financial Measures and Key Performance Indicators" for a reconciliation of EBITDA to adjusted EBITDA.

5.4 Year-End Results

Consolidated Revenue

Revenue was \$93.6 million for the year ended December 31, 2017, compared to \$88.4 million in 2016, an increase of 5.9 per cent.

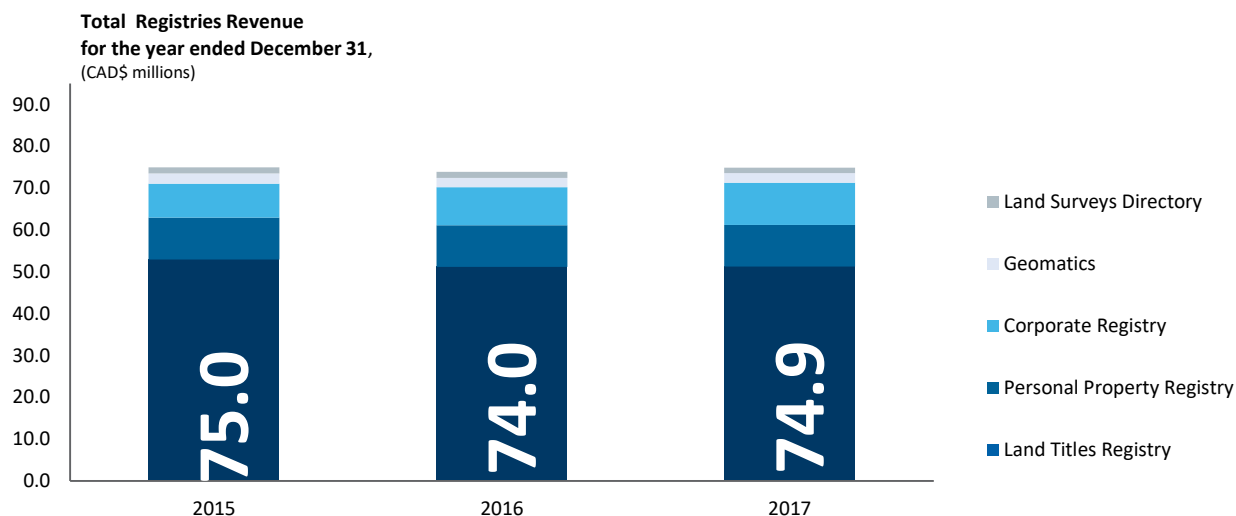
(thousands of CAD dollars)	Registries	Services	Corporate	Year Ended December 31,	
				2017	2016
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 54,792	\$ -	\$ -	\$ 54,792	\$ 54,921
Personal Property Registry	9,953	-	-	9,953	9,947
Corporate Registry	10,143	-	-	10,143	9,082
Registries	74,888	-	-	74,888	73,950
Services	-	14,902	-	14,902	13,639
Other	-	-	3,802	3,802	786
	\$ 74,888	\$ 14,902	\$ 3,802	\$ 93,592	\$ 88,375

Registries

Overall

Revenue for all Registries was \$74.9 million for the year ended December 31, 2017, an increase of \$0.9 million, or 1.3 per cent, compared to 2016. Our results were better compared to the previous year due to increased revenue from the Corporate Registry.

The Company's top five customers for the Registries segment represent 19.1 per cent of the total Registries segment revenue for the year ended December 31, 2017. Of those customers, no single customer represented more than 10.0 per cent of total Registries segment revenue.



Land Registry

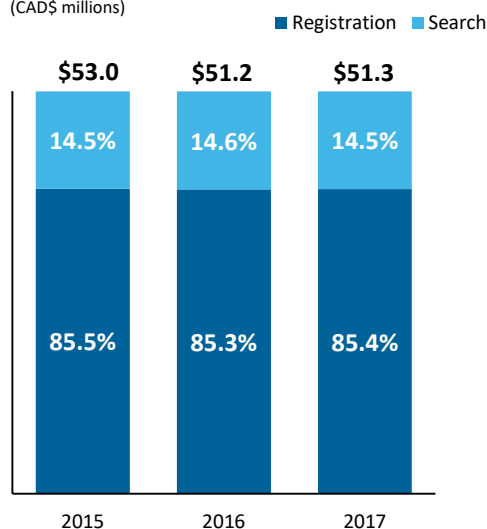
Land Registry revenue was \$54.8 million for the year ended December 31, 2017, a decrease of \$0.1 million or 0.2 per cent compared to 2016.

(i) Land Titles Registry

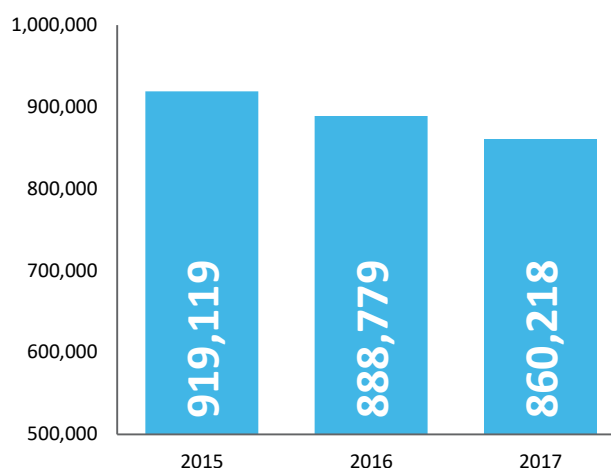
Land Titles Registry revenue for the year ended December 31, 2017, was \$51.3 million, essentially flat compared to 2016 revenue of \$51.2 million.

Most of the revenue in the Land Titles Registry is derived from value-based fees. ISC observed higher average land values for regular land transfers in 2017 compared to 2016, which was a result of a number of high-value property transactions processed in the second half of 2017. We received \$5.6 million in revenue from these transactions in 2017, well above the \$3.6 million in 2016. Between 2010 and 2016, we typically saw an average of \$3.3 million on an annual basis. This high-value property transaction revenue helped offset volume and revenue declines in other key transaction types.

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.

Overall revenue generating transactions in the Land Titles Registry fell 3.2 per cent in 2017, due to a slower real estate market in Saskatchewan. The volume of regular land transfers, mortgage registrations and title searches declined by 3.1 per cent, 9.9 per cent and 0.6 per cent, respectively, compared to 2016.

Parts of the Saskatchewan real estate market may have experienced a buyers' market in 2017. While the number of completions was down 22.2 per cent, housing starts increased 7.2 per cent year-over-year. This may contribute to additional supply in the Saskatchewan real estate market going into 2018.

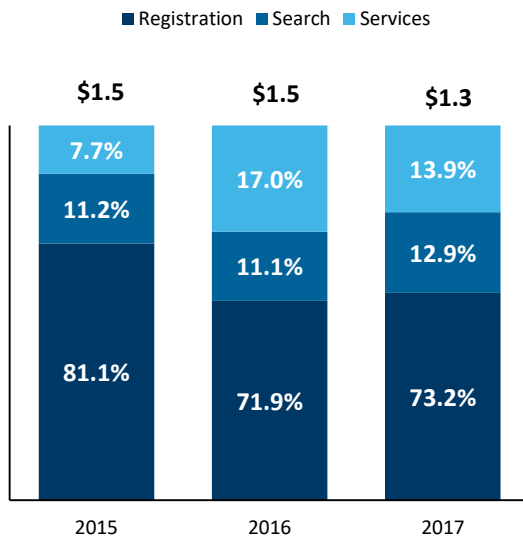
The primary customers of the Land Titles Registry are law firms, financial institutions, developers and resource companies. For the year ended December 31, 2017, our top 20 Land Titles Registry customers represented about 41.1 per cent of revenue, and our top 100 Land Titles Registry customers represented 75.3 per cent of revenue. In 2017, 79.9 per cent of all Land Titles Registry registration transactions were submitted online, an increase of 1.3 per cent compared to 2016.

(ii) Land Surveys and Geomatics

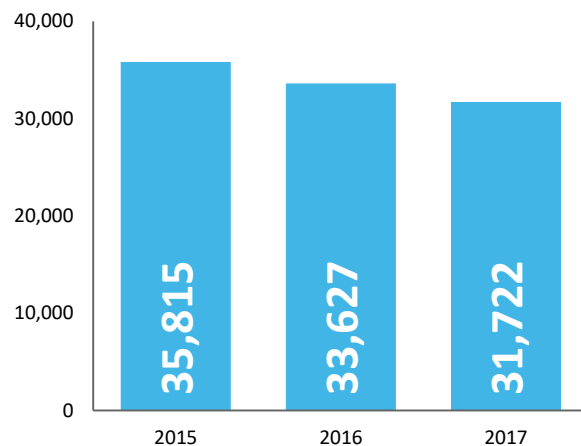
Collectively, the revenue from Land Surveys and Geomatics was \$3.5 million for the year ended December 31, 2017, a decrease of \$0.2 million, or 4.5 per cent, compared to 2016. The overall decrease was due to lower revenue from Land Surveys, which was affected by the economy.

In 2017, Land Surveys generated revenue of \$1.3 million, down \$0.2 million or 12.2 per cent for the year due to lower transaction volumes, which were down by 5.7 per cent year-over-year.

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



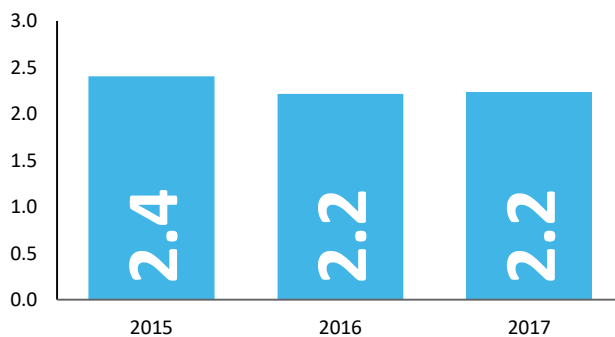
**Land Surveys Transaction Volume
for the year ended December 31,**
(Number of transactions)



Land Surveys customers include surveyors, developers, resource companies, governments and other businesses that access our mapping systems and survey plans to support their development plans. For the year ended December 31, 2017, our top 20 Land Surveys customers represented 90.6 per cent of revenue and the top 100 customers accounted for 95.8 per cent.

Total revenue resulting from Geomatics was relatively flat at \$2.2 million for 2017, with a slight increase of 0.7 per cent year-over-year.

**Geomatics Revenue
for the year ended December 31,**
(CAD\$ millions)



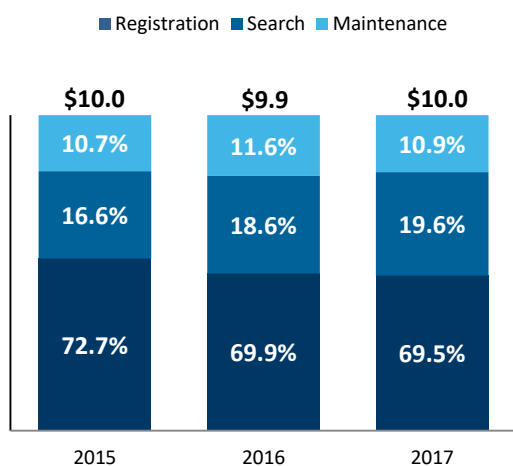
Geomatics customers include government departments (provincial and municipal), resource companies, land developers, other businesses and the general public. They also include utility, pipeline and transportation companies. For the year ended December 31, 2017, our top 20 Geomatics customers comprised 84.9 per cent of revenue, while our top 100 customers represented 97.5 per cent of revenue.

Personal Property Registry

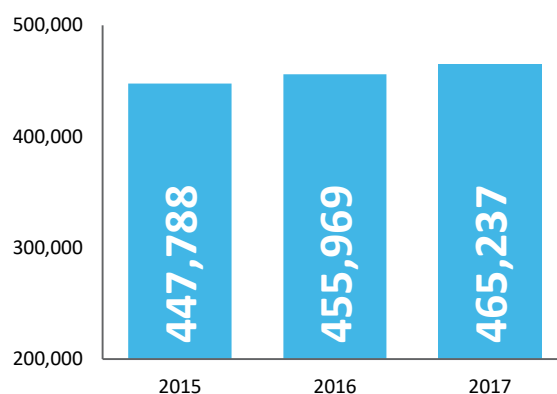
Revenue for the Personal Property Registry for the year ended December 31, 2017, was stable at \$10.0 million, which represents a small increase of 0.1 per cent from the same period in 2016.

Registration revenue for this registry decreased by 0.4 per cent in 2017 and maintenance revenue was down by 8.1 per cent. This was offset by increased search revenue in 2017, up 5.9 per cent compared to 2016.

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



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



The graph above reflects year-over-year transaction volumes. Overall volumes improved by 2.0 per cent in 2017. Search volume grew 3.6 per cent while registration volume increased 1.8 per cent, more than offsetting the 5.8 per cent decline of maintenance volumes.

Personal property security registration setups saw volumes modestly improve in 2017 by 0.6 per cent compared to 2016. Revenue for the same transaction type decreased by 0.7 per cent in 2017 compared to 2016, partly due to registry fee changes made in July 2016, which lowered fees for setups as part of a rebalancing of fees across the Saskatchewan registries.

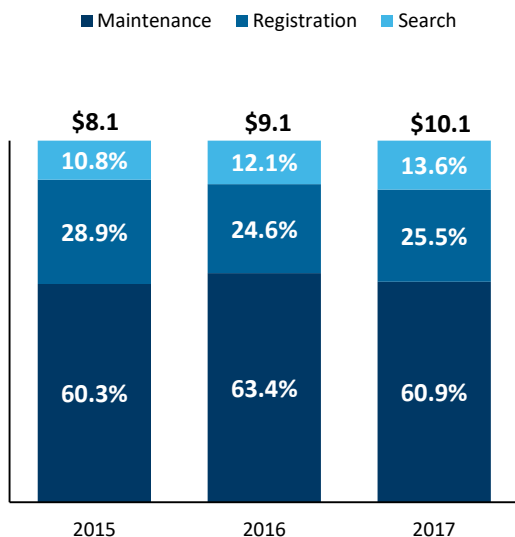
Customers of the Personal Property Registry are primarily in the financial sector as well as law firms. The top 20 Personal Property Registry customers generated 80.6 per cent of the revenue in 2017, while the top 100 represented 93.3 per cent of revenue.

Corporate Registry

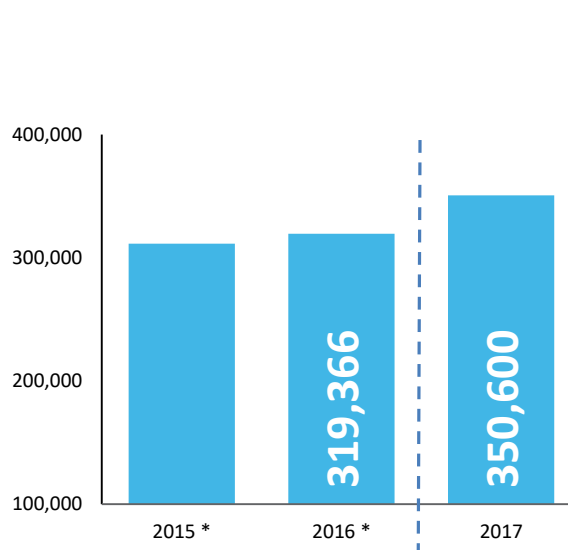
Revenue for the Corporate Registry in 2017 was \$10.1 million, up 11.7 per cent or \$1.0 million. This is a result of a full year's impact of structural pricing changes implemented in July 2016 and year-over-year growth in key transaction categories.

In July 2016, ISC implemented a new system for the Corporate Registry which included several permanent changes to the services and fee structure. This affected how we record volumes and contained targeted fee increases. This change, coupled with reduced transaction volume experienced post-implementation in the third quarter of 2016, contributed to the year-over-year improvements in revenue for 2017.

**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)**



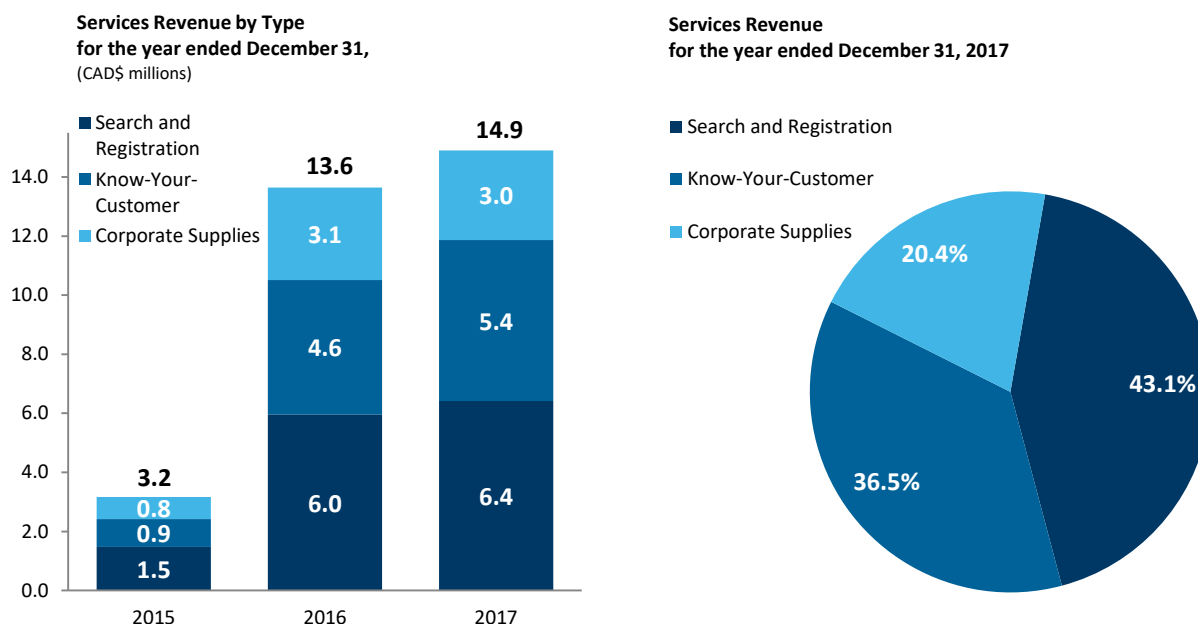
**Note: As a result of the new fee schedule and Corporate Registry system implementation in July 2016, the recording of volumes for fee generating transactions has changed. Historical trending in the graph above has been adjusted to approximate expected comparative volumes under the current structure.*

With that in mind, revenue from the filing of annual returns and renewals improved by 10.9 per cent in 2017 compared to 2016. Revenue from the incorporation and registration of new business entities rose by 15.7 per cent compared to 2016. Search revenue also climbed by 25.7 per cent year-over-year, largely due to pricing changes.

For the Corporate Registry, customers mainly include law firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that were, or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers accounted for nearly 32.4 per cent of revenue in 2017, and the top 100 customers made up about 50.2 per cent.

Services

The revenue in our Services segment for the year ended December 31, 2017, was \$14.9 million, a rise of \$1.3 million, or 9.2 per cent compared to 2016. The increase was due to growth in ESC's KYC services revenue along with new revenue as a result of acquiring AVS Systems Inc. in December 2017.



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

2017 was a solid year for our Services segment with growth across most of its lines of business. This was a combination of strategic acquisitions along with increases in legal activity across the country and strong compliance-driven activities in the financial services industry that triggered active due diligence on companies nationwide.

Revenue from search and registration services was \$6.4 million for the year ended December 31, 2017, an improvement of \$0.5 million or 7.7 per cent. The growth was primarily due to new revenue from the Alliance and AVS acquisitions.

Revenue from KYC services for the year ended December 31, 2017, was \$5.4 million, an increase of \$0.9 million or 19.6 per cent. The increase was due to new customer on-boarding and organic growth of the existing customer base.

Revenue from corporate supplies for the year was \$3.0 million, a modest decrease of \$0.1 million or 2.8 per cent. The decrease was due to a declining customer base in Quebec and Ontario.

The top 20 ESC customers comprised about 48.4 per cent of the revenue for the year ended December 31, 2017, while the top 100 ESC customers made up nearly 64.7 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, 2017, consolidated expenses (all segments) were \$71.7 million, an increase of 5.5 per cent, compared to \$67.9 million for the same period in 2016, as shown below.

(thousands of CAD dollars)	Year Ended December 31,	
	2017	2016
Expenses		
Wages and salaries	\$ 32,802	\$ 28,008
Information technology services	10,179	9,602
Depreciation and amortization	7,507	8,429
Occupancy costs	5,292	4,992
Professional and consulting services	4,511	5,564
Cost of goods sold	4,141	3,586
Financial services	2,235	2,362
Project initiatives	2,823	3,214
Other	2,204	2,172
	\$ 71,694	\$ 67,929

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

- Wages and salaries were \$32.8 million, up \$4.8 million, for the year ended December 31, 2017, compared to the same period in 2016. The increase was mainly the result of the additional wages and salaries from our new subsidiary, ERS, but also includes increased salaries from the in-sourcing of the former DXC technology contract, expansion to our leadership team and normal annual salary increases.
- Information technology services increased to \$10.2 million for the year ended December 31, 2017, as compared to \$9.6 million in 2016. The variance was due to a combination of the additional information technology services costs from our ERS subsidiary, partially offset by savings realized from the cancelled DXC contract.
- Depreciation and amortization costs were \$7.5 million for the year ended December 31, 2017, compared to \$8.4 million for the same period in 2016. The decrease was due to the accelerated depreciation of certain assets replaced by the new technology system for the Saskatchewan Corporate Registry in 2016 and the full and final amortization of the land data conversion asset at the

end of the second quarter 2017. This was offset slightly by the depreciation of new assets in the Company and those acquired in our ERS subsidiary.

- Professional and consulting services were \$4.5 million for the year ended December 31, 2017, compared to \$5.6 million in 2016. Professional and consulting services encompasses a wide range of activities, and the reduction in 2017 is due to different corporate requirements year-over-year.
- Cost of goods sold was \$4.1 million for the year ended December 31, 2017, compared to \$3.6 million in 2016. The increase was due to increased business in and the addition of AVS to our Services segment.
- Financial services was \$2.2 million for the year ended December 31, 2017, compared to \$2.4 million for the same period in 2016. The decrease is mainly due to the realization of the currency gain of foreign exchange related to the purchase of our subsidiary ERS.
- Project initiatives were \$2.8 million for the year compared to \$3.2 million in 2016. The decrease was due to the completion of some initiatives in 2016 and a reduction in the number of corporate projects in 2017.

Net finance expense (income)

Net finance expense (income) for the year ended December 31, 2017, was an expense of \$0.5 million compared to an expense of \$0.3 million for the same period in 2016. The increase was due to the drawdown of our operating facility to fund the acquisition of ERS, offset partially by the additional interest earned on cash from the Dye & Durham sale.

Change in contingent consideration

ISC's acquisition of ESC included performance-based contingent consideration to the previous owner. During the third quarter of 2016, management assessed and increased its estimate of the consideration by \$1.0 million due to the performance of ESC through the third quarter. The net impact of the change in contingent consideration was included in 'change in contingent consideration' on the consolidated statement of comprehensive income. The contingent consideration amount was settled in the fourth quarter of 2016.

Gain on sale of associate

On October 5, 2017, the Company sold its 30.1 per cent ownership in Dye & Durham for \$25.0 million cash, which resulted in a \$15.4 million accounting gain before tax (\$13.4 million after-tax).

Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 26.75 per cent (2016 – 27.0 per cent). Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

(thousands of CAD dollars, except where noted)	Year Ended December 31,	
	2017	2016
Net income before tax	\$ 37,439	\$ 20,779
Combined statutory income tax rate	26.75%	27.0%
Expected income tax expense	10,015	5,610
Increase (decrease) in income tax resulting from:		
Investment in associate – non-taxable items	(2,228)	(447)
Non-deductible expenses/non-taxable income	539	375
Foreign income tax rate differential	336	-
Scientific research and experimental development (“SR&ED”) reassessment	324	-
Adjustment to prior year’s deferred tax assets	266	-
Impact of change in taxes	109	-
Tax pools not previously recognized	-	(264)
Unrecognized tax asset ¹	114	-
Other	175	2
Income tax expense	\$ 9,650	\$ 5,276
Effective income tax rate	25.8%	25.4%

¹ No deferred tax asset has been recognized in respect of \$0.9 million of tax losses related to ERS. The tax asset will be recognized as sufficient future taxable profits are earned. These losses do not expire.

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 three months ended December 31, 2017, was \$18.8 million, or \$1.07 per basic and diluted share, compared to \$2.9 million, or \$0.17 per basic and diluted share, for the same period in 2016. Net income and total comprehensive income for the year ended December 31, 2017, was \$27.8 million, or \$1.59 per basic and \$1.58 per diluted share, compared to \$15.5 million, or \$0.89 per basic and \$0.88 per diluted share, for the same period in 2016. The increase in net income and earnings per share was principally due to the gain on the sale of our stake in Dye & Durham. Without the gain, net income would have been \$14.4 million, or \$0.82 per basic and diluted share.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Registries	\$ 5,866	\$ 4,277	\$ 16,412	\$ 17,856
Services ¹	(733)	(96)	99	(403)
Corporate ²	13,641	(1,262)	11,278	(1,950)
Net income	\$ 18,744	\$ 2,919	\$ 27,789	\$ 15,503

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.

² Net income for the Corporate segment for the year ended December 31, 2017, was impacted by the \$15.4 million accounting gain due to the sale of our stake in Dye & Durham.

ISC® Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2017

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,	
	2017	2016
Net income	\$ 27,789	\$ 15,503
Weighted average number of shares, basic	17,500,000	17,500,000
Potential dilutive shares resulting from stock options	95,648	35,471
Weighted average number of shares, diluted	17,595,648	17,535,471
Earnings per share (\$ per share)		
Total, basic	\$ 1.59	\$ 0.89
Total, diluted	\$ 1.58	\$ 0.88

Adjusted EBITDA

Adjusted EBITDA was \$33.4 million for the year ended December 31, 2017, flat compared to \$33.5 million in the same period last year, with ISC generating an adjusted EBITDA margin of 35.7 per cent for the period compared to 37.9 per cent in the year ended December 31, 2016. The margin as a percentage of revenue declined due to the increased expenses from our acquisitions offsetting the increased revenue to produce the same EBITDA.

8 Summary of Consolidated Quarterly Results

The following table 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.

The balance of our corporate activities and shared services functions, as well as the services and functions of ERS, reported as Corporate, do not experience seasonality. Expenses are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related activities or the addition of acquisitions.

As a result, our EBITDA margin fluctuates in line with the above factors.

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(thousands of CAD dollars)								
Revenue	\$ 23,589	\$ 23,862	\$ 24,646	\$ 21,496	\$ 21,201	\$ 22,894	\$ 24,674	\$ 19,606
Expenses	17,539	18,168	18,406	17,583	18,248	16,854	16,468	16,359
Net income before items noted below	6,050	5,694	6,240	3,913	2,953	6,040	8,206	3,247
Net finance income (expense)	(75)	(215)	(105)	(112)	(74)	(78)	(83)	(85)
Share of profit (loss) in associate	-	200	587	(177)	925	479	263	(13)
Gain on sale of associate	15,438	-	-	-	-	-	-	-
Change in contingent consideration	-	-	-	-	-	(1,000)	-	-
Income before tax	21,414	5,679	6,722	3,624	3,804	5,441	8,386	3,149
Income tax expense	(2,640)	(3,823)	(1,989)	(1,198)	(885)	(1,631)	(1,808)	(953)
Net income	\$ 18,774	\$ 1,856	\$ 4,733	\$ 2,426	\$ 2,919	\$ 3,810	\$ 6,578	\$ 2,196
Other comprehensive income (loss)	191	(29)	306	(78)	-	-	-	-
Total comprehensive income	\$ 18,965	\$ 1,827	\$ 5,039	\$ 2,348	\$ 2,919	\$ 3,810	\$ 6,578	\$ 2,196
EBITDA margin (% of revenue) ¹	33.2%	31.8%	35.8%	26.8%	32.2%	32.1%	41.7%	25.9%
Adjusted EBITDA margin (% of revenue) ¹	38.0%	36.4%	38.8%	28.9%	34.6%	41.5%	45.1%	27.9%
Earnings per share, basic	\$ 1.07	\$ 0.11	\$ 0.27	\$ 0.14	\$ 0.17	\$ 0.22	\$ 0.38	\$ 0.13
Earnings per share, diluted	\$ 1.07	\$ 0.11	\$ 0.27	\$ 0.14	\$ 0.17	\$ 0.22	\$ 0.37	\$ 0.12

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 22 "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 22 "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,	
	2017	2016	2017	2016
Net income	\$ 18,774	\$ 2,919	\$ 27,789	\$ 15,503
Depreciation and amortization	1,792	2,955	7,507	8,429
Net finance expense	75	74	507	321
Income tax expense	2,640	885	9,650	5,276
Gain on sale of associate	(15,438)	-	(15,438)	-
EBITDA¹	7,842	6,833	30,015	29,529
Adjustments				
Stock-based compensation expense	67	46	327	418
Stock option expense	120	95	471	376
Acquisition and integration costs	925	362	2,591	3,132
Gain on disposal of property, plant and equipment assets	-	-	(1)	(1)
Adjusted EBITDA¹	\$ 8,954	\$ 7,336	\$ 33,403	\$ 33,454
EBITDA margin (% of revenue) ¹	33.2%	32.2%	32.1%	33.4%
Adjusted EBITDA margin (% of revenue) ¹	38.0%	34.6%	35.7%	37.9%

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 reported by other corporations. Refer to section 22 "Non-IFRS Financial Measures".

Consolidated free cash flow

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net cash flow provided by operating activities	\$ 8,401	\$ 6,052	\$ 32,924	\$ 26,164
Net change in non-cash working capital ¹	(3,879)	(369)	(7,871)	528
Cash provided by operating activities excluding working capital	4,522	5,683	25,053	26,692
Cash additions to property, plant and equipment	(289)	(21)	(448)	(851)
Cash additions to intangible assets	(1,429)	(1,578)	(1,686)	(5,848)
Consolidated free cash flow ^{2,3}	\$ 2,804	\$ 4,084	\$ 22,919	\$ 19,993

¹ Refer to Note 24 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 22 "Non-IFRS Financial Measures".

³ ISC has changed the recognition of current income taxes within the definition of free cash flow to match the balance recognized on the statement of comprehensive income. Comparative figures for 2015 and 2016 have been updated accordingly.

Consolidated free cash flow for the three months ended December 31, 2017, was \$2.8 million compared to \$4.1 million for the same period of 2016 and \$22.9 million for the year ended December 31, 2017, compared to \$20.0 million last year. The decrease in the three months ended December 31, 2017 compared to the same period in 2016 is due to changes in income taxes. The increase for the year ended 2017 compared to 2016 is primarily due to the higher additions to intangibles in 2016.

10 Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities and our future financial position and results including expected revenue, EBITDA and capital expenditures. Refer to section 3 "Caution Regarding Forward-Looking Information".

We see two factors influencing the outlook for our Registries segment, specifically the Saskatchewan Land Registry, those being changes to the mortgage rules and an increase in overnight lending rates. The Office of the Superintendent of the Financial Institutions Canada implemented revisions to its mortgage rules effective on January 1, 2018¹, which now include a requirement to "stress test" borrowers with

¹ Office of the Superintendent of Financial Institutions Canada (OSFI) – News Release "OSFI is reinforcing a strong and prudent regulatory regime for residential mortgage underwriting", October 17, 2017.

uninsured loans to ensure they could withstand increases in interest rates. In addition, The Bank of Canada raised its overnight lending rate on January 17, 2018 following two similar increases in 2017. Interest rate changes often influence consumer behaviour and, as such, may affect ISC's business. We expect, however, it will be some time before the impact of these changes is known. In general, we expect the performance of our Registries segment in 2018 to be in line with that of 2017.

In our Services segment, we expect to see further customer growth in the Financial Support Services revenue category, with customers leveraging KYC on-boarding services as our customers' programs come on stream during the year. With our recent acquisition of AVS, we also expect continued revenue growth in our Financial Support Services as we are now able to provide complete "best in class" service offerings to the market. ESC will continue to invest in its core technology platforms to enable integrated solutions in conjunction with its AVS technology in the year ahead.

The key drivers of our expenses will continue to be wages, salaries and information technology costs, as well as the pursuit of new business opportunities.

The acquisition of AVS in December 2017, with a high revenue, lower margin profile, changes ISC's consolidated revenue and EBITDA margin profile compared to previous years. With that in mind, and based on our outlook, ISC currently expects total revenue of between \$124.0 and \$130.0 million with an EBITDA margin of between 24.0 per cent and 26.0 per cent. Capital expenditures are expected to range between \$4.0 million and \$6.0 million and will be funded through operating cash flow.

ISC's guidance does not include revenue or costs from any potential new contracts in any of its reportable segments.

11 Liquidity and Capital Resources

11.1 Cash flow

Our primary source of operating cash flow is generated from revenue related to the Registry and Services segments. 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 15 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. The majority of cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at December 31, 2017, the Company held \$31.3 million in cash, compared to \$33.5 million as at December 31, 2016, a decrease of \$2.2 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of \$22.7 million (December 31, 2016 – \$16.4 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 years ended December 31, 2017 and 2016:

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Net cash flow provided by operating activities	\$ 8,401	\$ 6,052	\$ 32,924	\$ 26,164
Net cash flow used in investing activities	(1,146)	(1,021)	(18,426)	(7,436)
Net cash flow used in financing activities	(14,542)	(9,603)	(16,758)	(21,616)
Effects of exchange rate changes on cash held in foreign currencies	(19)	-	(8)	-
Decrease in cash	(7,306)	(4,572)	(2,268)	(2,888)
Cash, beginning of period	38,571	38,105	33,533	36,421
Cash, end of period	\$ 31,265	\$ 33,533	\$ 31,265	\$ 33,533

Net cash flow provided by operating activities

Net cash flow provided by operating activities for the three months ended December 31, 2017, was \$8.4 million compared to \$6.1 million for the same period in 2016 and for the year ended December 31, 2017, was \$32.9 million compared to \$26.2 million for the same period in 2016. The increase in the quarter compared to the same period last year was mainly due to the increase in revenue. The increase for the year ended 2017 was mainly due to differences in income taxes and changes in working capital, driven by the timing of sales contracts.

Net cash flow used in investing activities

Net cash flow used in investing activities for the three months ended December 31, 2017, was flat compared to the same period last year and for the year ended December 31, 2017, was \$18.4 million compared to \$7.4 million for the same period in 2016. The increase was due to the acquisitions of AVS, ERS and Alliance, as well as additional investments in Dye & Durham during 2017, somewhat offset by the proceeds received from the sale of our stake in Dye & Durham.

Net cash flow used in financing activities

Net cash flow used in financing activities for the three months ended December 31, 2017, was \$14.5 million compared to \$9.6 million for the three months ended December 31, 2016. For the year ended December 31, 2017, net cash flow provided by financing activities was \$16.8 million compared to \$21.6 million used in financing activities for the same period in 2016. The change in the quarter was mainly due to the repayment of the operating loan and long-term debt while the change year-to-date was due to the payment of contingent consideration in 2016 that did not reoccur in 2017.

11.2 Capital expenditures

Capital expenditures for the three months ended December 31, 2017, were \$1.7 million, compared to \$1.1 million for the same period in 2016. For the year ended December 31, 2017, capital expenditures were \$2.0 million compared to \$6.3 million for the same period in 2016. The increase in the fourth quarter of 2017 is due to system development work in our ERS and ESC subsidiaries. Capital expenditures in 2016 were mainly focused on our Corporate Registry modernization, which was completed in 2016. The lower capital expenditures are due to management's focus on integration activities of both ERS and Alliance as well as the acquisition of AVS. In addition, the Company is gradually shifting to more hosted and cloud service providers, thereby reducing its spend in certain historical capital areas, such as hardware technology.

(thousands of CAD dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Registries	\$ 41	\$ 200	\$ 41	\$ 3,189
Services	360	5	427	2,050
Corporate	1,317	903	1,575	1,036
Total capital expenditures	\$ 1,718	\$ 1,108	\$ 2,043	\$ 6,275

11.3 Debt

Debt for the three months ended December 31, 2017, was \$21.6 million compared to \$23.4 million at December 31, 2016.

In September 2017 we extended our credit agreement to October 1, 2019. At December 31, 2017, the aggregate amount available under the Credit Facilities is \$31.560 million comprised of (i) a \$9.935 million committed revolving term loan facility along with; (ii) a \$10.0 million uncommitted revolving credit facility to be used for general corporate purposes (December 31, 2017 and 2016 had nil drawings); and (iii) a \$11.625 million committed non-revolving reducing credit facility.

The Revolving Term Facility of \$9.935 million consists of a three-year, committed revolving term loan facility that matures on October 1, 2019, unless renewed prior to that time. It is currently held in a six-month bankers' acceptance note bearing interest at 1.658 per cent that matures on March 16, 2018, (December 31, 2016 – bankers' acceptance note, due June 21, 2017, bearing interest at 1.1 per cent per annum).

The Non-Revolving Term Facility had \$11.6 million outstanding as of December 31, 2017, and is repayable through quarterly payments of \$375 thousand maturing on October 1, 2019. This facility currently consists of a prime based loan with interest at 3.9 per cent per annum (December 31, 2016 – prime based loan with interest at 3.4 per cent per annum).

11.4 Total assets

Total assets increased to \$171.8 million at December 31, 2017, compared to \$131.3 million at December 31, 2016, primarily due to the acquisitions of AVS and ERS.

(thousands of CAD dollars)				As at December 31,
	Registries	Services	Corporate	2017
Total assets excluding intangibles, goodwill and cash	\$ 28,480	\$ 5,340	\$ 15,245	\$ 49,065
Intangibles	4,359	36,488	6,175	47,022
Goodwill	5,800	34,513	4,160	44,473
Cash	17,181	4,229	9,855	31,265
Total assets	\$ 55,820	\$ 80,570	\$ 35,435	\$ 171,825

(thousands of CAD dollars)				As at December 31,
	Registries	Services	Corporate	2016
Total assets excluding intangibles, goodwill and cash	\$ 33,847	\$ 3,371	\$ 22,934	\$ 60,152
Intangibles	6,149	15,271	3,075	24,495
Goodwill	-	13,141	-	13,141
Cash	21,232	1,685	10,616	33,533
Total assets	\$ 61,228	\$ 33,468	\$ 36,625	\$ 131,321

11.5 Working capital

As at December 31, 2017, working capital was \$18.3 million, compared to \$25.4 million at December 31, 2016. The change in working capital is mainly the result of increased income taxes payable at December 31, 2017, due to the taxes associated with the sale of our stake in D&D and increases in deferred revenue as well as accounts payable and accrued liabilities from our acquisitions.

(thousands of CAD dollars)	As at December 31, 2017	As at December 31, 2016
Current assets	\$ 40,989	\$ 41,800
Current liabilities	(22,652)	(16,363)
Working capital	\$ 18,337	\$ 25,437

11.6 Outstanding share data

The number of basic issued and outstanding Class A Shares as at December 31, 2017, was 17.5 million and the number of fully diluted shares was 17.6 million. On November 7, 2017, the Board declared a quarterly cash dividend of \$0.20 per Class A Share, which was paid on January 15, 2018, to shareholders of record as of December 31, 2017.

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 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 14 of the Financial Statements for information pertaining to the share-based compensation plan.

Share-based compensation, related to DSUs, for the three months ended December 31, 2017, totalled \$66 thousand (2016 – \$46 thousand) and for the year ended December 31, 2017, totalled \$327 thousand (2016 – \$418 thousand). The total carrying amount of the liability arising from the DSUs as of December 31, 2017, totalled \$1.1 million (December 31, 2016 – \$800 thousand).

As at December 31, 2017, the DSU plan balance was 58,074.60 (December 31, 2016 – 41,492.55) with a fair value of \$17.37 per DSU.

12.2 Stock option plan

The Company established a stock option plan that was approved by shareholders in 2014 and subsequently amended and restated with the approval of shareholders on May 17, 2017. Refer to Note 14 of the Financial Statements for information pertaining to the share-based compensation plan.

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, 2017, totalled \$142 thousand (2016 – \$96 thousand) and for the year ended December 31, 2017, totalled \$471 thousand (2016 – \$376 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as at December 31, 2017, totalled \$1.1 million (December 31, 2016 – \$599 thousand).

As at December 31, 2017, a total of 1,076,600 (December 31, 2016 – 759,259) stock options had been granted. The outstanding share options at the end of the period had a weighted average exercise price of \$17.01 (December 31, 2016 – \$15.41). The number of options exercisable at the end of the period was 318,700 and had a weighted average exercise price of \$16.08 based on a range of exercise prices from \$15.04 to \$18.85.

13 Commitments

The Company is subject to contractual obligations such as leasing office space, the MSA with the Government of Saskatchewan, management services contracts and an information technology service agreement with Information Systems Management Canada Corporation (“ISM”). The following table summarizes our commitments as of December 31, 2017:

(thousands of CAD dollars)	2018	2019	2020	2021	2022	Thereafter	Total
Office leases ¹	\$ 3,304	\$ 3,283	\$ 3,075	\$ 2,651	\$ 2,083	\$ 3,818	\$ 18,214
Master Service Agreement ²	500	500	500	500	500	5,500	8,000
Information Technology ³ and other Service Agreements	4,664	1,896	263	-	-	-	6,823
Total	\$ 8,468	\$ 5,679	\$ 3,838	\$ 3,151	\$ 2,583	\$ 9,318	\$ 33,037

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 the Company 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 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 effective as of May 1, 2015.

14 Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2017.

15 Related Party Transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 20 of our Financial Statements for information pertaining to transactions with related parties.

16 Critical Accounting Estimates

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

- the carrying value, impairment and estimated useful lives of property, plant and equipment;
- the carrying value, impairment and estimated useful lives of intangible assets;
- the carrying value and impairment of goodwill;
- the recoverability of deferred tax assets; and
- the measurement of the contingent consideration to be paid in conjunction with the ERS and AVS acquisitions.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

17 Changes in Accounting Policies

Refer to Note 3 of the Financial Statements for information pertaining to the adoption and changes in accounting policies effective in 2017.

The IAS and International Financial Reporting Interpretations Committee issued the following new standards and amendments to standards and interpretations, which become effective for future periods.

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Proposed standard	Description	Effective Date
Amendment to IFRS 2 – <i>Share-based Payment</i>	The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity settled. The adoption of the new standard will not have a material impact on the financial statements of the Company.	January 1, 2018
IFRS 9 – <i>Financial Instruments</i>	The new Standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classifications: amortized cost and fair value. Under IFRS 9, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded through other comprehensive income (loss) rather than net income (loss). The new Standard also introduces a credit loss model for evaluating impairment of financial assets. The adoption of the new Standard will not require any adjustments to the values recorded in the Company's consolidated financial statements in the period of initial application (January 1, 2018). However, the Company will be required to amend certain note disclosures to accommodate the new standard.	January 1, 2018

<p>IFRS 15 — <i>Revenue from Contracts with Customers</i></p>	<p>The Standard provides for a single model that applies to contracts with customers as well as two revenue recognition approaches: at a point in time or over time. The model features a contract-based, five-step analysis of transactions to determine whether, when and how much revenue is recognized. The new Standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or leases, which are within the scope of other IFRS. The new revenue standard permits either a full retrospective method of adoption with restatement of all prior periods presented, or a modified retrospective method with the cumulative effect of applying the new standard recognized as an adjustment to opening retained earnings in the period of adoption. The Company has decided to adopt the new revenue Standard using the modified retrospective method.</p> <p>Due to the recent acquisition of AVS, the company continues to assess the impact of the new standard on ESC. With the exception of AVS, the Company has completed assessments of all revenue streams of existing operations. The adoption of IFRS 15 will not have a significant impact to the financial results of the Company.</p>	<p>January 1, 2018</p>
<p>IFRS 16 — <i>Leases</i></p>	<p>“IFRS 16 — Leases” replaces “IAS 17 — Leases” and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., the customer (‘lessee’) and the supplier (‘lessor’)). The Company is currently assessing the impact on our consolidated Financial Statements along with the timing of our adoption of IFRS 16. The Company believes that, on adoption of the Standard, there will be an increase to assets and liabilities, as the Company will be required to record a right-of-use asset and a corresponding lease liability on the consolidated statements of financial position, as well as a decrease to operating costs, an increase to finance costs (due to accretion of the lease liability) and an increase to depreciation and amortization (due to amortization of the right-of-use asset).</p>	<p>January 1, 2019</p>

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, 2017, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities, long-term debt and other long-term liabilities.

The Company does not use any form of derivative financial instruments to manage our exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk. Refer to Note 19 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 and other receivables, accounts payable and accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. Within the 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. The non-revolving term within the long-term debt 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 rates is considered 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. Its customers are predominantly provincial, federal and municipal government ministries and agencies, and its private sector customers are diverse.

The majority of cash is held with Canadian chartered banks and the Company believes the risk of loss to be minimal. The maximum exposure to credit risk at December 31, 2017, is \$39.1 million (December 31, 2016 — \$38.4 million) equal to the carrying value of the Company's financial assets, those being cash at \$31.2 million (December 31, 2016 — \$33.5 million), short-term investments at \$0.3 million (December 31, 2016 — \$0.2 million) and trade receivables at \$7.5 million (December 31, 2016 — \$4.7 million). Quarterly reviews of the aged receivables are completed. The Company expects to fully collect the carrying value on all outstanding receivables. Therefore, the risk to the Company is considered to be low.

18.3 Liquidity Risk

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

18.4 Market Risk

The Company's exposure to market risk is limited to the DSU liability 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.

18.6 Foreign Currency Exchange Risk

The Company operates internationally and is exposed to fluctuations in various currencies with the euro being the most material. Movements in foreign currencies against the Canadian dollar may impact revenue, the value of assets and liabilities, and affect the Company's profit and loss. The Company's exposure to other currencies is negligible at the end of the period.

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

A complete list of risk factors is contained in the Company's Annual Information Form available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

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

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.
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.
Reliance on Key and New Customers and Clients	We rely on certain key customers and securing new clients and customers in new business lines. The failure to maintain existing customers or successfully source new clients and customers could have a material and adverse effect.
Revenue Diversification	There is a risk that ISC's current revenue sources are not significantly diversified to withstand economic challenges or downturns connected to common revenue drivers.
Information Technology	Our operations rely on information technology systems. There is a risk that we do not have the information technology systems in place to effectively facilitate current and future requirements to support our business needs and the achievement of our strategic goals. There is also a risk of potential service disruptions or service delays. We also rely on third-party service providers for aspects of our IT infrastructure and the provision of critical IT-related services.
Acquisitions	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.
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.
International Expansion	We have expanded our operations internationally. We are required to comply with the laws and regulations of each country where we carry on business and face certain risks inherent in doing business in international markets, including with respect to integrating operations across different cultures and languages, complying with foreign laws,

customs and practices, enforcing agreements and collecting receivables through foreign legal systems, and staffing and managing foreign operations. International expansion could expose us to geographic regions that may be subject to greater political, economic and social uncertainties.

Competition

ISC may be ineffective in its ability to compete against current or future competitors, in some cases given others' potential advantage being larger, with greater geographic scope and greater financial, sales, marketing, technical, personnel and other resources, having specialized capabilities, operations in lower cost countries or newer technologies, products or services.

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.

Financing and Capital Needs

There can be no assurance that additional financing will be available to ISC when needed or on terms acceptable to ISC or the effect, if any, that future issuances and sales of ISC's securities will have on the market price of our securities.

Reputational

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, failure to protect our intellectual property rights, inability to successfully implement on growth strategies or failure to comply with rules, regulation and disclosures.

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 and adverse effect on the business, results of operations and financial condition.

Insurance May Not Provide Adequate Coverage

We carry various forms of insurance to protect ourselves from a variety of insurable risks. Our insurance may not provide sufficient coverage and insurance against certain risks may not be available to us, may be limited in amount or may not continue to be available at economically feasible premiums, or at all.

20 Internal Controls over Financial Reporting

The Company's management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, is responsible for establishing and maintaining appropriate internal controls over financial reporting. Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. 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, 2017, 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 Executive Vice-President and Chief Financial Officer concluded that our internal controls over financial reporting were effective as at December 31, 2017.

The design scope of internal controls over financial reporting has been limited to exclude controls, policies and procedures of ERS and AVS, having been acquired less than 365 days prior to December 31, 2017.

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

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

21 Disclosure Controls and Procedures

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

The design scope of disclosure controls and procedures has been limited to exclude controls, policies and procedures of ERS and AVS, having been acquired less than 365 days prior to December 31, 2017.

The contribution of ERS to ISC's consolidated Financial Statements for the three months ended December 31, 2017, was approximately 4.0 per cent of revenue and 7.0 per cent of expenses and for the year ended December 31, 2017, was approximately 3.0 per cent of revenue and 8.0 per cent of expenses. ERS contributed 5.0 per cent of current assets, 11.0 per cent of non-current assets, 9.0 per

cent of current liabilities and 3.0 per cent of non-current liabilities.

The contribution of AVS to ISC's consolidated Financial Statements for the three months and year ended December 31, 2017, was approximately 0.4 per cent of revenue and 0.5 per cent of expenses. AVS contributed 8.0 per cent of current assets, 34.0 per cent of non-current assets, 4.0 per cent of current liabilities and 46.0 per cent of non-current liabilities.

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, 2017, was evaluated by management. Based on the foregoing evaluation, the President and Chief Executive Officer and the Executive Vice-President 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.

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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.