

**Form 51-102F3
MATERIAL CHANGE REPORT**

Item 1 - Name and Address of Company

Information Services Corporation
300 - 10 Research Drive
Regina, SK S4S 7J7

Item 2 - Date of Material Change

December 21, 2017

Item 3 - News Release

The news release was issued in Regina, Saskatchewan on December 21, 2017 through wire services of GlobeNewswire and filed on the System for Electronic Document Analysis and Retrieval (SEDAR). A copy of the news release is attached to this report.

Item 4 - Summary of Material Change

On December 21, 2017, Information Services Corporation ("ISC" or the "Company") announced that its wholly owned subsidiary ESC Corporate Services Ltd. ("ESC") acquired all of the issued and outstanding shares of AVS Systems Inc. ("AVS").

Item 5 - Full Description of Material Change

5.1 Full Description of Material Change

On December 21, 2017, ISC announced that its wholly owned subsidiary ESC acquired all of the issued and outstanding shares of AVS.

CAD\$25 million was paid in cash on closing and the Company may pay up to CAD\$20 million in additional consideration over the next 13 months, which is contingent on the realization of future business with financial institutions and auto and equipment finance companies across Canada.

Additional information is set out in the news release attached to this report.

5.2 Disclosure of Restructuring Transactions

N/A

Item 6 - Reliance on subsection 7.1(2) of National Instrument 51-102

N/A

Item 7 - Omitted Information

N/A

Item 8 - Executive Officer

For further information, please contact Shawn Peters, Executive Vice President and Chief Financial Officer at (306) 798-8760.

Item 9 - Date of Report

December 27, 2017

Cautionary Note Regarding Forward-Looking Information

This material change report includes contains forward-looking information within the meaning of applicable Canadian securities legislation, including statements related to the contingent consideration, accretiveness of the acquisition, integration and growth. 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. Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to changes in economic, market and business conditions, identification of viable growth opportunities, implementation of our growth strategy, integration, competition and other risks detailed from time to time in the filings made by the Company including those detailed in ISC's Annual Information Form dated March 14, 2017 and ISC's Unaudited Consolidated Interim Financial Statements and Notes and Management's Discussion and Analysis for the third quarter ended September 30, 2017, copies of which are filed on SEDAR at www.sedar.com.

The forward-looking information in this report is made as of the date hereof and, except as required under applicable securities legislation, ISC assumes no obligation to update or revise such information to reflect new events or circumstances.



ISC EXPANDS ITS SERVICES SEGMENT WITH ESC'S ACQUISITION OF AVS

REGINA, SASKATCHEWAN – December 21, 2017 - Information Services Corporation (TSX:ISV) ("ISC" or the "Company") announced today that its Services segment, 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.

CAD\$25 million was paid in cash on closing and the Company may pay up to CAD\$20 million in additional consideration over the next 13 months, which is contingent on the realization of future business with financial institutions and auto and equipment finance companies across Canada.

Jeff Stusek, President & CEO of ISC commented, "With the addition of AVS's services and existing customer base, our Services segment is positioned to deliver proven credit due diligence, protection and default solutions to the Canadian financing industry." Stusek continued, "We continue to invest in our technology platforms and service teams to deliver comprehensive solutions to customers. This, in conjunction with our financial strength, means that we are poised to capitalize on new avenues for growth in our Services segment."

Garry van-Soest, CEO of AVS said "AVS has built proven technology for fully automated workflow that satisfies many of the most sophisticated financial institutions in Canada. We are excited about the next stage of our journey with ESC and look forward to sharing the benefits of the combined company with our customers."

This acquisition is consistent with ISC's long-term strategy of acquiring companies with competencies or operations in its industry space. The Company's Services segment is positioned 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.

Transaction Highlights

- **Accretive in 2019** on an earnings per share basis, providing ESC with access to new sources of recurring revenue. The transaction will be mildly dilutive on a reported earnings per share basis in 2018 due to certain purchase price accounting requirements but will be accretive on an adjusted earnings per share basis in 2018 when the effects of amortization of purchase price adjustments are excluded. On a cash flow per share basis, the transaction is immediately accretive in fiscal 2018.
- **Fast growing business** with a strong track record and a compound annual revenue growth of approximately 60 percent between 2012 and 2016. For the nine months ended September 30, 2017,



AVS realized revenue of approximately \$17.0 million and EBITDA of approximately \$2.4 million. On a pro-forma consolidated basis, ISC would have had net revenue of approximately \$87.0 million and EBITDA of approximately \$24.5 million for the nine months ended September 30, 2017.

- **Adds a robust technology platform** which offers expansion and integration opportunities with registries and strategic partners in Canada and internationally.
- **Expanding customer base and strategic partnerships** with large financial institutions and companies in the financial service sector broadens existing market share.
- **Further diversifies and enhances ISC's consolidated revenue profile**, supporting the Company's growth strategy which includes the acquisition of companies with competencies or operations in our industry space.

Funds

The CAD\$25 million purchase price was settled in cash and ISC expects to fund any contingent consideration through cash on hand and cash flow from operations. The contingent consideration is designed to incentivize the securing of new business anticipated by AVS in 2018 with financial institutions and auto and equipment finance companies across Canada and has a maximum limit of CAD\$20 million.

Governance

AVS is being amalgamated with and will operate as a division of ESC with Chris Valentine continuing as President. The AVS principals are expected to remain with ESC.

Advisor

CIBC Capital Markets acted as the financial advisor to ISC on the transaction.

About ISC

Headquartered in Canada, ISC is the leading provider of registry and information management services for public data and records. Throughout our history we have delivered value to our clients by providing solutions to manage, secure and administer information through our Registry and Services segments. ISC is focused on sustaining its core business while pursuing new growth opportunities. The Class A Shares of ISC trade on the Toronto Stock Exchange under the symbol ISV.

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