

Consolidated Interim Financial Statements
(Expressed in thousands of Canadian dollars)

**LAND TITLE AND SURVEY AUTHORITY
OF BRITISH COLUMBIA**

Three and nine months ended December 31, 2021 and 2020
(Unaudited)

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Comprehensive Income (unaudited)
(Expressed in thousands of Canadian dollars)

Three and nine months ended December 31, 2021, with comparative information for 2020

	Three Months		Nine Months	
	2021	2020	2021	2020
Revenue:				
Examination services	\$ 7,313	\$ 6,591	\$ 23,710	\$ 16,643
Information products and subscriptions	4,629	4,275	14,960	12,131
Service fees	2,221	1,934	7,310	5,267
	14,163	12,800	45,980	34,041
Cost of revenue (note 4):				
Cost of examination services	5,580	4,385	16,385	13,405
Cost of information products and subscriptions	1,360	1,114	4,037	3,652
Cost of service fees	916	740	2,642	2,191
	7,856	6,239	23,064	19,248
Gross income	6,307	6,561	22,916	14,793
Operating expenses (note 4):				
Research and development	1,372	964	3,651	2,669
Policy and regulation	1,114	944	3,162	2,635
General and administrative	2,085	2,333	5,925	5,454
	4,571	4,241	12,738	10,758
Operating income	1,736	2,320	10,178	4,035
Other income (expenses)				
Lease interest	(101)	(122)	(319)	(379)
Bank charges and investment fees	(59)	(51)	(176)	(132)
Investment income (note 5)	827	1,216	2,062	3,396
Loss on disposal of property and equipment	(1)	(2)	(2)	(13)
	666	1,041	1,565	2,872
Income and comprehensive income before income taxes	2,402	3,361	11,743	6,907
Income tax expense (recovery):				
Current	236	164	924	239
Deferred	(21)	21	(36)	150
	215	185	888	389
Net income and comprehensive income	\$ 2,187	\$ 3,176	\$ 10,855	\$ 6,518

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Financial Position (unaudited)
(Expressed in thousand of Canadian dollars)

	December 31, 2021	March 31, 2021
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 18,103	\$ 16,546
Investments	67,574	57,462
Funds held for customers	4,482	4,042
Trade and other receivables	88	191
Prepaid expenses	1,153	1,063
	91,400	79,304
Property and equipment (note 7)	15,657	17,798
Intangible assets (note 8)	22,429	24,260
Goodwill (note 13)	1,910	-
	39,996	42,058
	\$ 131,396	\$ 121,362
Liabilities and Equity		
Current liabilities:		
Trade and other payables	\$ 1,398	\$ 1,921
Customer deposits held	4,482	4,042
Provisions	137	125
Employee benefits (note 9)	3,510	2,862
Contract liabilities (note 10)	1,209	1,194
Income tax payable	554	354
Current lease liabilities (note 11)	2,038	2,114
	13,328	12,612
Deferred tax liabilities	314	350
Lease liabilities (note 11)	8,201	9,702
	8,515	10,052
	21,843	22,664
Equity:		
Retained earnings	109,553	98,698
	\$ 131,396	\$ 121,362

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Changes in Equity (unaudited)
(Expressed in thousands of Canadian dollars)

Nine months ended December 31, 2021, with comparative information for 2020

	Unappropriated retained earnings	Assurance Fund reserve	Total retained earnings
Balance, April 1, 2020	\$ 83,787	\$ 6,000	\$ 89,787
Net income and comprehensive income	6,518	-	6,518
Balance, December 31, 2020	\$ 90,305	\$ 6,000	\$ 96,305
Balance, April 1, 2021	\$ 92,698	\$ 6,000	\$ 98,698
Net income and comprehensive income	10,855	-	10,855
Balance, December 31, 2021	\$ 103,553	\$ 6,000	\$ 109,553

See accompanying notes to the consolidated interim financial statements.

LAND TITLE AND SURVEY AUTHORITY OF BRITISH COLUMBIA

Consolidated Interim Statement of Cash Flows (unaudited)
(Expressed in thousands of Canadian dollars)

Three and nine months ended December 31, 2021, with comparative information for 2020

	Three Months		Nine Months	
	2021	2020	2021	2020
Cash flow from operating activities:				
Cash received for:				
Fees	\$ 14,404	\$ 12,711	\$ 46,246	\$ 34,226
Fees collected on behalf of the Province of BC	10,966	10,640	36,507	28,788
Fees collected on behalf of other parties	4,324	2,684	13,970	7,112
Interest	557	346	1,255	812
	30,251	26,381	97,978	70,938
Cash paid for:				
Salaries and benefits	(5,095)	(4,549)	(17,189)	(15,292)
Goods and services	(4,042)	(2,419)	(10,093)	(6,680)
Sales and income taxes	(543)	(207)	(1,630)	(684)
Fees submitted to the Province of BC	(10,943)	(10,872)	(36,768)	(28,912)
Fees submitted to other parties	(4,360)	(2,709)	(14,003)	(7,125)
	(24,983)	(20,756)	(79,683)	(58,693)
Total cash flow from operating activities	5,268	5,625	18,295	12,245
Cash flow from financing activities:				
Repayment of finance lease obligations	(532)	(510)	(1,577)	(1,462)
Lease interest	(101)	(122)	(320)	(379)
	(633)	(632)	(1,897)	(1,841)
Cash flow from investing activities:				
Purchase of investments	(9,771)	(8,605)	(31,442)	(43,003)
Proceeds from sale or maturity of investments	4,513	7,825	21,330	39,626
Purchase of property and equipment, net	(228)	(26)	(634)	(1,450)
Business combination and purchase of intangible assets	(466)	(2,479)	(4,095)	(6,508)
	(5,952)	(3,285)	(14,841)	(11,335)
Net increase (decrease) in cash and cash equivalents	(1,317)	1,708	1,557	(931)
Cash and cash equivalents, beginning of period	19,420	18,070	16,546	20,709
Cash and cash equivalents, end of period	\$ 18,103	\$ 19,778	\$ 18,103	\$ 19,778

See accompanying notes to the consolidated interim financial statements.

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Notes to Consolidated Interim Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

Three and nine months ended December 31, 2021, with comparative information for 2020

1. Nature of operations:

The Land Title and Survey Authority of British Columbia (the "LTSA") is an independent, not-for-profit corporation without share capital. It is established under the *Land Title and Survey Authority Act* and has responsibility for managing, operating and maintaining British Columbia's land title and land survey systems. Our corporate head office is located at Suite 200, 1321 Blanshard Street, Victoria, British Columbia. The LTSA's primary customers are legal professionals, land surveyors, certain statutory officers and other professionals who act on behalf of those who have an interest in conducting land-related transactions. Other stakeholders include all levels of government and First Nations, real estate professionals, financial institutions, historians, registry agents and other organizations, and the general public.

The LTSA operates independently from the provincial government, but must meet obligations and targets that the provincial government has established for it both in legislation and in a written Operating Agreement. The Operating Agreement has a term of 60 years, with the provision to renegotiate the revenue arrangement between the province and the LTSA every 10 years.

2. Basis of presentation and statement of compliance:

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). They include the assets, liabilities, revenues and expenses of the LTSA and its wholly owned subsidiaries LandSure Systems Limited ("LandSure") and Autoprop Software Limited ("Autoprop"). All significant intercompany balances and transactions have been eliminated.

These interim consolidated financial statements should be read in conjunction with the LTSA's consolidated financial statements for the year ended March 31, 2021 which are included in the LTSA's 2021 financial report. The consolidated interim financial statements were authorized for issue on February 24, 2022 by the LTSA's Board of Directors.

3. Summary of significant accounting policies:

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these interim consolidated financial statements are included in the LTSA's audited consolidated financial statements for the year ended March 31, 2021. Those accounting policies have been used throughout all periods presented in the interim consolidated financial statements, except as noted below, and are prepared in accordance with IFRS.

Business Combinations

Business combinations are accounted for using the acquisition method. The purchase price is determined based on the fair value of the consideration transferred measured at the acquisition date. The LTSA allocates the aggregate of the fair value of the purchase consideration transferred to the tangible and intangible assets acquired and the liabilities assumed on the basis of their fair values at the date of acquisition, with any excess recorded as goodwill. The fair value determinations require judgement and may involve the use of significant estimates and assumptions, especially with respect to intangible assets and contingent liabilities. The purchase price allocation may be provisional during a measurement period of up to one year to provide

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(Tabular amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

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reasonable time to obtain the information necessary to identify and measure the assets acquired and liabilities assumed. Any such measurement period adjustments are recognized to the assets and liabilities assumed, with the corresponding offset to goodwill, in the period in which the adjustment amounts are determined. Acquisition-related costs associated with the acquisition are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value assigned to assets acquired and liabilities assumed in a business combination. Goodwill is measured at cost less any accumulated impairment losses, and is reviewed for impairment annually or more frequently if impairment indicators arise.

The impairment test methodology is based on a comparison between the higher of fair value less costs to sell and value-in-use of LTSA's cash generating unit ("CGU") and the net asset carrying values, including goodwill, of the LTSA's CGU. An impairment loss is recognized if the carrying amount of a CGU exceeds its estimated recoverable amount.

4. Expenses:

	Three Months		Nine Months	
	2021	2020	2021	2020
Expenses by nature:				
Salaries and benefits	\$ 6,064	\$ 4,995	\$ 17,785	\$ 14,935
Information services	1,725	1,305	4,760	3,237
Office and business expenses	864	804	2,188	1,647
Building occupancy	482	377	1,195	1,127
Professional fees	1,028	715	3,018	2,534
Amortization of assets	2,264	2,284	6,856	6,526
	\$ 12,427	\$ 10,480	\$ 35,802	\$ 30,006
Expenses per Statement of Comprehensive Income:				
Cost of revenue	\$ 7,856	\$ 6,239	\$ 23,064	\$ 19,248
Operating expenses	4,571	4,241	12,738	10,758
	\$ 12,427	\$ 10,480	\$ 35,802	\$ 30,006

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5. Investment income:

	Three Months		Nine Months	
	2021	2020	2021	2020
Interest income	\$ 550	\$ 348	\$ 1,252	\$ 1,035
Change in fair value of investments	299	865	649	2,420
Gain (loss) on disposal of investments	(22)	3	161	(59)
	\$ 827	\$ 1,216	\$ 2,062	\$ 3,396

6. Cash and cash equivalents:

	December 31, 2021	March 31, 2021
Cash in bank and on hand	\$ 17,213	\$ 15,146
Cash equivalents	890	1,400
	\$ 18,103	\$ 16,546

Included in cash in bank and on hand are fees payable to the Province of British Columbia of \$50 (March 31, 2021: \$311) and other fees payable of \$15 (March 31, 2021: \$47).

Under the terms of the Operating Agreement with the Province of British Columbia, the province's share of fees are collected on behalf of the province and must be remitted within one business day of collection. These amounts payable to the province are included in trade and other payables.

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7. Property and equipment:

	Vault storage systems	Technical equipment	Office furniture and equipment	Leasehold improvements	Right of use assets	Total
Cost:						
Balance, April 1, 2020	\$ 1,013	\$ 2,652	\$ 3,156	\$ 8,884	\$ 13,516	\$ 29,221
Additions	2	421	216	1,027	352	2,018
Disposals	(9)	(191)	(44)	-	(176)	(420)
Balance, Dec 31, 2020	\$ 1,006	\$ 2,882	\$ 3,328	\$ 9,911	\$ 13,692	\$ 30,819
Balance, April 1, 2021	\$ 1,218	\$ 2,905	\$ 3,333	\$ 9,744	\$ 13,692	\$ 30,892
Additions	13	347	3	471	-	834
Disposals	(10)	(98)	(119)	(1,034)	-	(1,261)
Balance, Dec 31, 2021	\$ 1,221	\$ 3,154	\$ 3,217	\$ 9,181	\$ 13,692	\$ 30,465
Amortization:						
Balance, April 1, 2020	\$ (441)	\$ (1,958)	\$ (1,778)	\$ (3,612)	\$ (1,980)	\$ (9,769)
Amortization	(75)	(253)	(242)	(730)	(1,496)	(2,796)
Disposals	9	188	32	-	176	405
Balance, Dec 31, 2020	\$ (507)	\$ (2,023)	\$ (1,988)	\$ (4,342)	\$ (3,300)	\$ (12,160)
Balance, April 1, 2021	\$ (532)	\$ (2,095)	\$ (2,063)	\$ (4,605)	\$ (3,799)	\$ (13,094)
Amortization	(87)	(273)	(217)	(791)	(1,498)	(2,866)
Disposals	10	79	119	944	-	1,152
Balance, Dec 31, 2021	\$ (609)	\$ (2,289)	\$ (2,161)	\$ (4,452)	\$ (5,297)	\$ (14,808)
Net book value:						
December 31, 2020	\$ 499	\$ 859	\$ 1,340	\$ 5,569	\$ 10,392	\$ 18,659
December 31, 2021	\$ 612	\$ 865	\$ 1,056	\$ 4,729	\$ 8,395	\$ 15,657

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8. Intangible assets:

	Software systems	Software systems under development	Cadastral fabric	Total
Cost:				
Balance, April 1, 2020	\$ 52,085	\$ 2,810	\$ 10,554	\$ 65,449
Additions	62	4,897	-	4,959
Transfers	6,081	(6,081)	-	-
Balance, Dec 31, 2020	\$ 58,228	\$ 1,626	\$ 10,554	\$ 70,408
Balance, April 1, 2021	\$ 58,363	\$ 2,185	\$ 10,554	\$ 71,102
Additions	24	2,206	-	2,230
Transfers	4,033	(4,033)	-	-
Disposals	(185)	-	-	(185)
Balance, Dec 31, 2021	\$ 62,235	\$ 358	\$ 10,554	\$ 73,147
Amortization:				
Balance, April 1, 2020	\$ (39,324)	\$ -	\$ (2,451)	\$ (41,775)
Amortization	(3,203)	-	(528)	(3,731)
Balance, Dec 31, 2020	\$ (42,527)	\$ -	\$ (2,979)	\$ (45,506)
Balance, April 1, 2021	\$ (43,686)	\$ -	\$ (3,156)	\$ (46,842)
Amortization	(3,468)	-	(528)	(3,996)
Disposals	120	-	-	120
Balance, Dec 31, 2021	\$ (47,034)	\$ -	\$ (3,684)	\$ (50,718)
Net book value:				
December 31, 2020	\$ 15,701	\$ 1,626	\$ 7,575	\$ 24,902
December 31, 2021	\$ 15,201	\$ 358	\$ 6,870	\$ 22,429

Software systems under development are primarily costs to enhance the LTSA's underlying ASTRA ("Automated Survey and Title Registration Application") technology, design, build and implement the Land Ownership Transparency Registry, as well as building back office solutions to increase automation and reduce processing defects.

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9. Employee benefits:

The following amounts represent the LTSA's obligations to its current and former employees that are expected to be settled during the next twelve months:

	December 31, 2021	March 31, 2021
Salaries payable	\$ 2,227	\$ 1,800
Employee leave liability	1,133	894
Superannuation and group RRSP benefits	150	168
	\$ 3,510	\$ 2,862

Public service pension plan:

The LTSA paid \$249 and \$733 for employer contributions to the plan during the three and nine months ended December 31, 2021 which represents 0.1% of the total plan contributions (2020: \$242 and \$703).

Retirement benefit:

LandSure and Autoprop contributed up to 6.0% of employees' base salaries to group registered retirement savings plans. The amount recognized as an expense for the three and nine months ended December 31, 2021 was \$118 and \$319 (2020: \$87 and \$248).

10. Contract liabilities:

Contract liabilities represents cash received from customers in excess of revenue recognized on uncompleted contracts.

	2021	2020
Balance, April 1	\$ 1,194	\$ 878
Additions	1,164	872
Revenue recognized during the periods	(1,149)	(852)
Balance, December 31	\$ 1,209	\$ 898

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11. Lease liabilities:

The LTSA incurs lease payments for certain assets under lease agreements consisting primarily of office buildings and office equipment.

The leases have interest rates ranging from 3.95% to 4.45% per annum and expire between March 2022 and December 2033.

	2021	2020
Balance, April 1	\$ 11,816	\$ 13,448
Additions	-	352
Payments	(1,897)	(1,841)
Interest	320	379
Balance, December 31	\$ 10,239	\$ 12,338
Amount due for settlements within 12 months	\$ 2,038	\$ 2,093
Amount due for settlements after 12 months	8,201	10,245
Total	\$ 10,239	\$ 12,338

The LTSA made payments of \$632 (2020: \$632), and interest was \$101 (2020: \$122) during the three months.

12. Related party transactions:

Province of British Columbia:

The Province of British Columbia provincial ministries, central agencies and certain other organizations are exempt from the payment of LTSA fees. During the three and nine months ended December 31, 2021, the LTSA provided services to these organizations which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of \$3,000 and \$12,840 respectively (2020: \$3,300 and \$11,421).

Products and services acquired from the province for the three and nine months ended December 31, 2021 totaled \$129 and \$395 (2020: \$131 and \$371).

Real property taxation authorities:

Various real property taxation authorities are entitled to use the land title system free of charge for the administration of the taxation of real property. During the three and nine months ended December 31, 2021, the LTSA provided services to these authorities which, if assessed fees at the usual rates applicable to other entities, would have resulted in additional revenues of \$132 and \$456 respectively (2020: \$138 and \$458).

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Notes to Consolidated Interim Financial Statements

(Tabular amounts expressed in thousands of Canadian dollars, unless otherwise indicated)

Three and nine months ended December 31, 2021, with comparative information for 2020

13. Business Combination:

On July 30, 2021 LandSure Systems Ltd. acquired certain assets that constitute the land administration business of MDA Systems Ltd. ("MDA") for \$1.91 million cash pursuant to an agreement dated July 21, 2021. The transaction has been accounted for using the acquisition method, with the results of operations included in these consolidated financial statements from the date of acquisition. MDA was a supplier to LTSA prior to the acquisition, and this pre-existing relationship has been terminated as part of the acquisition. This acquisition enhances LandSure's expertise in software systems development.

The purchase price of \$1.91 million has been allocated to goodwill, which is attributed to the assembled workforce. No other tangible or intangible assets or liabilities have been identified. Acquisition related costs were expensed as incurred.