

Management's Discussion and Analysis

Of Financial Condition and Results of Operations
For the Quarter ended December 31, 2023

This management's discussion and analysis ("MD&A"), dated February 21, 2024, should be read in conjunction with the Land Title and Survey Authority of British Columbia ("LTSA") unaudited consolidated interim financial statements and related notes for the quarter ended December 31, 2023, (the "consolidated financial statements"). Unless otherwise noted, the results reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in thousands of Canadian dollars.

For purposes of this discussion, the LTSA refers to the Land Title and Survey Authority of British Columbia and its wholly-owned subsidiaries, LandSure Systems Limited ("LandSure") and Autoprop Software Limited ("Autoprop").

This report contains forward-looking statements, including statements regarding LTSA business and anticipated financial performance. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and represent management's best judgement based on facts and assumptions that management considers reasonable. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated in the forward-looking statements.

Business Overview

The LTSA was formed in 2005 as a publicly accountable, statutory corporation responsible for operating the land title and survey systems in BC. These systems provide the foundation for all real property business and ownership in the province. The LTSA's services are primarily accessed electronically by legal professionals, land surveyors, certain statutory officers, realtors and other professionals who provide property-related services to their clients.

The Province of BC establishes the mandate, responsibilities and performance standards of the LTSA in the *Land Title and Survey Authority Act*, through an Operating Agreement and a Master Services Agreement with the Ministry of Finance.

LTSA operations are funded through regulated fee revenue from land title and survey services. Regulated fees are established in compliance with the Operating Agreement. Administrative fees are set by the LTSA's Board of Directors. Fees for Land Owner Transparency Registry ("LOTR") filings and searches and Condo and Strata Assignment Integrity Register fees are set by the Board of Directors in consultation with the Ministry of Finance. Product fees for Autoprop, Tax Certificates Online, Identity Verification and

eStrataHub are market based. Consulting services provided to the Ministry of Transportation and the First Nations Lands Advisory Board are based on time incurred at contracted rates. The Property Tax Deferment service provided to the Ministry of Finance is based on an annual subscription fee.

Highlights

Total revenue for the quarter was \$11.6 million, \$2.0 million or 15% lower than the prior year. Revenue decreased primarily due to one-time LOTR Section 15 Transparency Report filing revenue earned in the prior year. We will continue to monitor costs and will be making adjustments towards lowering our cost of revenue and operating expenses in fiscal 2023-2024 and beyond.

Cost of revenue was \$7.7 million which was \$0.7 million or 8% lower than the prior year driven by lower product technology sustainment costs. Our operating margin for the quarter was 33.7%, lower than the prior year margin of 38.4% driven mainly by lower revenues.

Total operating expenses for the quarter were \$4.7 million, \$0.5 million or 9% lower than the prior year. Operating expenses decreased as a result a reclassification of software systems under development to research and development costs due to a change in project approach in the prior year.

Net income and comprehensive income was \$2.1 million, a decrease of less than \$0.1 million from the prior year. The decrease was due to \$0.9 million lower operating income, offset by \$0.6 million higher investment income and \$0.2 million lower income tax expense. The fixed nature of our costs allows operating and net income to increase with revenue and similarly causes lower net income in lower revenue years.

We spent \$2.7 million on capital projects in the quarter, including \$0.2 million on Project Echo, an internal project to increase automation and filing quality, \$0.6 million on the SurveyHub project, a new platform that will streamline the submission of survey plans, \$0.1 million on improvements to the Land Owner Transparency Registry, and \$0.1 million on technical equipment and facilities improvements. During the fiscal year we kicked off Project Bluebird, a multi-year project that intends to modernize our systems, resulting in a more adaptable and extendable set of systems that will improve the customer experience. The platform will be flexible to customers' needs and will offer a range of services dependent on customer type. During the quarter, we capitalized \$1.7 million related to Project Bluebird activities. We also spent \$1.5 million on a long-term investment in RIOS Inc., a real estate platform company improving efficiency in the building and development process.

Results

The following table sets forth certain consolidated statement of operations data, as well as consolidated statement of financial position data, expressed in thousands of dollars, for the quarter ended December 31, 2023 and 2022.

| Quarter ended December 31 | 2023 | 2022 |
|--|--------------------------|----------------|
| Revenue: | | |
| Examination services | \$ 5,373 | \$ 7,470 |
| Information products and subscriptions | 4,031 | 4,041 |
| Service fees | 2,195 | 2,098 |
| | 11,599 | 13,609 |
| Cost of revenue: | | |
| Cost of examination services | 5,457 | 5,948 |
| Cost of information products and subscriptions | 1,345 | 1,466 |
| Cost of service fees | 884 | 963 |
| | 7,686 | 8,377 |
| Gross income | 3,913 | 5,232 |
| Operating expenses: | | |
| Research and development | 1,442 | 1,788 |
| Policy and regulation | 1,139 | 1,099 |
| General and administrative | 2,122 | 2,285 |
| | 4,703 | 5,172 |
| Operating income (loss) | (790) | 60 |
| Other income (expenses): | | |
| Lease interest | (64) | (85) |
| Bank charges and investment fees | (64) | (67) |
| Investment income | 3,093 | 2,474 |
| Loss on disposal of property and equipment | (15) | (26) |
| | 2,950 | 2,296 |
| Income before income taxes | 2,160 | 2,356 |
| Income tax expense | 86 | 244 |
| Net income and comprehensive income | \$ 2,074 | \$ 2,112 |
| | December 31, 2023 | March 31, 2023 |
| Total assets | \$141,037 | \$133,774 |
| Total liabilities | \$23,120 | \$20,768 |
| Total non-current liabilities | \$8,411 | \$6,315 |
| Total equity | \$117,917 | \$113,006 |

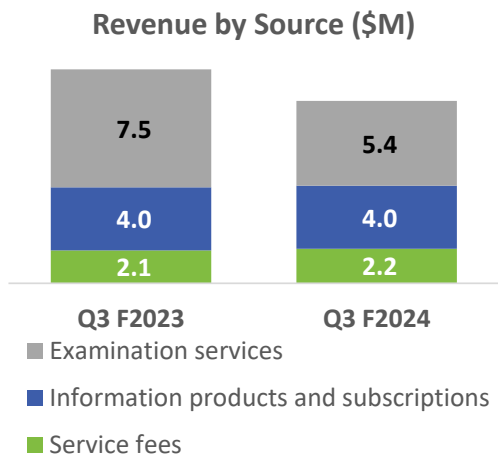
The following table sets forth certain consolidated statement of operations data expressed as a percentage of revenue for the same fiscal periods.

| Quarter ended December 31 | 2023 | 2022 |
|---|---------------|--------|
| Revenue: | | |
| Examination services | 46.3% | 54.9% |
| Information products and subscriptions | 34.8% | 29.7% |
| Service fees | 18.9% | 15.4% |
| | 100.0% | 100.0% |
| Cost of revenue: | | |
| Cost of examination services | 47.1% | 43.7% |
| Cost of information products and subscriptions | 11.6% | 10.8% |
| Cost of service fees | 7.6% | 7.1% |
| | 66.3% | 61.6% |
| Gross income | 33.7% | 38.4% |
| Operating expenses: | | |
| Research and development | 12.4% | 13.1% |
| Policy and regulation | 9.8% | 8.1% |
| General and administrative | 18.3% | 16.8% |
| | 40.5% | 38.0% |
| Operating income (loss) | (6.8%) | 0.4% |
| Other income (expenses): | | |
| Lease interest | (0.6%) | (0.6%) |
| Bank charges and investment fees | (0.6%) | (0.5%) |
| Investment income | 26.7% | 18.2% |
| Loss on disposal of property and equipment | (0.1%) | (0.2%) |
| | 25.4% | 16.9% |
| Income and comprehensive income before income taxes | 18.6% | 17.3% |
| Income tax expense | 0.7% | 1.8% |
| Net income and comprehensive income | 17.9% | 15.5% |

Revenue

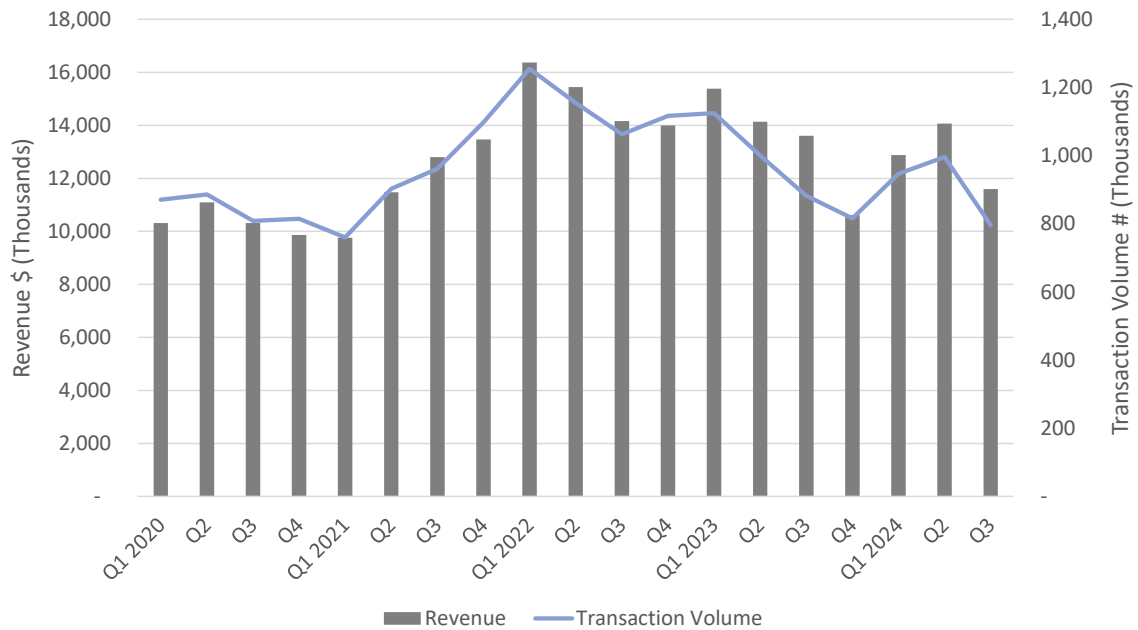
LTSA revenue sources consist of examination services to ensure that applications and plans and filings are submitted in accordance with the rules and regulations of various provincial statutes and acts; information products which include title, document and plan images, certifications, document scanning, LOTR search fees, and property information subscription services and service fees which are for electronic processing of land title and survey transactions through the myLTSA electronic portal, subscription revenue as well as consulting fees for developing the First Nations Land Governance Registry, and consulting fees with the Ministry of Transportation.

Revenue by Source

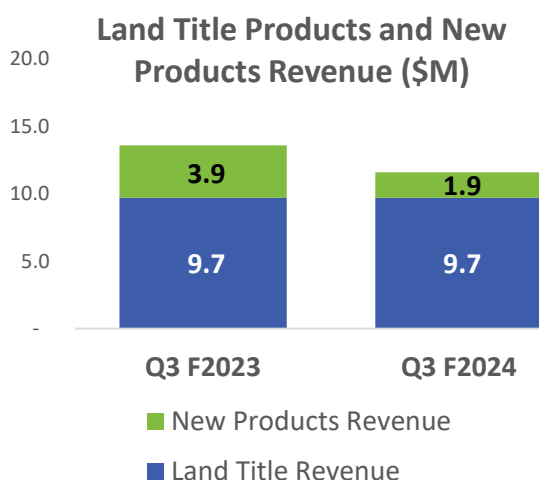


Total consolidated revenue for the quarter was \$11.6 million, \$2.0 million or 15% lower than last year due to one time LOTR Transparency Report Revenue earned in the prior year, offset by the 5% land title fee increase effective April 1, 2023, higher revenue from Autoprop as well as higher service revenue in assistance with building the First Nations Land Governance Registry. Land title volumes were 5% lower than in the prior year.

The chart below shows revenue and transaction volumes since April 2019. On a historical basis, the impact of seasonality can be seen with the June and September quarters normally being much busier than the fall and winter, up until the 2020-2021 fiscal year. Prior to the 2020-2021 fiscal year and the market impacts from COVID-19, we had experienced a continued decline in transaction volumes since 2016.



The LTSA's strategy of developing new sources of revenue to support customers with interests in land information continues to be successful with eight new products or services launched over the last 5 years.

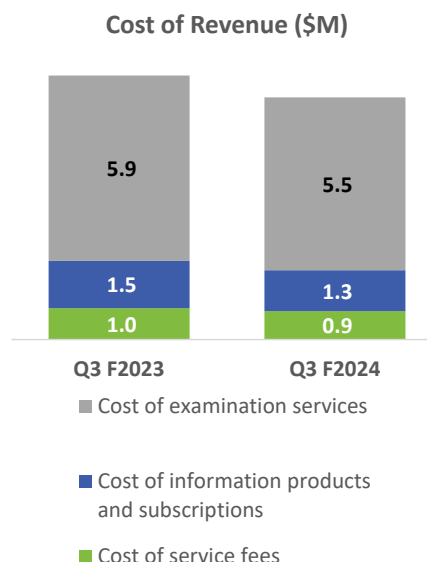


The filing module of LOTR launched in November 2020 and the search module launched in April 2021. LOTR filing and search revenue as well as associated fees earned \$0.6 million of revenue in the quarter. Autoprop, acquired in October 2018, earned \$0.5 million of revenue. The Condo and Strata Assignment Integrity Register ("CSAIR"), released in February 2019, earned revenue of \$0.2 million, the Property Tax Deferral service launched in May 2020 had revenue of \$0.1 million and Identity Verification and eStrataHub which launched in June 2021 generated \$0.1 million of revenue in the quarter.

Service revenue for assistance in developing the First Nations Land Governance Registry totaled \$0.4 million in the quarter. Total new product revenue for the quarter was \$1.9 million, 52% lower than the prior year and represents 16% of total revenues.

Cost of Revenue

Cost of revenue was \$7.7 million, \$0.7 million or 8% lower than the prior year. The decrease is due to lower sustainment of information technology systems costs to support existing and new products and services, as we focus on rebuilding our systems as part of Project Bluebird.



Gross Income

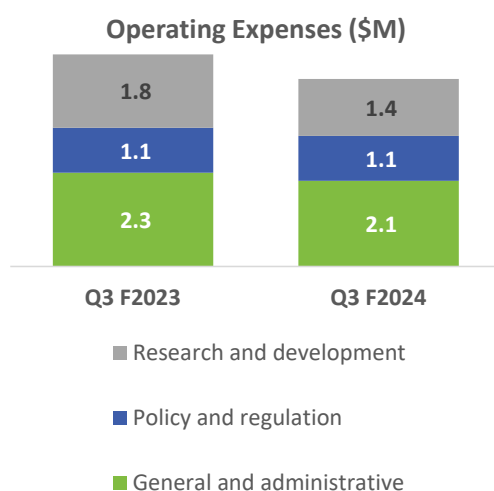
LTSA's gross income for the quarter was \$3.9 million representing a 33.7% operating margin, lower than the prior year margin of 38.4%. The gross margin by revenue category was as follows:

Gross Margins by Revenue Type

| Quarter ended December 31 | Q3 F2024 | Q3 F2023 |
|--|--------------|----------|
| Total LTSA | 33.7% | 38.4% |
| Examination services | -1.6% | 20.4% |
| Information products and subscriptions | 66.6% | 63.7% |
| Service fees | 59.7% | 54.1% |

Examination services margin decreased due to higher LOTR revenue earned in the prior year. Information services and service fees margin increased due to lower cost of revenue compared to the prior year. Automated examination of applications was 67.2% in the quarter, compared to 61.1% in the prior year. The increase is a result of automation improvements achieved by Project Echo, which has also helped reduce the 3 month defect rate to 3.2% from 4.3% in the prior year.

Operating Expenses



Operating expenses for the quarter were \$4.7 million, \$0.5 million or 9% lower than the prior year. This was primarily due to higher research and development costs in the prior year.

Research and development costs were \$1.4 million, \$0.3 million or 19% lower than the same period last year. The decrease was due to SurveyHub development costs which were charged to expense in the prior year due to a change in project approach.

Policy and regulation costs were \$1.1 million, less than \$0.1 million or 4% higher than the prior year. The increase was due to slightly higher salaries and benefits costs.

General and administrative expenses were \$2.1 million, \$0.2 million or 7% lower than the prior year due to lower professional service costs.

| Operating Expenses as a % of Revenue | Q3 F2024 | Q3 F2023 |
|--------------------------------------|-----------------|----------|
| Total Operating Expenses | 40.5% | 38.0% |
| Research and development | 12.4% | 13.1% |
| Policy and regulation | 9.8% | 8.1% |
| General and administrative | 18.3% | 16.8% |

Other Income (Expenses)

Investment income was \$3.1 million compared to \$2.5 million in the prior year. Our investment portfolio is conservative with 67% of our investments held in fixed income securities and money market funds at December 31, 2023 and earned a rate of return of 3.9% in the quarter compared to 3.3% in the prior year.

Net Income and Comprehensive Income

Overall, net income and comprehensive income totalled \$2.1 million or 17.9% of revenue, less than \$0.1 million lower than the prior year. The decrease was due to \$0.9 million lower operating income, offset by \$0.6 million higher investment income and \$0.2 million lower income tax expense. The fixed nature of our costs allows operating and net income to increase with increases in revenue and similarly causes lower net income in lower revenue years.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash, cash equivalents, and short-term investments balances were \$88.5 million on December 31, 2023 (March 31, 2023: \$88.4 million), of which \$0.1 million (March 31, 2023: \$0.2 million) consisted of cash collected on behalf of the Province of BC and other parties. The cash owing to these parties was remitted the following business day.

The remaining \$88.4 million (March 31, 2023: \$88.2 million) represents cash, cash equivalents, and short-term investments readily available to the LTSA. Net LTSA current liabilities (total current liabilities less funds held for customers, trade and other receivables and prepaid expenses) totalled \$7.8 million (March 31, 2023: \$8.0 million), which, when combined with the \$6.0 million (March 31, 2023: \$6.0 million) allocated to the Assurance Fund, leaves \$74.6 million (March 31, 2023: \$74.2 million) of cash available for reinvestment in LTSA's business. While cash balances are expected to decline in the fourth quarter with continued intangible asset expenditures, current cash reserves are sufficient to cover such costs.

Cash Flow from Operating Activities

Historically, the LTSA's primary source of cash derives from operating activities. Cash from operations for the quarter totalled \$2.8 million, \$0.9 million lower than the prior year due to higher LOTR revenue in the prior year.

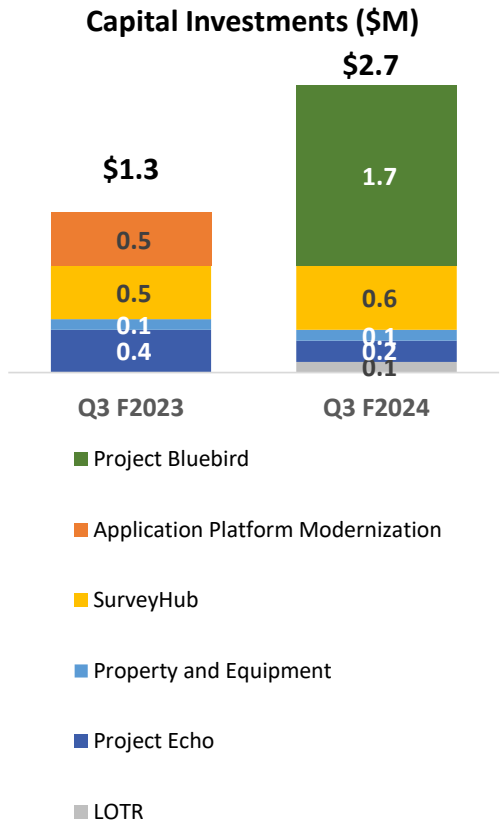
Cash Flow from Financing Activities

LTSA repaid \$0.5 million for lease obligations and incurred \$0.1 million of related lease interest in the quarter. The repayment of lease obligations and lease interest are consistent with the prior year.

Cash Flow from Investing Activities

LTSA transfers excess cash into an investment portfolio that is governed by our investment policy. We invested net \$0.8 million of cash in marketable securities during the quarter and earned interest and dividend proceeds of \$1.1 million. We invested \$1.5 million into a long-term investment in RIOS Inc. Cash was also used to purchase property and equipment and invest in software systems that will either enhance operations or provide additional service offerings to our customers. \$2.7 million was invested in intangible asset projects in the quarter.

Capital Investments



Project Echo is an internal project to increase automation and reduce defects, Application Platform Modernization is a project to rebuild our underlying application platform and SurveyHub is a project that will streamline the submission of survey plans. Project Bluebird, launched in April 2023, is a multi-year project to rebuild our systems, allowing for a more flexible and customer-centric platform. Project Echo and SurveyHub are expected to be substantially completed by the end of this fiscal year.

Assurance Fund

The Assurance Fund has remained at \$6.0 million since March 31, 2013 by resolution of the Board of Directors. The result of an independent actuarial analysis of the program in 2022 and the small number of Assurance Fund claims supports the LTSA's belief that this continues to be an appropriate fund balance. The fund is assessed on an annual basis and adjusted to reflect changing market conditions as well as transaction volumes. An independent actuarial analysis of the fund balance is performed every five years, with the next review scheduled for 2027.

Off-Balance Sheet Arrangements

The LTSA has no off-balance sheet arrangements.

Outlook

We continue to execute on our strategy of developing new products and services for our customers with interests in land information and as a result we have started one new service in the year: assisting the First Nations Lands Advisory Board with designing a First Nations Land Governance Registry, which has received funding approval from the Government of Canada. We have also improved the Autoprop service for real estate professionals in British Columbia, adding the comparative market analysis tool in 2022. We intend to continue to develop additional new lines of business in fiscal 2023-2024 and beyond, either through internal development or through looking at external opportunities. Our investments in R-Labs and RIOS allow us to investigate and evaluate new early stage companies that may have offerings that would be beneficial to our stakeholders.

We have launched a significant redesign of our legacy systems in 2023-2024, which will result in a modern real property platform on completion of the multi-year build project. The new platform is intended to enable delivery of more adaptable and extendable systems that will improve the customer experience by integrating capabilities and making systems easier to use. The platform will be flexible to customers' needs and will offer a range of services dependent on customer type. We will also continue to look at system and other changes that will increase automation and reduce defects and will also continue to modernize our Survey Plan systems, creating a unified platform for survey plan submissions, plans, forms and datasets which will also reduce defects and errors in plans.

We are expecting a modest recovery in land title volumes in the fourth quarter of 2023-2024, and into fiscal 2024-2025, as we approach the peak of the current interest rate environment. We are continuing to reduce the growth of our expenses in this lower revenue environment through reducing product sustainment spending, reducing discretionary spend both within cost of revenues and operating expenses, while still looking at opportunities to add new products and services.

Risk and Uncertainty

Critical Accounting Estimates

LTSA's financial statements are prepared in accordance with IFRS. These accounting principles require management to make certain estimates, assumptions and judgements. Management believes that these estimates, assumptions and judgements upon which we rely are reasonable based upon information available to us at the time. The estimates, assumptions and judgements made can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates and actual results, the financial statements of the LTSA would be affected.

Public Service Pension Plan

LTSA employees are members of the Public Service Pension Plan (the "Plan"), a defined benefit, multi-employer pension plan. The most recent Plan valuation, as at March 31, 2023, indicated a funding surplus of \$4.5 billion in the Basic Account. The next plan valuation will be assessed at March 31, 2026 with results available in early 2027.

LandSure Systems are members of a group registered retirement savings plan to which the company contributes.

Impairment of Long Lived Assets and Goodwill

The LTSA regularly reviews the carrying value of property, equipment, intangible assets and goodwill, and continually makes estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the LTSA may be required to record impairment charges for these assets. There are no impairment adjustments at this time.

Please refer to the consolidated financial statements which contain additional information regarding our accounting policies and other disclosures required under IFRS.