

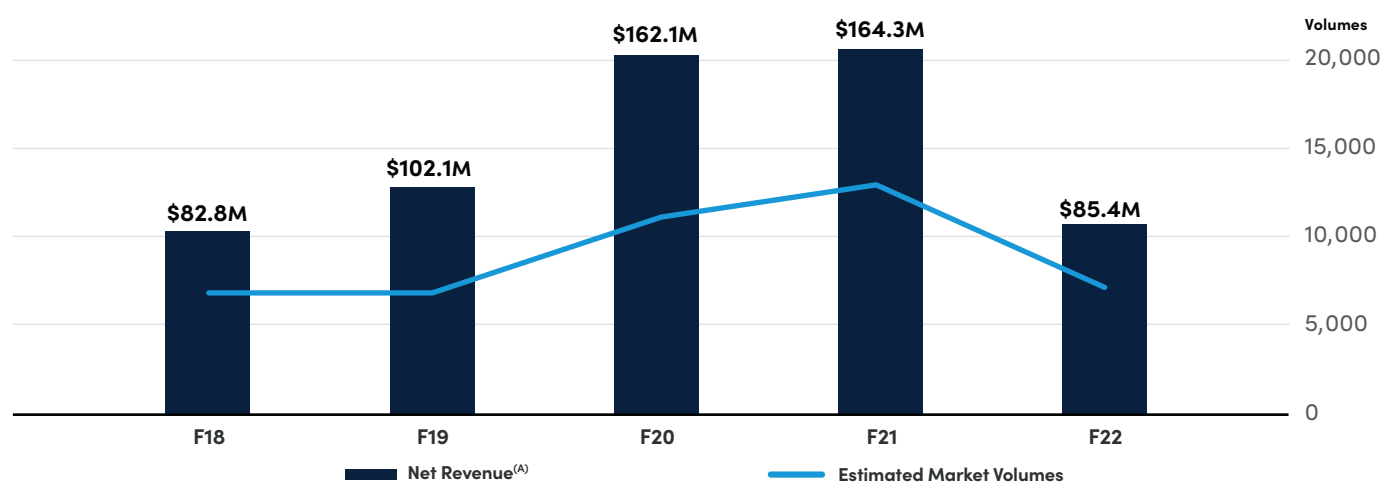


**2022**  
ANNUAL REPORT

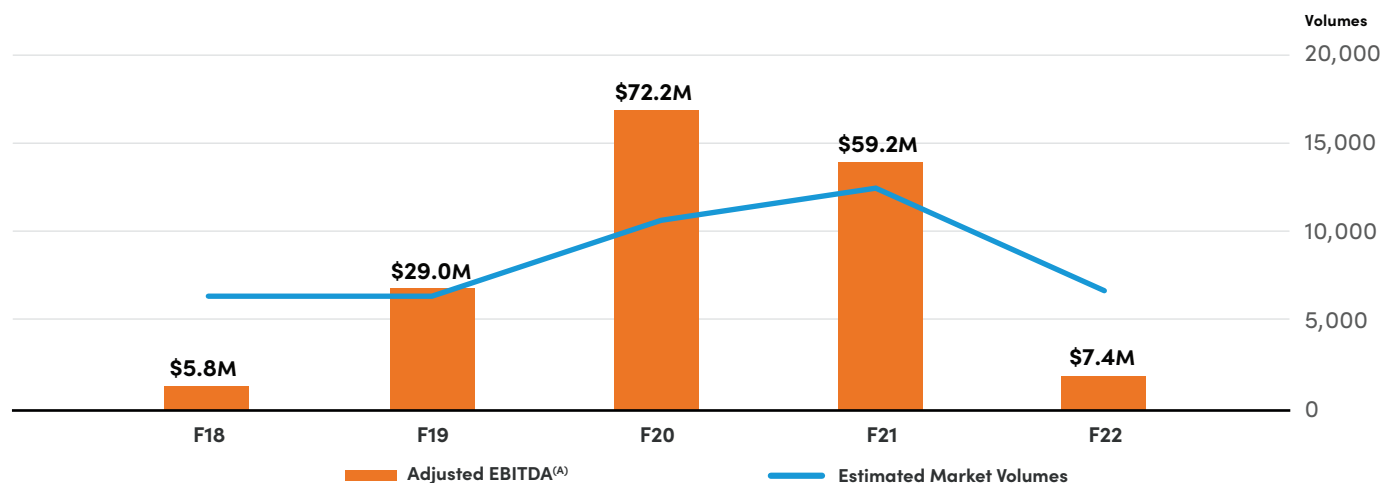
**Real Matters** is a leading network management services provider for the mortgage lending and insurance industries. Real Matters' platform combines its proprietary technology and network management capabilities with tens of thousands of independent qualified field professionals to create an efficient marketplace for the provision of mortgage lending and insurance industry services. Our clients include top 100 mortgage lenders in the U.S. and some of the largest insurance companies in North America. We are a leading independent provider of residential real estate appraisals to the mortgage market and a leading independent provider of title services in the U.S. Headquartered in Markham (ON), Real Matters has principal offices in Buffalo (NY) and Middletown (RI). Real Matters is listed on the Toronto Stock Exchange under the symbol REAL.

## Historical Consolidated Financial Performance

**Net Revenue<sup>(A)</sup> vs. U.S. Mortgage Origination Market Volumes\***



**Adjusted EBITDA<sup>(A)</sup> vs. U.S. Mortgage Origination Market Volumes\***



<sup>(A)</sup> Non-GAAP Measures

Net Revenue and Adjusted EBITDA do not have a standardized meaning prescribed by International Financial Reporting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined on page 26 of this Annual Report.

\* Management estimate, in thousands of units.

# Performance Highlights

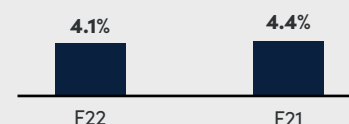
in thousands of US\$ except per share amounts or where otherwise stated

Financial	Fiscal 2022	Fiscal 2021	Fiscal 2020
<b>Consolidated</b>			
Revenues	\$339,642	\$504,107	\$455,945
Net Revenue <sup>(A)</sup>	\$85,439	\$164,292	\$162,117
Net Revenue <sup>(A)</sup> margin	25.2%	32.6%	35.6%
Net income	\$(9,265)	\$33,080	\$42,798
Adjusted EBITDA <sup>(A)</sup>	\$7,379	\$59,201	\$72,242
Adjusted EBITDA <sup>(A)</sup> margin	8.6%	36.0%	44.6%
<b>U.S. Appraisal</b>			
Revenues	\$250,916	\$322,109	\$282,101
Net Revenue <sup>(A)</sup>	\$55,510	\$69,263	\$67,224
Net Revenue <sup>(A)</sup> margin	22.1%	21.5%	23.8%
Adjusted EBITDA <sup>(A)</sup>	\$26,997	\$39,797	\$39,851
Adjusted EBITDA <sup>(A)</sup> margin	48.6%	57.5%	59.3%
<b>U.S. Title</b>			
Revenues	\$36,542	\$129,538	\$142,397
Net Revenue <sup>(A)</sup>	\$23,049	\$88,239	\$89,845
Net Revenue <sup>(A)</sup> margin	63.1%	68.1%	63.1%
Adjusted EBITDA <sup>(A)</sup>	\$(8,084)	\$31,784	\$44,291
Adjusted EBITDA <sup>(A)</sup> margin	-35.1%	36.0%	49.3%
<b>Canada</b>			
Revenues	\$52,184	\$52,460	\$31,447
Net Revenue <sup>(A)</sup>	\$6,880	\$6,790	\$5,048
Net Revenue <sup>(A)</sup> margin	13.2%	12.9%	16.1%
Adjusted EBITDA <sup>(A)</sup>	\$4,483	\$4,777	\$3,111
Adjusted EBITDA <sup>(A)</sup> margin	65.2%	70.4%	61.6%
Cash	\$46,142	\$60,213	\$129,156
Cash from operations	\$17,567	\$25,021	\$74,689
Long-term debt	–	–	–
Common shares issued and outstanding	72,696	79,048	85,359
Stock options issued and outstanding	4,426	4,578	5,111
Warrants issued, outstanding and exercisable	–	96	191
<b>Operating Metrics</b>			
U.S. Appraisal purchase market share	4.1%	4.4%	4.6%
U.S. Appraisal refinance market share	12.1%	9.9%	9.3%
U.S. Title refinance market share	1.2%	1.8%	2.1%
<b>Trading Statistics (C\$ except volume)</b>			
High	\$10.52	\$27.61	\$33.01
Low	\$4.18	\$9.86	\$7.74
Close	\$4.75	\$10.04	\$25.95
Average Volume	559,487	543,366	520,372

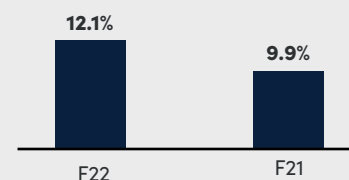
## <sup>(A)</sup> Non-GAAP Measures

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## U.S. Appraisal Purchase Market Share



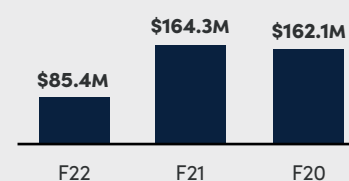
## U.S. Appraisal Refinance Market Share



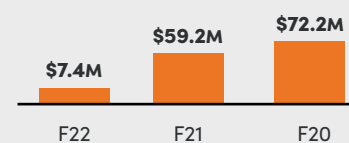
## U.S. Title Refinance Market Share



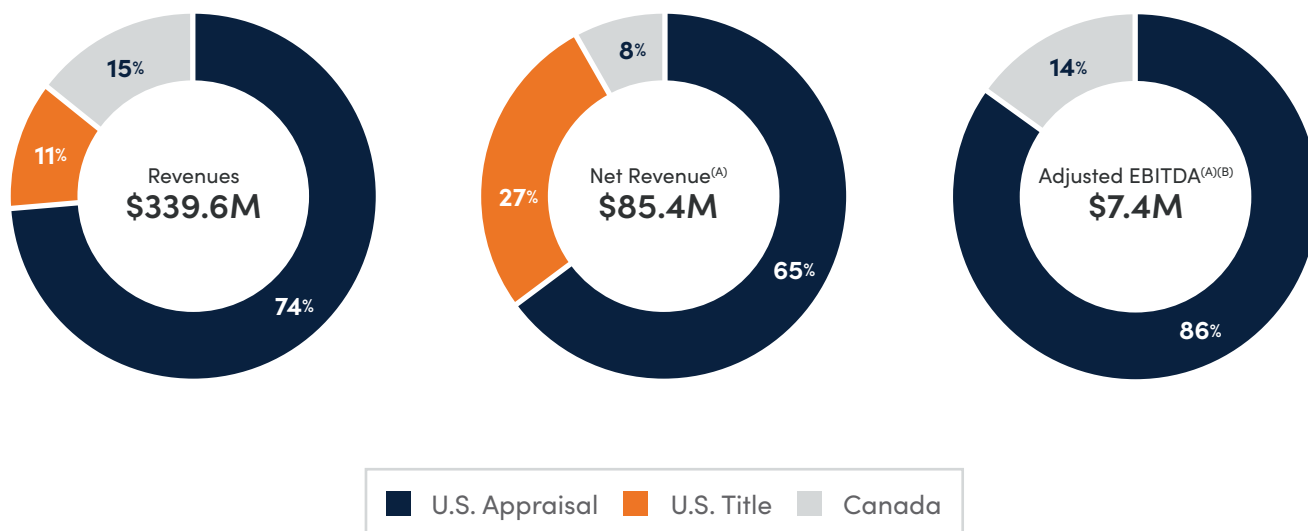
## Net Revenue<sup>(A)</sup>



## Adjusted EBITDA<sup>(A)</sup>



## Fiscal 2022 in Review



## Progress to Fiscal 2025 Targets

	Purchase market share		Refinance market share		Net Revenue <sup>(A)</sup> margin		Adjusted EBITDA <sup>(A)</sup> margin	
	F22	F25 Target	F22	F25 Target	F22	F25 Target	F22	F25 Target
<b>U.S. Appraisal</b>	4.1% <sup>(1)</sup>	7-9% <sup>(1)</sup>	12.1% <sup>(1)</sup>	17-19% <sup>(1)</sup>	22.1%	26-28%	48.6%	65-70%
<b>U.S. Title</b>	NA	NA	1.2% <sup>(2)</sup>	6-8% <sup>(2)</sup>	63.1%	60-65%	-35.1%	50-55%
<b>Canada</b>	NA	NA	NA	NA	13.2%	19-20%	65.2%	65-70%

### Notes

(1) Market share expressed as a percentage of TAM as described on page 11 of this Annual Report.

(2) Market share expressed as a percentage of TM as described on page 10 of this Annual Report.

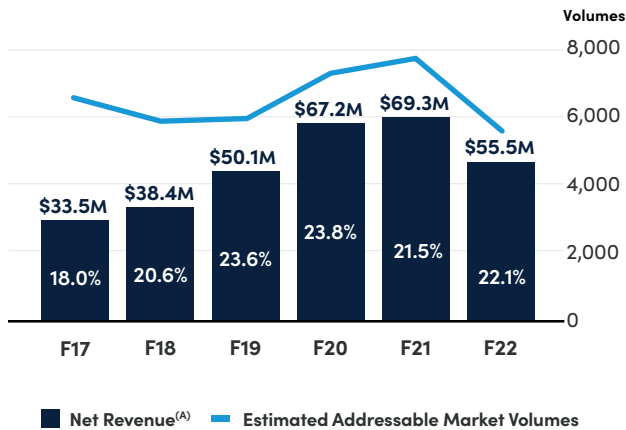
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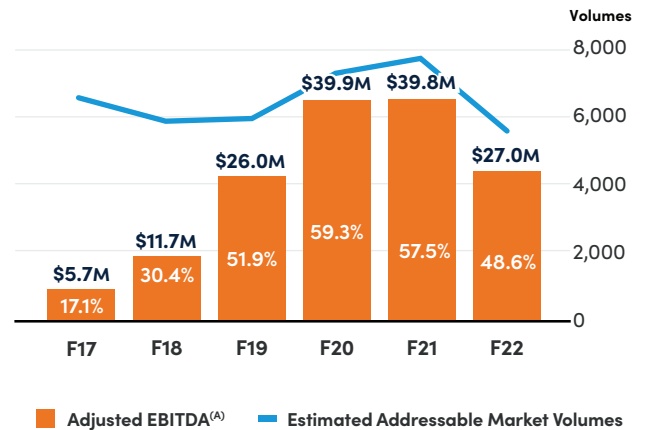
<sup>(B)</sup> Adjusted EBITDA<sup>(A)</sup> includes negative Adjusted EBITDA of \$8.1 for U.S. Title, and \$16.0 million of corporate expenses which are expressed net of stock-based compensation totalling \$1.5 million.

# Key Performance Indicators – U.S. Appraisal

U.S. Appraisal Segment Net Revenue<sup>(A)</sup> & Net Revenue<sup>(A)</sup> Margin vs Addressable Mortgage Market Origination Volumes\*

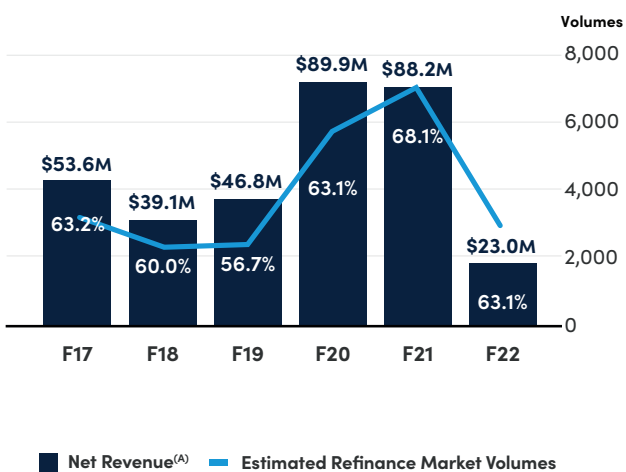


U.S. Appraisal Segment Adjusted EBITDA<sup>(A)</sup> & Adjusted EBITDA<sup>(A)</sup> Margin vs Addressable Mortgage Market Origination Volumes\*

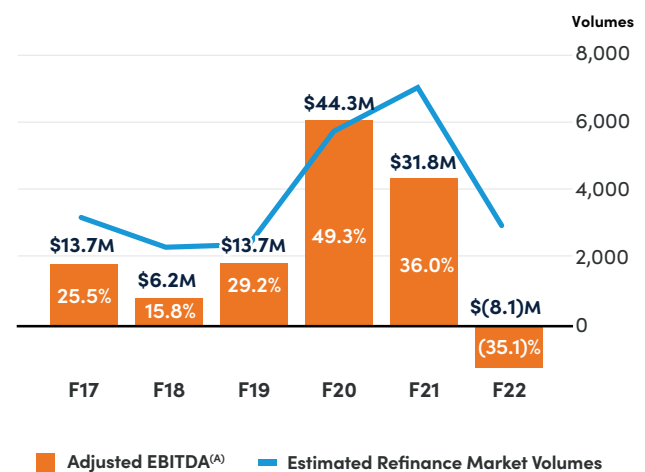


# Key Performance Indicators – U.S. Title

U.S. Title Segment Net Revenue<sup>(A)</sup> & Net Revenue<sup>(A)</sup> Margins vs Mortgage Market Origination Refinance Volumes\*



U.S. Title Segment Adjusted EBITDA<sup>(A)</sup> & Adjusted EBITDA<sup>(A)</sup> Margins vs Mortgage Market Origination Refinance Volumes\*



<sup>(A)</sup> Non-GAAP Measures

Net Revenue and Adjusted EBITDA do not have a standardized meaning prescribed by International Financial Reporting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined on page 26 of this Annual Report.

\* Management estimate, in thousands of units.

# To our shareholders,

In fiscal 2022, we launched a total of 27 new lenders across all three segments, and we increased market share with our five largest U.S. Appraisal clients by an average of 6%. We also marked a major milestone by surpassing 50% market share with one of our Tier 1 lenders in U.S. Appraisal. Our market share gains with clients was the direct result of our performance as we continue to rank at the top of lender scorecards in both U.S. Appraisal and U.S. Title, expanding our leadership position.

**We ended the year with more than \$46 million of cash on our balance sheet and no debt. We continue to focus on managing our costs in line with market volumes and keeping the business Adjusted EBITDA<sup>(A)</sup> neutral on a full year basis through this part of the mortgage market cycle.**

## Challenging Macro Environment

By most measures, fiscal 2022 was a challenging year for our industry. Following a period of historically low interest rates and elevated mortgage origination volumes in fiscal 2021, this past fiscal year, we saw the U.S. mortgage market absorb the impact of record home price appreciation, low housing inventory and rapidly rising interest rates in the second half of the year. The result was a steep mortgage market slowdown that we haven't experienced in several decades.

The cyclical nature of the mortgage market is nothing new to us. It's the very reason we built a business that can weather the peaks and valleys and why we prioritize long-term objectives and profitability. It's why we focus on building market share with large blue-chip clients that are driven by performance metrics and why we created a platform that would allow us to scale up and down with a lower cost to serve than our competitors.

In the face of unprecedented market headwinds in fiscal 2022, we continued our focus on the fundamental drivers that are germane to how we operate the business, which is what will drive our long-term success: achieving top performance on lender scorecards which drives market share growth; launching new clients; and managing our costs.

<sup>(A)</sup> Non-GAAP Measures

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## Progress Toward Our Long-Term Targets

We ended the fiscal year with U.S. Appraisal purchase market share of 4.1%, which compares to 4.4% at the close of fiscal 2021, and U.S. Appraisal refinance market share of 12.1%, up from 9.9% at the end of fiscal 2021. Our respective market share shifts reflect the mix of business of our client base, some of whom have historically been more weighted towards refinance. When taking into consideration the shift in purchase market share of our clients, our U.S. Appraisal purchase market share for fiscal 2022 would have been higher. In fiscal 2022, we launched 14 new lenders and two existing clients in new channels in U.S. Appraisal, including a Tier 1 lender in the home equity channel.

**As market volumes receded from fiscal 2021, the platform directed more work to our top appraisers, which bolstered quality and drove faster turn times. This also allowed us to benefit from a network effect in U.S. Appraisal, and we exited fiscal 2022 with Net Revenue<sup>(A)</sup> margins of 25.4%, which is the highest quarterly Net Revenue<sup>(A)</sup> margin we've ever posted in the Company's history.**

In U.S. Title, we launched seven new lenders in fiscal 2022 and we ended the year with U.S. Title market share of 1.2%, down from 1.8% at the end of fiscal 2021. Our U.S. Title market share was impacted by changes in our client portfolio as well as certain clients shutting down their mortgage operations due to very challenging market conditions for refinance mortgage origination activity. Our sales team continued to advance the pipeline, leveraging the home equity opportunity to expand our channels with existing clients and to win new Title business. In fiscal 2022, our performance remained at the top of scorecards across our lender base. We will continue to maintain our focus on operational excellence by improving performance and closely managing our expenses through this part of the mortgage market cycle. Our focus remains on leveraging our current performance and home equity strategy to onboard new clients and build franchise value for the long term.

In Canada, we launched six new clients in fiscal 2022. Solid market share gains in our Canadian appraisal business were offset by significantly lower market volumes.

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## Solid Financial Position

With a strong balance sheet and no debt, we have the financial strength to manage through the current downturn in the mortgage market. Since going public in 2017, we have purchased 24% of the issued and outstanding shares at IPO, and we ended the year with more than \$46 million of cash on our balance sheet. Given current market conditions, we continue to be prudent in managing our capital allocation with an ongoing focus on cost discipline and maintaining a strong balance sheet as we manage our way through this part of the mortgage market cycle.

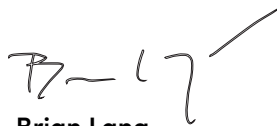
## Maintaining Our Long-Term Focus

We are squarely focused on our fiscal 2025 strategic objectives that we communicated at our Investor Day in 2020. We remain confident that we can grow our appraisal business to achieve a doubling of our U.S. Appraisal purchase and refinance market share from fiscal 2020 levels and deliver Net Revenue<sup>(A)</sup> margins of 26% to 28% and Adjusted EBITDA<sup>(A)</sup> margins of 65% to 70%.

In U.S. Title, we remain committed to building franchise value for the long term, executing on our plan to triple our U.S. Title refinance market share from fiscal 2020 levels to 6% to 8% by the end of fiscal 2025 and achieving Net Revenue<sup>(A)</sup> margins of 60% to 65% and Adjusted EBITDA<sup>(A)</sup> margins of 50% to 55%.

We have a very strong client base and a proven performance track record which positions us well to extend our client relations in U.S. Title and grow market share in both U.S. Appraisal and U.S. Title through this mortgage market cycle and into the growth on the other side.

Our team has done an incredible job over the course of the year to ensure our business remains on solid footing and positioned for growth. We have excellent leaders and a strong bench with decades of experience in this industry under their belts who are aligned to our business model and our long-term objectives. We remain thankful for the commitment of the field professionals on our network, and the continued trust of our clients. We thank our Board of Directors and long-term shareholders for their enduring support as we execute on our long-term strategy.



**Brian Lang**

Chief Executive Officer

<sup>(A)</sup> **Non-GAAP Measures**

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We make the home ownership  
experience extraordinary.



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# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

The following Management Discussion and Analysis ("MD&A") was prepared as of November 15, 2022 and should be read in conjunction with our consolidated financial statements ("financial statements"), including notes thereto, for the years ended September 30, 2022 and 2021. All amounts in this MD&A are reported in thousands of U.S. dollars, unless otherwise stated, and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"). Throughout this MD&A, Real Matters Inc. and its subsidiaries are referred to as "Real Matters," "the Company," "we," "our," or "us". Additional information about the Company, including the Company's Annual Information Form for the year ended September 30, 2021, can be found on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com).

## Overview

Real Matters provides residential real estate appraisal and title services to mortgage lenders in the United States of America ("U.S.") and residential real estate appraisal and insurance inspection services in Canada. Our technology-based platform creates a competitive marketplace where independent field professionals, including appraisers, property inspectors, notaries, abstractors and other closing agents, compete for volumes provided by our clients based on their performance and professionalism (the "platform"). Our proprietary technology, which we believe is unique in our industry, combined with our network management capabilities, drives greater efficiency by reducing manual processes through robust quality control mechanisms, logistics management capabilities, capacity planning tools and end-to-end transaction management for our clients. We leverage our technology and field professional partnerships with the goal of delivering first-time quality, faster turnaround times and better performance than our competitors.

### *Appraisal services*

We are one of North America's largest independent providers of residential real estate appraisal services. A residential appraisal is a survey of a home prepared by a qualified appraiser providing their expert opinion on the market value of a residential property. Pricing for residential appraisals varies by region, the type of residential mortgage appraisal conducted and property type. In most cases, our clients order residential appraisals for mortgage loan assessment purposes and to comply with Government Sponsored Entity ("GSE") requirements in the U.S., and the cost of a residential appraisal is typically passed on to the borrower.

We apply our network management capabilities, which are designed to focus on quality at the front-end of the process, to supply residential real estate appraisal services. Our platform is an open network where appraiser performance is tracked and managed in real time. We believe that our national and regionally managed network has the capacity to scale and deliver better performance than our competitors. We provide the breadth of expertise and local knowledge required to find the most qualified appraiser for every mortgage transaction through robust credentials management and scorecarding.

### *Title services*

We are an approved title agent with the largest title insurance underwriters in the U.S. We offer and/or coordinate various title services for refinance, purchase, short sale and real estate owned ("REO") transactions to financial institutions in all 50 states, and the District of Columbia, and each state has differing rules and regulations for title agents. As an independent title agent, we provide services required to close a mortgage transaction, including title search, curative, closing and escrow services and title policy issuance. We act on behalf of title insurance underwriters and retain the agent's portion of the premium paid for the title policy, which is typically 70-90% of the title insurance premium. The remaining portion of the premium is remitted to the underwriter as compensation for bearing the risk of loss in the event a claim is made under the insurance policy. Premium splits can vary by geographic region, and in some states, premiums are fixed by regulation.

The closing process is critical to a consumer's overall experience as it represents an important point of contact in a mortgage transaction. Our focus is to provide the best consumer experience by working with experienced abstractors, notaries and attorneys. We operate a technology-based marketplace where independent field professionals compete for business based on their service level performance and quality of work. Our platform delivers a scalable solution that drives better performance for our clients and a superior consumer experience.

## **Our clients and the market we service**

### *Clients*

Our clients include top 100 mortgage lenders in the U.S., the majority of the big five banks in Canada and some of North America's largest insurance carriers. In the U.S., we estimate that the top 100 lenders account for approximately 84% of lender spend on appraisal and title services. Tier 1 (as defined in the "Glossary" section of this MD&A) and other prominent lenders typically require their service providers to be well capitalized, registered and licensed nationally, have a strong technology and information security infrastructure, and be in good standing with their regulatory authorities. These lenders typically allocate market share to their service providers based on performance, and our performance often results in us obtaining an outsized allocation of transaction volumes from these lenders compared to our competitors.

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

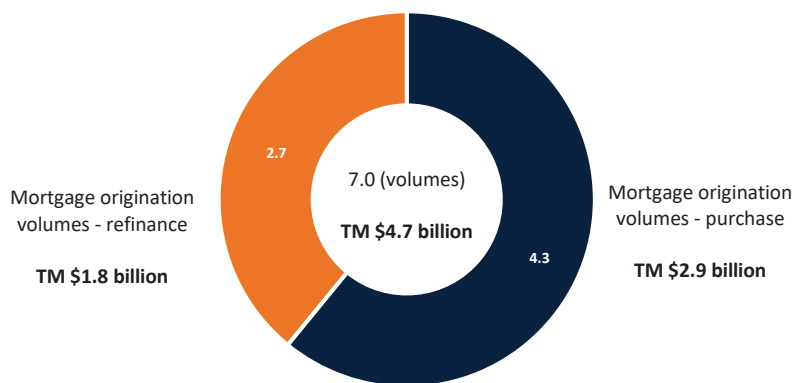
### Markets

The U.S. mortgage market is one of the largest asset classes in the world and it is also highly regulated. In fiscal 2022, we estimated that there were approximately 7.0 million mortgage origination transactions (purchase and refinance) in the U.S., representing a total market ("TM") spend of \$4.7 billion applying our average revenue per transaction for purchase and refinance mortgage originations in fiscal 2022. The graphic below outlines the estimated size of the TM for purchase and refinance mortgage originations in the U.S. for fiscal 2022 and our estimate of the TM spend for these services.

## U.S. Market 2022 Total Mortgage Origination Volumes\*

(expressed in millions)

\*Management estimate at the end of fiscal 2022



### U.S. Appraisal

Our U.S. Appraisal segment (as hereinafter defined) provides services to the largest lenders in the U.S., including all six Tier 1 mortgage lenders. We provide appraisal services to mortgage lenders across the following channels: purchase origination, refinance origination, home equity, default and REO. Purchase and refinance mortgage origination revenues accounted for 88% of fiscal 2022 revenues in our U.S. Appraisal segment.

The total addressable market ("TAM") for our U.S. Appraisal segment excludes appraisal waivers provided by the GSEs and appraisals provided by Veterans Affairs. In fiscal 2022, we estimate that there were approximately 5.1 million appraisals provided for purchase and refinance mortgage originations in the U.S., representing a TAM spend of \$3.4 billion applying our average revenue per transaction for purchase and refinance mortgage originations in fiscal 2022. We further believe that waivers were at elevated levels in the first half of fiscal 2022, due in part to COVID-19, and moderated down to nearly 11% of total mortgage origination volumes at the end of fiscal 2022. The graphic below outlines the estimated size of the TAM for purchase and refinance mortgage originations in the U.S. for fiscal 2022 and our estimate of the TAM spend for these services.

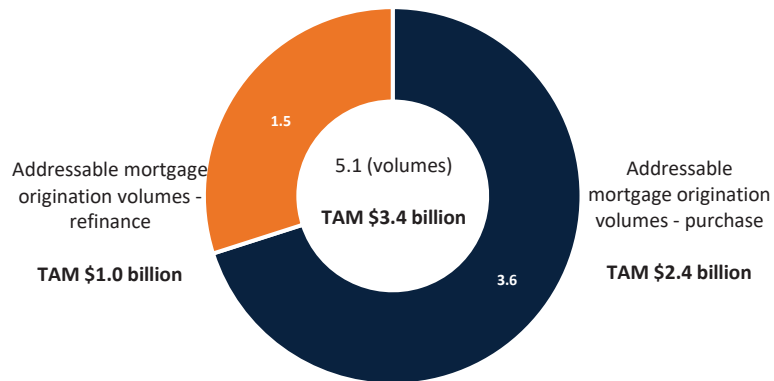
# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

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## U.S. Market 2022 Addressable Mortgage Origination Volumes\*

(expressed in millions)

\* Management estimate at the end of fiscal 2022



### U.S. Title

Historically, our U.S. Title segment (as hereinafter defined) predominantly serviced Tier 3 and 4 mortgage lenders. However, over the past few years, we have added several top 100 lenders, including our first Tier 1 client for title services in fiscal 2021. Adding clients is in line with our strategy to increase market share in this segment, with a specific focus on targeting additional Tier 1, Tier 2 and Tier 3 clients. Today, we predominantly supply title services for refinance, home equity, default and REO transactions. In fiscal 2022, we estimate that there were 2.7 million refinance transactions serviced representing a total and addressable market spend of \$2.6 billion applying our average revenue per transaction for refinance mortgage originations in fiscal 2022. The addressable market for our U.S. Title segment is not impacted by waivers or Veterans Affairs volumes.

### Canada

In Canada, we provide residential mortgage appraisal services to the majority of the big five banks in Canada and provide residential and commercial property insurance inspection services to some of North America's largest insurance carriers.

### Our offices and brands

Headquartered in Markham, Ontario, Real Matters' principal offices include Buffalo, New York and Middletown, Rhode Island. We service the U.S. and Canadian residential mortgage industries through our Solidifi brand and the Canadian property and casualty insurance industry through our iv3 brand.

### Seasonality and trends

Residential mortgage origination volumes in North America are a key driver of our financial performance and are influenced by cyclical trends and seasonality. Cyclical trends include changes in interest rates, refinancing rates, the capacity of lenders to underwrite mortgages, house prices, housing inventory, demand for housing, the availability of funds for mortgage loans, credit requirements, regulatory changes, household indebtedness, employment levels and the general health of the North American economy. Transaction-based revenues for appraisal services in our U.S. Appraisal and Canadian segments are also impacted by the seasonal nature of the residential mortgage industry, which typically see home buyers purchase more homes in our third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. The seasonal uptick for purchase market activity that is typical in the third and fourth quarters of our fiscal year was muted in fiscal 2022 due to the U.S. mortgage market continuing to experience issues with affordability resulting from elevated home prices, an increase in the 30-year mortgage rate and a shortage of housing inventory. Our market share is impacted by the size of the addressable residential mortgage origination market but also our clients' relative share of the addressable market. As discussed above, the prevalence of appraisal waivers provided by the GSEs and the volume of appraisals provided by Veterans Affairs can also impact the size of the TAM for our U.S. Appraisal segment. Gains or losses in our clients' share of the addressable market impacts our overall market share. Accordingly, we take a long-term view of our success, since we cannot control the addressable mortgage origination market or the factors that influence it.

# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

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## Annual mortgage origination estimates

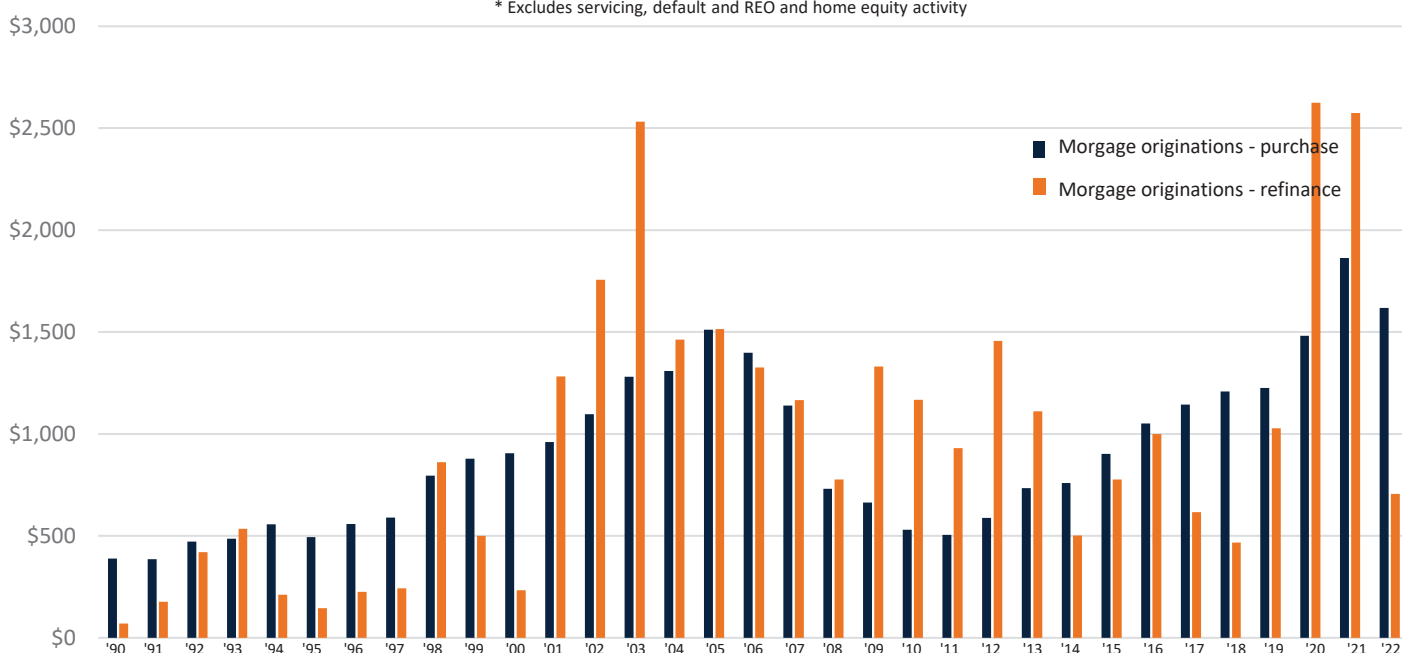
The table below outlines the estimated U.S. mortgage origination spend for purchase and refinance transactions beginning in 1990, presented on a calendar year basis. From 2011 to 2021, the estimated purchase market grew at a mid to high single digit growth rate which was highly correlated to the strength of the U.S. economy, among other factors. However, in 2022, the estimated purchase market declined from 2021 levels due to the U.S. mortgage market continuing to experience issues with affordability resulting from elevated home prices, an increase in the 30-year mortgage rate and a shortage of housing inventory. Refinance activity is very sensitive to changes in interest rates which has resulted in significant changes in the volume of activity between years. From the onset of COVID-19 through the first half of fiscal 2022, the mortgage origination market experienced a significant increase in refinance activity due to low interest rates brought about by COVID-19 and other contributing factors. This historically high level of activity presents a tougher market comparison year-over-year given the recent and sharp increase in 30-year mortgage rates during the second half of fiscal 2022. For fiscal 2022, we estimate that total mortgage origination volumes were down nearly 42% from fiscal 2021, due in large part to an estimated 61% decline in refinance mortgage origination volumes.

## Annual Mortgage Origination Estimates \*

source Mortgage Bankers Association ("MBA")

(expressed in billions of dollars)

\* Excludes servicing, default and REO and home equity activity



## Scale from volume

Our objective is to leverage our technology, network and logistics management capabilities and field professional partnerships to deliver first time quality, faster turnaround times and better performance than our competitors. As volumes on our platform increase from market share growth, market volume expansion or some combination of the two, we partner with our field professionals to make them more efficient in their daily activities which leads to an expansion of our Net Revenue<sup>(A)</sup> margins. In addition, we leverage our operations to expand our Adjusted EBITDA<sup>(A)</sup> margins. Our objectives for each of these measures through fiscal 2025 are outlined in "Our long-term plan – Fiscal 2025 targets" section of this MD&A.

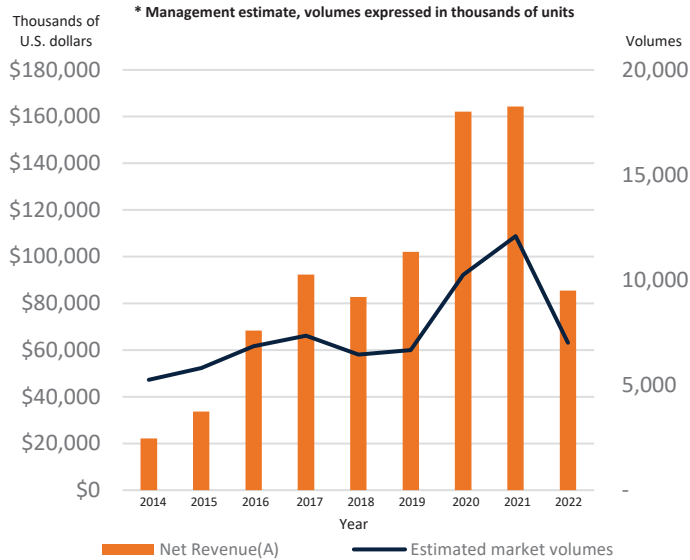
We prepare our financial statements in accordance with IFRS, however, we consider certain Non-GAAP financial measures (as hereinafter defined) useful in the assessment of our financial performance. All Non-GAAP measures are identified in this MD&A by superscript (A). Please refer to the "Non-GAAP Measures" section of this MD&A for additional details regarding our use of Non-GAAP measures, including, but not limited to, the definitions of Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>.

# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

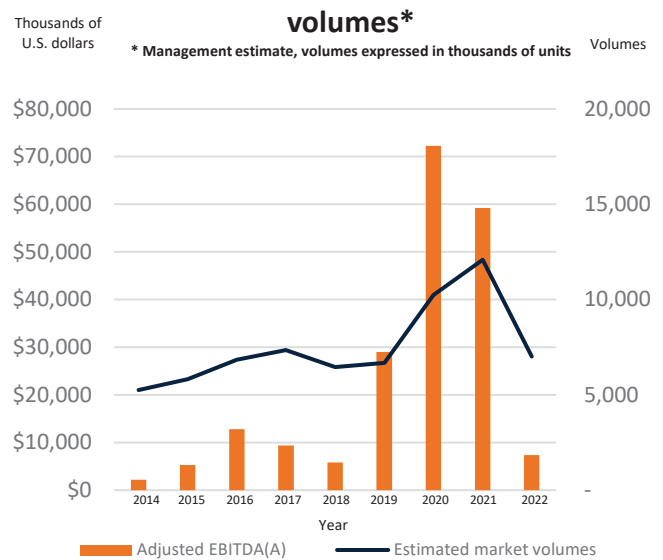
(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

The tables that follow compare our consolidated Net Revenue<sup>(A)</sup>, Adjusted EBITDA<sup>(A)</sup> and Net Income or Loss to estimated mortgage market origination volumes.

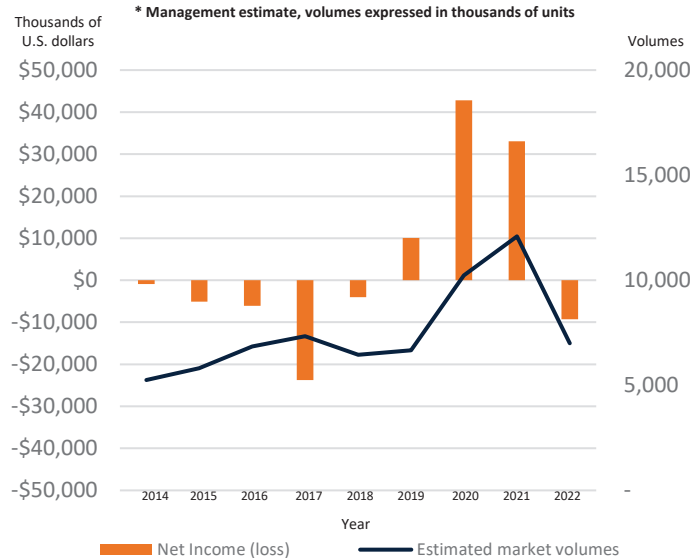
## Consolidated Net Revenue<sup>(A)</sup> relative to mortgage market origination volumes\*



## Consolidated Adjusted EBITDA<sup>(A)</sup> relative to mortgage market origination volumes\*



## Consolidated Net Income relative to mortgage market origination volumes\*

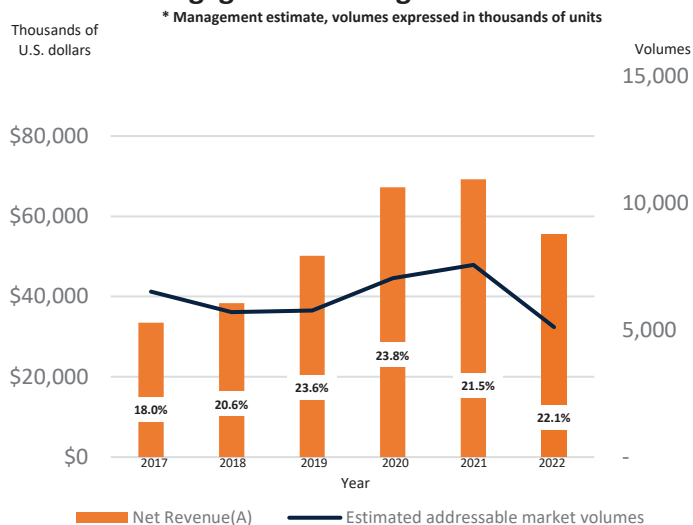


Our U.S. Appraisal segment is our more mature business in the U.S. Servicing higher volumes on our platform from net market share gains and higher market volumes, resulted in annual Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margin expansion through fiscal 2020. However, in fiscal 2021, we recorded lower Net Revenue<sup>(A)</sup> margins and lower Adjusted EBITDA<sup>(A)</sup> margins compared to fiscal 2020 while servicing higher volumes. The primary reason for these contractions was due to servicing a higher proportion of higher value and more complex properties during fiscal 2021, which we attribute, in part, to the higher use of GSE waivers on lower value and less complex properties. The use of GSE waivers has declined since fiscal 2021, which we attribute, in part, to the rise in the 30-year mortgage rate and corresponding contraction of rate refinance volumes. Accordingly, our Net Revenue<sup>(A)</sup> margins expanded in the second half of fiscal 2022 and we have been actively managing our U.S. Appraisal operating expense spend down, each due to the decline in market volumes.

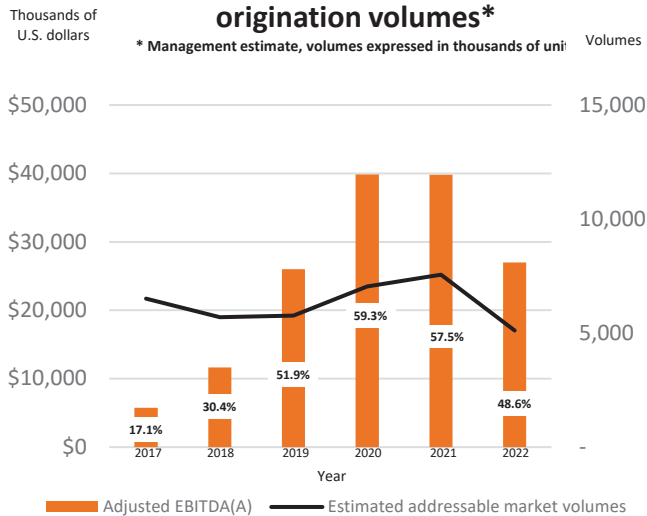
# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

## U.S. Appraisal Segment Net Revenue<sup>(A)</sup> & Net Revenue<sup>(A)</sup> margin vs addressable mortgage market origination volumes\*

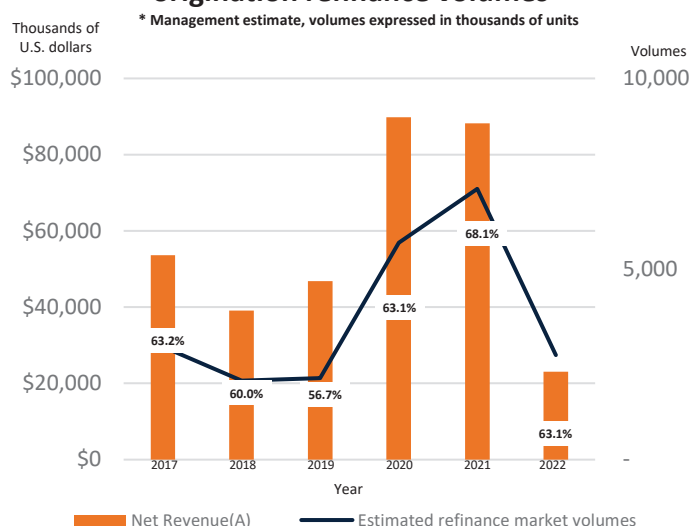


## U.S. Appraisal Segment Adjusted EBITDA<sup>(A)</sup> & Adjusted EBITDA<sup>(A)</sup> margin vs addressable mortgage market origination volumes\*

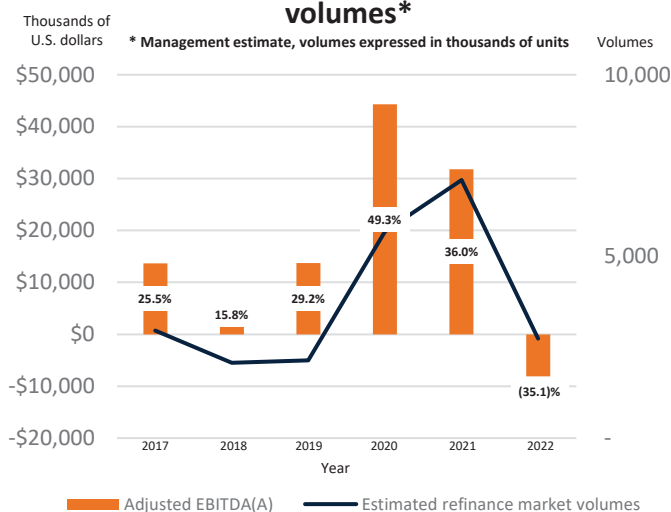


In April 2016, we entered the U.S. Title business through the acquisition of Linear Title & Closing Ltd. ("Linear"). Since then, we have ported this business to our platform and have been investing in our field professional panels with the long-term view of leveraging our network to expand Net Revenue<sup>(A)</sup> margins similar to our U.S. Appraisal segment. Today, our U.S. Title segment predominately services refinance mortgage origination volumes. As a result of the significant decline in rate refinance volumes in fiscal 2022, we have significantly reduced our U.S. Title operating expenses, while ensuring we maintain performance levels with our clients.

## U.S. Title Segment Net Revenue<sup>(A)</sup> & Net Revenue<sup>(A)</sup> margins vs mortgage market origination refinance volumes\*



## U.S. Title Segment Adjusted EBITDA<sup>(A)</sup> & Adjusted EBITDA<sup>(A)</sup> margins vs mortgage market origination refinance volumes\*



### Our long-term plan

We take a long-term view to manage and measure the success of our business strategies. Accordingly, our principal focus is on market share growth and over the long-term, we seek to achieve market share increases in the residential mortgage origination market. Market share growth is achieved by onboarding new customers and increasing market share with our existing clients. The mortgage market is subject to the influence of many factors, such as broader economic conditions, changes to interest rates, changing regulations and our clients' share of the market; each of which are not within our control.



# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

## Fiscal 2025 targets

At the end of fiscal 2020, we set targets through the end of fiscal 2025, which remain grounded in the philosophy that has guided us to date. As outlined above, residential mortgage origination volumes in North America are a key driver of our financial performance and are influenced by cyclical trends and seasonality. We continue to be singularly focused on market share growth and Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margin expansion since we can't control the cyclical and seasonal trends that impact the residential mortgage market or our clients' share of the market.

The fiscal 2025 targets are presented for the purpose of assisting investors, security analysts and others in understanding our current objectives, strategic priorities and expectations for the future. Readers are cautioned that our fiscal 2025 targets may not be appropriate for other purposes. Our Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margin targets are contingent on achieving our market share goals, no change in our clients' respective share of the market from 2020 levels and a residential mortgage originations market comprised of an approximately \$4 billion spend for purchase activity and an approximately \$2 billion spend for refinance activity which we deemed to be a normalized market based on historical standards at that time. However, U.S. macroeconomic conditions will be a large determinate of the size of the U.S. mortgage market in fiscal 2025, which is out of our control. Please refer to the "Cautionary Note Regarding Forward-Looking Information" contained in this MD&A for a description of the risks that impact our business and that could impact the achievement of our fiscal 2025 targets.

## Fiscal 2025 Targets

	Purchase market share	Refinance market share	Net Revenue <sup>(A)</sup> margin	Adjusted EBITDA <sup>(A)</sup> margin
U.S. Appraisal	7-9% <sup>(1)</sup>	17-19% <sup>(1)</sup>	26-28%	65-70%
U.S. Title	-	6-8% <sup>(2)</sup>	60-65%	50-55%
Canada	-	-	19-20%	65-70%

Note

<sup>(1)</sup> Market share expressed as a percentage of TAM as described above in this MD&A

<sup>(2)</sup> Market share expressed as a percentage of TM as described above in this MD&A

Our target for our Corporate segment is to contain corporate expenses, excluding stock-based compensation expense, to 7% of Net Revenue<sup>(A)</sup> by the end of fiscal 2025.

Our target is to convert 70-75% of Adjusted EBITDA<sup>(A)</sup> to Free Cash Flow<sup>(A)</sup> between fiscal 2021 through the end of fiscal 2025. In fiscal 2022, we did not achieve our conversion target of 70-75%, due in large part to the sharp decline in mortgage origination volumes this year and the corresponding impact to Adjusted EBITDA<sup>(A)</sup>, which was most notable in our U.S. Title segment which posted an Adjusted EBITDA<sup>(A)</sup> loss of \$8.1 million.

In this MD&A, we provide our estimate of residential mortgage activity and spend. We have estimated mortgage activity using a variety of information sources, including reports issued under the Home Mortgage Disclosures Act ("HMDA"). We have estimated changes in residential mortgage market activity, since HMDA released its report on 2019 mortgage activity, using a variety of information sources, including certain client and non-client quarterly or annual reports, reports issued by certain competitors, other publicly available industry information, including reports published by the Mortgage Bankers Association, Fannie Mae and Freddie Mac, and our own internal volumes. We calculate purchase and refinance market share for our U.S. Appraisal segment by dividing volumes we service by our estimate of total addressable market activity. We estimate the size of total, and addressable market spend for our U.S. Appraisal segment, by multiplying our average revenue per transaction for fiscal 2022 by our estimate of total and addressable market volumes. Similarly, we calculate our market share for our U.S. Title segment by dividing refinance volumes we service by our estimate of the total addressable market for refinance activity. We estimate the size of addressable market spend for our U.S. Title segment, by multiplying our average revenue per transaction for fiscal 2022 by our estimate of total addressable market volumes for refinance activity. Estimates for waiver and Veterans Affairs volumes are based on reports issued by the GSEs and by the U.S. Department of Veterans Affairs.

## Margin expansion with volume growth

We expect to expand Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins across each of our segments in conjunction with an increase in volumes serviced, please refer to the "Fiscal 2025 targets" section of this MD&A.

# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

## We're built for the long-run

We believe we have a significant amount of addressable market beyond our fiscal 2025 objectives. The U.S. mortgage market is one of the largest asset classes in the world and we service large, blue-chip clients in the U.S. and Canada. Getting to first transaction with large mortgage lenders can be a lengthy process; however, once we launch a client, our strategy is to leverage our platform to outperform our competition and grow market share. This helps us solidify and expand the relationships we have with our clients over the long-term. Our business is built for scale; higher transaction volumes typically allow us to expand Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins. We have a strong balance sheet and strong Free Cash Flow<sup>(A)</sup> generating profile to support our long-term business objectives.

## Important factors affecting our results from operations

Our business is subject to a variety of risks and uncertainties, and the targets described above contain forward-looking information. Please refer to the "Cautionary Note Regarding Forward-Looking Information" contained in this MD&A for a description of the risks that impact our business and that could cause our financial results to vary.

## Financial Performance

The following is a discussion of our consolidated financial condition and results of operations for the years ended September 30, 2022 and 2021.

## Review of Operations - For the year ended September 30, 2022

We conduct our business in the U.S. and Canada through three reportable segments: (i) U.S. appraisal ("U.S. Appraisal"); (ii) U.S. title ("U.S. Title"); and (iii) Canada or Canadian. Expenses attributable to corporate activities are recorded in our Corporate segment. Please refer to the tables in the "Foreign Currency Exchange Rates" section of this MD&A for additional details regarding the impact foreign currency exchange ("FX") had on our consolidated operating results for the year ended September 30, 2022.

## Consolidated

	Year ended September 30			
	2022	2021	Change	% Change
Revenues	\$ 339,642	\$ 504,107	\$ (164,465)	-32.6%
Transaction costs	\$ 254,203	\$ 339,815	\$ (85,612)	-25.2%
Operating expenses	\$ 79,595	\$ 107,499	\$ (27,904)	-26.0%
Amortization	\$ 4,530	\$ 5,045	\$ (515)	-10.2%
<i>Non-GAAP measures</i>				
Net Revenue <sup>(A)</sup>	\$ 85,439	\$ 164,292	\$ (78,853)	-48.0%
Net Revenue <sup>(A)</sup> margin	25.2%	32.6%	-7.4%	-22.7%
Adjusted EBITDA <sup>(A)</sup>	\$ 7,379	\$ 59,201	\$ (51,822)	-87.5%
Adjusted EBITDA <sup>(A)</sup> margin	8.6%	36.0%	-27.4%	-76.1%

## Revenues

Consolidated revenues declined due to lower revenues across all three segments. Revenues in our U.S. Appraisal segment declined due to lower addressable mortgage origination volumes, partially offset by net market share gains with existing clients, new client additions and higher home equity and default volumes serviced. The revenue decline in our U.S. Title segment was due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives, lower home equity revenues and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity. Excluding the impact of FX, Canadian segment revenues increased modestly on higher insurance inspection revenues while appraisal services were flat as net market share gains were offset by lower market volumes.

## Transaction costs

Transaction costs declined on a consolidated basis across all three segments. Transaction costs in our U.S. Appraisal segment declined for the same reasons outlined in the revenue discussion above and lower transaction costs in our U.S. Title segment reflect lower centralized, diversified and other volumes serviced, as outlined in the revenue discussion above. Transaction costs in our Canadian segment declined due to FX and for the same reasons outlined in the revenue discussion above.

## Operating expenses

In fiscal 2022, we actively managed our cost structure to align with lower market volumes for mortgage origination activity, which included a reduction in employee headcount of nearly 50% at the end of fiscal 2022 compared to the end of fiscal

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

2021. The decline in consolidated operating expenses was due primarily to our U.S. Title segment which recorded a \$25.3 million decrease due to lower volumes serviced. Of this decline, \$20.4 million was attributable to lower payroll and related costs and \$4.5 million was due to lower courier, office and bank charges, each the result of lower volumes serviced. Operating expenses in our U.S. Appraisal segment declined \$1.0 million due to lower payroll and related costs of \$0.8 million, due to of lower origination volumes serviced, and lower computer expense, which was partially offset by higher home equity and default volumes serviced. Canadian segment operating expenses increased \$0.4 million due primarily to higher other expenses, partially offset by FX. Corporate operating expenses declined \$2.0 million due to lower payroll and related costs of \$1.9 million, reflecting lower Corporate segment headcount, lower bonus and stock-based compensation expenses and FX.

### Amortization

Amortization declined due to fully amortized intangible assets and lower amortization attributable to a right-of-use asset which we subleased in fiscal 2022, each recorded in our U.S. Appraisal segment.

### Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>

On a consolidated basis, Net Revenue<sup>(A)</sup> declined on lower revenues generated by our U.S. Appraisal and U.S. Title segments, partially offset by modestly higher Net Revenue<sup>(A)</sup> generated by our Canadian segment. U.S. Appraisal Net Revenue<sup>(A)</sup> declined due to lower addressable mortgage origination volumes partially offset by net market share gains with existing clients, new client additions and higher home equity and default volumes serviced. The decline in U.S. Title Net Revenue<sup>(A)</sup> was due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives, lower home equity volumes serviced and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity. Net Revenue<sup>(A)</sup> margins expanded in our U.S. Appraisal and Canadian segments, but contracted in our U.S. Title segment. The increase in Net Revenue<sup>(A)</sup> margins in our U.S. Appraisal segment was due to leveraging our field professional network in a lower market environment in the second half of fiscal 2022, which was partially offset by the increase in lower margin home equity volumes serviced. The decline in U.S. Title Net Revenue<sup>(A)</sup> margins was due to a higher proportion of lower margin home equity volumes serviced and a lower proportion of incoming order volumes that closed. The increase in Net Revenue<sup>(A)</sup> margins in our Canadian segment was the result of leveraging our field professional network in a lower market environment, which was most notable in the last two quarters of fiscal 2022, and realizing higher Net Revenue<sup>(A)</sup> margins on insurance inspection services supplied. We recognized lower consolidated Adjusted EBITDA<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins due primarily to the financial performance of our U.S. Title and U.S. Appraisal segments, owing, in large part, to lower addressable mortgage origination volumes.

### U.S. Appraisal

	Year ended September 30			
	2022	2021	Change	Change %
Revenues	\$ 250,916	\$ 322,109	\$ (71,193)	-22.1%
Transaction costs	\$ 195,406	\$ 252,846	\$ (57,440)	-22.7%
Operating expenses	\$ 28,513	\$ 29,466	\$ (953)	-3.2%
Amortization	\$ 928	\$ 1,485	\$ (557)	-37.5%
<i>Non-GAAP measures</i>				
Net Revenue <sup>(A)</sup>	\$ 55,510	\$ 69,263	\$ (13,753)	-19.9%
Net Revenue <sup>(A)</sup> margin	22.1%	21.5%	0.6%	2.8%
Adjusted EBITDA <sup>(A)</sup>	\$ 26,997	\$ 39,797	\$ (12,800)	-32.2%
Adjusted EBITDA <sup>(A)</sup> margin	48.6%	57.5%	-8.9%	-15.5%
Revenues - purchase	\$ 98,203	\$ 113,437	\$ (15,234)	-13.4%
Revenues - refinance	\$ 122,835	\$ 187,140	\$ (64,305)	-34.4%
Revenues - other	\$ 29,878	\$ 21,532	\$ 8,346	38.8%

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

### Market share - purchase mortgage originations

(expressed in whole units)	Year ended September 30	
	2022	2021
Estimated market volumes	4,268,656	4,985,040
Non-addressable market volumes	(685,764)	(722,452)
Estimated addressable market volumes	3,582,892	4,262,588
Real Matters volumes	146,092	185,475
Real Matters market share	4.1%	4.4%

### Market share - refinance mortgage originations

(expressed in whole units)	Year ended September 30	
	2022	2021
Estimated market volumes	2,738,730	7,102,726
Non-addressable market volumes	(1,207,649)	(3,804,002)
Estimated addressable market volumes	1,531,081	3,298,724
Real Matters volumes	185,666	326,116
Real Matters market share	12.1%	9.9%

### Revenues

U.S. Appraisal revenues declined due to lower addressable mortgage origination volumes, partially offset by net market share gains with existing clients and new client additions. Other revenues increased due to higher market volumes for home equity and default volumes serviced, market share gains with existing clients and new client additions. We estimate that the addressable mortgage origination market declined 32% year-over-year, which compares to a decrease of 26% for purchase and refinance origination revenues combined.

### Transaction costs

Transaction costs in our U.S. Appraisal segment declined for the reasons outlined in the revenue discussion above, partially offset by higher transaction costs incurred in the first half of fiscal 2022 from servicing a higher proportion of complex properties.

### Operating expenses

Operating expenses in our U.S. Appraisal segment declined \$1.0 million. Payroll and related costs declined \$0.8 million, due to lower origination volumes serviced, and computer expenses declined \$0.1 million, which was partially offset by higher home equity and default volumes serviced.

### Amortization

Amortization declined due to fully amortized intangible assets and lower amortization attributable to a right-of-use asset which we subleased in fiscal 2022.

### Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>

Net Revenue<sup>(A)</sup> in our U.S. Appraisal segment declined due to lower addressable mortgage origination volumes partially offset by net market share gains with existing clients, new client additions and higher home equity and default volumes serviced. Net Revenue<sup>(A)</sup> margins expanded in our U.S. Appraisal segment as we leveraged our field professional network in a lower market environment in the second half of fiscal 2022, which was partially offset by the increase in lower margin home equity volumes serviced. We recognized lower consolidated Adjusted EBITDA and Adjusted EBITDA<sup>(A)</sup> margins due to lower Net Revenue<sup>(A)</sup> partially offset by higher Net Revenue<sup>(A)</sup> margins, as outlined above, owing, in large part, to lower addressable mortgage origination market volumes.

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

### U.S. Title

	Year ended September 30			
	2022	2021	Change	Change %
Revenues	\$ 36,542	\$ 129,538	\$ (92,996)	-71.8%
Transaction costs	\$ 13,493	\$ 41,299	\$ (27,806)	-67.3%
Operating expenses	\$ 31,133	\$ 56,455	\$ (25,322)	-44.9%
Amortization	\$ 3,141	\$ 2,954	\$ 187	6.3%
<i>Non-GAAP measures</i>				
Net Revenue <sup>(A)</sup>	\$ 23,049	\$ 88,239	\$ (65,190)	-73.9%
Net Revenue <sup>(A)</sup> margin	63.1%	68.1%	-5.0%	-7.3%
Adjusted EBITDA <sup>(A)</sup>	\$ (8,084)	\$ 31,784	\$ (39,868)	-125.4%
Adjusted EBITDA <sup>(A)</sup> margin	-35.1%	36.0%	-71.1%	-197.5%
Revenues - centralized title	\$ 30,036	\$ 116,866	\$ (86,830)	-74.3%
Revenues - diversified title	\$ 1,523	\$ 7,232	\$ (5,709)	-78.9%
Revenues - other	\$ 4,983	\$ 5,440	\$ (457)	-8.4%

### Market share - refinance mortgage originations

<i>(expressed in whole units)</i>	Year ended September 30	
	2022	2021
Estimated market volumes	2,738,730	7,102,726
Real Matters volumes <sup>(1)</sup>	31,537	129,680
Real Matters market share	1.2%	1.8%

Note

<sup>(1)</sup> U.S. Title volumes exclude home equity title search, diversified and REO volumes.

### Revenues

The revenue decline in our U.S. Title segment was due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives, lower home equity revenues and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity. We estimate the refinance mortgage origination market declined 61% year-over-year, which compares to a decrease of 74% for centralized title revenues.

### Transaction costs

Transaction costs in our U.S. Title segment declined due to lower centralized, diversified and other volumes serviced, as outlined in the revenue discussion above.

### Operating expenses

Operating expenses in our U.S. Title segment declined \$25.3 million due to lower payroll and related costs of \$20.4 million and lower courier, office and bank charges of \$4.5 million, each the result of lower volumes serviced.

### Amortization

Amortization increased on higher amortization for computer equipment.

### Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>

The decline in Net Revenue<sup>(A)</sup> was due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives, lower home equity volumes serviced and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity. The decline in U.S. Title Net Revenue<sup>(A)</sup> margins was due to a higher proportion of lower margin home equity volumes serviced and a lower proportion of incoming order volumes that closed. We recognized lower Adjusted EBITDA<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins due to lower Net Revenue<sup>(A)</sup> and Net Revenue<sup>(A)</sup> margins, as outlined above, owing, in large part, to lower refinance mortgage origination market volumes.

# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

## Canada

	Year ended September 30			
	2022	2021	Change	% Change
Revenues	\$ 52,184	\$ 52,460	\$ (276)	-0.5%
Transaction costs	\$ 45,304	\$ 45,670	\$ (366)	-0.8%
Operating expenses	\$ 2,397	\$ 2,013	\$ 384	19.1%
Amortization	\$ -	\$ -	\$ -	0.0%
<i>Non-GAAP measures</i>				
Net Revenue <sup>(A)</sup>	\$ 6,880	\$ 6,790	\$ 90	1.3%
Net Revenue <sup>(A)</sup> margin	13.2%	12.9%	0.3%	2.3%
Adjusted EBITDA <sup>(A)</sup>	\$ 4,483	\$ 4,777	\$ (294)	-6.2%
Adjusted EBITDA <sup>(A)</sup> margin	65.2%	70.4%	-5.2%	-7.4%

### Revenues

Excluding the impact of FX, Canadian segment revenues increased modestly on higher insurance inspection revenues while appraisal services were flat as net market share gains were offset by lower market volumes. Canadian segment revenues from appraisal and insurance inspection services were \$48.9 million and \$3.3 million, respectively, in fiscal 2022, compared to \$49.4 million and \$3.1 million in fiscal 2021.

### Transaction costs

Transaction costs in our Canadian segment declined due to FX.

### Operating expenses

Canadian segment operating expenses increased \$0.4 million due primarily to higher other expenses, partially offset by FX.

### Amortization

Amortization was unchanged between fiscal 2022 and fiscal 2021.

### Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>

Net Revenue<sup>(A)</sup> in our Canadian segment increased modestly due to net market share gains for appraisal services and modestly higher insurance inspection revenues, partially offset by lower market volumes for appraisal services. Net Revenue<sup>(A)</sup> margins in our Canadian segment increased as we leveraged our field professional network in a lower market environment, which was most notable in the last two quarters of fiscal 2022, and realizing higher Net Revenue<sup>(A)</sup> margins from insurance inspection services supplied. Adjusted EBITDA<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins declined due to higher other expenses.

## Corporate and other items

	Year ended September 30			
	2022	2021	Change	% Change
Operating expenses	\$ 17,552	\$ 19,565	\$ (2,013)	-10.3%
Amortization	\$ 461	\$ 606	\$ (145)	-23.9%
Loss on disposal of property and equipment	\$ 603	\$ -	\$ 603	0.0%
Other non-operating costs	\$ 66	\$ -	\$ 66	0.0%
Restructuring expenses	\$ 1,542	\$ 76	\$ 1,466	1928.9%
Impairment of goodwill	\$ 17,296	\$ -	\$ 17,296	0.0%
Interest expense	\$ 264	\$ 430	\$ (166)	-38.6%
Interest income	\$ (134)	\$ (151)	\$ 17	-11.3%
Net foreign exchange (gain) loss	\$ (5,725)	\$ 7,359	\$ (13,084)	-177.8%
Gain on fair value of warrants	\$ (249)	\$ (2,084)	\$ 1,835	-88.1%
Net income tax (recovery) expense	\$ (3,084)	\$ 13,038	\$ (16,122)	-123.7%

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

### **Operating expenses**

Corporate operating expenses declined \$2.0 million due to lower payroll and related costs of \$1.9 million, reflecting lower Corporate segment headcount, lower bonus and stock-based compensation expenses and FX.

### **Amortization**

The decline in amortization expense was due to fully amortized computer equipment, furniture and fixtures and leasehold improvements.

### **Loss on disposal of property and equipment**

The loss on disposal of property and equipment incurred in fiscal 2022 was due to an adjustment to a right-of-use asset related to the remeasurement of a lease liability and the disposal of leasehold improvements attributable to the right-of-use asset.

### **Other non-operating costs**

Other non-operating costs incurred in fiscal 2022 represent professional fees for advisory services.

### **Restructuring expenses**

Higher restructuring expenses incurred in fiscal 2022 represent severance costs associated with changes in our management structure.

### **Impairment of goodwill**

In fiscal 2022, we recognized an impairment charge for goodwill attributable to our U.S. Title segment due to the continued decline in economic and market conditions for mortgage origination refinance activity.

### **Interest expense**

The decline in interest expense reflects lower standby fees incurred due to the maturity of our credit facility in April 2021 and lower interest expense attributable to lease liabilities.

### **Interest income**

The modest decline in interest income was due to lower invested cash balances as a result of significant share purchases under our NCIB (defined below), partially offset by higher returns on invested cash balances in fiscal 2022.

### **Net foreign exchange (gain) loss**

Net foreign exchange gains or losses represent non-cash gains or losses on long-term financing arrangements between our Canadian and U.S. entities within the consolidated group of companies. The resulting gain in fiscal 2022 and comparative loss in fiscal 2021 were the result of changes in the FX rate between the Canadian and U.S. dollar.

### **Gain on fair value of warrants**

In fiscal 2022, our share price declined in the period prior to the exercise of all remaining outstanding warrants, and in fiscal 2021 our share price also declined, resulting in a reduction to our warrant liability accrual and the recognition of a corresponding gain on the fair value of warrants.

### **Income tax (recovery) expense**

We recorded a loss before income tax expense of \$12.3 million in fiscal 2022. Income tax calculated at the statutory income tax rate, including foreign income subject to a different statutory tax rate, resulted in an income tax recovery of \$3.1 million. Income tax adjustments arising from corporate tax returns filed for the previously completed fiscal year resulted in income tax expense of \$1.7 million, which was offset by non-deductible expenses and non-taxable income of \$2.5 million. Minimum and state tax expense and the impact of a statutory income tax rate change of \$0.6 million, in aggregate, represented the balance of change to income tax recovered in fiscal 2022.

# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

## Review of Operations - For the three months ended September 30, 2022

Please refer to the tables in the "Foreign Currency Exchange Rates" section of this MD&A for additional details regarding the impact FX had on our consolidated operating results for the three months ended September 30, 2022.

### Consolidated

	Three months ended September 30			
	2022	2021	Change	% Change
Revenues	\$ 58,200	\$ 125,583	\$ (67,383)	-53.7%
Transaction costs	\$ 43,833	\$ 90,592	\$ (46,759)	-51.6%
Operating expenses	\$ 15,784	\$ 24,478	\$ (8,694)	-35.5%
Amortization	\$ 1,088	\$ 1,249	\$ (161)	-12.9%
<i>Non-GAAP measures</i>				
Net Revenue <sup>(A)</sup>	\$ 14,367	\$ 34,991	\$ (20,624)	-58.9%
Net Revenue <sup>(A)</sup> margin	24.7%	27.9%	-3.2%	-11.5%
Adjusted EBITDA <sup>(A)</sup>	\$ (1,112)	\$ 10,987	\$ (12,099)	-110.1%
Adjusted EBITDA <sup>(A)</sup> margin	-7.7%	31.4%	-39.1%	-124.5%

### Revenues

Consolidated revenues declined due to lower revenues generated across all three segments. Revenues in our U.S. Appraisal segment declined due to lower addressable mortgage origination volumes, partially offset by net market share gains with existing clients, new client additions and higher home equity and default volumes serviced. The revenue decline in our U.S. Title segment was due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity. Canadian segment revenues were lower due to FX, lower market volumes for appraisal services and modestly lower insurance inspection revenues, partially offset by net market share gains for appraisal services.

### Transaction costs

Transaction costs declined on a consolidated basis across all three segments due in large part to lower addressable mortgage origination volumes as outlined in the revenue discussion above and transaction costs in our Canadian segment were also lower due to FX.

### Operating expenses

The decline in consolidated operating expenses was due primarily to our U.S. Title segment which recorded a \$7.1 million decline due to lower volumes serviced. Of this decline, \$6.0 million was attributable to lower payroll and related costs and \$1.0 million was due to lower courier, office and bank charges. Operating expenses in our U.S. Appraisal segment declined \$1.0 million on lower payroll and related costs of \$0.9 million and lower computer and communication expenses of \$0.1 million. Operating expenses in our Canadian segment were flat to the same quarter last year, while Corporate operating expenses declined \$0.6 million due to lower payroll and related costs of \$0.5 million, reflecting lower Corporate segment headcount, lower bonus and stock-based compensation expenses and FX. Had the reduction in force we effected in the fourth quarter of fiscal 2022 been in effect for the full quarter, consolidated operating expenses would have declined 42% year-over-year.

### Amortization

Amortization declined due to fully amortized intangible assets and lower amortization attributable to a right-of-use asset which we subleased in the second quarter of fiscal 2022, each recorded in our U.S. Appraisal segment.

### Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>

On a consolidated basis, Net Revenue<sup>(A)</sup> declined on lower revenues generated by our U.S. Appraisal and Title segments and modestly lower Net Revenue<sup>(A)</sup> generated by our Canadian segment. U.S. Appraisal Net Revenue<sup>(A)</sup> declined due to lower addressable mortgage origination volumes partially offset by net market share gains with existing clients, new client additions and higher home equity and default volumes serviced. The decline in U.S. Title Net Revenue<sup>(A)</sup> was due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity. Net Revenue<sup>(A)</sup> margins expanded in our U.S. Appraisal and Canadian segments, but contracted in our U.S. Title segment. The increase in Net Revenue<sup>(A)</sup> margins in our U.S. Appraisal segment was



## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

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due to leveraging our field professional network in a lower market environment, which was partially offset by the increase in lower margin home equity volumes serviced. The decline in U.S. Title Net Revenue<sup>(A)</sup> margins was due to a higher proportion of lower margin home equity volumes serviced and a lower proportion of incoming order volumes that closed. The increase in Net Revenue<sup>(A)</sup> margins in our Canadian segment was the result of leveraging our field professional network in a lower market environment, partially offset by lower Net Revenue<sup>(A)</sup> margins realized on insurance inspection services supplied. We recognized lower consolidated Adjusted EBITDA<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins due primarily to the financial performance of our U.S. Title and U.S. Appraisal segments, owing, in large part, to lower addressable mortgage origination volumes.

### U.S. Appraisal

	Three months ended September 30			
	2022	2021	Change	% Change
Revenues	\$ 43,908	\$ 90,877	\$ (46,969)	-51.7%
Transaction costs	\$ 32,763	\$ 72,073	\$ (39,310)	-54.5%
Operating expenses	\$ 6,575	\$ 7,609	\$ (1,034)	-13.6%
Amortization	\$ 184	\$ 344	\$ (160)	-46.5%
<i>Non-GAAP measures</i>				
Net Revenue <sup>(A)</sup>	\$ 11,145	\$ 18,804	\$ (7,659)	-40.7%
Net Revenue <sup>(A)</sup> margin	25.4%	20.7%	4.7%	22.7%
Adjusted EBITDA <sup>(A)</sup>	\$ 4,570	\$ 11,195	\$ (6,625)	-59.2%
Adjusted EBITDA <sup>(A)</sup> margin	41.0%	59.5%	-18.5%	-31.1%
Revenues - purchase	\$ 21,496	\$ 31,548	\$ (10,052)	-31.9%
Revenues - refinance	\$ 14,483	\$ 53,728	\$ (39,245)	-73.0%
Revenues - other	\$ 7,929	\$ 5,601	\$ 2,328	41.6%

### Revenues

U.S. Appraisal revenues declined due to lower addressable mortgage origination volumes, partially offset by net market share gains with existing clients and new client additions. Other revenues increased due to higher market volumes for home equity and default volumes serviced, market share gains with existing clients and new client additions.

### Transaction costs

Transaction costs in our U.S. Appraisal segment declined for the reasons outlined in the revenue discussion above and servicing a lower proportion of complex properties in the fourth quarter of fiscal 2022 versus the same quarter last year.

### Operating expenses

Operating expenses in our U.S. Appraisal segment declined \$1.0 million on lower payroll and related costs of \$0.9 million and lower computer and communication expenses of \$0.1 million.

### Amortization

Amortization declined due to fully amortized intangible assets and lower amortization attributable to a right-of-use asset which we subleased in the second quarter of fiscal 2022.

### Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>

Net Revenue<sup>(A)</sup> in our U.S. Appraisal segment declined due to lower addressable mortgage origination volumes partially offset by net market share gains with existing clients, new client additions and higher home equity and default volumes serviced. Net Revenue<sup>(A)</sup> margins expanded in our U.S. Appraisal segment as we leveraged our field professional network in a lower market environment, which was partially offset by an increase in lower margin home equity volumes serviced. Adjusted EBITDA<sup>(A)</sup> margins contracted on lower Net Revenue<sup>(A)</sup>, owing, in large part, to lower addressable mortgage origination market volumes.

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

### U.S. Title

	Three months ended September 30			
	2022	2021	Change	Change %
Revenues	\$ 3,966	\$ 21,831	\$ (17,865)	-81.8%
Transaction costs	\$ 2,217	\$ 7,178	\$ (4,961)	-69.1%
Operating expenses	\$ 4,679	\$ 11,760	\$ (7,081)	-60.2%
Amortization	\$ 800	\$ 760	\$ 40	5.3%
<i>Non-GAAP measures</i>				
Net Revenue <sup>(A)</sup>	\$ 1,749	\$ 14,653	\$ (12,904)	-88.1%
Net Revenue <sup>(A)</sup> margin	44.1%	67.1%	-23.0%	-34.3%
Adjusted EBITDA <sup>(A)</sup>	\$ (2,930)	\$ 2,893	\$ (5,823)	-201.3%
Adjusted EBITDA <sup>(A)</sup> margin	-167.5%	19.7%	-187.2%	-950.3%
Revenues - centralized title	\$ 2,333	\$ 19,333	\$ (17,000)	-87.9%
Revenues - diversified title	\$ 303	\$ 1,175	\$ (872)	-74.2%
Revenues - other	\$ 1,330	\$ 1,323	\$ 7	0.5%

### Revenues

The revenue decline in our U.S. Title segment was due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity.

### Transaction costs

Transaction costs in our U.S. Title segment declined due to lower centralized and diversified volumes serviced, as outlined in the revenue discussion above.

### Operating expenses

Operating expenses in our U.S. Title segment declined \$7.1 million due to lower payroll and related costs of \$6.0 million, which is down from \$9.8 million in the fourth quarter of fiscal 2021, and lower courier, office and bank charges of \$1.0 million, each the result of lower volumes serviced.

### Amortization

Amortization increased modestly on higher amortization for computer equipment.

### Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>

The decline in Net Revenue<sup>(A)</sup> was due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity. The decline in U.S. Title Net Revenue<sup>(A)</sup> margins was due to a higher proportion of lower margin home equity volumes serviced and a lower proportion of incoming order volumes that closed. We recognized lower Adjusted EBITDA<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins due to lower Net Revenue<sup>(A)</sup> and Net Revenue<sup>(A)</sup> margins, as outlined above, owing, in large part, to lower refinance mortgage origination market volumes.

# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

## Canada

	Three months ended September 30			
	2022	2021	Change	Change %
Revenues	\$ 10,326	\$ 12,875	\$ (2,549)	-19.8%
Transaction costs	\$ 8,853	\$ 11,341	\$ (2,488)	-21.9%
Operating expenses	\$ 515	\$ 519	\$ (4)	-0.8%
Amortization	\$ -	\$ -	\$ -	0.0%
<i>Non-GAAP measures</i>				
Net Revenue <sup>(A)</sup>	\$ 1,473	\$ 1,534	\$ (61)	-4.0%
Net Revenue <sup>(A)</sup> margin	14.3%	11.9%	2.4%	20.2%
Adjusted EBITDA <sup>(A)</sup>	\$ 958	\$ 1,015	\$ (57)	-5.6%
Adjusted EBITDA <sup>(A)</sup> margin	65.0%	66.2%	-1.2%	-1.8%

### Revenues

Canadian segment revenues declined due to lower market volumes for appraisal services, modestly lower insurance inspection revenues and FX, partially offset by net market share gains for appraisal services. Canadian segment revenues from appraisal and insurance inspection services were \$9.6 million and \$0.7 million, respectively, in the fourth quarter of fiscal 2022, compared to \$12.1 million and \$0.8 million in the fourth quarter of fiscal 2021.

### Transaction costs

Transaction costs in our Canadian segment declined for the same reasons outlined in the revenue discussion above.

### Operating expenses

Canadian segment operating expenses were flat compared to the fourth quarter of fiscal 2021.

### Amortization

Amortization was unchanged between the fourth quarter of fiscal 2022 and the fourth quarter of fiscal 2021.

### Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup>

Net Revenue<sup>(A)</sup> in our Canadian segment declined modestly due to lower market volumes for appraisal and insurance inspection services, partially offset by net market share gains for appraisal services. Net Revenue<sup>(A)</sup> margins in our Canadian segment increased as we leveraged our field professional network in a lower market environment, partially offset by lower Net Revenue<sup>(A)</sup> margins from insurance inspection services supplied. Adjusted EBITDA<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins declined due to lower Net Revenue<sup>(A)</sup> and operating expenses that were flat compared to the same quarter last year.

## Corporate and other items

	Three months ended September 30			
	2022	2021	Change	Change %
Operating expenses	\$ 4,015	\$ 4,590	\$ (575)	-12.5%
Amortization	\$ 104	\$ 145	\$ (41)	-28.3%
Loss on disposal of property and equipment	\$ 367	\$ -	\$ 367	0.0%
Restructuring expenses	\$ 969	\$ 76	\$ 893	1175.0%
Impairment of goodwill	\$ 17,296	\$ -	\$ 17,296	0.0%
Interest expense	\$ 56	\$ 79	\$ (23)	-29.1%
Interest income	\$ (71)	\$ (18)	\$ (53)	294.4%
Net foreign exchange gain	\$ (5,040)	\$ (2,300)	\$ (2,740)	119.1%
Gain on fair value of warrants	\$ -	\$ (863)	\$ 863	-100.0%
Net income tax (recovery) expense	\$ (6,114)	\$ 3,235	\$ (9,349)	-289.0%

### Operating expenses

Corporate operating expenses declined \$0.6 million due primarily to lower payroll and related costs of \$0.5 million, reflecting lower Corporate segment headcount, lower bonus and stock-based compensation expenses and FX.

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

### **Amortization**

The modest decline in amortization expense was due to fully amortized computer equipment, furniture and fixtures and leasehold improvements.

### **Loss on disposal of property and equipment**

The loss on disposal of property and equipment incurred in the fourth quarter of fiscal 2022 reflects the disposal of leasehold improvements attributable to a subleased office space.

### **Restructuring expenses**

Higher restructuring expenses incurred in the fourth quarter of fiscal 2022 represent severance costs associated with changes in our management structure.

### **Impairment of goodwill**

In the fourth quarter of fiscal 2022 we recognized an impairment charge for goodwill attributable to our U.S. Title segment due to the continued decline in economic and market conditions for mortgage origination refinance activity.

### **Interest expense**

The decline in interest expense reflects lower interest expense on lease liabilities.

### **Interest income**

The increase in interest income reflects higher returns on invested cash balances.

### **Net foreign exchange gain**

Net foreign exchange gains or losses represent non-cash gains or losses on long-term financing arrangements between our Canadian and U.S. entities within the consolidated group of companies. The resulting current and comparative quarter gains were the result of changes in the FX rate between the Canadian and U.S. dollar.

### **Gain on fair value of warrants**

All outstanding warrants were fully exercised in the second quarter of fiscal 2022, which resulted in no gain or loss being recognized in the fourth quarter of fiscal 2022. In the fourth quarter of fiscal 2021, our share price declined, resulting in a decrease to our warrant liability accrual and the recognition of a corresponding gain on the fair value of warrants.

### **Income tax (recovery) expense**

We recorded a loss before income tax expense of \$16.1 million in fiscal 2022. Income tax calculated at the statutory income tax rate, including foreign income subject to a different statutory tax rate, resulted in an income tax recovery of \$4.1 million. Income tax recoveries related to non-deductible expenses and non-taxable income totaled \$1.4 million.

### **Non-GAAP measures**

We prepare our financial statements in accordance with IFRS. However, we consider certain Non-GAAP financial measures useful additional information to assess our financial performance. These measures, which we believe are widely used by investors, securities analysts and other interested parties to evaluate our performance, do not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to financial measures determined in accordance with IFRS. Non-GAAP measures include "Adjusted EBITDA", "Net Revenue", "Adjusted Net Income or Loss", "Free Cash Flow" and "Free Cash Flow Conversion".

(A)

#### **Adjusted EBITDA**

All references to "Adjusted EBITDA" in this MD&A are to net income or loss before stock-based compensation expense, amortization, gain or loss on disposal of property and equipment, other non-operating costs, restructuring expenses, impairment of goodwill, interest expense, interest income, net foreign exchange gain or loss, gain or loss on fair value of warrants and income tax expense or recovery. Adjusted EBITDA is a measure of our operating profitability and therefore excludes certain items that are viewed by us as either non-cash (in the case of stock-based compensation expense, amortization, gain or loss on disposal of property and equipment, impairment of goodwill, unrealized net foreign exchange gain or loss, gain or loss on the fair value of warrants and deferred income taxes) or non-operating (in the case of other non-operating costs, restructuring expenses, realized net foreign exchange gain or loss, interest expense, interest income and current income taxes). Adjusted EBITDA is a useful financial and operating metric for the Company and our board of directors and represents a measure of our operating performance to value our Company relative to our peers. The reasons for excluding each item are as follows:

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(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

*Stock-based compensation expense:* These costs represent non-cash expenses for equity settled stock-based compensation awards and non-operating for certain restricted share unit ("RSUs") awards. These amounts are recorded to operating expenses and represent a different class of expense than those included in Adjusted EBITDA.

*Amortization:* As a non-cash item, amortization is not indicative of our operating profitability and therefore represents a different class of expense than those included in Adjusted EBITDA.

*Gain or loss on disposal of property and equipment:* As a non-cash item, the disposal of property and equipment is not indicative of our operating profitability and therefore represents a different class of expense than those included in Adjusted EBITDA.

*Other non-operating costs:* Other non-operating costs represent non-operating items and include professional fees for advisory services not attributable to the operation of the business. These costs are not indicative of continuing operations and therefore represent a different class of expense than those included in Adjusted EBITDA.

*Restructuring expenses:* Restructuring expenses represent costs attributable to employee severance resulting from changes in our management structure. These costs are not indicative of continuing operations and therefore represent a different class of expense than those included in Adjusted EBITDA.

*Impairment of goodwill:* As a non-cash item, the impairment of goodwill is not indicative of our operating profitability and therefore represents a different class of expense than those included in Adjusted EBITDA.

*Interest expense and income:* Interest expense or income reflects our debt and equity mix, interest rates, investment strategy and borrowing position from time-to-time. Accordingly, interest expense or income reflects our treasury and financing activities and therefore represents a different class of expense or income than those included in Adjusted EBITDA.

*Net foreign exchange gain or loss:* As non-cash items, unrealized net foreign exchange gains or losses are not indicative of our operating profitability. Realized net foreign exchange gains or losses reflect our treasury and financing activities and represents a different class of income or expense than those included in Adjusted EBITDA.

*Gain or loss on fair value of warrants:* As a non-cash item, gains or losses resulting from the fair value of warrants is not indicative of our operating profitability. Gains or losses from the fair value of warrants reflects our treasury and financing activities and represents a different class of income or expense than those included in Adjusted EBITDA.

*Income taxes:* Income taxes are a function of tax laws and rates and are affected by matters that are separate from our daily operations. Income taxes are not indicative of our operating profitability and represents a different class of expense or recovery than those included in Adjusted EBITDA.

The reconciling items between Adjusted EBITDA and net income or loss are detailed in the consolidated statements of operations and comprehensive income or loss for the three months and years ended September 30, 2022 and 2021. The reconciling items between net income or loss and Adjusted EBITDA for the three months and years ended September 30, 2022 and 2021 were as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Net (loss) income	\$ (9,968)	\$ 9,055	\$ (9,265)	\$ 33,080
Stock-based compensation expense	305	474	1,535	2,408
Amortization	1,088	1,249	4,530	5,045
Loss on disposal of property and equipment	367	-	603	-
Other non-operating costs	-	-	66	-
Restructuring expenses	969	76	1,542	76
Impairment of goodwill	17,296	-	17,296	-
Interest expense	56	79	264	430
Interest income	(71)	(18)	(134)	(151)
Net foreign exchange (gain) loss	(5,040)	(2,300)	(5,725)	7,359
Gain on fair value of warrants	-	(863)	(249)	(2,084)
Income tax (recovery) expense	(6,114)	3,235	(3,084)	13,038
Adjusted EBITDA	\$ (1,112)	\$ 10,987	\$ 7,379	\$ 59,201

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

Management calculates Adjusted EBITDA as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Revenues	\$ 58,200	\$ 125,583	\$ 339,642	\$ 504,107
Less: Transaction costs	43,833	90,592	254,203	339,815
Less: Operating expenses	15,784	24,478	79,595	107,499
Add: Stock-based compensation expense	305	474	1,535	2,408
Adjusted EBITDA	\$ (1,112)	\$ 10,987	\$ 7,379	\$ 59,201

Adjusted EBITDA by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
U.S. Appraisal	\$ 4,570	\$ 11,195	\$ 26,997	\$ 39,797
U.S. Title	(2,930)	2,893	(8,084)	31,784
Canada	958	1,015	4,483	4,777
Corporate (excluding stock-based compensation expense)	(3,710)	(4,116)	(16,017)	(17,157)
Consolidated Adjusted EBITDA	\$ (1,112)	\$ 10,987	\$ 7,379	\$ 59,201

Adjusted EBITDA margin (expressed as Adjusted EBITDA divided by Net Revenue) by reportable segment and consolidated was as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
U.S. Appraisal	41.0%	59.5%	48.6%	57.5%
U.S. Title	-167.5%	19.7%	-35.1%	36.0%
Canada	65.0%	66.2%	65.2%	70.4%
Consolidated Adjusted EBITDA margin (including Corporate, but excluding stock-based compensation expense)	-7.7%	31.4%	8.6%	36.0%

### Net Revenue

All references to "Net Revenue" in this MD&A are to Adjusted EBITDA plus operating expenses less stock-based compensation expense. Net Revenue is an additional measure of our operating profitability and therefore excludes certain items detailed below. Net Revenue represents the difference between revenues and transaction costs. Transaction costs represent expenses directly attributable to a revenue transaction and include: appraisal costs, various processing fees, credit card fees, connectivity fees, insurance inspection costs, closing agent costs, external abstractor costs and external quality review costs. Net Revenue is a useful financial and operating metric for us and our board of directors to assess our operating performance and serves as a measure to value our Company relative to our peers.

The reconciling items between net income or loss and Net Revenue for the three months and years ended September 30, 2022 and 2021 are detailed in the consolidated statements of operations and comprehensive income or loss and were as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Net (loss) income	\$ (9,968)	\$ 9,055	\$ (9,265)	\$ 33,080
Operating expenses	15,784	24,478	79,595	107,499
Amortization	1,088	1,249	4,530	5,045
Loss on disposal of property and equipment	367	-	603	-
Other non-operating costs	-	-	66	-
Restructuring expenses	969	76	1,542	76
Impairment of goodwill	17,296	-	17,296	-
Interest expense	56	79	264	430
Interest income	(71)	(18)	(134)	(151)
Net foreign exchange (gain) loss	(5,040)	(2,300)	(5,725)	7,359
Gain on fair value of warrants	-	(863)	(249)	(2,084)
Income tax (recovery) expense	(6,114)	3,235	(3,084)	13,038
Net Revenue	\$ 14,367	\$ 34,991	\$ 85,439	\$ 164,292

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

Management calculates Net Revenue as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Revenues	\$ 58,200	\$ 125,583	\$ 339,642	\$ 504,107
Less: Transaction costs	43,833	90,592	254,203	339,815
Net Revenue	\$ 14,367	\$ 34,991	\$ 85,439	\$ 164,292

Net Revenue by reportable segment was as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
U.S. Appraisal	\$ 11,145	\$ 18,804	\$ 55,510	\$ 69,263
U.S. Title	1,749	14,653	23,049	88,239
Canada	1,473	1,534	6,880	6,790
Consolidated Net Revenue	\$ 14,367	\$ 34,991	\$ 85,439	\$ 164,292

Net Revenue margin (expressed as Net Revenue divided by Revenues) by reportable segment and consolidated was as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
U.S. Appraisal	25.4%	20.7%	22.1%	21.5%
U.S. Title	44.1%	67.1%	63.1%	68.1%
Canada	14.3%	11.9%	13.2%	12.9%
Consolidated Net Revenue margin	24.7%	27.9%	25.2%	32.6%

### Adjusted Net Income or Loss

All references to “Adjusted Net Income or Loss” in this MD&A are to net income or loss before stock-based compensation expense, amortization of intangibles, other non-operating costs, restructuring expenses, impairment of goodwill, net foreign exchange gain or loss, gain or loss on fair value of warrants, net of the related tax effects. Adjusted Net Income or Loss is a term that does not have a standardized meaning prescribed by IFRS and is unlikely to be comparable to similar measures used by other entities. Adjusted Net Income or Loss is a measure of our operating profitability and, by definition, excludes certain items detailed above. These items are viewed by us as either non-cash (in the case of stock-based compensation expense, amortization of intangibles, impairment of goodwill, unrealized net foreign exchange gain or loss and gain or loss on fair value of warrants) or non-operating (in the case of other non-operating costs, restructuring expenses and realized net foreign exchange gain or loss). Adjusted Net Income or Loss is a useful financial and operating metric for us and our board of directors as it represents net income from operations which excludes treasury, capital, acquisition and related costs, non-operating costs, restructuring expenses and impairment of goodwill.

The reconciling items between net income or loss and Adjusted Net Income or Loss for the three months and years ended September 30, 2022 and 2021 were as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Net (loss) income	\$ (9,968)	\$ 9,055	\$ (9,265)	\$ 33,080
Stock-based compensation expense	305	474	1,535	2,408
Amortization of intangibles	351	404	1,389	1,699
Other non-operating costs	-	-	66	-
Restructuring expenses	969	76	1,542	76
Impairment of goodwill	17,296	-	17,296	-
Net foreign exchange (gain) loss	(5,040)	(2,300)	(5,725)	7,359
Gain on fair value of warrants	-	(863)	(249)	(2,084)
Related tax effects	(3,868)	703	(4,088)	(1,896)
Adjusted Net Income	\$ 45	\$ 7,549	\$ 2,501	\$ 40,642

### Free Cash Flow and Free Cash Flow Conversion

All references to “Free Cash Flow” in this MD&A are to cash generated from operating activities, adjusted for changes in non-cash working capital items, intangible asset additions, the purchase of property and equipment, income taxes paid, current income tax expense, other non-operating costs, restructuring expenses, interest expense net of interest paid and net foreign

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

currency exchange gain or loss net of unrealized foreign currency exchange gain or loss on internal financing arrangements. Free Cash Flow is a term that does not have a standardized meaning prescribed by IFRS and is unlikely to be comparable to similar measures used by other entities. Free Cash Flow is a measure of our ability to generate cash from operating activities and represents a proxy for cash to cover costs, including but not limited to, interest expense, current income taxes, intangible asset additions and the purchase of property and equipment, and by definition, excludes certain items detailed above. Excluded items are viewed by us as non-cash (in the case of net foreign currency exchange gain or loss net of unrealized foreign exchange gain or loss on internal financing arrangements), or non-operating (in the case of other non-operating costs and restructuring expenses). We exclude changes in non-cash working capital items from the calculation of Free Cash Flow, as changes in non-cash working capital items are often temporary in nature and reflect the timing of cash receipts for trade and other receivables or payments made on account of trade payables or accrued liabilities. We further exclude differences attributable to the timing of cash tax and interest payments and have reduced Free Cash Flow by the expense recognized for each as recorded in our consolidated statements of operations and comprehensive income or loss. Free Cash Flow is a useful financial and operating metric for us and our board of directors as it represents a proxy for our ability to generate cash that we can use for other purposes, including but not limited to, the purchase of shares under our NCIB (defined below) and future acquisitions or investment.

All references to “Free Cash Flow Conversion” in this MD&A are to Free Cash Flow divided by Adjusted EBITDA. Free Cash Flow Conversion is a useful financial and operating metric for us and our board of directors as it represents a proxy for our ability to convert Adjusted EBITDA to Free Cash Flow.

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Cash (utilized in) generated from operating activities	\$ (4,813)	\$ (6,912)	\$ 17,567	\$ 25,021
Less: changes in non-cash working capital items	(2,400)	(13,451)	16,847	(16,438)
Less: intangible asset additions	106	-	160	-
Less: purchase of property and equipment	-	47	1,015	3,025
Add: income taxes paid	358	4,467	4,721	13,767
Less: current income tax (recovery) expense	(282)	1,775	1,761	12,099
Add: other non-operating costs	-	-	66	-
Add: restructuring expenses	969	76	1,542	76
Less: interest expense net of interest paid	-	(1)	-	35
Add: net foreign currency exchange gain or loss net of unrealized foreign exchange gain or loss on internal financing arrangements	(11)	(157)	200	3,655
Free Cash Flow	\$ (921)	\$ 9,104	\$ 4,313	\$ 43,798

Management calculates Free Cash Flow as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Adjusted EBITDA	\$ (1,112)	\$ 10,987	\$ 7,379	\$ 59,201
Less: interest expense	56	79	264	430
Add: interest income	71	18	134	151
Less: current income tax (recovery) expense	(282)	1,775	1,761	12,099
Less: intangible asset additions	106	-	160	-
Less: purchase of property and equipment	-	47	1,015	3,025
Free Cash Flow	\$ (921)	\$ 9,104	\$ 4,313	\$ 43,798

Free Cash Flow Conversion is calculated as follows:

	Three months ended September 30		Year ended September 30	
	2022	2021	2022	2021
Free Cash Flow	\$ (921)	\$ 9,104	\$ 4,313	\$ 43,798
Divided by: Adjusted EBITDA	\$ (1,112)	\$ 10,987	\$ 7,379	\$ 59,201
Free Cash Flow Conversion	82.8%	82.9%	58.4%	74.0%

Adjusted EBITDA, Net Revenue, Adjusted Net Income or Loss, Free Cash Flow and Free Cash Flow Conversion should not be considered, in isolation, indicators of our financial performance, or as an alternative to, or a substitute for, net income or loss, cash from operating activities or other financial statement data presented in our financial statements.



# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

## Dividends

The Company's current policy is to not pay dividends.

## Selected Annual Information

	Year ended September 30		
	2022	2021	2020
Revenues	\$ 339,642	\$ 504,107	\$ 455,945
Net (loss) income	\$ (9,265)	\$ 33,080	\$ 42,798
Net (loss) income per weighted average share, basic	\$ (0.12)	\$ 0.40	\$ 0.50
Net (loss) income per weighted average share, diluted	\$ (0.12)	\$ 0.39	\$ 0.47
Total assets	\$ 137,004	\$ 194,340	\$ 249,724
Total long-term liabilities	\$ 4,312	\$ 6,979	\$ 10,128

## Revenues

### 2022-2021

Please see the "Review of Operations – For the year ended September 30, 2022" section of this MD&A for a detailed discussion regarding the change in revenues between fiscal 2022 and fiscal 2021.

### 2021-2020

#### Consolidated

Consolidated revenues increased on higher revenues generated by our U.S. Appraisal and Canadian segments. The increase in these segments was due in part to higher addressable market volumes, net market share gains and new client additions. Canadian segment revenues also increased due to higher insurance inspection revenues resulting from the relaxation of certain COVID-19 restrictions and FX. U.S. Title segment revenues declined due to the strategic decision to prioritize our capacity to onboard our first Tier 1 and a new Tier 2 client, which aligns with our long-term market share objectives. We recorded a decline in diversified title and other revenues due to lower market activity for these services and because we rationalized our diversified title business in fiscal 2021 to strategically focus on centralized title services and long-term centralized franchise clients.

#### U.S. Appraisal

U.S. Appraisal revenues increased due to higher origination (purchase and refinance) market volumes, net market share gains and new client additions. Other revenues declined due to lower market volumes for home equity and default services.

#### U.S. Title

Centralized title revenues increased but were tempered by the transition of our centralized title client base due to the launch of our first Tier 1 and roll-out of a new Tier 2 client. The rationalization of our diversified title business and lower market activity for home equity services resulted in a decrease in revenues between fiscal 2021 and fiscal 2020 for these service offerings. In the fourth quarter of fiscal 2020, due to the high level of refinance market volumes, we made the strategic decision to focus on our centralized operations and long-term centralized franchise clients and rationalize our diversified title business to align with our long-term market share objectives. Revenues attributable to centralized title services increased while diversified title revenues declined compared to fiscal 2020. The decline in diversified title revenues was due to lower commercial, search and capital markets revenues, each attributed to lower market volumes for these services and our strategic decision to rationalize this service offering and reallocate internal resources to support our centralized title service offering. The decline in other revenues was due to lower market activity for home equity services.

#### Canada

Revenues in our Canadian segment increased due to higher appraisal volumes serviced from market share gains, higher market volumes and FX, including modestly higher revenues from insurance inspection services resulting from the relaxation of certain COVID-19 restrictions.

## Net (loss) income

### 2022-2021

Please see the "Review of Operations – For the year ended September 30, 2022" section of this MD&A for a detailed discussion of the components comprising the change in net income between fiscal 2022 and fiscal 2021.

### 2021-2020

Our net income declined in fiscal 2021 compared to fiscal 2020. Factors contributing to this decrease included lower Adjusted EBITDA<sup>(A)</sup> contributions, most notably from our U.S. Title segment, and the decrease in net foreign exchange gains between

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

periods. The net foreign exchange loss in fiscal 2021 and the comparable gain in fiscal 2020 was due to changes to the FX rate between the Canadian and U.S. dollar. These declines were partially offset by higher gains on the fair value of warrants due to a decline in our share price in fiscal 2021 and income tax expense declined on lower income before income tax amounts.

### **Total Assets**

#### **2022-2021**

Total assets declined \$57.3 million between fiscal 2022 and fiscal 2021. Lower cash and cash equivalents of \$14.1 million, lower trade and other receivables of \$26.2 million, lower intangibles of \$1.2 million, lower goodwill of \$17.3 million and lower property and equipment of \$4.1 million, was partially offset by higher income taxes recoverable of \$0.9 million and higher deferred tax assets of \$4.7 million. The decrease in cash and cash equivalents was due in large part to the purchase of common shares and related costs under our NCIB (defined below) totaling \$28.7 million. Income taxes paid of \$4.7 million, investments made in property and equipment of \$1.0 million, primarily for end-of-life computer equipment, and the net repayment of lease liabilities of \$1.5 million also contributed to the decline in cash and cash equivalents. These outflows of cash and cash equivalents were partially offset by a non-cash working capital recovery of \$16.8 million, due primarily to the timing of payment from two significant clients in our U.S. Appraisal segment at the end of fiscal 2021, and \$7.4 million of Adjusted EBITDA<sup>(A)</sup> recognized in fiscal 2022. The decline in intangibles was the result of normal course amortization, while lower goodwill reflects an impairment charge attributable to our U.S. Title segment due to the continued decline in economic and market conditions for mortgage origination refinance activity. Lower property and equipment balances were due to the disposal of a right-of-use asset for a Denver property lease, including the disposal of leasehold improvements attributable to that lease, and normal course amortization, partially offset by new equipment additions due primarily to the replacement of end-of-life computer equipment. The increase in income taxes recoverable reflects income taxes paid that were higher than the current year provision for income taxes payable, partially offset by amounts payable in respect of dividend withholding tax attributable to the transfer of cash between the U.S. and Canada to support the purchase of common shares and related costs under our NCIB (defined below). The increase in deferred tax assets is largely attributable to loss carryforwards in our U.S. and Canadian operating entities.

#### **2021-2020**

Total assets declined on lower cash and cash equivalents of \$68.9 million, lower intangibles of \$1.7 million and lower property and equipment of \$0.3 million. These declines were partially offset by an increase in trade and other receivables of \$15.4 million and an increase in prepaid expenses totaling \$0.8 million. The decrease in cash and cash equivalents was due to the purchase of common shares and related costs under our NCIB (defined below) of \$97.8 million, a non-cash working capital investment of \$16.4 million due to the timing of payment from two significant clients in our U.S. Appraisal segment and income taxes paid of \$13.8 million, partially offset by \$59.2 million of Adjusted EBITDA<sup>(A)</sup> recognized in fiscal 2021. The decline in cash and cash equivalents was also impacted by investments made in property and equipment of \$3.0 million, representing investments in right-of-use assets and computer equipment in our U.S. Title segment in connection with the expansion of our operations footprint to Dallas, Texas and Phoenix, Arizona, offset by proceeds received from the exercise of stock options, net of issue costs, totaling \$3.8 million. The decline in intangibles was the result of normal course amortization and normal course amortization of property and equipment outpaced our investment in fiscal 2021, resulting in a lower property and equipment balance in fiscal 2021 versus fiscal 2020. The increase in trade and other receivables was due to the timing of payments received from two significant clients in our U.S. Appraisal segment and the increase in prepaid expenses was due to higher insurance premiums due to the insurance market hardening.

### **Total Long-Term Liabilities**

#### **2022-2021**

Total long-term liabilities declined \$2.7 million due primarily to lower long-term lease liabilities of \$2.0 million, representing normal course lease payments and a reduction to lease liabilities attributable to the reassessment of the Denver property lease. The decline in warrant liabilities of \$0.7 million reflects the exercise of all remaining warrants in fiscal 2022.

We expect to satisfy our total long-term liabilities as they come due based on our expectations of future operating performance and our current cash and cash equivalents balance.

#### **2021-2020**

Total long-term liabilities declined on a comparative basis due primarily to a \$2.9 million decrease in warrant liabilities. The decline in warrant liabilities reflected the exercise of warrants in fiscal 2021 and lower recorded warrant liabilities due to the decline in our share price between fiscal 2021 and fiscal 2020. The balance of the decline was due to modestly lower long-term lease liabilities recorded.

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

### Summary of Quarterly Results

2022	Q4	Q3	Q2	Q1	Total
Revenues					
U.S. Appraisal	\$ 43,908	\$ 57,299	\$ 70,374	\$ 79,335	\$ 250,916
U.S. Title	3,966	5,606	10,775	16,195	36,542
Canada	10,326	15,799	13,832	12,227	52,184
Total revenues	\$ 58,200	\$ 78,704	\$ 94,981	\$ 107,757	\$ 339,642
Net (loss) income	\$ (9,968)	\$ (1,424)	\$ (509)	\$ 2,636	\$ (9,265)
Net (loss) income - attributable to common shareholders	\$ (9,960)	\$ (1,437)	\$ (545)	\$ 2,670	\$ (9,272)
Net (loss) income per weighted average share, basic	\$ (0.14)	\$ (0.02)	\$ (0.01)	\$ 0.03	\$ (0.12)
Net (loss) income per weighted average share, diluted	\$ (0.14)	\$ (0.02)	\$ (0.01)	\$ 0.03	\$ (0.12)

2021	Q4	Q3	Q2	Q1	Total
Revenues					
U.S. Appraisal	\$ 90,877	\$ 85,341	\$ 76,336	\$ 69,555	\$ 322,109
U.S. Title	21,831	27,720	40,050	39,937	129,538
Canada	12,875	16,337	12,442	10,806	52,460
Total revenues	\$ 125,583	\$ 129,398	\$ 128,828	\$ 120,298	\$ 504,107
Net income	\$ 9,055	\$ 5,262	\$ 11,674	\$ 7,089	\$ 33,080
Net income - attributable to common shareholders	\$ 9,069	\$ 5,269	\$ 11,538	\$ 7,116	\$ 32,992
Net income per weighted average share, basic	\$ 0.11	\$ 0.06	\$ 0.14	\$ 0.08	\$ 0.40
Net income per weighted average share, diluted	\$ 0.11	\$ 0.06	\$ 0.13	\$ 0.08	\$ 0.39

### Revenues

#### U.S. Appraisal Segment

	Q4	Q3	Q2	Q1	Total
2022	\$ 43,908	\$ 57,299	\$ 70,374	\$ 79,335	\$ 250,916
2021	\$ 90,877	\$ 85,341	\$ 76,336	\$ 69,555	\$ 322,109
Change	\$ (46,969)	\$ (28,042)	\$ (5,962)	\$ 9,780	\$ (71,193)

#### 2022-2021

U.S. Appraisal revenues increased in the first quarter of fiscal 2022 due to net market share gains and new client additions, partially offset by lower addressable mortgage origination market volumes, while other revenues increased on higher market volumes for home equity and default services.

U.S. Appraisal revenues declined in the second, third and fourth quarters of fiscal 2022 due to lower addressable mortgage origination market volumes, partially offset by net market share gains with existing clients and new client additions. Other revenues increased due to higher market volumes for home equity and default services, market share gains with existing clients and new client additions.

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

### U.S. Title Segment

		Q4	Q3	Q2	Q1	Total
<b>2022</b>	\$	<b>3,966</b>	\$ <b>5,606</b>	\$ <b>10,775</b>	\$ <b>16,195</b>	\$ <b>36,542</b>
2021	\$	21,831	\$ 27,720	\$ 40,050	\$ 39,937	\$ 129,538
<b>Change</b>	\$	<b>(17,865)</b>	\$ <b>(22,114)</b>	\$ <b>(29,275)</b>	\$ <b>(23,742)</b>	\$ <b>(92,996)</b>

### 2022-2021

U.S. Title segment revenues declined in each quarter of fiscal 2022 versus the same quarter in fiscal 2021 due primarily to lower refinance mortgage origination market volumes, our strategic decisions to focus on our centralized operations and long-term centralized franchise clients which changed our client portfolio, the rationalization of our diversified title business to align with our long-term market share objectives, lower home equity revenues in the first three quarters of fiscal 2022 and certain clients ceasing their mortgage origination operations due to recent market conditions for refinance mortgage origination activity.

### Canadian Segment – expressed in thousands of Canadian dollars (“C\$”)

		Q4	Q3	Q2	Q1	Total
<b>2022</b>	\$	<b>13,591</b>	\$ <b>20,143</b>	\$ <b>17,511</b>	\$ <b>15,406</b>	\$ <b>66,651</b>
2021	\$	16,221	\$ 20,242	\$ 15,788	\$ 14,080	\$ 66,331
<b>Change</b>	\$	<b>(2,630)</b>	\$ <b>(99)</b>	\$ <b>1,723</b>	\$ <b>1,326</b>	\$ <b>320</b>

### 2022-2021

Canadian segment revenues increased in the first and second quarters of fiscal 2022 due to net market share gains for appraisal services and modestly higher revenues from insurance inspection services resulting from the relaxation of certain COVID-19 restrictions.

Canadian segment revenues declined in the third and fourth quarters of fiscal 2022 due to lower market volumes for appraisal services, partially offset by net market share gains for appraisal services. Insurance inspection revenues were modestly higher in the third quarter of fiscal 2022 and modestly lower in the fourth quarter of fiscal 2022.

### Net (loss) income

		Q4	Q3	Q2	Q1	Total
<b>2022</b>	\$	<b>(9,968)</b>	\$ <b>(1,424)</b>	\$ <b>(509)</b>	\$ <b>2,636</b>	\$ <b>(9,265)</b>
2021	\$	9,055	\$ 5,262	\$ 11,674	\$ 7,089	\$ 33,080
<b>Change</b>	\$	<b>(19,023)</b>	\$ <b>(6,686)</b>	\$ <b>(12,183)</b>	\$ <b>(4,453)</b>	\$ <b>(42,345)</b>

Net income or loss generally follows the rise and fall in revenues due to the seasonal and cyclical nature of our business. However, net income or loss is also impacted by changes in stock-based compensation expense, amortization, gains or losses on disposal of property and equipment, other non-operating costs, restructuring expenses, impairment of goodwill, interest expense, interest income, net foreign exchange gains or losses and gains or losses on fair value of warrants, which are not tied to the seasonal and cyclical nature of our business and fluctuate with other non-operating variables. Net income tax expense or recovery also impacts net income or loss.

### 2022-2021

Net income in the first quarter of fiscal 2022 declined versus the first quarter in fiscal 2021 due to lower Adjusted EBITDA<sup>(A)</sup> contributions across each of our segments, but primarily attributable to our U.S. Title segment. The decline in Adjusted EBITDA<sup>(A)</sup> for our U.S. Title segment was due to lower refinance mortgage origination market volumes and our strategic decisions in fiscal 2021 to focus on our centralized operations and long-term centralized franchise clients and rationalize our diversified title business to align with our long-term market share objectives. The comparative decline in Adjusted EBITDA<sup>(A)</sup> and corresponding impact to net income between quarters, was partially offset by lower net foreign exchange losses of \$5.5 million, due to a weaker Canadian versus U.S. dollar, and lower income tax expense due to the lower comparative operating performance of our U.S. Title segment.

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

Net income in the second quarter of fiscal 2022 declined versus the second quarter in fiscal 2021 due to lower Adjusted EBITDA<sup>(A)</sup> contributions from our U.S. operating segments, primarily attributable to our U.S. Title segment. The decline in Adjusted EBITDA<sup>(A)</sup> for our U.S. Title segment was due to lower refinance mortgage origination market volumes and our strategic decisions in fiscal 2021 to focus on our centralized operations and long-term centralized franchise clients and rationalize our diversified title business to align with our long-term market share objectives. The comparative decline in Adjusted EBITDA<sup>(A)</sup> of \$16.5 million led to a \$5.0 million decline in income tax expense between quarters. The decline in gains recognized on the fair value of warrants of \$0.7 million also contributed to the decline in net income in the second quarter of fiscal 2022 versus the same quarter in fiscal 2021.

We recorded a net loss in the third quarter of fiscal 2022 versus net income in the third quarter of fiscal 2021 due to lower Adjusted EBITDA<sup>(A)</sup> generated by our U.S. operating segments, partially offset by lower Corporate operating expenses. The increase in foreign currency exchange gains of \$4.7 million partially offset the decline in net income from lower Adjusted EBITDA<sup>(A)</sup> of \$11.7 million versus the third quarter in fiscal 2021.

We recorded a net loss in the fourth quarter of fiscal 2022 versus net income in the fourth quarter of fiscal 2021 due to the recognition of an impairment charge, and corresponding net loss, of \$17.3 million for goodwill attributable to our U.S. Title segment due to a continued decline in economic and market conditions for mortgage origination refinance activity. Lower Adjusted EBITDA<sup>(A)</sup> generated by our U.S. operating segments, partially offset by lower Corporate operating expenses, each outlined in the “Review of Operations - For the three months ended September 30, 2022” section of this MD&A also contributed to the higher net loss in the fourth quarter of fiscal 2022. All outstanding warrants were fully exercised in the second quarter of fiscal 2022, accordingly we did not recognize a similar gain on the fair value of warrants that we recognized in the fourth quarter of fiscal 2021. These contributors to the higher net loss recorded in the fourth quarter of fiscal 2022 versus fiscal 2021 were partially offset by higher foreign currency exchange gains of \$2.7 million and a higher deferred income tax recovery of \$7.3 million, reflecting the decline in our financial performance and a deferred tax recovery attributable to the impairment of goodwill in our U.S. Title segment.

### Net (loss) income per weighted average share, basic and diluted 2022-2021

The change in net income or loss per weighted average share in each quarter of fiscal 2022 versus the comparable quarter in fiscal 2021 is detailed above. The comparative change in our diluted weighted average share count was attributable to stock-based compensation grants and forfeitures, the exercise of warrants and shares purchased under our NCIB (defined below).

## Financial Condition

### Select Consolidated Statement of Financial Position (“Balance Sheet”) Information

	As at September 30, 2022			
	U.S.	Canada	Corporate	Total
Trade and other receivables	\$ 18,166	\$ 1,665	\$ -	\$ 19,831
Intangibles	\$ 4,893	\$ -	\$ 99	\$ 4,992
Goodwill	\$ 43,181	\$ -	\$ -	\$ 43,181
Working capital position - (current assets less current liabilities)	\$ 53,567	\$ (2,742)	\$ 1,222	\$ 52,047
	As at September 30, 2021			
	U.S.	Canada	Corporate	Total
Trade and other receivables	\$ 44,025	\$ 1,996	\$ -	\$ 46,021
Intangibles	\$ 6,228	\$ -	\$ -	\$ 6,228
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Working capital position - (current assets less current liabilities)	\$ 80,689	\$ (1,397)	\$ 1,988	\$ 81,280

## Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

### Trade and other receivables – September 30, 2022 versus September 30, 2021

Change - Consolidated	\$	(26,190)
Change - U.S.	\$	(25,859)
Change - Canada	\$	(331)
Change - Corporate	\$	-

The decline in trade and other receivables for our U.S. operations was due in large part to two significant clients making payments to us totaling \$17.6 million in the first two business days of fiscal 2022 that were due on or before the end of fiscal 2021. Both clients are current with amounts owed to us at the end of fiscal 2022. Lower appraisal services supplied by our U.S. Appraisal segment, due to lower mortgage origination market volumes, and lower diversified services supplied by our U.S. Title segment also contributed to the decline. The decrease in Canadian trade and other receivables was due to lower volumes serviced by our Canadian segment in the fourth quarter of fiscal 2022 relative to the same quarter last year, due primarily to lower mortgage market volumes.

### Intangibles – September 30, 2022 versus September 30, 2021

Change - Consolidated	\$	(1,236)
Change - U.S.	\$	(1,335)
Change - Canada	\$	-
Change - Corporate	\$	99

The decline in intangibles was due to normal course amortization recorded in our U.S. segments.

### Goodwill – September 30, 2022 versus September 30, 2021

Change - Consolidated	\$	(17,296)
Change - U.S.	\$	(17,296)
Change - Canada	\$	-
Change - Corporate	\$	-

In the fourth quarter of fiscal 2022, we recognized an impairment charge for goodwill attributable to our U.S. Title segment due to the continued decline in economic and market conditions for mortgage origination refinance activity.

### Working capital position – September 30, 2022 versus September 30, 2021

Change - Consolidated	\$	(29,233)
Change - U.S.	\$	(27,122)
Change - Canada	\$	(1,345)
Change - Corporate	\$	(766)

Our consolidated working capital position declined on a comparative basis. Total current assets declined \$39.4 million while total current liabilities declined \$10.2 million. The decline in total current assets was due to lower trade and other receivables of \$26.2 million and lower cash and cash equivalents of \$14.1 million, partially offset by higher income taxes recoverable of \$0.9 million. The decline in trade and other receivables was due in large part to the timing of payments received from two significant clients in our U.S. Appraisal segment, coupled with lower appraisal and diversified title volumes serviced, as outlined in the trade and other receivables discussion above. The decrease in cash and cash equivalents was due to the purchase of common shares and related costs under our NCIB (defined below) totaling \$28.7 million. Income taxes paid of \$4.7 million, investments made in property and equipment of \$1.0 million, primarily for end-of-life computer equipment, and the net repayment of leases liabilities of \$1.5 million also contributed to the decline in cash and cash equivalents. These reductions to cash and cash equivalents were partially offset by a non-cash working capital recovery of \$16.8 million due primarily to the timing of payment from two significant clients in our U.S. Appraisal segment at the end of fiscal 2021 and \$7.4 million of Adjusted EBITDA<sup>(A)</sup> recognized in fiscal 2022. The increase in income taxes recoverable reflects higher income taxes paid than the current year provision for income taxes payable, partially offset by amounts payable in respect of dividend withholding tax attributable to the transfer of cash between the U.S. and Canada to support the purchase of common shares and related costs under our NCIB (defined below). The decrease in total current liabilities was due to a decline in trade payables of \$9.9 million and a decline in finance lease obligations of \$0.2 million. The decline in trade payables reflects the comparative decline in volumes serviced by our U.S. operations, while the decline in lease liabilities reflects the normal course payment of these obligations and a reduction to lease liabilities attributable to the reassessment of the Denver property lease.

The working capital position in our U.S. operations declined on a comparative basis. Total current assets declined \$36.4 million while total current liabilities declined \$9.3 million. The decline in total current assets was due to lower trade and other receivables of \$25.9 million and lower cash and cash equivalents of \$13.1 million, partially offset by higher income taxes recoverable of \$2.6 million. The decline in trade and other receivables was due in large part to the timing of payments

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received from two significant clients in our U.S. Appraisal segment, coupled with lower appraisal and diversified title volumes serviced, as outlined in the trade and other receivables discussion above. The decline in cash and cash equivalents was due to the movement of cash between the U.S. and Canada to support the purchase of shares under our NCIB (defined below), partially offset by the collection of trade and other receivables from the two significant appraisal clients noted above and Adjusted EBITDA<sup>(A)</sup> generated in fiscal 2022. The increase in income taxes recoverable reflects higher income taxes paid than the current year provision for income taxes payable. The decrease in total current liabilities was due to a decline in trade payables of \$9.1 million, reflecting the comparative decline in volumes serviced by our U.S. operations.

The working capital position in our Canadian and Corporate segments declined on a comparative basis. Total current assets declined \$2.9 million while total current liabilities declined \$0.8 million. The decrease in total current assets was attributable to lower cash and cash equivalents of \$1.0 million, lower trade and other receivables of \$0.3 million and lower income taxes recoverable of \$1.7 million. The decline in cash and cash equivalents was due to the movement of cash between the U.S. and Canada, while the decline in trade and other receivables was due to lower volumes serviced by our Canadian segment from lower market volumes, net of market share gains for appraisal services. Lower income taxes recoverable reflects amounts payable in respect of dividend withholding tax attributable to the transfer of cash between the U.S. and Canada to support the purchase of common shares and related costs under our NCIB (defined below). The decline in total current liabilities was due to the decrease in trade payables of \$0.8 million due to the comparative decrease in volumes serviced.

### Disclosure of outstanding share capital

	September 30, 2022	
	Shares	\$
Common shares	72,696	227,285
Restricted shares	(101)	(311)
Preferred shares	-	-
Total contributed equity	72,595	226,974

	November 15, 2022	
	Shares	\$
Common shares	72,693	227,276
Restricted shares	(101)	(311)
Preferred shares	-	-
Total contributed equity	72,592	226,965

### Normal course issuer bid ("NCIB")

Effective June 11, 2021, we received approval from the Toronto Stock Exchange ("TSX") to renew our NCIB for a one-year period expiring on June 10, 2022. Under the renewed NCIB, we were approved to purchase up to 4 million common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, were limited to a maximum of 153,956 common shares. Effective November 24, 2021, we received approval from the TSX to amend our NCIB to increase the number of common shares available for purchase and cancellation from 4 million to 6 million. Effective May 6, 2022, the Company received approval from the TSX to further amend its NCIB to increase the number of common shares available for purchase and cancellation from 6 million to 7.6 million.

Effective June 13, 2022, we received approval from the TSX to renew our NCIB for a one-year period expiring on June 12, 2023. Under the renewed NCIB, we are approved to purchase up to 6 million common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, are limited to a maximum of 99,319 common shares.

Under each NCIB, we were/are permitted to purchase a block of common shares once a week which can exceed the daily purchase limit subject to certain conditions, including a limitation that the block cannot be owned by an insider. All shares purchased pursuant to the NCIB have been, or will be, cancelled.

For the year ended September 30, 2022, 6.5 million (2021 – 7.3 million) common shares were purchased and cancelled at an aggregate cost of \$28.7 million (2021 - \$97.8 million).

As of November 15, 2022, 3 thousand additional common shares were purchased and cancelled or settled since September 30, 2022.

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### Warrants

At September 30, 2022, no previously issued share purchase warrants (“warrants”) remain outstanding and exercisable for common shares of the Company (September 30, 2021 – 0.1 million). Each warrant had an exercise price of C\$1.38.

### Stock options

At September 30, 2022, stock options issued and outstanding totaled 4.4 million (September 30, 2021 – 4.6 million) and 3.8 million (September 30, 2021 – 3.7 million) were exercisable for common shares of the Company.

### RSUs

At September 30, 2022, RSUs issued and outstanding totaled 0.2 million (September 30, 2021 – nil) and 0.07 million (September 30, 2021 – nil) were vested but unsettled.

## Liquidity and Capital Resources

Contractual obligations	September 30, 2022				
	Payments due				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Leases	\$ 4,522	\$ 1,742	\$ 2,337	\$ 443	-
Total contractual obligations	\$ 4,522	\$ 1,742	\$ 2,337	\$ 443	-

The Company expects that cash and cash equivalents and future operating cash flows will enable the Company to fund its ongoing business requirements, including working capital and other contractual obligations.

### Cash flows

	Year ended September 30		
	2022	2021	Change
Cash flows generated from (utilized in):			
Operating activities	\$ 17,567	\$ 25,021	\$ (7,454)
Investing activities	\$ (1,080)	\$ (2,878)	\$ 1,798
Financing activities	\$ (30,424)	\$ (94,050)	\$ 63,626

#### Operating activities

Cash generated from operating activities declined \$7.5 million due to a decline in Adjusted EBITDA<sup>(A)</sup> of \$51.8 million as outlined in the “Review of Operations - For the year ended September 30, 2022” section of this MD&A. We also incurred higher restructuring charges in fiscal 2022 of \$1.5 million resulting from severance costs associated with changes in our management structure. These declines were partially offset by an increase in non-cash working capital of \$33.3 million and lower income taxes paid of \$9.0 million, reflecting the decline in our financial performance in fiscal 2022 versus fiscal 2021. The increase in non-cash working capital was due in large part to a \$42.1 million source of cash in trade and other receivables between fiscal 2022 and fiscal 2021. This source of cash reflects the timing of payments received from two significant clients in our U.S. Appraisal segment, coupled with lower comparative appraisal and diversified volumes serviced due to lower addressable mortgage origination market volumes and the strategic decision to rationalize our diversified title business. Lower trade payables partially offset the source of cash from trade and other receivables, representing a \$12.3 million change in the use of cash between fiscal 2022 and fiscal 2021. This decline was due to the comparative decrease in volumes serviced across our operations due to lower market volumes. Changes in FX gains and losses due to changes in the Canadian dollar relative to its U.S. counterpart, represents the balance of the year-over-year change in cash generated from operating activities.

#### Investing activities

Cash utilized in investing activities declined on a comparative basis by \$1.8 million. Investments made in fiscal 2021 for right-of-use assets and computer equipment in our U.S. Title segment were not required in fiscal 2022.

#### Financing activities

Cash utilized in financing activities declined on a comparative basis by \$63.6 million. The purchase of shares under our NCIB declined \$69.1 million between fiscal 2022 and fiscal 2021. This decline was partially offset by lower proceeds of \$1.4 million received from lease liabilities, lower proceeds received from the exercise of stock options totaling \$3.5 million and the purchase of restricted shares held in trust for the benefit of certain executives of \$0.5 million.



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### Foreign Currency Exchange Rates

Although our functional currency is the Canadian dollar, we have elected to report our financial results in U.S. dollars to improve the comparability of our financial results with our peers. Reporting our results in U.S. dollars also reduces the impact foreign currency exchange fluctuations have on our reported amounts because our complement of assets and operations are larger in the U.S. than they are in Canada.

Our consolidated financial position and operating results have been translated to U.S. dollars applying FX rates outlined in the table below. FX rates are expressed as the amount of U.S. dollars required to purchase one Canadian dollar and represents the daily average rate published by the Bank of Canada.

	Fiscal 2022			Fiscal 2021		
	Consolidated Balance Sheet	Consolidated Statement of Operations and Comprehensive Income or loss		Consolidat- ed Balance Sheet	Consolidated Statement of Operations and Comprehensive Income or loss	
	Current	Average	Cumulative Average	Current	Average	Cumulative Average
December 31	\$ 0.7888	\$ 0.7936	\$ 0.7936	\$ 0.7854	\$ 0.7675	\$ 0.7675
March 31	\$ 0.8003	\$ 0.7897	\$ 0.7917	\$ 0.7952	\$ 0.7895	\$ 0.7783
June 30	\$ 0.7760	\$ 0.7834	\$ 0.7889	\$ 0.8068	\$ 0.8143	\$ 0.7900
September 30	\$ 0.7296	\$ 0.7656	\$ 0.7829	\$ 0.7849	\$ 0.7936	\$ 0.7909

### FX Impact on Consolidated Results

The following tables have been prepared to assist readers in assessing the FX impact on select operating results for the three months and year ended September 30, 2022.

	Three months ended September			
	2021	2022	2022	2022
	(as reported)	(as reported)	(FX impact)	(current period amounts applying prior period FX rate)
<b>Consolidated Statement of Operations</b>				
Revenues	\$ 125,583	\$ 58,200	\$ (473)	\$ 58,673
Transaction costs	\$ 90,592	\$ 43,833	\$ (410)	\$ 44,243
Operating expenses	\$ 24,478	\$ 15,784	\$ (183)	\$ 15,967
Net income (loss)	\$ 9,055	\$ (9,968)	\$ 97	\$ (10,065)
<b>Net Revenue<sup>(A)</sup></b>	\$ 34,991	\$ 14,367	\$ (63)	\$ 14,430
<b>Adjusted EBITDA<sup>(A)</sup></b>	\$ 10,987	\$ (1,112)	\$ 106	\$ (1,218)
<b>Adjusted Net Income (Loss)<sup>(A)</sup></b>	\$ 7,549	\$ 45	\$ 123	\$ (78)

Note: <sup>(A)</sup> – Please refer to the “Non-GAAP measures” section of this MD&A

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	Year ended September 30			
	2021	2022	2022	2022
	(as reported)	(as reported)	(FX impact)	(current year amounts applying prior year FX rate)
<b>Consolidated Statement of Operations</b>				
Revenues	\$ 504,107	\$ 339,642	\$ (530)	\$ 340,172
Transaction costs	\$ 339,815	\$ 254,203	\$ (460)	\$ 254,663
Operating expenses	\$ 107,499	\$ 79,595	\$ (203)	\$ 79,798
Net income (loss)	\$ 33,080	\$ (9,265)	\$ 114	\$ (9,379)
<b>Net Revenue<sup>(A)</sup></b>	\$ 164,292	\$ 85,439	\$ (70)	\$ 85,509
<b>Adjusted EBITDA<sup>(A)</sup></b>	\$ 59,201	\$ 7,379	\$ 117	\$ 7,262
<b>Adjusted Net Income<sup>(A)</sup></b>	\$ 40,642	\$ 2,501	\$ 137	\$ 2,364

Note: <sup>(A)</sup> – Please refer to the “Non-GAAP measures” section of this MD&A

## Critical Accounting Estimates

### General

We use information from our financial statements, prepared in accordance with IFRS and expressed in U.S. dollars, to prepare our MD&A. Our financial statements include estimates and judgments that affect the reported amount of our assets, liabilities, revenues, expenses and, where and as applicable, disclosures of contingent assets and liabilities. On a periodic basis, we evaluate our estimates, including those that require a significant level of judgment or are otherwise subject to an inherent degree of uncertainty. Areas that are subject to judgment and estimate include revenue recognition, impairment of goodwill and non-financial assets, the determination of fair values in connection with business combinations, the determination of fair value for warrants and financial instruments, lease terms, estimation of incremental borrowing rates to determine the carrying amount of right-of-use assets and lease liabilities and the likelihood of realizing deferred income tax assets. Our estimates and judgments are based on historical experience, our observation of trends, and information, valuations and other assumptions that we believe are reasonable when making an estimate of an asset or liability's fair value. Due to the inherent complexity, judgment and uncertainty in estimating fair value, actual amounts could differ significantly from these estimates.

Areas requiring the most significant estimate and judgment are outlined below.

### Revenue recognition

The satisfaction of performance obligations requires us to make judgments when control of the underlying good or service transfers to the customer. Determining when a performance obligation is satisfied affects the timing of revenue recognition. We consider indicators of the transfer of control, including when the customer is obligated to pay and whether the transfer of significant risks and rewards has occurred, which represents the time when the customer has acquired the ability to direct and use the good or service and obtained substantially all of the benefits.

We use judgment in our assessment of whether we are acting as an agent or principal to a transaction. When we are not primarily responsible for fulfilling the obligation to provide a specified good or service and do not have discretion to establish price, we are acting as an agent to the transaction. We are acting as a principal when we control the deliverables prior to delivery to the customer and establish pricing.

### Goodwill

Goodwill is not amortized and is tested annually for impairment or more frequently if an event or circumstance occurs that more likely than not reduces the fair value of a cash generating unit (“CGU”), or group of CGUs, below its carrying amount. Examples of such events or circumstances include: a significant adverse change in the technological, market, economic or legal environment in which an entity operates; changes in market interest rates or other market rates of return on investments that are likely to affect the discount rate used in calculating an assets value in use; the carrying amount of an entities' net assets is more than its market capitalization; evidence of physical damage to the asset or obsolescence is present; significant changes to an asset's expected use; or, performance expectations for the asset are worse than expected. Goodwill is not tested for impairment when the assets and liabilities that make up the CGU unit have not changed significantly since the most recent fair value determination, the most recent fair value determination results in an amount that exceeded the carrying amount by a substantial margin, and based on an analysis of events that have occurred and circumstances that have changed since the most recent fair value determination, the likelihood that a current fair value determination would be less

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than the current carrying amount of the CGU is remote. The amount of goodwill assigned to each CGU and methodology employed to make such assignments has been applied on a consistent basis. For the purpose of testing goodwill for impairment, our CGUs align with our operating segments since this is consistent with the level at which goodwill is monitored.

The carrying value of a CGU or group of CGUs is compared to its recoverable amount, where the recoverable amount is the higher of fair value less cost to sell and its value in use. The value in use for a CGU or group of CGUs is determined by discounting cash flow projections from financial forecasts prepared by management. Projections reflect past experience and future expectations of operating performance and we apply perpetuity growth rates to cash flows in the terminal year. None of the perpetuity growth rates exceed the long-term historical growth rates for the markets in which we operate. The discount rate applied to the cash flow projections are derived from the weighted average cost of capital of comparable publicly traded companies. To determine fair value, for the purpose of estimating fair value less cost to sell, we apply various trading multiples of comparable public companies and merger and acquisition transactions for like or similar businesses to our last twelve months performance, and expected performance in the subsequent year, for our U.S. Appraisal and U.S. Title segments.

We monitor both economic and financial conditions and we re-perform our goodwill test for impairment as conditions dictate. Due to a continued decline in economic and market conditions for mortgage origination refinance activity, and the resulting impact on operating results for our U.S. Title CGU, we determined that triggering events, that indicate goodwill may be impaired, existed as of September 30, 2022. We re-performed our goodwill test for impairment and concluded that impairment exists which resulted in us recording an impairment charge of \$17.3 million in the fourth quarter of fiscal 2022. The net carrying amount of goodwill allocated to the U.S. Title CGU, net of impairment charges, at September 30, 2022 is \$nil.

### **Business combinations**

Applying the acquisition method to business combinations requires us to measure each identifiable asset and liability at fair value. The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recorded to goodwill. The purchase price allocation involves judgment to identify the intangible assets acquired and establish fair value estimates for the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any assumption or estimate used to identify the intangible assets acquired, or to determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

We make estimates, assumptions and judgments when valuing goodwill and intangible assets in connection with the initial purchase price allocation of an acquired entity, and our continuing evaluation of the recoverability of goodwill and intangible assets. These estimates are based on several factors, including historical experience, market conditions, information gained on our review of the target entities' operations and information obtained from management of the acquired companies. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected attrition rates, discount rates, anticipated revenue growth from acquired customers, acquired technology and the expected use of the acquired assets. These factors are also considered in determining the useful life of intangible assets acquired. The amounts and useful lives assigned to identified intangible assets also impacts the amount and timing of future amortization expense.

Unanticipated events and circumstances may affect the accuracy or validity of such assumptions, estimates and our actual results.

### **Leases**

Lease terms represent the contractual non-cancellable period for a lease, plus all periods covered by an option to renew or terminate the lease if we are reasonably certain to exercise, or not exercise this option, respectively. We apply judgment in our assessment of all factors that create an economic incentive to exercise extension options, or to not exercise termination options, available in our lease arrangements. We review our initial assessment if a significant event or change in circumstances occurs which affects our initial assessment and is within our control.

To determine the carrying amount of right-of-use assets, lease liabilities and net investment in sublease, we estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determinable. We determine the incremental borrowing rate attributable to each leased asset, or portfolio of leased assets, by assessing our creditworthiness, the security, term and value of the underlying leased asset and the economic environment in which the leased asset operates. The incremental borrowing rate is subject to change mainly due to macroeconomic changes.

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## Income taxes

Deferred income tax is recognized applying the liability method, which recognizes the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their equivalent tax amounts. Deferred income tax is not recognized on the initial recording of assets or liabilities for financial reporting purposes that is not a business combination and that affects neither accounting income nor taxable income or loss. Deferred income tax assets and liabilities are measured applying tax rates expected to be in effect when the temporary differences reverse, applying tax rates that have been enacted or substantively enacted at the reporting date.

Significant changes to enacted tax rates or laws, or estimates of timing differences and their reversal, could result in a material adverse or positive impact to our financial condition and operating performance. In addition, changes in regulation or insufficient taxable income could impact our ability to utilize tax loss carryforwards, which could impact deferred income tax assets and deferred income tax expense or recovery.

The recognition of deferred tax assets attributable to unutilized loss carryforwards is supported by our historical and expected future ability to generate income subject to tax and our ability to implement tax planning measures along with other substantive evidence. However, should we be unable to continue generating income subject to tax, deferred tax assets attributable to unutilized loss carryforwards may not be available to us prior to their expiry in Canada. We have historically used, and will continue to use, every effort to limit the use of discretionary tax deductions to maximize our use of loss carryforwards in Canada prior to their expiry. Unutilized loss carryforwards in the U.S. arising after December 31, 2017 can be carried forward indefinitely; however, the deduction of unutilized loss carryforwards in a given tax year is limited to 80% of an entity's taxable earnings in that year. Should we not be able to realize our deferred tax assets attributable to loss carryforwards, we would record deferred income tax expense in the period that we determine the likelihood of realizing these losses was less likely than not. Our maximum exposure is equal to the carrying amount of the deferred tax asset attributable to loss carryforwards, \$4.1 million at September 30, 2022. Accordingly, due to our historical ability to generate income subject to tax, our expectations to generate income subject to the tax in the future and available tax planning measures, we view the risk of not realizing these deferred tax assets as low.

## Other

Other estimates include, but are not limited to, the following: identification of CGUs, impairment assessments for non-financial assets, inputs to the Black-Scholes-Merton option pricing model used to value stock-based compensation, estimates of property and equipment's useful life, assessing provisions, estimating the likelihood of collection to determine our allowance for doubtful accounts, the fair value of financial instruments, control assessment of subsidiaries, contingencies related to litigation and contingent acquisition payables, claims and assessments and various economic assumptions used in the development of fair value estimates, including, but not limited to, interest and inflation rates and a variety of option pricing model estimates.

## New Accounting Policies Adopted or Requiring Adoption

### Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)" which provided a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendment clarified that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Only rights to defer settlement by at least twelve months, which are in place at the end of the reporting period affect the classification of a liability. Classification is unaffected by an entities' expectation to exercise its right to defer settlement of a liability. The amendments are to be applied retrospectively and are effective for annual reporting periods beginning on or after January 1, 2023. We expect to apply the amendment to the classification of liabilities on October 1, 2023, and adopting this amendment is not expected to have a significant impact on our financial statements.

### Narrow-scope amendments and Annual Improvements to IFRS Standards 2018-2020

In May 2020, the IASB issued a series of narrow-scope amendments that impact the following standards: IAS 16 – "Property, Plant and Equipment – Proceeds before Intended Use" ("IAS 16"), IAS 37 – "Onerous Contracts – Costs of Fulfilling a Contract" ("IAS 37"), IFRS 3 – "Reference to the Conceptual Framework" ("IFRS 3"), and annual improvements to IFRS 1, IFRS 9, IFRS 16, and IAS 41.

The amendment to IAS 37 clarified the meaning of "costs to fulfil a contract" to include incremental costs, and the allocation of other costs that directly relate to fulfilling the contract. This could result in an entity recording a provision for the expected loss attributable to the onerous contract in its financial statements earlier or that it wouldn't have recognized if not for this amendment. IFRS 3 was updated to refer to the 2018 Conceptual Framework for Financial Reporting when determining what constitutes an asset or a liability in a business combination. Without this new update, an entity may have recognized certain

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liabilities in a business combination that it would not recognize under IAS 37. IAS 16 and the annual improvements are not applicable.

These amendments were effective January 1, 2022 and earlier application was permitted. We expect to apply the amendments on October 1, 2022, and adopting these amendments is not expected to have a significant impact on our financial statements.

## **Narrow-scope amendments to IAS 1 and IAS 8**

In February 2021, the IASB amended IAS 1 – “Presentation of Financial Statements” which requires companies to disclose information attributable to material accounting policies rather than focusing on significant accounting policies. The amendment clarifies that accounting policy information is material, if its absence inhibits a financial statements user’s ability to understand other material information in the financial statements.

Additionally, the IASB amended IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors” to improve accounting policy disclosures and assist entities in distinguishing between changes in accounting policies, which are generally applied retrospectively to both historical, current and future transactions, and estimates, which are applied prospectively to future transactions.

These amendments are effective January 1, 2023 and earlier application is permitted. We expect to apply the amendments on October 1, 2023, and adopting these amendments is not expected to have a significant impact on our financial statements.

## **Clarifying amendment to account for deferred tax on leases and decommissioning obligations**

In May 2021, the IASB amended IAS 12 – “Income Taxes” to clarify that the initial recognition exemption does not apply to leases and decommissioning obligations. As a result, companies are required to recognize deferred tax on such transactions.

The amendment is effective January 1, 2023 and earlier application is permitted. We expect to apply the amendment on October 1, 2023, and adopting this amendment is not expected to have a significant impact on our financial statements.

## **Financial Instruments**

### **Credit risk**

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Our exposure to credit risk is limited principally to cash and cash equivalents and trade and other receivables. In all instances, our risk management objective, whether of credit, liquidity, market or otherwise, is to mitigate our risk exposures to a level consistent with our risk tolerance.

### *Cash and cash equivalents*

Certain management are responsible for determining which financial institutions we bank and hold deposits with. We typically select financial institutions that we have a relationship with and those deemed by us to be of sufficient size, liquidity and stability. We review our exposure to credit risk from time-to-time or as conditions indicate that our exposure to credit risk has or is subject to change. Our maximum exposure to credit risk is equal to the fair value of cash and cash equivalents recorded on our consolidated statements of financial position as at September 30, 2022, \$46.1 million (September 30, 2021 - \$60.2 million). We hold no collateral or other credit enhancements as security over our cash or cash equivalent balances, we deem the credit quality of our cash and cash equivalent balances to be high and no amounts are impaired.

### *Trade and other receivables*

In the normal course of business, our trade and other receivables balance is subject to credit risk. Our maximum exposure to credit risk is the fair value of trade and other receivables recorded on our consolidated statements of financial position as at September 30, 2022, \$19.8 million (September 30, 2021 - \$46.0 million). We regularly perform credit checks or may accept payment or security in advance to limit our exposure to credit risk. Our client base is sufficiently diverse, consisting of banks and mortgage lending institutions that are generally of sufficient size and capitalization, to mitigate a portion of any credit risk exposure we may be subject to. We have also assigned various employees to carry out collection efforts in a manner consistent with our trade receivable and credit and collections policies. These policies establish procedures to manage, monitor, control, investigate, record and improve trade receivable credit and collection. We also have policies and procedures which establish estimates for doubtful account allowances. These calculations are based on an expected credit loss (“ECL”) model which considers expected losses that result from all possible default events over the expected life of our trade and other receivable balances and include factors such as past events, current conditions and forecasts of future economic conditions. We conduct specific account balance reviews, where practical, and consideration is given to the credit quality of the client, payment history and other factors specific to the client, including bankruptcy or insolvency.

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Trade and other receivables determined by management to be at risk of collection are provided for through an allowance account. When trade or other receivables are considered uncollectable, they are written-off against this account. Subsequent recoveries of amounts previously written-off are credited against the allowance account and subsequently recorded to operating expenses in our consolidated statements of operations and comprehensive income or loss. We have elected to measure loss allowances for trade and other receivables at an amount equal to estimated lifetime ECLs using a provision matrix based on historical credit loss experience adjusted for estimated changes in credit risk and forecasts of future economic conditions.

Trade and other receivables are generally due within 15 to 45 days from the invoice date. Accordingly, all amounts outstanding beyond these periods are past due. Based on historical collections, the majority of receivables collected have not been outstanding for greater than 90 days. We assess the credit quality of trade and other receivables that are neither past due nor impaired as high. Our maximum exposure to credit risk is equivalent to our net carrying amount. Trade and other receivables considered impaired at September 30, 2022 were not considered significant.

### **Liquidity risk**

Liquidity risk is the risk that we will encounter difficulty in meeting our obligations to settle our financial liabilities. Our exposure to liquidity risk is due primarily to the settlement of trade payables and lease liabilities. Certain management are responsible to ensure that we have sufficient short, medium and long-term liquidity to address these liabilities as they become due. We manage liquidity risk on a continuous basis by monitoring actual and forecasted cash flows and monitoring our available liquidity.

### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency, interest rate and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in FX rates. Our exposure to currency risk is attributable to the exchange of U.S. monies to the Canadian dollar or vice versa. We may enter into FX agreements to mitigate our exposure to currency risk; however, as of the date of this MD&A, we are not party to any FX agreements. Accordingly, we are exposed to currency risk on U.S. dollars charged to our U.S. operations in the form of management fees, royalties and interest on long-term financings. To mitigate this risk, management uses discretion, and actively reviews its exposure to and requirements for FX agreements.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from our interest bearing financial assets and liabilities. We are subject to interest rate risk on investments we make in cash equivalent, short-term investments.

Our risk management objective is to mitigate risk exposures to a level consistent with our risk tolerance. Derivative financial instruments are evaluated against the exposures they are expected to mitigate and the selection of a derivative financial instrument may not increase our net exposure to risk. Derivative financial instruments may expose us to other types of risk, which may include, but is not limited to, credit risk. The exposure to other types of risk is evaluated against the selected derivative financial instrument and is subject to a cost versus benefit review and analysis. We do not use derivative financial instruments for speculative or trading purposes and the value of the derivative financial instrument cannot exceed the risk exposure of the underlying asset, liability or cash flow it is expected to mitigate.

### **Fair value methods and assumptions**

The fair values of financial instruments, and when applicable, warrant liabilities and contingent consideration, are calculated using available market information and commonly accepted valuation methods, or expectations of achievement in the case of contingent consideration discounted at a market rate of interest. Considerable judgment is required to develop these estimates. Accordingly, fair value estimates are not necessarily indicative of the amounts we, or counter-parties to the instruments, could realize in a current market exchange, or expect to pay, in the case of contingent consideration. The use of different assumptions and or estimation methods could have a material impact on these fair values.

Financial assets and liabilities recorded at fair value, as and where applicable, are recorded to our consolidated statements of financial position.

# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

## Financial Information Controls and Procedures

### Disclosure controls and procedures

Our disclosure controls and procedures are designed to provide reasonable assurance that the information we are required to disclose in reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified under those laws, and include controls and procedures that are designed to ensure that the information is accumulated and communicated to management, including our Chief Executive Officer ("CEO") and Executive Vice-President and Chief Financial Officer ("CFO"), to allow for timely decisions in respect of these requirements.

As at September 30, 2022, management evaluated, under the supervision of, and with the participation of, the CEO and the CFO, the effectiveness of our disclosure controls and procedures, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as at September 30, 2022.

### Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in NI 52-109. Our internal control over financial reporting is a process designed under the supervision of the CEO and CFO, and effected by the board of directors, management and other personnel of the Company, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis.

Management evaluated, under the supervision of and with the participation of the CEO and the CFO, the effectiveness of our internal control over financial reporting as at September 30, 2022, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on that evaluation, the CEO and CFO concluded that our internal control over financial reporting was effective as at September 30, 2022.

There have been no changes during the year ended September 30, 2022 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Cautionary Note Regarding Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws. Words such as "aim", "could", "forecast", "target", "may", "might", "will", "would", "expect", "anticipate", "estimate", "intend", "plan", "seek", "believe", "predict" and "likely", and variations of such words and similar expressions are intended to identify such forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this MD&A includes statements which reflect the current expectations of the Company's management with respect to the Company's business and the industry in which it operates and is based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes appropriate and reasonable in the circumstances. The forward-looking information reflects management's beliefs based on information currently available to management, including information obtained from third-party sources, and should not be read as a guarantee of the occurrence or timing of any future events, performance or results.

# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)

The forward-looking information in this MD&A includes, but is not limited to, statements related to:

- our business prospects, goals and long-term strategy targets;
- our expectations regarding certain of our future results and information, including, among others, Net Revenue<sup>(A)</sup> and Adjusted EBITDA<sup>(A)</sup> margins for each of our segments, market share targets for our U.S. Appraisal and U.S. Title segments, corporate expenses (excluding stock-based compensation expense), conversion of Adjusted EBITDA<sup>(A)</sup> to Free Cash Flow<sup>(A)</sup> and the total addressable market;
- the key factors that have a significant impact on our financial performance;
- anticipated economic conditions, including the market activity for purchase, refinance and home equity and default transactions;
- the scalability of the platform;
- the regulatory environment in which we operate;
- our competitive position relative to our competitors;
- anticipated industry and market trends, including the seasonality of our business and our expectations regarding appraisal waivers provided by the GSE's;
- the factors influencing the allocation of transaction volumes to us; and
- our intentions with respect to the implementation of new accounting standards.

In addition, our assessment of, and targets for, market share, Net Revenue<sup>(A)</sup> margins, Adjusted EBITDA<sup>(A)</sup> margins, corporate expenses (excluding stock-based compensation expense) and conversion of Adjusted EBITDA<sup>(A)</sup> to Free Cash Flow<sup>(A)</sup> are considered forward-looking information. See the "Overview" section of this MD&A for additional information regarding our strategies and market outlook in relation to these assessments.

The forward-looking information in this MD&A is subject to risks, uncertainties and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. Factors which could cause results or events to differ from current expectations include, but are not limited to, the following, each of which are discussed in further detail in the "Risk Factors" section of our Annual Information Form for the year ended September 30, 2021, which is filed on SEDAR at [www.sedar.com](http://www.sedar.com):

## Strategic Risks

- changes in economic conditions resulting in fluctuations in demand for our services;
- failing to grow market share in our U.S. Title business to anticipated levels;
- failing to grow market share in our U.S. Appraisal business to anticipated levels;
- risks associated with targeting large mortgage lenders, including longer sales cycles, pricing pressures, implementation complexities and concentration risk;
- growth placing significant demands on our management and infrastructure;
- maintaining our competitive position in a competitive business environment;
- damage to our reputation causing a loss of existing clients and/or difficulty attracting new clients;
- inability to successfully identify, consummate or integrate future acquisitions;

## Operational Risks

- failing to adequately protect our technology infrastructure;
- issues with the platform;
- failing to retain key employees or hire highly skilled personnel;
- failing to maintain field professional engagement;
- the occurrence of catastrophic events which are beyond our control;

## Legal and Compliance Risks

- regulatory risks applicable to us;
- risks associated with legal and regulatory proceedings and claims;
- risks associated with the potential reclassification of exempt employees and field professionals;
- failing to adequately protect our intellectual property;
- potential losses arising from field professional work product liability;
- potential infringement of our services on the proprietary rights of others;
- difficulty for shareholders to enforce judgments obtained against us;



# Real Matters Inc. – MD&A for the years ended September 30, 2022 and 2021

*(tabular and graphical amounts are expressed in thousands of U.S. dollars and thousands of shares, excluding per share amounts, unless otherwise stated)*

## Financial and Reporting Risks

- the potential for significant fluctuations in the market price of our shares;
- potential inability to raise additional capital in the future when needed, either on acceptable terms or at all;
- failing to maintain effective internal controls, including the inherent limitations in all control systems;
- potential tax law changes or adverse tax examinations;
- inaccurate accounting estimates and judgments;
- potential dilution to existing shareholders as a result of future share issuances;
- ineffectiveness of our financial and operational risk management efforts;
- our dependence on our subsidiaries for cash flows; and
- changing accounting pronouncements and other financial reporting standards.

We caution that the above list of risk factors and uncertainties is not exhaustive and that additional risks and uncertainties may be discussed in documents filed with the applicable Canadian securities regulatory authorities from time to time. Other risks and uncertainties not presently known by us or that we presently believe are not material could also cause actual results or events to differ materially from those expressed in the forward-looking information. Readers are cautioned not to place undue reliance on the forward-looking information, which reflect our expectations only as of the date of this MD&A. Except as required by law, we do not undertake to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

## Glossary

Tier 1 means the top five U.S. banks by asset size as at June 30, 2022, as determined by U.S. Federal Reserve data, and the largest non-bank mortgage lender in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2022).

Tier 2 means the top 30 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2022), excluding Tier 1 mortgage lenders.

Tier 3 means the top 100 mortgage lenders in the U.S. according to the Inside Mortgage Finance website: Top 100 Mortgage Lenders (first six months of calendar 2022), excluding Tier 1 and Tier 2 mortgage lenders.

Tier 4 means all mortgage lenders in the U.S. not included in Tier 1, Tier 2 or Tier 3.

# Independent Auditor's Report

To the Shareholders and the Board of Directors of Real Matters Inc.

## Opinion

We have audited the consolidated financial statements of Real Matters Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2022 and 2021, and the consolidated statements of operations and comprehensive (loss) income, equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended September 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

## Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Craig Irwin.

The logo for Deloitte LLP is written in a cursive, handwritten-style font. The word "Deloitte" is written in a larger, more fluid script, while "LLP" is written in a smaller, simpler, and more upright script to the right of "Deloitte".

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
November 15, 2022

# Real Matters Inc.

## Consolidated Statements of Financial Position

September 30, 2022 and 2021 (stated in thousands of United States ("U.S.") dollars)

	2022	2021
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 46,142	\$ 60,213
Trade and other receivables (Note 19)	19,831	46,021
Income taxes recoverable	1,126	271
Prepaid expenses	2,634	2,585
	<b>69,733</b>	109,090
NON-CURRENT		
INTANGIBLES (Note 4)	4,992	6,228
GOODWILL (Note 5)	43,181	60,477
PROPERTY AND EQUIPMENT (Note 6)	6,964	11,087
DEFERRED TAX ASSETS (Note 20)	12,134	7,458
	<b>67,271</b>	85,250
<b>TOTAL ASSETS</b>	<b>\$ 137,004</b>	<b>\$ 194,340</b>
<b>LIABILITIES</b>		
CURRENT		
Trade payables	\$ 11,869	\$ 21,802
Accrued charges	4,269	4,293
Lease liabilities (Note 7)	1,548	1,715
	<b>17,686</b>	27,810
NON-CURRENT		
WARRANT LIABILITIES (Note 9)	-	651
LEASE LIABILITIES (Note 7)	4,312	6,328
	<b>4,312</b>	6,979
<b>TOTAL LIABILITIES</b>	<b>21,998</b>	34,789
<b>COMMITMENTS AND CONTINGENCIES (Note 18)</b>		
<b>EQUITY</b>		
NON-CONTROLLING INTERESTS	115	108
SHAREHOLDERS' EQUITY (Note 10)		
Common shares	227,285	246,377
Restricted shares (Note 16)	(311)	-
Contributed surplus	13,647	12,206
Accumulated deficit	(114,777)	(94,185)
Accumulated other comprehensive loss	(10,953)	(4,955)
	<b>114,891</b>	159,443
<b>TOTAL EQUITY</b>	<b>115,006</b>	159,551
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 137,004</b>	<b>\$ 194,340</b>

Approved by:

Jason Smith (signed) – Executive Chairman

Garry M. Foster (signed) – Audit Committee Chair

The accompanying notes are an integral part of these consolidated financial statements.

# Real Matters Inc.

## Consolidated Statements of Operations and Comprehensive (Loss) Income

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars except outstanding share and net income or loss per share amounts)

	2022	2021
REVENUES (Note 22)	\$ 339,642	\$ 504,107
TRANSACTION COSTS	254,203	339,815
OPERATING EXPENSES (Note 12)	79,595	107,499
AMORTIZATION	4,530	5,045
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	603	-
OTHER NON-OPERATING COSTS	66	-
RESTRUCTURING EXPENSES (Note 13)	1,542	76
IMPAIRMENT OF GOODWILL (Note 5)	17,296	-
INTEREST EXPENSE (Note 8)	264	430
INTEREST INCOME	(134)	(151)
NET FOREIGN EXCHANGE (GAIN) LOSS	(5,725)	7,359
GAIN ON FAIR VALUE OF WARRANTS (Notes 9 and 15)	(249)	(2,084)
(LOSS) INCOME BEFORE INCOME TAX (RECOVERY) EXPENSE	(12,349)	46,118
INCOME TAX (RECOVERY) EXPENSE (Note 20)		
Current	1,761	12,099
Deferred	(4,845)	939
TOTAL INCOME TAX (RECOVERY) EXPENSE	(3,084)	13,038
NET (LOSS) INCOME	(9,265)	33,080
OTHER COMPREHENSIVE (LOSS) INCOME		
Items that will be reclassified to net income or loss:		
Foreign currency translation adjustment	(5,998)	4,872
COMPREHENSIVE (LOSS) INCOME	\$ (15,263)	\$ 37,952
NET (LOSS) INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (9,272)	\$ 32,992
NET INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 7	\$ 88
COMPREHENSIVE (LOSS) INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (15,270)	\$ 37,864
COMPREHENSIVE INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 7	\$ 88
Net (loss) income per weighted average share, basic (Note 11)	\$ (0.12)	\$ 0.40
Net (loss) income per weighted average share, diluted (Note 11)	\$ (0.12)	\$ 0.39
Weighted average number of shares outstanding (thousands), basic (Note 11)	76,514	82,772
Weighted average number of shares outstanding (thousands), diluted (Note 11)	76,953	84,196

The accompanying notes are an integral part of these consolidated financial statements.

# Real Matters Inc.

## Consolidated Statements of Cash Flows

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars)

	2022	2021
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING</b>		
<b>OPERATING</b>		
Net (loss) income	\$ (9,265)	\$ 33,080
Items not affecting cash		
Stock-based compensation (Note 16)	1,535	2,408
Amortization of intangibles (Note 4)	1,389	1,699
Amortization of property and equipment (Note 6)	3,141	3,346
Loss on disposal of property and equipment (Note 6)	603	-
Impairment of goodwill (Note 5)	17,296	-
Interest expense (Note 8)	264	430
Gain on fair value of warrants (Notes 9 and 15)	(249)	(2,084)
Income tax (recovery) expense	(3,084)	13,038
Unrealized foreign exchange (gain) loss on internal financing arrangements	(5,925)	3,704
Changes in non-cash working capital items (Note 14)	16,847	(16,438)
Interest paid	(264)	(395)
Income taxes paid	(4,721)	(13,767)
Cash generated from operating activities	17,567	25,021
<b>INVESTING</b>		
Purchase of subsidiary shares from non-controlling interests	-	(53)
Partial disposal of a subsidiary and capital contribution from non-controlling interests	-	200
Intangible asset additions (Note 4)	(160)	-
Purchase of property and equipment (Note 6)	(1,015)	(3,025)
Payments received from sublease	95	-
Cash utilized in investing activities	(1,080)	(2,878)
<b>FINANCING</b>		
Proceeds from lease liabilities (Note 15)	285	1,645
Repayment of lease liabilities (Note 15)	(1,735)	(1,542)
Proceeds from the exercise of stock options, net of issue costs	283	3,787
Restricted shares purchased and held in trust (Notes 10 and 16)	(516)	-
Purchase of common shares and related costs (Note 10)	(28,741)	(97,795)
Dividends paid to non-controlling interests	-	(145)
Cash utilized in financing activities	(30,424)	(94,050)
Effect of foreign currency translation on cash and cash equivalents	(134)	2,964
<b>NET CASH OUTFLOW</b>	<b>(14,071)</b>	<b>(68,943)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>60,213</b>	<b>129,156</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 46,142</b>	<b>\$ 60,213</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash and cash equivalents are comprised of:		
Cash	\$ 22,326	\$ 35,847
Cash equivalents	23,816	24,366
	\$ 46,142	\$ 60,213

The accompanying notes are an integral part of these consolidated financial statements.

## Real Matters Inc. Consolidated Statements of Equity

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars)

	Non- controlling interests	Common shares	Restricted shares	Contributed surplus	Accumu- lated deficit	Accumu- lated other comprehen- sive loss	Total equity
<b>Balance at September 30, 2021</b>	<b>\$ 108</b>	<b>\$ 246,377</b>	<b>\$ -</b>	<b>\$ 12,206</b>	<b>\$ (94,185)</b>	<b>\$ (4,955)</b>	<b>\$ 159,551</b>
Prior period adjustment (Note 24)					(2,250)	(9,265)	(2,250)
Net income (loss)	7			(94)	(9,272)		283
Common shares issued on exercise of stock options (Note 10)		377					407
Common shares issued on exercise of warrants (Note 9)		407					1,535
Stock-based compensation (Note 16)				1,535			(516)
Restricted shares purchased and held in trust (Notes 10 and 16)			(311)		(205)		(28,741)
Purchase of common shares and related costs (Note 10)		(19,876)			(8,865)		(28,741)
Foreign currency translation adjustment					(5,998)		(5,998)
<b>Balance at September 30, 2022</b>	<b>\$ 115</b>	<b>\$ 227,285</b>	<b>\$ (311)</b>	<b>\$ 13,647</b>	<b>\$ (114,777)</b>	<b>\$ (10,953)</b>	<b>\$ 115,006</b>

	Non- controlling interests	Common shares	Restricted shares	Contributed surplus	Accumu- lated deficit	Accumu- lated other comprehen- sive loss	Total equity
Balance at September 30, 2020	\$ 3,214	\$ 262,653	\$ -	\$ 7,712	\$ (51,536)	\$ (9,827)	\$ 212,216
Net income	88				32,992		33,080
Dividends paid to non-controlling interests	(145)						(145)
Common shares issued on exercise of stock options (Note 10)		4,897		(1,110)			3,787
Common shares issued on exercise of warrants (Note 9)		981					981
Stock-based compensation (Note 16)				2,408			2,408
Purchase of common shares and related costs (Note 10)		(22,154)			(75,641)		(97,795)
Non-controlling interests, acquired	125			75			200
Purchase of subsidiary shares from non-controlling interests	(2,071)						(53)
Dissolution of partially owned subsidiary	(1,103)			2,018			-
Foreign currency translation adjustment				1,103		4,872	4,872
Balance at September 30, 2021	\$ 108	\$ 246,377	\$ -	\$ 12,206	\$ (94,185)	\$ (4,955)	\$ 159,551

The accompanying notes are an integral part of these consolidated financial statements.



# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### 1. Nature of Operations

Real Matters Inc. ("Real Matters" or the "Company") is a leading technology and network management company providing appraisal and title services through its Solidifi brand to the mortgage lending industry in the U.S. and appraisal and insurance inspection services to the mortgage lending and insurance industries in Canada through its Solidifi and iv3 brands, respectively.

Real Matters' head office and Canadian operations are located at 50 Minthorn Boulevard, Markham, Ontario and its U.S. subsidiaries operate at the Company's principal offices in Buffalo, New York and Middletown, Rhode Island.

### 2. Basis of Presentation and Significant Accounting Policies

#### Statement of compliance

The consolidated financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the board of directors on November 15, 2022.

#### Basis of presentation

The financial statements are presented in thousands of U.S. dollars and have been prepared applying the historical cost method, except for certain financial instruments which are measured at fair value. Historical cost reflects the fair value of consideration exchanged for an asset on the date it was acquired or owed for a liability on the date it was assumed.

The significant accounting policies and methodologies outlined below have been applied consistently and for all periods presented in these financial statements.

#### Basis of consolidation

These financial statements include the accounts of the Company and subsidiaries controlled by the Company. The Company is deemed to control a subsidiary when it is exposed to, or has the right to, variable returns from its involvement with an investee and it has the ability to direct the activities of the investee that significantly affects the investee's returns through its power over the subsidiary. Where the Company's interest in a subsidiary is less than one hundred percent, the Company recognizes a non-controlling interest in the investee. All intercompany transactions, balances, revenues and expenses are eliminated on consolidation.

The carrying amount of non-controlling interests is the amount recognized initially, plus the non-controlling interests' share of subsequent changes in the capital of the company and changes in ownership interests, if any. Total comprehensive income or loss is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of controlled entities are included in these financial statements from the date control is effective until the date control ceases.

#### Functional and presentation currency

The Company's functional currency is the Canadian dollar. Accordingly, its financial position, results of operations, cash flows and equity are consolidated in Canadian dollars.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

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The Company translates its U.S. subsidiaries' assets and liabilities to Canadian dollars from their functional currency of U.S. dollars using the exchange rate in effect at the date the statement of financial position is presented. Revenues and expenses from the Company's U.S. subsidiaries are translated to Canadian dollars at the average monthly exchange rate in effect during the year. The resulting translation adjustments are included in other comprehensive income or loss.

The Company has elected to report its financial results in U.S. dollars. Accordingly, the Company's consolidated statements of financial position are translated from Canadian to U.S. dollars at the foreign currency exchange rate in effect at the date the statement of financial position is presented. Certain transactions affecting shareholders' equity and the statements of cash flows are translated at their historical foreign currency exchange rates or at the foreign currency exchange in effect at the time of the transaction, respectively. The consolidated statements of operations and comprehensive income or loss and consolidated statements of cash flows, excluding certain transactions, are translated to U.S. dollars applying the average foreign currency exchange rate in effect during the reporting period and the resulting translation adjustments are included in other comprehensive income or loss. Reporting the Company's financial results in U.S. dollars reduces the impact foreign currency fluctuations have on its reported amounts because the Company's operations are larger in the U.S. than they are in Canada. The Company remains a legally domiciled Canadian entity and its functional currency is the Canadian dollar. Translating the Company's U.S. financial position, results of operations and cash flows into Canadian dollars, the Company's functional currency, and re-translating these amounts to U.S. dollars, the Company's reporting currency, has no translation impact on the Company's financial statements. Accordingly, U.S. results retain their original values when expressed in the Company's reporting currency.

Monetary assets and liabilities denominated in foreign currencies, including certain long-term financing arrangements between Canadian and U.S. entities within the consolidated group of companies that are not considered part of the net investment in a foreign operation and that are different from the Company's functional currency, are translated to the Company's functional currency applying the foreign exchange rate in effect at the date the statement of financial position is presented. Realized and unrealized foreign currency differences are recognized in the consolidated statement of operations and comprehensive income or loss.

Exchange differences on monetary assets and liabilities receivable or payable with a foreign operation, for which settlement is neither planned nor likely to occur and therefore forms part of the net investment in a foreign operation, are recognized initially in other comprehensive income or loss and presented within equity. The cumulative amount of the resulting exchange differences recorded to other comprehensive income or loss, are reclassified from equity to the consolidated statements of operations and comprehensive income or loss on settlement.

### **Cash and cash equivalents**

Cash and cash equivalents include short-term investments in highly liquid marketable securities, which have a term to maturity of three months or less.

Included in cash is \$2,028 (2021 - \$2,022) set aside by the Company to demonstrate that it has sufficient liquidity to support a county title license for the conduct of business in the state of California.

The Company's residential real estate title services requires it to hold cash in escrow accounts that it does not own. Accordingly, cash held in escrow, including escrow receivables and escrow liabilities, are not recorded as assets or liabilities on the Company's consolidated statements of financial position. All cash held in escrow is deposited in non-interest bearing bank accounts.

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### Intangibles

Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangibles are tested for impairment when a triggering event occurs. Amortization is recognized on a straight-line basis over the estimated useful life of the intangible asset and recorded to the consolidated statements of operations and comprehensive income or loss. The estimated useful life and amortization method are reviewed at least annually, with any change in estimate recognized prospectively. Estimated useful lives for intangibles having finite lives are as follows:

Internally generated intangible assets	2.5 years
Customer relationships	3 years
Brand names	3 years
Technology	3 years
Licenses	10 years

Internally generated intangible assets are capitalized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset is expected to make it available for use or sale;
- The Company intends to complete and use or sell the intangible asset;
- The Company has the ability to use or sell the intangible asset;
- How the Company expects the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset exists; and
- The Company has the ability to reliably measure the expenditures attributable to its development.

The amount recognized as an internally generated intangible asset represents the sum of expenditures from the date when the intangible asset first meets the recognition criteria listed above to the date the asset is available for use. During the period of development, the asset is tested for impairment at least annually. Where no internally generated intangible asset is recognized, expenditures are recognized in the consolidated statements of operations and comprehensive income or loss in the period in which the cost is incurred.

When the asset is available for use, the cost model is applied which requires the asset to be carried at cost less accumulated amortization and accumulated impairment losses, if any.

Internally generated intangible assets represents computer software development costs associated with the development and enhancement of the Company's platforms and other supporting infrastructure. Costs associated with the maintenance of the Company's platforms are expensed as incurred.

### Goodwill

Goodwill represents the difference between consideration and the fair value of the net identifiable assets acquired in a business combination. Goodwill is recorded at cost less accumulated impairment losses, if any. Goodwill is not amortized and is allocated to each of the Company's cash-generating units ("CGU" or "CGUs") or group of CGUs that benefit from the acquisition, irrespective of whether other assets or liabilities acquired are assigned to those units. For the purpose of goodwill impairment testing the Company's CGUs represent its operating segments which is consistent with the level goodwill is monitored.

Goodwill is tested annually for impairment, or more frequently when there is an indication that goodwill may be impaired. If the recoverable amount of the CGU, representing the higher of its fair value less cost to sell ("FVLCS") and its value in use, is less than its carrying amount, any resulting impairment loss is first allocated to goodwill and subsequently to other assets of the CGU on a pro rata basis. Any goodwill impairment loss is

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recorded to the consolidated statements of operations and comprehensive income or loss in the period of impairment. Previously recognized impairment losses for goodwill are not reversed in subsequent periods.

Goodwill is tested for impairment annually on June 30<sup>th</sup>. At September 30, 2022, the Company re-performed the goodwill impairment test for its U.S. Title CGU due to the existence of impairment indicators and concluded that the carrying amount of the U.S. Title CGU was in excess of its recoverable amount. Accordingly, a goodwill impairment loss was recorded in the fourth quarter of 2022. See Note 5.

Upon disposal of a CGU or group of CGUs, the portion of goodwill attributable to the CGU is included in the determination of profit or loss recorded to the consolidated statements of operations and comprehensive income or loss.

### Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses, if any. The initial cost includes the purchase price and any expenditures directly attributable to ready the asset for use. Purchased software that is integral to the function of certain equipment is capitalized. When components of property and equipment have different useful lives, those components are accounted for as individual items of property and equipment and amortized separately.

Gains and losses on the disposal of property and equipment represents the difference between the proceeds received, if any, on disposal of the asset and its carrying amount. Any resulting gain or loss is recognized in the consolidated statements of operations and comprehensive income or loss.

Amortization is recognized using the straight-line method for each component of property and equipment. The Company reviews the amortization methods, useful lives and residual values at each reporting date. The expected useful lives of property and equipment are set forth below:

Computer equipment	3 - 5 years
Furniture and fixtures	5 years
Leasehold improvements	Lesser of the remaining term of the lease and expected useful life
Right-of-use assets	Lesser of the lease term and the useful life of the underlying asset

### Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and recognizes a right-of-use asset and lease liability, as applicable.

Right-of-use assets are measured at cost, less accumulated amortization and accumulated impairment losses, if any, and are adjusted for any re-measurement of lease liabilities. The cost of a right-of-use asset reflects the amount recognized on the initial measurement of the lease obligation plus any lease payments made on or before the commencement date of the lease, including any initial direct costs and related restoration costs. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset includes the exercise of a purchase option, the related right-of-use asset is amortized over the useful life of the underlying asset. Amortization of the right-of-use asset begins at the commencement date of the lease.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on an index, rate or subject to a fair market value renewal, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably expected to exercise that option, and payments for penalties attributable to terminating the lease if the lessee is reasonably expected to terminate the lease prior to the end of the lease

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term. When a contract contains both lease and non-lease components, the Company allocates the consideration in the contract to the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease component. Relative stand-alone prices are determined by maximizing the use of observable supplier prices for a similar asset and/or service. The lease liability is expressed net of lease incentives receivable and lease payments are discounted using the interest rate implicit in the lease or, if the implicit rate cannot be determined, the lessee's incremental borrowing rate.

The period over which lease payments are discounted is equal to the lease term, which includes renewal options that the Company is reasonably expected to exercise. Payments associated with short-term leases, representing leases with a term of 12 months or less, and leases for low-value assets, are recognized as an expense on a straight-line basis to operating expenses in the consolidated statements of operations and comprehensive income or loss. Variable lease payments that are not dependent on an index or rate, or are subject to a fair market value renewal, are expensed as incurred and recognized to operating expenses in the consolidated statements of operations and comprehensive income or loss.

Each lease payment included in the lease liability is apportioned between the repayment of the liability and the cost to finance. The finance cost is recorded to interest expense in the consolidated statements of operations and comprehensive income or loss over the lease term to produce a constant periodic rate of interest on the remaining balance of the obligation. The carrying amount of lease liabilities is re-measured when there is a change in future lease payments arising from a change in an index or specified rate, if there is a modification to the lease term, if there is a change in the estimated amount payable under a residual value guarantee or if the Company changes its assessment of whether it will exercise a termination, extension or purchase option.

Lease payments related to the principal portion of lease liabilities are classified as cash flows from financing activities while lease payments related to the interest portion are classified as cash flows from operating activities, within interest paid.

### *Subleases*

When the Company subleases a leased asset to a third-party lessee, the Company becomes an intermediate lessor. As an intermediate lessor, the Company is required to assess the sublease classification by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. In this assessment, the Company considers several factors including if the term of the sublease covers a major portion of the term of the head lease.

On the date the Company makes the leased asset available for use to the lessee, the Company classifies the lease as either an operating or finance lease. A lease is a finance lease if it transfers substantially all the risks and rewards of the leased asset to the lessee. Interest income derived from a finance lease is recognized on a systematic basis to produce a constant periodic rate of return on the net investment in the leased asset.

### **Income taxes**

Income tax expense or recovery is comprised of current and deferred income tax which is recognized in the consolidated statements of operations and comprehensive income or loss, except for income taxes attributable to a business combination or equity transaction.

Current income tax represents the expected amounts payable or receivable as a result of taxable income or loss generated by the Company in the period applying enacted or substantively enacted tax rates, at the reporting date. Current income taxes may include prior period adjustments to income taxes payable or receivable.

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Deferred income tax is recognized applying the liability method, which recognizes the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their equivalent tax amounts. Deferred income tax is not recognized on the initial recording of assets or liabilities for financial reporting purposes that is not a business combination and that impacts neither accounting income nor taxable income or loss. Deferred income tax assets and liabilities are measured applying tax rates that have been enacted or substantively enacted at the reporting date and are expected to be in effect when the temporary differences reverse.

Deferred income tax assets are recognized when it is probable that future taxable income will be available to realize the benefit of the deferred tax asset. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized. The related tax benefit is subsequently increased only when the probability of future taxable income is present. Deferred income tax liabilities are not recognized on temporary differences that arise from goodwill that is not deductible for tax purposes.

Deferred income tax assets and liabilities are offset when the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities when there is an intention to either settle current income tax liabilities on a net basis or realize the tax assets and settle tax liabilities simultaneously in a future period.

### **Warrant liabilities**

At the time of issuance, warrants are classified as either a financial liability or equity instrument in accordance with the substance of the contractual arrangement. Warrants that obligate the Company to deliver a variable number of shares whose value equals a fixed amount or an amount based on changes in an underlying variable, are not an equity instrument, and are therefore classified as a financial liability. Subsequent changes to the conversion option that fixes the number of shares and price of shares issuable, are not considered by the Company when the contractual terms of the warrant do not change and there has been no change in the circumstances of the Company. Warrants classified as liabilities in the consolidated statements of financial position are re-measured at their estimated fair value at each reporting date. Any change to the fair value of warrants is recognized in the consolidated statements of operations and comprehensive income or loss.

### **Revenues**

The Company evaluates whether the contracts it enters meet the definition of a contract with a customer at contract inception and recognizes revenue when control of the goods or services has been transferred. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for transferring goods or services to a customer. When applicable, the Company excludes amounts collected on behalf of third-parties from revenue when it does not control the goods or services before they are transferred to a customer, since it is acting as an agent rather than a principal to the transaction. The Company has determined that no significant financing component exists between the date a promised good or service is transferred to a customer and the date the customer pays for that good or service, when the period is one year or less.

The Company records revenue at a point in time, unless otherwise indicated below.

#### *Residential Mortgage Appraisals*

The Company provides residential mortgage appraisals through its technology-based platform (the "Platform") and network of independent qualified field professionals. Revenue is derived from transaction fees earned from mortgage lenders on residential appraisal products such as complete home appraisals, a broker price opinion, property condition reports and desktop appraisals. The Company recognizes revenue when the appraisal report is delivered to its client.

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### *Title*

The Company provides title services to residential and commercial clients which include title search procedures for title insurance policies, curative, escrow and other closing services. Title revenues, which are recorded exclusive of amounts remitted to third-party insurance underwriters and certain work performed by attorneys in attorney work share states, are recorded when a transaction closes. Recording services are recognized as revenue when the documents are submitted to the county for recording.

### *Search Services*

The Company provides current owner, tax and commercial title search and property reports to other title insurance companies or property investment companies. Search revenues are recorded when the report is delivered to the client.

### *Insurance Inspection*

The Company provides insurance inspection services to property and casualty insurers through the Platform. The Company records revenue when the insurance inspection report is delivered to the client.

### *Software Services*

The Company provides three hosted software solutions. Contracts for these services are generally term-based ranging from one to three years. On-going service fee revenues are recognized as services are provided. Any usage-based fees and minimum transaction fees are recognized monthly as services are provided over the term of the arrangement.

### *Contract Costs*

Incremental costs to obtain customer contracts include commissions that are incurred in connection with obtaining the contract. As a practical expedient, the Company recognizes the incremental costs to obtain a contract as an immediate expense if the amortization period of the asset is one year or less.

The Company manages and reviews its operations by geographical location and service type. For detailed information about the Company's reportable segments and disaggregated revenue, see Note 22.

### **Transaction costs**

Transaction costs represent expenses directly attributable to a revenue transaction, including appraisal costs, various processing fees, including credit card fees, connectivity fees, insurance inspection costs, closing agent costs and external abstractor and quality review costs.

### **Business combinations**

Business combinations are accounted for applying the acquisition method of accounting, where the fair value of consideration is allocated to the fair value of assets acquired and liabilities assumed at the date of acquisition. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses if it has correctly identified all of the assets acquired and liabilities assumed and reviews the procedures used to measure the amounts recognized at the date of acquisition. Following its reassessment, if the Company concludes that the fair value of net assets acquired exceeds the aggregate consideration transferred, the Company will record a gain to the consolidated statements of operations and comprehensive income or loss.

The excess of consideration over the fair value of the identifiable net assets acquired is recorded as goodwill and allocated to the Company's CGUs. For each business combination that includes a non-controlling interest, the Company, at its election, measures the non-controlling interest's investment in the acquiree at fair value or at the proportionate share of the acquiree's net identifiable assets acquired.

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Any contingent consideration is recognized at fair value on the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with changes in fair value recorded to the consolidated statements of operations and comprehensive income or loss. Contingent consideration classified to equity is not re-measured and settlement is accounted for within equity.

The fair value measurement and recognition of net assets acquired may require adjustment when information is absent and fair value allocations are presented on an estimated or preliminary basis. Adjustments to estimated or preliminary amounts, reflecting new information obtained about facts and circumstances that existed at the date of acquisition and occurring not later than one year from the date of acquisition, are recorded in the period the adjustment is determined.

Transaction costs incurred in connection with a business combination, other than costs associated with the issuance of debt or equity securities, are expensed in the consolidated statements of operations and comprehensive income or loss as incurred.

### Provisions

Provisions are recognized when it is probable that the Company is required to settle an obligation (legal or constructive), as a result of a past event, and the obligation can be reliably estimated. The provision represents the Company's best estimate of the amounts required to settle the obligation at the end of the reporting period. When a provision is determined applying a measure of cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the impact of the time value of money is material). When some or all of the amounts required to settle a provision are expected to be recoverable from a third-party, a receivable is recognized when it is virtually certain that reimbursement is receivable and the expected reimbursement can be reliably measured.

### Financial instruments

Financial assets and financial liabilities, including derivatives and embedded derivatives in certain contracts, are recognized in the consolidated statements of financial position when the Company becomes party to the contractual provisions of a financial instrument or non-financial derivative contract.

#### *Classification and Measurement*

The Company classifies and measures financial assets based on their contractual cash flow characteristics and the Company's business model for the financial asset. A financial asset is classified and measured at: amortized cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit and loss ("FVPL").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held within a business whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified and measured at amortized cost or FVOCI are classified and measured at FVPL, which includes all derivative financial assets. On initial recognition, a financial asset that meets the measurement requirements of amortized cost or FVOCI may be irrevocably designated as FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets classified and measured at amortized cost are subsequently measured applying the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairment losses, are recognized in the consolidated statements of operations and comprehensive income or loss. Financial assets are derecognized when the contractual rights to receive cash flows and benefits from the



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financial asset expire, or if the Company transfers control or substantially all the risks and rewards of ownership to another party. Any resulting gain or loss on derecognition is recorded to the consolidated statements of operations and comprehensive income or loss in the period of derecognition.

Financial assets classified and measured at FVPL are subsequently measured at fair value at each reporting date. Net gains and losses, including any interest or dividend income, are recorded to the consolidated statements of operations and comprehensive income or loss.

Financial liabilities are classified and measured as either amortized cost or FVPL. Derivatives embedded in contracts where the host is a financial asset within the scope of the standard are not separated, and the hybrid financial instrument is assessed for classification as a whole. Financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recorded to the consolidated statements of operations and comprehensive income or loss in the period of derecognition.

Below is a summary showing the measurement categories of the Company's financial assets and liabilities.

Financial assets and liabilities	Measurement Category
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade payables	Amortized cost
Accrued charges	Amortized cost
Warrant liabilities	FVPL

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVPL, are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVPL are expensed to the consolidated statements of operations and comprehensive income or loss.

### *Costs of issuing debt and equity*

The cost of issuing debt is included as part of long-term debt and is accounted for at amortized cost applying the effective interest method. When long-term debt amounts are nil, but amounts are still available to be drawn, costs of issuing debt are reclassified to other assets in the consolidated statements of financial position. The cost of issuing equity is reflected as a direct charge to common shares.

### *Derivative financial instruments*

The Company may enter into foreign currency exchange agreements from time-to-time as part of its strategy to manage foreign currency exposure. The Company does not hold or issue derivative financial instruments for trading purposes. Derivatives, including derivatives that are embedded in financial or non-financial contracts where the host contract is not a financial asset, are measured at their estimated fair values. Gains or losses on financial instruments measured at their estimated fair values are recorded to the consolidated statements of operations and comprehensive income or loss in the periods in which they arise, with the exception of gains and losses on certain financial instruments that are part of a designated hedging relationship.

### *Fair value*

Fair value represents the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making such measurements. IFRS establishes a fair value hierarchy based on the level of independent, objective evidence

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applied to measure fair value. Financial assets or financial liabilities are categorized within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. An entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs are applied to measure fair value:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted market prices in markets that are not active, or model derived valuations or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability
- Level 3 – unobservable inputs that are supported by little or no market activity

### Impairment

#### *Financial assets*

The impairment of financial assets is based on an expected credit loss ("ECL") model. The ECL model applies to financial assets measured at amortized cost and requires the Company to consider factors that include past events, current conditions and forecasts of future economic conditions.

Loss allowances are measured on either of the following bases:

- *12-month ECLs*: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- *lifetime ECLs*: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company elects to measure loss allowances for trade and other receivables at an amount equal to lifetime ECLs applied at each reporting date. The Company determines ECLs on trade and other receivables using a provision matrix based on historical credit loss experience to estimate lifetime ECLs adjusted for estimated changes to credit risks and forecasts of future economic conditions.

Impairment losses are recorded to operating expenses in the consolidated statement of operations and comprehensive income or loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. When an impairment loss has decreased in a subsequent period, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss is immediately reversed in the consolidated statements of operations and comprehensive income or loss. The reversal of an impairment loss may not exceed the amortized cost had no impairment loss been recognized.

#### *Non-financial assets*

The carrying value of property and equipment and intangibles are reviewed at each reporting period to determine if indicators of impairment exist. If any such indicators exist, the asset's recoverable amount is estimated.

For the purpose of impairment testing, the recoverable amount is determined for an individual asset or are grouped together into CGUs, representing the smallest group of assets that generates independent cash inflows. If the carrying amount of the asset or CGU exceeds its recoverable amount, an impairment loss is recognized in the consolidated statements of operations and comprehensive income or loss as a reduction in the carrying amount of the asset to its recoverable amount. The recoverable amount of an asset or CGU is the higher of its FVLCS and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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Impairments of non-financial assets recognized in a prior period are re-assessed at the end of each reporting period to determine if indicators of impairment have reversed or no longer exist. An impairment loss is reversed if the estimated recoverable amount exceeds the asset or CGU's carrying amount. The reversal of an impairment loss may not exceed the carrying amount, net of amortization, of the asset or CGU had no impairment loss been recognized.

### Stock-based payments

The Company grants equity-settled stock options under its stock-based compensation plan. The fair value of stock options at the grant date is estimated using the Black-Scholes-Merton option pricing model and is subject to the satisfaction of certain vesting conditions. Uncertain vesting conditions do not result in compensation expense being recognized until they are satisfied or deemed to be probable of satisfaction. Stock-based compensation expense is recorded to the consolidated statements of operations and comprehensive income or loss over the vesting period based on the estimated number of stock options expected to vest with a corresponding increase to shareholders' equity. Management's estimate of the number of awards expected to vest occurs at the time of grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted for actual forfeitures in the period they occur.

### Restricted share units

Restricted share units ("RSUs") issued by the Company that are substantially settled in the Company's common shares are accounted for as equity-settled awards.

The fair value of an RSU is measured at the grant date price of the Company's common shares and compensation expense is recorded to the consolidated statements of operations and comprehensive income or loss over the vesting period with a corresponding increase to shareholders' equity. Management estimates the forfeiture rate for RSUs at the time of grant and at each reporting date up to the vesting date. The estimated forfeiture rate is adjusted to actual forfeitures in the period they occur.

In fiscal 2022, the Company established a trust to hold common shares purchased in the open market for certain Canadian participants until each RSU vests and the award is settled. The Company is the sponsor of the trust and has assigned a trustee to carry out the trusts' custodial duties. The trust is considered a structured entity which is consolidated in the Company's financial statements. The cost of common shares purchased in the open market are recorded at book value to restricted shares in the consolidated statements of equity with any resulting premium or deficit recorded to accumulated deficit until the common shares are issued to settle the RSU obligation.

### Net income or loss per share

Basic net income or loss per share is calculated by dividing net income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted net income or loss per share is calculated by dividing the net income or loss attributable to common shareholders of the Company by the weighted average number of shares outstanding adjusted for all potentially dilutive equity instruments, comprising stock options, equity-settled RSUs and warrants.

### Operating segments

An operating segment is a component of the Company that engages in business activities. An operating segment may earn revenues and incur expenses, including revenues and expenses incurred by virtue of activities with any of the Company's other operations. An operating segment has discrete financial information available which is regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") to assess performance or make resource allocation decisions.

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### Significant judgments, estimates and assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and the accompanying underlying assumptions are reviewed at least annually or more frequently as required. Revisions to accounting estimates are recognized in the period of revision, which may impact future reporting periods. Areas that are subject to judgment and estimate include revenue recognition, the identification of CGUs, impairment of goodwill and non-financial assets, the determination of fair values in connection with business combinations, internally generated intangible assets, the determination of fair value for warrants and financial instruments, stock-based payments, including RSUs, the useful lives of property and equipment and intangible assets, lease terms, estimated incremental borrowing rates used to determine the carrying amount of right-of-use assets and lease liabilities, the likelihood of realizing deferred income tax assets, provisions and contingencies.

### Critical accounting judgments and estimates

Management believes the following accounting policies are subject to the most critical judgments and estimates and could have the most significant impact on the amounts recognized in these financial statements.

#### (a) *Revenues – satisfaction of performance obligations*

The satisfaction of performance obligations requires management to make judgments when control of the underlying good or service transfers to the customer. Determining when a performance obligation is satisfied affects the timing of revenue recognition. Management considers indicators of the transfer of control, including when the customer is obligated to pay and whether the transfer of significant risks and rewards has occurred, which represents the time when the customer has acquired the ability to direct and use the good or service and obtained substantively all of the benefits.

#### (b) *Revenues – agent versus principal*

The Company uses judgment in its assessment of whether it is acting as an agent or principal to a transaction. When the Company is not primarily responsible for fulfilling the obligation to provide a specified good or service and does not have discretion to establish price, it is acting as an agent to the transaction. The Company is acting as a principal when it controls the deliverables prior to delivery to the customer and establishes pricing.

#### (c) *Identification of CGUs*

The Company has allocated its tangible assets, intangible assets and goodwill to the smallest identifiable group of assets that generate cash inflows and that are largely independent of cash inflows derived from other assets. The determination of CGUs or groups of CGUs for the purpose of annual impairment testing requires judgment.

#### (d) *Impairment of goodwill and non-financial assets*

Goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of property and equipment and intangible assets is reviewed each reporting period to determine whether impairment indicators exist. The recoverable amount attributable to a CGU or non-financial asset is the higher of FVLCS or value in use. The Company's determination of a CGU or non-financial assets recoverable amount applying FVLCS, uses market information to estimate the amount the Company could obtain from disposing of the CGU or non-financial asset in an arm's length transaction, less the estimated cost of disposal. The Company estimates value in use by discounting estimated future cash flows for the CGU or non-financial asset to its present value using a pre-tax discount rate reflecting a current market assessment of the time value of money and certain risks specific to the CGU or non-financial asset. Estimated cash flows are based on management's assumptions and business plans which are supported by internal strategies, plans and external information.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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The estimated recoverable amount for a CGU or non-financial asset requires the use of significant estimates, including assembling appropriate market information, disposal costs, future cash flows, growth rates, and terminal and discount rates.

*(e) Business combinations*

Applying the acquisition method to business combinations requires an entity to measure each identifiable asset and liability at fair value.

The excess, if any, of the fair value of consideration over the fair value of the net identifiable assets acquired is recorded to goodwill. The purchase price allocation involves judgment to identify the intangible assets acquired, establish fair value estimates for the assets acquired and liabilities assumed, including pre-acquisition contingencies and contingent consideration. Changes in any assumption or estimate used to identify the intangible assets acquired, or to determine the fair value of acquired assets and liabilities assumed, including pre-acquisition contingencies or contingent consideration, could affect the amounts assigned to assets, liabilities and goodwill in the purchase price allocation.

The Company makes estimates, assumptions, and judgments when valuing goodwill and other intangible assets in connection with the initial purchase price allocation of an acquired entity, and the continuing evaluation of the recoverability of goodwill and intangible assets on an ongoing basis. These estimates are based on a number of factors, including historical experience, market conditions, information gained on review of the target entities' operation and information obtained from the management of the acquired companies. Critical estimates in valuing certain intangible assets include, but are not limited to, historical and projected attrition rates, discount rates, anticipated revenue growth from acquired customers, acquired technology, and the expected use of the acquired assets. These factors are also considered in determining the useful life of intangible assets acquired. The amounts and useful lives assigned to identified intangible assets also impacts the amount and timing of future amortization expense.

Unanticipated events and circumstances may affect the accuracy or validity of such assumptions, estimates or actual results.

*(f) Stock-based payments*

The Company uses the Black-Scholes-Merton option pricing model to estimate the fair value of stock-based compensation which requires the use of several input variables. These input variables are subject to estimate and changes in these inputs can materially affect the estimated fair value of stock-based compensation. The fair value reported may not represent the transaction value of stock-based compensation at the date of exercise.

*(g) Amortization of property and equipment and intangible assets*

Judgment is applied to determine an asset's useful life, and where applicable, estimated residual value, used in the computation of amortization. Accordingly, an asset's actual useful life and estimated residual value may differ significantly from these estimates.

Where an item of property and equipment can be subdivided into its major components, and these components are assessed as having different useful lives, the components are accounted for as separate items of property and equipment. The application of this policy requires judgment to determine the asset's useful life and to identify an asset's major components.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### (h) Leases

Lease terms represent the contractual non-cancellable period for a lease, plus all periods covered by an option to renew or terminate the lease if the Company is reasonably certain to exercise, or not exercise this option respectively. Management applies judgment in assessing all factors that create an economic incentive to exercise extension options, or to not exercise termination options, available in its lease arrangements. Management reviews its initial assessment if a significant event or change in circumstances occurs which affects its initial assessment and is within the control of the Company.

To determine the carrying amount of right-of-use assets, lease liabilities and net investment in sublease, the Company estimates the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determinable. Management determines the incremental borrowing rate attributable to each leased asset, or portfolio of leased assets, by assessing the Company's creditworthiness, the security, term and value of the underlying leased asset and the economic environment in which the leased asset operates. The incremental borrowing rate is subject to change mainly due to macroeconomic changes.

### (i) Valuation of deferred income tax assets

The Company assesses its ability to generate taxable income in future periods from its internal forecasts. Taxable income is adjusted to reflect certain non-taxable income and expense or the use of unused credits and tax losses. The Company's estimate of future taxable income, to determine the existence of a deferred tax asset, depends on many factors, including the Company's ability to generate income subject to tax in future periods and implement tax planning measures, including other substantive evidence. The occurrence or non-occurrence of certain future events may lead to significant changes in the measurement of deferred tax assets.

### (j) Provisions

Due to the nature of provisions, there is a degree of uncertainty inherent in their measurement. Management uses its best efforts to estimate and provide for potential losses. Assumptions applied reflect the most probable set of economic conditions and planned courses of action by the Company.

### (k) Other

Other areas where the Company employs judgment and estimates include, the determination of its allowance for doubtful accounts, financial instruments, its control assessment of subsidiaries and contingencies related to litigation, claims and assessments.

## 3. Recent Accounting Pronouncements

### Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)" which provided a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendment clarified that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Only rights to defer settlement by at least twelve months, which are in place at the end of the reporting period, affect the classification of a liability. Classification is unaffected by an entities' expectation to exercise its right to defer settlement of a liability. The amendments are to be applied retrospectively and are effective for annual reporting periods beginning on or after January 1, 2023. The Company expects to apply the amendment to the classification of liabilities on October 1, 2023, and adopting this amendment is not expected to have a significant impact on the Company's financial statements.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### **Narrow-scope amendments and Annual Improvements to IFRS Standards 2018-2020**

In May 2020, the IASB issued a series of narrow-scope amendments that impact the following standards: IAS 16 – “Property, Plant and Equipment – Proceeds before Intended Use” (“IAS 16”), IAS 37 – “Onerous Contracts – Costs of Fulfilling a Contract” (“IAS 37”), IFRS 3 – “Reference to the Conceptual Framework” (“IFRS 3”), and annual improvements to IFRS 1, IFRS 9, IFRS 16, and IAS 41.

The amendment to IAS 37 clarified the meaning of “costs to fulfil a contract” to include incremental costs, and the allocation of other costs that directly relate to fulfilling the contract. This could result in an entity recording a provision for the expected loss attributable to the onerous contract in its financial statements earlier or that it wouldn’t have recognized if not for this amendment. IFRS 3 was updated to refer to the 2018 Conceptual Framework for Financial Reporting when determining what constitutes an asset or a liability in a business combination. Without this update, an entity may have recognized certain liabilities in a business combination that it would not recognize under IAS 37. IAS 16 and the annual improvements are not applicable to the Company.

These amendments were effective January 1, 2022 and earlier application was permitted. The Company expects to apply the amendments on October 1, 2022, and adopting these amendments are not expected to have a significant impact on the Company’s financial statements.

### **Narrow-scope amendments to IAS 1 and IAS 8**

In February 2021, the IASB amended IAS 1 – “Presentation of Financial Statements” which requires companies to disclose information attributable to material accounting policies rather than focusing on significant accounting policies. The amendment clarified that accounting policy information is material if its absence inhibits a financial statement user’s ability to understand other material information in the financial statements.

Additionally, the IASB amended IAS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors” to improve accounting policy disclosures and assist entities in distinguishing between changes in accounting policies, which are generally applied retrospectively to both historical, current and future transactions, and estimates, which are applied prospectively to future transactions.

These amendments are effective January 1, 2023 and earlier application is permitted. The Company expects to apply the amendments on October 1, 2023, and adopting these amendments are not expected to have a significant impact on the Company’s financial statements.

### **Clarifying amendment to account for deferred tax on leases and decommissioning obligations**

In May 2021, the IASB amended IAS 12 – “Income Taxes” to clarify that the initial recognition exemption does not apply to leases and decommissioning obligations. As a result, companies are required to recognize deferred tax on such transactions.

The amendment is effective January 1, 2023 and earlier application is permitted. The Company expects to apply the amendment on October 1, 2023, and adopting this amendment is not expected to have a significant impact on the Company’s financial statements.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### 4. Intangibles

2022

	Internally generated intangible assets	Customer relation- ships	Brand name	Technology	Licenses	Total
<b>Cost</b>						
Balance, beginning of year	\$ 8,618	\$ 56,163	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,638
Additions	160	-	-	-	-	160
Foreign currency translation adjustment	(615)	(440)	-	-	-	(1,055)
Balance, end of year	\$ 8,163	\$ 55,723	\$ 2,297	\$ 5,720	\$ 13,840	\$ 85,743
<b>Accumulated amortization</b>						
Balance, beginning of year	\$ 8,618	\$ 56,163	\$ 2,297	\$ 5,720	\$ 7,612	\$ 80,410
Amortization	5	-	-	-	1,384	1,389
Foreign currency translation adjustment	(608)	(440)	-	-	-	(1,048)
Balance, end of year	\$ 8,015	\$ 55,723	\$ 2,297	\$ 5,720	\$ 8,996	\$ 80,751
Net carrying value, end of year	\$ 148	\$ -	\$ -	\$ -	\$ 4,844	\$ 4,992

2021

	Internally generated intangible assets	Customer relation- ships	Brand name	Technology	Licenses	Total
<b>Cost</b>						
Balance, beginning of year	\$ 8,232	\$ 55,883	\$ 2,297	\$ 5,720	\$ 13,840	\$ 85,972
Foreign currency translation adjustment	386	280	-	-	-	666
Balance, end of year	\$ 8,618	\$ 56,163	\$ 2,297	\$ 5,720	\$ 13,840	\$ 86,638
<b>Accumulated amortization</b>						
Balance, beginning of year	\$ 8,232	\$ 55,568	\$ 2,297	\$ 5,720	\$ 6,228	\$ 78,045
Amortization	-	315	-	-	1,384	1,699
Foreign currency translation adjustment	386	280	-	-	-	666
Balance, end of year	\$ 8,618	\$ 56,163	\$ 2,297	\$ 5,720	\$ 7,612	\$ 80,410
Net carrying value, end of year	\$ -	\$ -	\$ -	\$ -	\$ 6,228	\$ 6,228



# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### 5. Goodwill

2022

	U.S. Appraisal	U.S. Title	Total
Cost			
Balance, beginning of year	\$ 43,181	\$ 17,296	\$ 60,477
Balance, end of year	\$ 43,181	\$ 17,296	\$ 60,477
Accumulated impairment			
Balance, beginning of year	\$ -	\$ -	-
Impairment	-	17,296	17,296
Balance, end of year	\$ -	\$ 17,296	\$ 17,296
Net carrying value, end of year	\$ 43,181	\$ -	\$ 43,181

2021

	U.S. Appraisal	U.S. Title	Total
Cost			
Balance, beginning of year	\$ 43,181	\$ 17,296	\$ 60,477
Balance, end of year	\$ 43,181	\$ 17,296	\$ 60,477
Accumulated impairment			
Balance, beginning of year	\$ -	\$ -	-
Balance, end of year	\$ -	\$ -	-
Net carrying value, end of year	\$ 43,181	\$ 17,296	\$ 60,477

#### Impairment testing

##### U.S. Appraisal

The Company determined the recoverable amount based on a FVLCS calculation for its U.S. Appraisal CGU. To determine FVLCS for the U.S. Appraisal CGU group, the Company applied market valuation multiples derived from merger and acquisition transactions for like or similar businesses, including the Company's historical acquisition data, to its last twelve-month results of revenues less transaction costs and operating expenses.

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed its recoverable amount.

##### U.S. Title

Due to a continued decline in economic and market conditions for mortgage origination refinance activity, and the resulting impact on operating results of the U.S. Title CGU group, the Company determined that triggering events, that indicate goodwill may be impaired, existed as of September 30, 2022. The Company re-performed its goodwill test for impairment at September 30, 2022 and concluded that impairment existed.

The Company determined the recoverable amount of its U.S. Title CGU based on FVLCS and the value in use approach. To determine FVLCS for the U.S. Title CGU group, the Company applied market valuation multiples derived from merger and acquisition transactions for like or similar businesses, including the Company's historical acquisition multiples, to revenues less transactions costs. To determine the value in use of the U.S. Title CGU group, the Company used a discounted cash flow methodology. The key assumptions used in the

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

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valuation of the U.S. Title CGU group included estimated revenues, net revenue margins, long-term growth rates, market size and discount rate. Based on the results of this analysis, the Company recorded an impairment charge of \$17,296 against the carrying value of goodwill. The net carrying amount of goodwill allocated to the U.S. Title CGU, net of impairment charges, at September 30, 2022 is \$nil.

Measuring the fair value of the U.S. Title CGU includes the use of significant unobservable inputs, which are Level 3 inputs in the fair value hierarchy.

### 6. Property and Equipment

	<b>2022</b>						
	Computer equip- ment	Furniture and fixtures	Leasehold improve- ments	Right-of-use assets (office space)	Right-of-use assets (computer equip- ment)		Total
<b>Cost</b>							
Balance, beginning of year	\$ 4,713	\$ 2,099	\$ 3,542	\$ 10,447	\$ 52		\$ 20,853
Additions	690	-	38	287	-		1,015
Disposals <sup>1</sup>	(134)	(358)	(772)	(2,484)	(52)		(3,800)
Foreign currency translation adjustment	(85)	(17)	(66)	(86)	-		(254)
Balance, end of year	\$ 5,184	\$ 1,724	\$ 2,742	\$ 8,164	\$ -		\$ 17,814
<b>Accumulated amortization</b>							
Balance, beginning of year	\$ 2,764	\$ 1,718	\$ 2,148	\$ 3,089	\$ 47		\$ 9,766
Amortization	1,160	170	320	1,486	5		3,141
Disposals <sup>1</sup>	(134)	(358)	(405)	(891)	(52)		(1,840)
Foreign currency translation adjustment	(77)	(16)	(66)	(58)	-		(217)
Balance, end of year	\$ 3,713	\$ 1,514	\$ 1,997	\$ 3,626	\$ -		\$ 10,850
Net carrying value, end of year	\$ 1,471	\$ 210	\$ 745	\$ 4,538	\$ -		\$ 6,964

Note

(1) Disposals include cost of \$2,282 and accumulated amortization of \$689 for the derecognition of the right-of-use assets (office space) related to the head lease of a net investment in sublease. See Note 7.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

							2021
	Computer equip- ment	Furniture and fixtures	Leasehold improve- ments	Right-of-use assets (office space)	Right-of-use assets (computer equip- ment)		Total
<b>Cost</b>							
Balance, beginning of year	\$ 3,431	\$ 2,031	\$ 3,408	\$ 8,762	\$ 52		17,684
Additions	1,232	56	92	1,645	-		3,025
Foreign currency translation adjustment	50	12	42	40	-		144
Balance, end of year	\$ 4,713	\$ 2,099	\$ 3,542	\$ 10,447	\$ 52		20,853
<b>Accumulated amortization</b>							
Balance, beginning of year	\$ 1,692	\$ 1,434	\$ 1,762	\$ 1,412	\$ 32		6,332
Amortization	1,043	275	346	1,667	15		3,346
Foreign currency translation adjustment	29	9	40	10	-		88
Balance, end of year	\$ 2,764	\$ 1,718	\$ 2,148	\$ 3,089	\$ 47		9,766
Net carrying value, end of year	\$ 1,949	\$ 381	\$ 1,394	\$ 7,358	\$ 5		11,087

### 7. Leases

The Company enters into lease agreements primarily for office space and computer equipment. As at September 30, 2022, the net book value of right-of-use assets totaled \$4,538 (September 30, 2021 – \$7,363). Refer to Note 6 for the continuity of cost and accumulated amortization for right-of-use assets.

The following table presents lease liabilities of the Company:

	2022	2021
Office space	\$ 5,860	\$ 8,038
Computer equipment	-	5
Total lease liabilities	\$ 5,860	\$ 8,043
Less: current portion	1,548	1,715
	\$ 4,312	\$ 6,328

At September 30, 2022, \$1,588 (September 30, 2021 – \$1,530) of lease liabilities are related to an extension option that was deemed reasonably certain to be exercised.

Future undiscounted contractual lease payments required in each of the next five years ending September 30 and thereafter are as follows:

2023	\$ 1,742
2024	1,563
2025	774
2026	443
2027	-
Thereafter	-
	\$ 4,522

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The undiscounted contractual lease payments included in the table above do not include expected sublease payments of \$289 for each of the years ending September 30, 2023 and 2024.

The following amounts attributable to leases have been recognized in the consolidated statements of operations and comprehensive (loss) income and consolidated statements of cash flows:

	<b>2022</b>	2021
Rent expense attributable to short-term and low-value leases	\$ 79	\$ 112
Amortization of right-of-use assets	\$ 1,491	1,682
Interest on lease liabilities	\$ 262	\$ 338
Total cash outflow for lease liabilities	\$ 1,735	\$ 1,542

Effective March 15, 2022, the Company entered into an agreement to sublease office space to a third-party. The sublease expires on September 30, 2024 which coincides with the expected early termination date of the associated head lease. The expected exercise of the head lease's early termination option resulted in a reduction to the lease liability of \$1,593 and a loss on disposal of the right-of-use asset of \$236.

### 8. Long-Term Debt

On April 30, 2021, the Company's senior term facilities and revolving credit facility matured. These facilities were secured by a general security agreement, which has since been discharged.

Interest expense is comprised of the following:

	<b>2022</b>	2021
Senior and revolving credit facilities	\$ -	\$ 56
Amortization of deferred financing costs	-	36
Lease liabilities	262	338
Other	2	-
	\$ 264	\$ 430

### 9. Warrant Liabilities

Company-issued special warrants were automatically converted into common share purchase warrants ("warrants") on completion of the Company's initial public offering ("IPO") (together with other satisfied events). All warrants were exercisable and expired on May 11, 2022, which was five years from the date of the IPO. Warrant liabilities converted to Company common shares upon exercise and the associated non-cash liability was reclassified to common shares. The non-cash liability attributable to warrants that expired unexercised was recorded to the consolidated statements of operations and comprehensive (loss) income. There was no circumstance that required the Company to pay cash upon exercise or expiry of the warrants.

For the year ended September 30, 2022, 96 (2021 – 95) warrants were exercised, resulting in the issue of 77 (2021 – 88) common shares. These warrants had a fair value of \$407 (2021 – \$981) at the date of exercise, determined using the Black-Scholes-Merton option pricing model, and this amount was transferred from warrant liabilities to common shares. The Company also recorded a \$183 gain (2021 – \$268 gain) to the consolidated statement of operations and comprehensive (loss) income representing the difference between the fair value of certain warrants recorded at a previous reporting date and the fair value of these warrants on the date of exercise.

At September 30, 2022, there were no warrants outstanding (September 30, 2021 – 96). All warrants had an exercise price of C\$1.38 (September 30, 2021 – C\$1.38) representing a total liability of \$nil at September 30, 2022 (September 30, 2021 - \$651).

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### 10. Shareholders' Equity

The authorized share capital of the Company consists of an unlimited number of common and preferred shares. At September 30, 2022 and 2021, no preferred shares were issued.

#### *Normal course issuer bid*

Effective June 11, 2021, the Company received approval from the Toronto Stock Exchange ("TSX") to renew its normal course issuer bid ("NCIB") for a one-year period expiring on June 10, 2022. Under the renewed NCIB, the Company was approved by the TSX to purchase up to 4,000 common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, were limited to a maximum of 153,956 common shares. Effective November 24, 2021, the Company received approval from the TSX to amend its NCIB to increase the number of common shares available for purchase and cancellation from 4,000 to 6,000. Effective May 6, 2022, the Company received approval from the TSX to further amend its NCIB to increase the number of common shares available for purchase and cancellation from 6,000 to 7,649.

Effective June 13, 2022, the Company received approval from the TSX to renew its normal course issuer bid for a one-year period expiring on June 12, 2023. Under the renewed NCIB, the Company is approved to purchase up to 6,000 common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, are limited to a maximum of 99,319 common shares.

Under each normal course issuer bid, the Company was/is permitted to purchase a block of common shares once a week which can exceed the daily purchase limit subject to certain restrictions, including a limitation that the block cannot be owned by an insider. All shares purchased will be cancelled.

For the year ended September 30, 2022, 6,526 common shares (2021 – 7,261) were purchased and cancelled at a total cost of \$28,741 (2021 - \$97,795). As of November 15, 2022, 3 additional common shares were purchased and cancelled or settled.

Details of the Company's common shares are as follows:

	<b>2022</b>	
	<b>Number of shares</b>	<b>Amount</b>
Balance, beginning of year	<b>79,048</b>	<b>\$ 246,377</b>
Common shares issued on the exercise of stock options, during the year (Note 16)	<b>97</b>	<b>377</b>
Common shares issued on the exercise of warrants, during the year (Note 9)	<b>77</b>	<b>407</b>
Purchase of common shares, during the year	<b>(6,526)</b>	<b>(19,876)</b>
Balance, end of year	<b>72,696</b>	<b>\$ 227,285</b>

	<b>2021</b>	
	<b>Number of shares</b>	<b>Amount</b>
Balance, beginning of year	85,359	\$ 262,653
Common shares issued on the exercise of stock options, during the year (Note 16)	862	4,897
Common shares issued on the exercise of warrants, during the year (Note 9)	88	981
Purchase of common shares, during the year	(7,261)	(22,154)
Balance, end of year	79,048	\$ 246,377

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Details of the Company's restricted shares are as follows:

	<b>2022</b>	
	<b>Number of shares</b>	<b>Amount</b>
Balance, beginning of year	-	\$ -
Restricted shares purchased and held in trust	<b>(101)</b>	<b>(311)</b>
Balance, end of year	<b>(101)</b>	<b>\$ (311)</b>

### 11. Net (Loss) Income per Weighted Average Share

The following table outlines the components used to calculate basic and diluted net (loss) income per share attributable to common shareholders:

	<b>2022</b>		2021
Net (loss) income	<b>\$ (9,265)</b>	\$	33,080
Net (loss) income attributable to common shareholders	<b>\$ (9,272)</b>	\$	32,992
Weighted average number of shares, basic	<b>76,514</b>		82,772
Dilutive effect of stock options, equity-settled RSUs and warrants <sup>(1)</sup>	<b>439</b>		1,424
Weighted average number of shares, diluted	<b>76,953</b>		84,196
Net (loss) income per weighted average share, basic	<b>\$ (0.12)</b>	\$	0.40
Net (loss) income per weighted average share, diluted	<b>\$ (0.12)</b>	\$	0.39

Note

(1) Warrants had no dilutive effect on the weighted average number of shares for the year ended September 30, 2022.

### 12. Operating Expenses

	<b>2022</b>		2021
Operating expenses:			
Salaries and benefits	<b>\$ 62,779</b>	\$	85,793
Sales and marketing	<b>708</b>		481
Travel and entertainment	<b>440</b>		179
Office and computer	<b>10,560</b>		14,321
Professional fees	<b>2,715</b>		3,032
Other	<b>2,393</b>		3,693
	<b>\$ 79,595</b>	\$	107,499

For the year ended September 30, 2022, the Company recognized an expense of \$1,232 (2021 - \$1,196) to salaries and benefits for contributions made in connection with defined contribution plans.

### 13. Restructuring

Restructuring expenses represent severance costs associated with changes in the Company's management structure. As of September 30, 2022, \$486 of restructuring expenses have been paid with the balance of \$1,056 recorded to accrued charges.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### 14. Changes in Non-Cash Working Capital Items

The following table outlines changes in non-cash working capital items:

Inflow (outflow)	2022	2021
Trade and other receivables	\$ 26,746	\$ (15,360)
Prepaid expenses	(49)	(794)
Trade payables	(9,933)	2,325
Accrued charges	(24)	(923)
Effect of foreign currency translation adjustments and other non-cash changes	107	(1,686)
	\$ 16,847	\$ (16,438)

### 15. Changes in Liabilities Arising From Financing Activities

	September 30, 2022						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2021	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - September 30, 2022
Lease liabilities	\$ 8,043	285	(1,735)	-	(27)	(706)	\$ 5,860
Warrant liabilities	\$ 651	-	-	(249)	5	(407)	\$ -

	September 30, 2021						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2020	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - September 30, 2021
Lease liabilities	\$ 7,904	1,645	(1,542)	-	36	-	\$ 8,043
Warrant liabilities	\$ 3,527	-	-	(2,084)	189	(981)	\$ 651

### 16. Stock-Based Compensation

#### Long-term incentive plan ("2017 Equity Plan")

The purpose of the 2017 Equity Plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees, directors and consultants and to align compensation with Company and stock price performance. The following types of awards may be issued under the LTIP: restricted share units ("RSUs"), performance share units ("PSUs") and stock options. To date, the Company has only issued stock options and RSUs as long-term incentive plan awards and has not issued any PSUs.

#### RSUs

The duration of the vesting period and other vesting terms applicable to any RSUs granted under the 2017 Equity Plan are determined by the plan administrator at the time of grant. Upon vesting, holders receive, at the option of the plan administrator, either one common share from treasury for each vested RSU, the cash equivalent or a combination of a cash payment and common shares.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

In February 2022, the Company established a new equity incentive plan ("2022 Equity Plan"). In connection with the 2022 Equity Plan, the Company established a trust to hold common shares purchased in the open market for certain Canadian participants until each RSU vests and the award is settled. The vesting date and other vesting terms applicable to RSUs granted under the 2022 Equity Plan are determined by the plan administrator at the time of grant.

The Company granted the following RSUs during the year ended September 30, 2022:

Grant date	Plan	Group granted to	Vesting date	Number of RSUs granted	Weighted average fair value, expressed in C\$
February 1, 2022	2017 Equity Plan	Directors	February 1, 2022	69 \$	6.38
February 1, 2022	2017 Equity Plan	U.S. Executive officers	February 1, 2025	26 \$	6.38
February 1, 2022	2022 Equity Plan	Canadian Executive officers	February 1, 2025	101 \$	6.45

The following table outlines changes to RSUs:

	2022	2021
	Number of RSUs	Number of RSUs
Outstanding balance, beginning of year	-	-
Granted, during the year	196	-
Settled, during the year	-	-
Forfeited, during the year	(13)	-
Outstanding balance, end of year	183	-
Vested, but not settled, end of year	69	-

At September 30, 2022, 101 common shares were held in trust to settle future obligations under the 2022 Equity Plan.

The Company recorded RSU expense of \$577 (2021 - \$nil) to operating expenses in the consolidated statements of operations and comprehensive (loss) income for the year ended September 30, 2022.

**PSUs**  
A PSU entitles the holder to receive common shares based on the achievement of performance goals over a period of time as established by the plan administrator. The performance goals established by the plan administrator may be based on the achievement of corporate, divisional or individual goals, and may be established relative to performance against an index or comparator group, in each case, determined by the plan administrator. The plan administrator may modify the performance goals as necessary to align them with the Company's corporate objectives. The performance goals may include a threshold level of performance below which no payment will be made, levels of performance at which specified payments will be made and a maximum level of performance above which no additional payment will be made. Upon vesting, holders will receive, at the option of the plan administrator, either common shares issued from treasury in proportion to the



# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

number of vested PSUs held and the level of performance achieved, the cash equivalent or a combination of a cash payment and common shares.

RSUs and PSUs granted under the 2017 Equity Plan shall be credited with dividend equivalents in the form of additional RSUs or PSUs, as applicable. Dividend equivalents shall vest in proportion to the awards to which they relate.

### *Stock options*

Subject to the discretion of the plan administrator, stock options granted under the 2017 Equity Plan vest equally on their first, second and third anniversary from the date of grant. Each stock option expires on the date that is the earlier of 10 years from the date of grant or such earlier date as may be set out in the participant's award agreement.

The Company granted the following stock options during the year ended September 30, 2022:

<b>Grant date</b>	<b>Recipient</b>	<b>Vesting period</b>	<b>Expiry date</b>	<b>Aggregate number of stock options granted</b>
February 1, 2022	Certain employees	Equally on the first, second and third anniversary date from the date of grant	7th anniversary date from the date of grant	335
May 2, 2022	Certain employee	Two thirds immediately, one third on November 25, 2022	November 25, 2026	1
May 2, 2022	Certain employee	One third immediately, one third on November 24, 2022, one third on November 24, 2023	November 24, 2027	1
May 2, 2022	Certain employee	Equally on February 1, 2023, 2024 and 2025	February 1, 2029	6
May 2, 2022	Certain employees	Equally on the first, second and third anniversary date from the date of grant	7th anniversary date from the date of grant	30
August 2, 2022	Certain employees	Equally on the first, second and third anniversary date from the date of grant	7th anniversary date from the date of grant	3

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

To estimate the fair value of stock options, the Company used the Black-Scholes-Merton option pricing model which required the use of several input variables. These variables include the expected volatility, the risk free interest rate and the estimated length of time employees will retain their stock options before exercising them. Changes in these variables can materially impact the estimated fair value of stock-based compensation and consequently, the related amount recognized to operating expenses in the consolidated statements of operations and comprehensive (loss) income. To calculate the fair value of stock options at the date of grant, the following weighted average assumptions were applied:

Grant date	August 2, 2022	May 2, 2022	February 1, 2022
Dividend yield	-	-	-
Expected volatility	56.3%	53.2%	55.6%
Risk free interest rate	3.2%	2.7%	1.5%
Expected remaining life, stated in years	4.5	4.4	4.5
Exercise price (expressed in C\$)	\$ 5.79	\$ 5.56	\$ 6.38
Fair value, per stock option (expressed in C\$)	\$ 2.83	\$ 1.99	\$ 2.95

	2022		2021	
	Number of stock options	Weighted average exercise price, expressed in C\$	Number of stock options	Weighted average exercise price, expressed in C\$
Outstanding balance, beginning of year	4,578	\$ 8.91	5,111	\$ 7.50
Granted, during the year	376	\$ 6.29	473	\$ 19.03
Exercised, during the year	(97)	\$ 3.73	(862)	\$ 5.55
Forfeited, during the year	(431)	\$ 12.25	(106)	\$ 16.16
Expired, during the year	-	\$ -	(38)	\$ 2.28
Outstanding balance, end of year	4,426	\$ 8.47	4,578	\$ 8.91
Stock options exercisable, end of year	3,799	\$ 8.00	3,661	\$ 7.85

The Company recorded stock option expense of \$958 (2021 - \$2,408) to operating expenses in the consolidated statements of operations and comprehensive (loss) income for the year ended September 30, 2022.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The following table summarizes certain information for stock options outstanding as at September 30, 2022:

Exercise price range, expressed in C\$	Number of stock options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
\$ 2.21 – \$ 3.17	525	2.08	525
\$ 3.18 – \$ 4.26	543	3.17	543
\$ 4.27 – \$ 5.95	265	3.17	243
\$ 5.96 – \$ 6.25	733	2.61	733
\$ 6.26 – \$ 7.44	517	5.23	220
\$ 7.45 – \$ 11.48	289	4.01	289
\$ 11.49 – \$ 12.89	414	4.19	303
\$ 12.90 – \$ 13.50	711	4.61	711
\$ 13.51 – \$ 31.94	429	4.99	232
	<b>4,426</b>	<b>3.75</b>	<b>3,799</b>

## 17. Related Party Transactions

### Compensation of Key Management Personnel

The Company's key management personnel comprise the board of directors and current and former members of the executive team. Compensation for key management personnel, recorded to operating expenses and restructuring expenses, was as follows:

	2022	2021
Salaries and benefits	\$ 3,977	\$ 5,610
Post-employment benefits <sup>1</sup>	\$ 570	\$ -
Stock-based compensation	\$ 422	\$ 1,369

Note

(1) Recorded to restructuring expenses. See Note 13.

## 18. Commitments and Contingencies

The Company administers escrow accounts for undisbursed funds received for the settlement of certain residential and commercial real estate title transactions. Deposits at Federal Deposit Insurance Corporation ("FDIC") institutions are insured up to \$250. Undisbursed cash deposited in these escrow accounts totaled \$15,916 at September 30, 2022 (2021 - \$77,451) which are not assets of the Company and have been excluded from the Company's consolidated statements of financial position. However, the Company remains contingently liable to disburse these deposits.

The Company is also subject to certain lawsuits and other claims arising in the ordinary course of business. The outcome of these matters is subject to resolution. Based on management's evaluation and analysis of these matters, when determinable, the amount of any potential loss is accrued. Management believes that any amounts above those already accrued will not be material to the financial statements.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### 19. Financial Instruments

The following table outlines the hierarchical measurement categories for the fair value of financial liabilities. At September 30, 2022 there were no financial liabilities measured at fair value on a recurring basis. At September 30, 2021, a financial liability measured on a recurring basis had the following estimated fair value expressed on a gross basis:

	2021			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant un- observable inputs (Level 3)	Total
Warrant liabilities	\$ -	\$ (651)	\$ -	\$ (651)
	\$ -	\$ (651)	\$ -	\$ (651)

The hierarchical measurement categories for financial assets and liabilities, recognized at fair value on a recurring basis, are re-assessed at the end of each reporting period.

For the years ended September 30, 2022 and 2021, there were no transfers between levels or changes to the valuation techniques.

At September 30, 2021, the fair value of warrant liabilities were calculated using the Black-Scholes-Merton option pricing model which is subject to considerable judgment and estimate. Accordingly, the fair value estimate may not have been indicative of the amount the Company, or a counterparty to the instrument, could have realized in a market exchange. The use of differing assumptions, and or estimation methods, could have affected fair value.

#### *Estimated fair value*

The carrying value of cash and cash equivalents, trade and other receivables, trade payables and accrued charges approximate their fair values due to the relatively short maturities of these instruments.

#### *Financial risk management*

In the normal course of business, the Company is exposed to financial risks that have the potential to impact its financial performance, including credit risk, market risk and liquidity risk. The Company's primary objective is to protect its operations, cash flows and ultimately shareholder value. The Company designs and implements risk management strategies but does not typically use derivative financial instruments to manage these risks.

#### Credit risk

Credit risk is the risk that the Company's counterparties will fail to meet their financial obligations to the Company, resulting in a financial loss for the Company. The Company's principal financial assets are cash and cash equivalents and trade and other receivables. The carrying amounts of financial assets recorded to the consolidated statements of financial position represent the Company's maximum exposure to credit risk at the date presented. The Company's credit risk is primarily attributable to its trade receivables which is limited by the Company's broad customer base. At September 30, 2022, three customers represented more than 10% (2021 – two customers represented more than 10%) of the Company's total trade and other receivables.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

To limit credit risk, the Company monitors its aged receivable balances monthly. In addition, a significant portion of the Company's revenue is settled on closing through an escrow account which have no credit terms attributable to collection. The Company's customers are financial and lending institutions that are typically well funded, which also limits the Company's exposure to credit risk. In certain circumstances, the Company may require customer deposits or pre-payments to limit credit risk. While the Company has risk mitigation processes in place, there can be no certainty that it can eliminate all credit risk. Accordingly, these processes may not be effective in the future and the potential for credit losses may increase.

### Trade and other receivables

	2022	2021
Trade receivables	\$ 19,146	\$ 45,132
Settlement receivables	156	1,137
Net investment in sublease	556	-
Allowance for doubtful accounts	(27)	(248)
	\$ 19,831	\$ 46,021

The following table outlines the change in the allowance for doubtful accounts:

	2022	2021
Balance, beginning of year	\$ (248)	\$ (344)
Impairment recoveries (losses) recognized, during the year	34	(42)
Write-offs, during the year	187	138
Balance, end of year	\$ (27)	\$ (248)

The aging of trade and other receivables was as follows:

	2022	2021
Current	\$ 14,464	\$ 29,426
Over 30 days	4,377	15,648
Over 60 days	736	521
Over 90 days	281	674
Total gross trade and other receivables	19,858	46,269
Less: allowance for doubtful accounts	27	248
Total trade and other receivables	\$ 19,831	\$ 46,021

### Foreign currency risk

Foreign currency risk arises due to fluctuations in foreign currency exchange rates. The Company's objective is to minimize its net exposure to foreign currency cash flows by holding U.S. dollar cash balances and matching them with U.S. dollar obligations arising from its U.S. operations and matching Canadian dollar cash balances and obligations to its Canadian operations.

Since the Company has elected to report its financial results in U.S. dollars, the Company is exposed to foreign currency fluctuations on its reported amounts of Canadian assets and liabilities. As at September 30, 2022, the Company had net assets of \$1,549 (2021 – net assets of \$2,932) denominated in Canadian dollars. A 10% change in the exchange rate between the U.S. and Canadian dollar results in a plus or minus \$155 (2021 - \$293) change in the value of net assets recorded on the Company's consolidated statements of financial position. All such changes are recorded to other comprehensive income or loss.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is subject to interest rate risk on investments in cash equivalent, short-term investments.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations to settle financial liabilities through the delivery of cash or another financial asset. The Company's objective is to manage operational uncertainties, including, but not limited to, unfavourable real estate trends, market share and sales volumes.

The Company also maintains sufficient levels of working capital to settle its financial liabilities when they are contractually due and manages its compliance with its debt covenants, when and as applicable.

The following tables outline the Company's remaining contractual maturities for its non-derivative financial liabilities based on the earliest date the Company is required to make payment on these amounts:

							<b>2022</b>
							Payments due
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years		
Trade payables	\$ 11,869	\$ 11,869	\$ -	\$ -	-		
Accrued charges	\$ 4,269	\$ 4,269	\$ -	\$ -	-		

							<b>2021</b>
							Payments due
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years		
Trade payables	\$ 21,802	\$ 21,802	\$ -	\$ -	-		
Accrued charges	\$ 4,293	\$ 4,293	\$ -	\$ -	-		

## 20. Income Taxes

The components of income tax expense are as follows:

	<b>2022</b>	2021
Current income tax expense		
Current year	\$ 1,432	\$ 11,997
Adjustments for prior periods	<b>329</b>	102
	<b>1,761</b>	12,099
Deferred income tax (recovery) expense		
Origination and reversal of temporary differences	<b>(6,212)</b>	968
Adjustments for prior periods	<b>1,367</b>	(29)
	<b>(4,845)</b>	939
Total income tax (recovery) expense	<b>\$ (3,084)</b>	\$ 13,038

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The following table reconciles income tax expense calculated at the Company's applicable statutory income tax rate with the reported amounts:

	<b>2022</b>	2021
(Loss) income before income tax (recovery)	\$ (12,349) \$	46,118
Statutory income tax rate	<b>26.5%</b>	26.5%
Expected income tax (recovery) expense at the statutory income tax rate	<b>(3,272)</b>	12,221
Foreign income expense subject to tax at a different statutory tax rate	<b>179</b>	674
Adjustments for prior periods	<b>1,696</b>	73
Non-deductible expenses and non-taxable income	<b>(2,312)</b>	1,063
Minimum tax	<b>24</b>	-
State tax, net of federal benefit	<b>134</b>	(993)
Impact of U.S. statutory income tax rate	<b>467</b>	-
	<b>\$ (3,084) \$</b>	13,038

Movements in deferred tax assets and liabilities are as follows:

	<b>2022</b>				
	Balance, beginning of year	Recognized in net loss	Recognized in equity	Foreign currency translation adjust- ments	Total
Deferred tax (liabilities) assets					
Property and equipment	\$ (2,759) \$	1,209 \$	-	4 \$	(1,546)
Intangibles	6,730	501	-	(35)	7,196
Financing fees	39	(11)	-	(2)	26
Unutilized tax loss carryforwards	1,127	3,140	-	(141)	4,126
Unrealized foreign exchange gains	-	(350)	-	24	(326)
Capital loss carryforwards	-	100	-	(7)	93
Lease Liabilities	2,244	(874)	-	(7)	1,363
Interest expense	-	1,119	-	-	1,119
Other	77	11	-	(5)	83
	<b>\$ 7,458 \$</b>	<b>\$ 4,845 \$</b>	<b>\$ - \$</b>	<b>(169) \$</b>	<b>12,134</b>

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

2021

	Balance, beginning of year	Recognized in net income	Recognized in equity	Foreign currency translation adjust- ments	Total
Deferred tax (liabilities) assets					
Property and equipment	\$ (2,724)	\$ (26)	\$ -	\$ (9)	(2,759)
Intangibles	9,806	(3,103)	-	27	6,730
Financing fees	453	(439)	-	25	39
Unutilized tax loss carryforwards	811	280	-	36	1,127
Unrealized foreign exchange gains	(2,435)	2,464	-	(29)	-
Capital loss carryforwards	141	(149)	-	8	-
Lease liabilities	2,200	34	-	10	2,244
Other	74	-	-	3	77
	\$ 8,326	\$ (939)	\$ -	\$ 71	\$ 7,458

Deferred income tax assets are recorded for unutilized tax loss carryforwards when the realization of the related tax benefit through future taxable income is probable. At September 30, 2022, the Company and its subsidiaries have \$7,151 (2021 - \$4,250) of non-capital loss carryforwards in Canada expiring in varying amounts between 2038 and 2042. The Company also has \$8,714 (2021 - \$nil) of non-capital loss carryforwards in the U.S. which do not expire. Total deferred tax assets of \$4,126 (2021 - \$1,127) have been recognized on the full amount of these loss carryforwards. Deferred tax assets have been recorded because management has concluded that the combination of existing earnings before amortization and the ability to implement tax planning measures should allow the Company to realize the benefit of its deferred tax assets before any anticipated growth in earnings.

No deferred tax is recognized on the amount of temporary differences arising between the carrying amount of an investment in subsidiary or an interest in a joint arrangement accounted for in these financial statements and the cost of either investment for tax purposes. The Company is able to control the timing of the reversal of these temporary differences and believes it is probable that they will not reverse in the foreseeable future.

## 21. Capital Management

The Company actively manages its debt and equity capital in support of its performance objectives and to ensure sufficient liquidity is available to support its financial obligations and operating and strategic plans, with a view to maximizing shareholder returns.

The Company defines capital as equity (currently comprising common share capital), short-term and long-term indebtedness, as and when applicable, and cash and cash equivalents. The Company manages its capital structure, commitments and maturities and makes adjustments, where required, based on general economic conditions, financial markets conditions, operating risks and working capital requirements. To maintain or adjust its capital structure, the Company may, with approval from its board of directors, as required, issue or repay debt and/or short-term borrowings, issue share capital or undertake other activities deemed appropriate. The board of directors reviews and approves the Company's annual operating budgets, and any material transactions that are not in the ordinary course of business, including proposals for acquisitions or other major capital transactions.

The Company is not subject to any externally-imposed capital requirements.



# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### 22. Segmented Reporting

The Company conducts its business through three reportable segments: U.S. Appraisal, U.S. Title and Canada. The Company reports segment information based on internal reports used by the CODM to make operating and resource allocation decisions and to assess performance. The CODM is the Chief Executive Officer of the Company.

The U.S. Appraisal segment provides residential mortgage appraisals for purchase, refinance, home equity and default transactions through its Solidifi brand.

The U.S. Title segment serves the title market by providing various title services for refinance, purchase, short sale and real estate owned ("REO") transactions to financial institutions through its Solidifi brand. As an independent title agent, the Company provides services required to close a mortgage transaction, including title search, curative, closing and escrow services and title policy issuance. Diversified title services include capital markets services, which have been rationalized, and access to software platforms for other title insurance agencies and mortgage lenders for a subscription fee.

The Canadian segment's primary service offerings include residential mortgage appraisals for purchase, refinance and home equity transactions provided through its Solidifi brand. Additionally, the Company provides insurance inspection services to property and casualty insurers across Canada through its iv3 brand.

The Company excludes corporate costs in the determination of each operating segment's performance. Corporate costs include certain executive and employee costs, legal, finance, internal audit, treasury, investor relations, compliance, human resources, technical and software development, corporate development and other administrative support function costs.

The CODM does not evaluate operating segments using discrete asset information and the Company does not specifically allocate assets to operating segments for internal reporting purposes.

The accounting policies for each operating segment are the same as those described in the basis of presentation and significant accounting policies note, and applicable policies outlined in the recent accounting pronouncements note, Notes 2 and 3, respectively. The Company evaluates segment performance based on revenues, net of transaction costs.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	2022	2021
<b>Revenues</b>		
U.S. Appraisal	\$ 250,916	\$ 322,109
U.S. Title	36,542	129,538
Canada	52,184	52,460
	<b>\$ 339,642</b>	<b>\$ 504,107</b>
<b>Revenues net of transaction costs</b>		
U.S. Appraisal	\$ 55,510	\$ 69,263
U.S. Title	23,049	88,239
Canada	6,880	6,790
	<b>\$ 85,439</b>	<b>\$ 164,292</b>
<b>Amortization</b>		
U.S. Appraisal	\$ 928	\$ 1,485
U.S. Title	3,141	2,954
Canada	-	-
Corporate	461	606
	<b>\$ 4,530</b>	<b>\$ 5,045</b>
<b>Operating expenses</b>	<b>\$ 79,595</b>	<b>\$ 107,499</b>
<b>Loss on disposal of property and equipment</b>	<b>\$ 603</b>	<b>\$ -</b>
<b>Other non-operating costs</b>	<b>\$ 66</b>	<b>\$ -</b>
<b>Restructuring expenses</b>	<b>\$ 1,542</b>	<b>\$ 76</b>
<b>Impairment of goodwill</b>	<b>\$ 17,296</b>	<b>\$ -</b>
<b>Interest expense</b>	<b>\$ 264</b>	<b>\$ 430</b>
<b>Interest income</b>	<b>\$ (134)</b>	<b>\$ (151)</b>
<b>Net foreign exchange (gain) loss</b>	<b>\$ (5,725)</b>	<b>\$ 7,359</b>
<b>Gain on fair value of warrants</b>	<b>\$ (249)</b>	<b>\$ (2,084)</b>
<b>(Loss) income before income tax (recovery) expense</b>	<b>\$ (12,349)</b>	<b>\$ 46,118</b>

Geographic segmentation of the Company's assets is as follows:

	2022			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 4,893	\$ -	\$ 99	\$ 4,992
Goodwill	\$ 43,181	\$ -	\$ -	\$ 43,181
Property and equipment	\$ 6,524	\$ -	\$ 440	\$ 6,964
				2021
	U.S.	Canada	Corporate	Total
Intangibles	\$ 6,228	\$ -	\$ -	\$ 6,228
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Property and equipment	\$ 10,472	\$ -	\$ 615	\$ 11,087

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### Revenues by service type

The Company's revenue is derived from contracts with customers. The disaggregation of revenue by service type is reconciled to the Company's segment revenue:

	2022	2021
Appraisal	\$ 299,824	\$ 371,481
Title - mortgage origination	35,019	122,306
Title - diversified	1,523	7,232
Insurance inspection	3,276	3,088
	<b>\$ 339,642</b>	<b>\$ 504,107</b>

For the year ended September 30, 2022, two customers (2021 – two customers) represented more than 10% of the Company's revenues, the largest representing 20.0% of total consolidated revenues and the next largest representing 10.3% of consolidated revenues (2021 – 19.1% and 10.1% respectively). Total revenues attributable to these two customers totaled \$102,948 (2021 – \$147,297) and was recorded in the Company's U.S. Appraisal and U.S. Title segments.

### 23. Guarantees

In the normal course of business, the Company enters into agreements that meet the definition of a guarantee. A guarantee requires the issuer to make a specified payment or payments to reimburse the beneficiary for a loss it incurs if the issuer fails to make a payment when due.

The Company's primary guarantees are as follows:

The Company has provided indemnities under lease agreements for the use of various office space. Under the terms of these agreements the Company agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits and damage arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated. These indemnities are in place for various periods beyond the original term of the lease and these leases expire between 2023 and 2027.

Through the Company's by-laws and stand-alone director indemnification agreements, indemnity has been provided to all directors and officers of the Company and its subsidiaries for various items including, but not limited to, all costs to settle suits or actions due to association with the Company and its subsidiaries, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The maximum amount of any potential future payment cannot be reasonably estimated.

In the normal course of business, the Company has entered into agreements that include indemnities in favour of third-parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, underwriting and agency agreements, information technology agreements and service agreements. These indemnification agreements may require the Company to compensate counterparties for losses incurred as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2022 and 2021 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulty in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to the counterparties. Historically, the Company has not made any significant payments under these or similar indemnification agreements and therefore no amount has been accrued in the consolidated statements of financial position with respect to these agreements.

### **24. Prior Period Adjustment**

In September 2022, the Company identified that withholding taxes attributable to the transfer of cash between the U.S. and Canada in fiscal 2021 should have been recorded as current income tax expense. The impact of this adjustment was determined to be immaterial and represents an understatement of current income tax expense and an overstatement of income taxes recoverable of \$2,250 for the year ended September 30, 2021. Net income was also overstated by the same amount and net income per weighted average share, basic and diluted, was overstated by \$0.03 and \$0.02, respectively. The adjustment did not impact cash generated from operating activities for the year ended September 30, 2021.

## Executive Leadership Team

**Jason Smith**

Executive Chairman

**Brian Lang**

Chief Executive Officer

**William Herman**

Executive Vice President  
and Chief Financial Officer

**Loren Cooke**

Executive Vice President  
and President of Solidifi U.S.

**Kim Montgomery**

Executive Vice President  
and President of Solidifi Title

**Ryan Smith**

Executive Vice President  
and Chief Technology Officer

## Board of Directors

**Jason Smith**

Executive Chairman

**Garry M. Foster<sup>1</sup>**

Lead Independent Director

**William T. Holland<sup>2</sup>**

Director

**Brian Lang**

Director

**Karen Martin<sup>3</sup>**

Director

**Frank V. McMahon<sup>3</sup>**

Director

**Lisa Melchior<sup>2</sup>**

Director

**Peter Vukanovich<sup>4</sup>**

Director

1. Audit Committee Chair

3. Audit Committee Member

2. Compensation, Nomination and Governance Committee Member

4. Compensation, Nomination and Governance Committee Chair

## Corporate Information

### Headquarters

**Canada**

50 Minthorn Blvd., Suite 401  
Markham, Ontario  
L3T 7X8  
1.877.739.2212

**U.S.**

701 Seneca St., Suite 660  
Buffalo, New York  
14210  
1.866.583.3983

**Investor Relations**

416.994.5930  
[ir@realmatters.com](mailto:ir@realmatters.com)

**Listing**

TSX: REAL

Shareholders who wish to contact the Real Matters Board of Directors directly, can email [board@realmatters.com](mailto:board@realmatters.com)

**Transfer Agent**

TSX Trust Company  
301 - 100 Adelaide St. West  
Toronto, Ontario  
M5H 4H1

**Independent Auditors**

Deloitte, LLP

416.361.0930 or 1.866.393.4891 x.205

[TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com)

**Code of Conduct**

The Company's Code of Conduct can be found at [www.realmatters.com/investors/governance](http://www.realmatters.com/investors/governance), on SEDAR, or can be obtained by writing to:

Corporate Secretary  
Real Matters  
50 Minthorn Blvd., Suite 401  
Markham, Ontario  
L3T 7X8



2022 ANNUAL REPORT