

# 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, 2024 and 2023, and the consolidated statements of operations and comprehensive income (loss), equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (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, 2024 and 2023, 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 Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended September 30, 2024. This matter was 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 this matter.

### **Revenue Recognition – Refer to Notes 2 and 16 to the financial statements**

#### *Key Audit Matter Description*

The Company generates most of its revenue by providing residential mortgage appraisals through its technology-based platform, title services, and search services to the mortgage lending industries in the United States of America. The Company also generates revenue by providing residential mortgage appraisals through its technology-based platform to the mortgage lending industries in Canada. Revenue is recognized at a point in time when the performance obligation associated with the order is satisfied. For residential mortgage appraisals, the Company recognizes revenue when the appraisal report is delivered to the client. Title revenues are recorded when a transaction closes or when the documents are submitted to the county for recording. Title search revenues are recorded when the report is delivered to the client.

Revenue from residential mortgage appraisals, title services, and search services is a key audit matter due to the significant audit effort required in performing audit procedures related to Company's revenue recognition due to the volume of data as well as the various sources of evidence required to support each transaction.

#### *How the Key Audit Matter was Addressed in the Audit*

Our audit procedures related to revenue included the following, among others:

- Tested the operating effectiveness of internal controls relating to revenue; and
- On a sample basis, evaluated revenue by tracing samples to pricing agreements or other evidence of customer approval of pricing adjustments, reconciliations to cash receipts, evidence of delivery of finalized mortgage appraisal reports or signed title documents, and when applicable independent searches.

## 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 Stephen Dominic Di Giacomo.

/s/ Deloitte LLP

Chartered Professional Accountants  
Licensed Public Accountants

November 20, 2024

# Real Matters Inc.

## Consolidated Statements of Financial Position

September 30, 2024 and 2023 (stated in thousands of United States ("U.S.") dollars)

	2024	2023
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 49,143	\$ 42,341
Trade and other receivables (Note 13)	13,336	15,295
Income taxes recoverable	81	181
Prepaid expenses	3,110	3,499
	<b>65,670</b>	<b>61,316</b>
NON-CURRENT		
INTANGIBLES	2,855	4,004
GOODWILL (Note 4)	43,181	43,181
PROPERTY AND EQUIPMENT	2,989	3,816
OTHER ASSETS (Note 13)	2,903	813
DEFERRED TAX ASSETS (Note 14)	16,682	15,608
	<b>68,610</b>	<b>67,422</b>
<b>TOTAL ASSETS</b>	<b>\$ 134,280</b>	<b>\$ 128,738</b>
<b>LIABILITIES</b>		
CURRENT		
Trade payables	\$ 10,205	\$ 9,354
Accrued charges	3,047	3,195
Lease liabilities	1,085	1,670
	<b>14,337</b>	<b>14,219</b>
NON-CURRENT		
OTHER LIABILITIES (Note 10)	2,501	508
LEASE LIABILITIES	1,738	2,433
	<b>4,239</b>	<b>2,941</b>
<b>TOTAL LIABILITIES</b>	<b>18,576</b>	<b>17,160</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 12)</b>		
<b>EQUITY</b>		
SHAREHOLDERS' EQUITY (Note 5)		
Common shares	232,554	228,448
Restricted shares (Notes 5 and 10)	(311)	(311)
Contributed surplus	13,926	14,154
Accumulated deficit	(120,934)	(120,952)
Accumulated other comprehensive loss	(9,531)	(9,761)
	<b>115,704</b>	<b>111,578</b>
<b>TOTAL EQUITY</b>	<b>115,704</b>	<b>111,578</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 134,280</b>	<b>\$ 128,738</b>

Signed on behalf of the Board of Directors:

Jason Smith (signed) – 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 Income (Loss)

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars except outstanding share and net income or loss per share amounts)

	2024	2023
REVENUES (Note 16)	\$ 172,722	\$ 163,914
TRANSACTION COSTS	126,358	120,899
OPERATING EXPENSES (Note 7)	47,268	46,751
AMORTIZATION	3,157	3,877
RESTRUCTURING EXPENSES	-	1,703
INTEREST EXPENSE	346	283
INTEREST INCOME	(1,779)	(825)
NET FOREIGN EXCHANGE LOSS	244	1,186
GAIN ON FAIR VALUE OF DERIVATIVES (Note 13)	(2,072)	(815)
LOSS BEFORE INCOME TAX RECOVERY	(800)	(9,145)
INCOME TAX (RECOVERY) EXPENSE (Note 14)		
Current	259	494
Deferred	(1,077)	(3,443)
TOTAL INCOME TAX RECOVERY	(818)	(2,949)
NET INCOME (LOSS)	18	(6,196)
OTHER COMPREHENSIVE INCOME		
Items that will be reclassified to net income or loss:		
Foreign currency translation adjustment	230	1,192
COMPREHENSIVE INCOME (LOSS)	\$ 248	\$ (5,004)
NET INCOME (LOSS) - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 18	\$ (6,173)
NET LOSS - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ -	\$ (23)
COMPREHENSIVE INCOME (LOSS) - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 248	\$ (4,981)
COMPREHENSIVE LOSS - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ -	\$ (23)
Net income (loss) per weighted average share, basic (Note 6)	\$ 0.00	\$ (0.08)
Net income (loss) per weighted average share, diluted (Note 6)	\$ 0.00	\$ (0.08)
Weighted average number of shares outstanding (thousands), basic (Note 6)	73,183	72,763
Weighted average number of shares outstanding (thousands), diluted (Note 6)	73,774	72,763

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, 2024 and 2023 (stated in thousands of U.S. dollars)

	2024	2023
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING</b>		
<b>OPERATING</b>		
Net income (loss)	\$ 18	\$ (6,196)
Items not affecting cash:		
Stock-based compensation (Note 10)	2,754	1,377
Amortization of intangibles	1,672	1,485
Amortization of property and equipment	1,485	2,392
Interest expense	346	283
Gain on fair value of derivatives (Note 13)	(2,072)	(815)
Income tax recovery	(818)	(2,949)
Unrealized foreign exchange loss on internal financing arrangements	121	1,086
Changes in non-cash working capital items (Note 8)	2,448	636
Interest paid	(346)	(283)
Income taxes (paid) recovered	(159)	420
Cash generated from (utilized in) operating activities	<b>5,449</b>	<b>(2,564)</b>
<b>INVESTING</b>		
Intangible asset additions	(522)	(496)
Property and equipment additions	(259)	(534)
Payments received from sublease	612	231
Cash utilized in investing activities	<b>(169)</b>	<b>(799)</b>
<b>FINANCING</b>		
Proceeds from lease liabilities (Note 9)	-	392
Repayment of lease liabilities (Note 9)	(1,677)	(1,545)
Proceeds from the exercise of stock options	3,101	858
Purchase of common shares and related costs	-	(11)
Dividends paid to non-controlling interests	-	(139)
Cash generated from (utilized in) financing activities	1,424	(445)
Effect of foreign currency translation on cash and cash equivalents	98	7
NET CASH INFLOW (OUTFLOW)	<b>6,802</b>	<b>(3,801)</b>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	42,341	46,142
CASH AND CASH EQUIVALENTS, END OF YEAR	<b>\$ 49,143</b>	<b>\$ 42,341</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash and cash equivalents are comprised of:		
Cash	\$ 3,089	\$ 10,118
Cash equivalents	46,054	32,223
	<b>\$ 49,143</b>	<b>\$ 42,341</b>

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, 2024 and 2023 (stated in thousands of U.S. dollars)

	Common shares	Restricted shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity
<b>Balance at September 30, 2023</b>	<b>\$ 228,448</b>	<b>\$ (311)</b>	<b>\$ 14,154</b>	<b>\$ (120,952)</b>	<b>\$ (9,761)</b>	<b>\$ 111,578</b>
Net income				18		18
Common shares issued on the exercise of stock options (Note 5)	4,106		(1,005)			3,101
Stock-based compensation (Note 10)			777			777
Foreign currency translation adjustment					230	230
<b>Balance at September 30, 2024</b>	<b>\$ 232,554</b>	<b>\$ (311)</b>	<b>\$ 13,926</b>	<b>\$ (120,934)</b>	<b>\$ (9,531)</b>	<b>\$ 115,704</b>

	Non-controlling interests	Common shares	Restricted shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance at September 30, 2022	\$ 115	\$ 227,285	\$ (311)	\$ 13,647	\$ (114,777)	\$ (10,953)	\$ 115,006
Net loss	(23)				(6,173)		(6,196)
Dividends paid to non-controlling interests	(139)						(139)
Common shares issued on the exercise of stock options (Note 5)		1,172		(314)			858
Stock-based compensation (Note 10)				868			868
Purchase of common shares and related costs		(9)			(2)		(11)
Purchase of subsidiary shares from non-controlling interests	9			(9)			-
Dissolution of partially owned subsidiary	38			(38)			-
Foreign currency translation adjustment						1,192	1,192
<b>Balance at September 30, 2023</b>	<b>\$ -</b>	<b>\$ 228,448</b>	<b>\$ (311)</b>	<b>\$ 14,154</b>	<b>\$ (120,952)</b>	<b>\$ (9,761)</b>	<b>\$ 111,578</b>

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, 2024 and 2023 (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 Material 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 20, 2024.

#### 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 material 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

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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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.

### Summary of material accounting policies

#### 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 \$2,135 (2023 - \$2,067) 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. Additionally, included in cash is \$3,381 (2023 - \$1,806) set aside by the Company to demonstrate that it has sufficient liquidity to support the settlement of its total return swap arrangement.

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.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### 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 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.

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.

Goodwill is tested for impairment annually on June 30th.

### 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.

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 bases. 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.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### 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, property evaluation reports, desktop appraisals and automated valuation model reports. The Company recognizes revenue when the appraisal report is delivered to its client.

#### *Title Services*

The Company provides title services to residential 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.

#### *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 16.

### 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.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### 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 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.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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
Other assets - total return swaps	FVPL
Trade payables	Amortized cost
Accrued charges	Amortized cost

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 has entered into total return swaps to manage the Company's cash flow exposure arising from changes in its share price attributable to cash-settled restricted share units ("RSUs") and has elected not to apply hedge accounting to this derivative financial instrument. 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 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

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### 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.

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

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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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

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 equity-settled 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.

RSUs issued by the Company that are substantially settled in cash are accounted for as liabilities.

The Company uses the Black-Scholes-Merton pricing model to estimate the fair value of cash-settled RSUs. Compensation expense or recovery represents the change in the estimated fair value of the cash-settled RSUs at each reporting period multiplied by the percentage of the service period satisfied at the reporting date. Compensation expense or recovery is recorded to the consolidated statement of operations and comprehensive income or loss as operating expenses.

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.

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 and equity-settled RSUs.

### 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.

### 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

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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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 value for financial instruments, stock-based payments, including RSUs, 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.

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.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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*(e) 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.

*(f) 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.

*(g) 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.

*(h) 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 12 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.

In October 2022, the IASB issued "Non-current liabilities with covenants (Amendments to IAS 1)" which clarified that only covenants that an entity is required to comply with as of the reporting date affect the classification of a liability as current or non-current. Entities are required to disclose that non-current liabilities with covenants could become repayable within 12 months from the reporting date.

These amendments are to be applied retrospectively and are effective for annual reporting periods beginning on or after January 1, 2024. The Company expects to apply these amendments to the classification of liabilities on October 1, 2024, 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, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 - "Presentation and Disclosure in Financial Statements" to achieve more transparent and comparable information about the financial performance of similar entities. IFRS 18 introduces new requirements and guidance on presentation and disclosure in the financial statements including the following:

- requirements to improve the structure and comparability of the income statement through the presentation of income and expenses within five defined categories – operating, investing, financing, income tax and discontinued operations. Entities will also be required to present new defined subtotals, including operating profit;
- introduction of disclosures about management-defined performance measures to be explained and included in a separate note to the financial statements;
- enhanced guidance on organizing information and whether to provide information in the financial statements or the notes while ensuring material information is not obscured;
- improved transparency about operating expenses.

IFRS 18 replaces IAS 1 - "Presentation of Financial Statements" but carries forward many requirements from IAS 1 unchanged. The standard is effective for annual reporting periods beginning on or after January 1, 2027, but earlier application is permitted. The Company is currently assessing the impact of this standard on the financial statements and expects to apply this standard on October 1, 2027.

### Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued "Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)" to address matters identified during the post-implementation review of classification and measurement requirements of IFRS 9 – "Financial Instruments". The IASB provided clarification to improve the understandability of the following: derecognition of a financial liability settled through electronic transfer, classification of certain financial assets and disclosures related to investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026 on a retrospective basis but restatement of prior periods is not required. The Company expects to apply these amendments on October 1, 2026, and is currently assessing the impact on the Company's financial statements.

## 4. Goodwill

	<b>2024</b>		
	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	\$ -	\$ 17,296	\$ 17,296
Balance, end of year	\$ -	\$ 17,296	\$ 17,296
Net carrying value, end of year	\$ 43,181	\$ -	\$ 43,181

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	2023		
	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	\$ -	\$ 17,296	\$ 17,296
Balance, end of year	\$ -	\$ 17,296	\$ 17,296
Net carrying value, end of year	\$ 43,181	\$ -	\$ 43,181

### Impairment testing

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 12-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.

## 5. Shareholders' Equity

The authorized share capital of the Company consists of an unlimited number of common and preferred shares. At September 30, 2024 and 2023, no preferred shares were issued.

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

	2024	
	Number of shares	Amount
Balance, beginning of year	72,944	\$ 228,448
Common shares issued on the exercise of stock options (Note 10)	1,058	4,106
Balance, end of year	74,002	\$ 232,554

  

	2023	
	Number of shares	Amount
Balance, beginning of year	72,696	\$ 227,285
Common shares issued on the exercise of stock options (Note 10)	251	1,172
Purchase of common shares	(3)	(9)
Balance, end of year	72,944	\$ 228,448

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (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:

	2024		2023	
	Number of shares	Amount	Number of shares	Amount
Balance, beginning of year	(101)	\$ (311)	(101)	\$ (311)
Balance, end of year	(101)	\$ (311)	(101)	\$ (311)

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

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

	2024		2023	
Net income (loss)	\$	18	\$	(6,196)
Net income (loss) attributable to common shareholders	\$	18	\$	(6,173)
Weighted average number of shares, basic		73,183		72,763
Dilutive effect of stock options and equity-settled RSUs		591		-
Weighted average number of shares, diluted		73,774		72,763
Net income (loss) per weighted average share, basic	\$	0.00	\$	(0.08)
Net income (loss) per weighted average share, diluted	\$	0.00	\$	(0.08)

At September 30, 2024, 1,115 (2023 - 3,758) stock options were excluded from the dilutive weighted average number of shares because their effect would have been anti-dilutive.

### 7. Operating Expenses

	2024		2023	
Operating expenses:				
Salaries and benefits	\$	36,651	\$	35,041
Office and computer		6,175		7,077
Professional fees		2,077		2,036
Sales and marketing		772		558
Travel and entertainment		677		549
Other		916		1,490
	\$	47,268	\$	46,751

For the year ended September 30, 2024, the Company recognized an expense of \$271 (2023 - \$212) to salaries and benefits for contributions made in connection with defined contribution retirement plans.



# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (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") that may issue RSU awards. The vesting period and other vesting terms applicable are similar to RSU awards granted under the 2017 Equity Plan. RSUs shall be settled by a cash payment, the delivery of common shares or a combination of a cash payment and common shares unless otherwise specified by the plan administrator at the time of grant. 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 Company granted the following RSUs during the year ended September 30, 2024:

Grant date	Plan	Group granted to	Vesting date	Number of RSUs granted		Weighted average grant date fair value, expressed in Canadian dollars ("C\$")
December 15, 2023	2022 Equity Plan	Executive officers and certain employees	December 15, 2026	320	C\$	6.23
December 15, 2023	2022 Equity Plan	Executive officers	February 1, 2025	8	C\$	6.23
December 15, 2023	2017 Equity Plan	Directors	December 15, 2023	96	C\$	6.24
May 9, 2024	2017 Equity Plan	Director	May 9, 2024	5	C\$	5.79

The following table outlines changes to RSUs:

	2024	2023
	Number of RSUs	Number of RSUs
Outstanding balance, beginning of year	803	183
Granted	429	652
Settled	-	-
Forfeited	(19)	(32)
Outstanding balance, end of year	1,213	803
Vested, but not settled, end of year	276	168

At September 30, 2024, 101 (2023 - 101) common shares were held in trust to settle future obligations under the 2022 Equity Plan.

The Company recorded RSU expense of \$2,527 (2023 - \$1,009), including fair value changes in RSUs classified as liabilities, to operating expenses in the consolidated statements of operations and comprehensive income (loss) for the year ended September 30, 2024.

The total carrying amount of liabilities for cash-settled RSUs as at September 30, 2024 was \$2,501 (2023 - \$508) and are recorded in Other Liabilities.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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*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 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.

To date, the Company has not issued any PSUs.

*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, 2024:

<b>Grant date</b>	<b>Recipient</b>	<b>Vesting period</b>	<b>Expiry date</b>	<b>Aggregate number of stock options granted</b>
November 21, 2023	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
February 5, 2024	Certain employees	Equally on the first, second and third anniversary date from the date of grant	7th anniversary date from the date of grant	5
May 9, 2024	Certain employees	Equally on the first, second and third anniversary date from the date of grant	7th anniversary date from the date of grant	5

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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 income (loss). To calculate the fair value of stock options at the date of grant, the following weighted average assumptions were applied:

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Grant date		May 9, 2024		February 5, 2024		November 21, 2023
Dividend yield		-		-		-
Expected volatility		48.3%		50.1%		55.0%
Risk free interest rate		3.7%		3.4%		3.8%
Expected remaining life, stated in years		4.5		4.5		4.5
Exercise price	C\$	5.79	C\$	6.52	C\$	5.29
Fair value, per stock option	C\$	2.56	C\$	2.94	C\$	2.58

		2024			2023	
	Number of stock options	Weighted average exercise price		Number of stock options	Weighted average exercise price	
Outstanding balance, beginning of year	3,581	C\$ 8.12		4,426	C\$ 8.47	
Granted, during the year	13	C\$ 5.98		83	C\$ 5.60	
Exercised, during the year	(1,058)	C\$ 3.99		(251)	C\$ 4.61	
Forfeited, during the year	(21)	C\$ 12.13		(675)	C\$ 11.44	
Expired, during the year	(148)	C\$ 12.35		(2)	C\$ 2.21	
Outstanding balance, end of year	2,367	C\$ 9.66		3,581	C\$ 8.12	
Stock options exercisable, end of year	2,211	C\$ 9.91		3,239	C\$ 8.04	

The Company recorded stock option expense of \$227 (2023 - \$368) to operating expenses in the consolidated statements of operations and comprehensive income (loss) for the year ended September 30, 2024.

The following table summarizes certain information for stock options outstanding as at September 30, 2024:

Exercise price range	Number of stock options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
C\$ 3.93 – C\$ 4.26	261	1.17	261
C\$ 4.27 – C\$ 5.63	290	2.35	231
C\$ 5.64 – C\$ 6.25	190	0.77	185
C\$ 6.26 – C\$ 6.70	218	4.39	131
C\$ 6.71 – C\$ 8.32	318	1.82	313
C\$ 8.33 – C\$ 12.73	351	2.19	351
C\$ 12.74 – C\$ 13.50	446	2.61	446
C\$ 13.51 – C\$ 17.70	47	2.61	47
C\$ 17.71 – C\$ 20.88	246	3.13	246
	2,367	2.32	2,211

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### 11. 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:

	2024	2023
Salaries and benefits	\$ 2,900	\$ 2,953
Post-employment benefits <sup>1</sup>	\$ -	\$ 725
Stock-based compensation	\$ 1,258	\$ 789

Note

(1) \$400 was recorded to restructuring expenses for the year ended September 30, 2023.

### 12. Commitments and Contingencies

The Company administers escrow accounts for undisbursed funds received for the settlement of certain residential real estate title transactions. Deposits at Federal Deposit Insurance Corporation ("FDIC") institutions are insured up to \$250 for each separate escrow owner's funds. Undisbursed cash deposited in these escrow accounts totaled \$7,671 at September 30, 2024 (2023 - \$6,726) which are not assets of the Company and are not included in 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 materially affect the financial statements.

### 13. Financial Instruments

The following table categorizes the Company's derivative financial assets and liabilities and presents their estimated fair values. Financial instruments are recorded as other assets or other liabilities in the Company's consolidated statements of financial position.

	2024	2023
<b>Financial assets</b>		
<i>Derivatives not designated in a hedging relationship:</i>		
Non-current - other assets - total return swaps	\$ 2,903	\$ 813

Unrealized and realized amounts recorded to net gain or loss on fair value of derivatives in the consolidated statements of operations and comprehensive income (loss) are as follows:

	2024	2023
Total return swaps		
Unrealized gain	\$ (2,072)	\$ (815)
Realized gain	-	-
	\$ (2,072)	\$ (815)

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The following table outlines the hierarchical measurement categories for the fair value of financial assets or liabilities. At September 30, 2024 and 2023, financial assets or liabilities had the following estimated fair values expressed on a gross basis:

				<b>2024</b>
	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant un- observable inputs (Level 3)</b>	<b>Total</b>
Other assets - total return swaps	\$ -	\$ 2,903	\$ -	<b>\$ 2,903</b>
	\$ -	\$ 2,903	\$ -	<b>\$ 2,903</b>

				<b>2023</b>
	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant un- observable inputs (Level 3)</b>	<b>Total</b>
Other assets - total return swaps	\$ -	\$ 813	\$ -	<b>\$ 813</b>
	\$ -	\$ 813	\$ -	<b>\$ 813</b>

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 year ended September 30, 2024 and 2023, there were no transfers between levels or changes to the valuation techniques used to estimate fair value.

The estimated fair values of financial instruments are calculated using available market information, and commonly accepted valuation methods. Considerable judgment is required to interpret market information used to develop these estimates. Accordingly, these fair value estimates are not necessarily indicative of the amounts the Company, or counterparties to the instruments, could realize in a current market exchange.

### *Total return swaps*

The Company's total return swaps are recorded at estimated fair value based on quotes received from the financial institution that is counterparty to the agreements. The Company verifies the reasonableness of the quotes by comparing them to share price movements adjusted for interest using a market rate of interest specific to the terms of the underlying contract. The use of different assumptions and or estimation methods could result in differing estimates of fair value, which the Company believes would not be material.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The Company entered into the following total return swaps outlined in the table below:

### Total return swaps

Date entered	Notional amount	Share price	Number of units	Effective date	Expiration date
December 2022	C\$ 2,345	C\$ 4.21	557	December 2022	December 2025
November 2023	C\$ 2,029	C\$ 5.78	351	December 2023	December 2026

### 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, 2024, two customers represented more than 10% (2023 – one customer represented more than 10%) of the Company's total trade and other receivables.

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.

When applicable, the Company is subject to credit risk on total return swap agreements. The Company will only enter into agreements with highly rated and experienced counterparties who have successfully demonstrated that they can execute these agreements. The Company's maximum exposure to credit risk is equal to the estimated fair value of total return swaps recorded to other assets on the Company's consolidated statements of financial position. The Company holds no collateral or other credit enhancements as security over these agreements. The Company deems the agreements' credit quality to be high, due to its assessment of the counterparty and no amounts are either past due or impaired. In all instances, the Company's risk management objective is to mitigate its risk exposures to a level consistent with its risk tolerance.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

### Trade and other receivables

	2024	2023
Trade receivables	\$ 12,782	\$ 14,187
Settlement receivables	159	112
Net investment in sublease	402	1,014
Allowance for doubtful accounts	(7)	(18)
	<b>\$ 13,336</b>	<b>\$ 15,295</b>

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

	2024	2023
Balance, beginning of year	\$ (18)	\$ (27)
Impairment losses recognized, during the year	(33)	(158)
Write-offs, during the year	44	167
Balance, end of year	<b>\$ (7)</b>	<b>\$ (18)</b>

The aging of trade and other receivables was as follows:

	2024	2023
Current	\$ 11,506	\$ 10,667
Over 30 days	1,669	4,430
Over 60 days	126	222
Over 90 days	42	(6)
Total gross trade and other receivables	<b>13,343</b>	<b>15,313</b>
Less: allowance for doubtful accounts	<b>7</b>	<b>18</b>
Total trade and other receivables	<b>\$ 13,336</b>	<b>\$ 15,295</b>

### 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, 2024, the Company had net assets of \$28,777 (2023 – net assets of \$16,487) denominated in Canadian dollars. A 10% change in the exchange rate between the U.S. and Canadian dollar results in a plus or minus \$2,878 (2023 - \$1,649) 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.

### 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.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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>2024</b>
						Payments due
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years	
Trade payables	\$ 10,205	\$ 10,205	\$ -	\$ -	-	
Accrued charges	\$ 3,047	\$ 3,047	\$ -	\$ -	-	

  

						<b>2023</b>
						Payments due
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years	
Trade payables	\$ 9,354	\$ 9,354	\$ -	\$ -	-	
Accrued charges	\$ 3,195	\$ 3,195	\$ -	\$ -	-	

### 14. Income Taxes

The components of income tax expense are as follows:

	<b>2024</b>	2023
Current income tax expense		
Current year	\$ 1,170	\$ 1,096
Adjustments for prior periods	(911)	(602)
	<b>259</b>	494
Deferred income tax recovery		
Origination and reversal of temporary differences	(2,118)	(4,206)
Adjustments for prior periods	1,041	763
	<b>(1,077)</b>	(3,443)
Total income tax recovery	\$ (818)	\$ (2,949)

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

	<b>2024</b>	2023
Loss before income tax recovery	\$ (800)	\$ (9,145)
Statutory income tax rate	<b>26.5%</b>	26.5%
Expected income tax recovery at the statutory income tax rate	(212)	(2,423)
Foreign income expense subject to tax at a different statutory tax rate	34	70
Adjustments for prior periods	130	161
Non-deductible expenses and non-taxable income	(841)	(741)
Minimum tax	-	13
State tax, net of federal benefit	93	69
Impact of U.S. statutory income tax rate	(22)	(98)
	\$ (818)	\$ (2,949)

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Movements in deferred tax assets and liabilities are as follows:

	<b>2024</b>				
	Balance, beginning of year	Recognized in net income	Recognized in equity	Foreign currency translation adjust- ments	Total
Deferred tax (liabilities) assets					
Property and equipment	\$ (798)	\$ 218	\$ -	\$ (1)	\$ (581)
Intangibles	5,072	(2,104)	-	-	2,968
Financing fees	16	(10)	-	-	6
Unutilized tax loss carryforwards	8,433	2,423	-	(1)	10,855
Unrealized foreign exchange gains	(184)	(735)	-	(6)	(925)
Capital loss carryforwards	32	107	-	1	140
Lease Liabilities	800	(171)	-	1	630
Interest expense	1,900	776	-	-	2,676
Other	337	573	-	3	913
	<b>\$ 15,608</b>	<b>\$ 1,077</b>	<b>\$ -</b>	<b>\$ (3)</b>	<b>\$ 16,682</b>

	<b>2023</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	\$ (1,546)	\$ 749	\$ -	\$ (1)	\$ (798)
Intangibles	7,196	(2,131)	-	7	5,072
Financing fees	26	(10)	-	-	16
Unutilized tax loss carryforwards	4,126	4,281	-	26	8,433
Unrealized foreign exchange gains	(326)	147	-	(5)	(184)
Capital loss carryforwards	93	(62)	-	1	32
Lease liabilities	1,363	(564)	-	1	800
Interest expense	1,119	781	-	-	1,900
Other	83	252	-	2	337
	<b>\$ 12,134</b>	<b>\$ 3,443</b>	<b>\$ -</b>	<b>\$ 31</b>	<b>\$ 15,608</b>

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, 2024, the Company and its subsidiaries have \$5,397 (2023 - \$7,371) of non-capital loss carryforwards in Canada expiring in varying amounts between 2038 and 2044. The Company also has \$36,362 (2023 - \$25,040) of non-capital loss carryforwards in the U.S. which do not expire. Total deferred tax assets of \$10,855 (2023 - \$8,433) have been recognized on the full amount of these loss carryforwards. Management believes that the combination of future taxable profit and the ability to implement tax planning measures should allow the Company to realize the benefit of its deferred tax assets.

No deferred tax is recognized on the amount of temporary differences arising between the carrying amount of an investment in subsidiary accounted for in these financial statements and the cost of the 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.

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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### 15. 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.

### 16. 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, home equity, 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 represent software subscription fees earned from other title insurance agencies and mortgage lenders.

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 material 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, 2024 and 2023 (stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	2024	2023
<b>Revenues</b>		
U.S. Appraisal	\$ 130,657	\$ 120,846
U.S. Title	8,629	9,526
Canada	33,436	33,542
	<b>\$ 172,722</b>	<b>\$ 163,914</b>
<b>Revenues net of transaction costs</b>		
U.S. Appraisal	\$ 36,045	\$ 33,117
U.S. Title	3,998	3,867
Canada	6,321	6,031
	<b>\$ 46,364</b>	<b>\$ 43,015</b>
<b>Amortization</b>		
U.S. Appraisal	\$ 336	\$ 550
U.S. Title	2,388	2,979
Canada	-	-
Corporate	433	348
	<b>\$ 3,157</b>	<b>\$ 3,877</b>
<b>Operating expenses</b>	<b>\$ 47,268</b>	<b>\$ 46,751</b>
<b>Restructuring expenses</b>	<b>\$ -</b>	<b>\$ 1,703</b>
<b>Interest expense</b>	<b>\$ 346</b>	<b>\$ 283</b>
<b>Interest income</b>	<b>\$ (1,779)</b>	<b>\$ (825)</b>
<b>Net foreign exchange loss</b>	<b>\$ 244</b>	<b>\$ 1,186</b>
<b>Gain on fair value of derivatives</b>	<b>\$ (2,072)</b>	<b>\$ (815)</b>
<b>Loss before income tax recovery</b>	<b>\$ (800)</b>	<b>\$ (9,145)</b>

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

				2024
	U.S.	Canada	Corporate	Total
Intangibles	\$ 2,167	\$ -	\$ 688	\$ 2,855
Goodwill	\$ 43,181	\$ -	\$ -	\$ 43,181
Property and equipment	\$ 2,428	\$ -	\$ 561	\$ 2,989
				2023
	U.S.	Canada	Corporate	Total
Intangibles	\$ 3,501	\$ -	\$ 503	\$ 4,004
Goodwill	\$ 43,181	\$ -	\$ -	\$ 43,181
Property and equipment	\$ 3,641	\$ -	\$ 175	\$ 3,816

# Real Matters Inc.

## Notes to the Consolidated Financial Statements

For the years ended September 30, 2024 and 2023 (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:

	2024	2023
Appraisal	\$ 160,908	\$ 151,075
Title - mortgage origination, home equity and REO	7,702	8,635
Title - diversified	927	891
Insurance inspection	3,185	3,313
	<b>\$ 172,722</b>	<b>\$ 163,914</b>

For the year ended September 30, 2024, two customers (2023 – one customer) represented more than 10% of the Company's revenues, the largest representing 25.6% of total consolidated revenues and the next largest representing 13.3% of total consolidated revenues (2023 – the largest represented 21.9% of total consolidated revenues). Total revenues attributable to these two customers totaled \$67,163 (2023 – the top customer totaled \$35,930) and were recorded in the Company's U.S. Appraisal segment (2023 – U.S. Appraisal segment).

## 17. 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 2025 and 2029.

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, 2024 and 2023 (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.