



Real Matters Reports Fourth Quarter and Fiscal 2023 Financial Results

(all amounts are expressed in millions of U.S. dollars, excluding per share amounts and unless otherwise stated)

TORONTO (November 17, 2023) – Real Matters Inc. (TSX: REAL) (“Real Matters” or the “Company”), a leading network management services platform for the mortgage and insurance industries, today announced its financial results for the fourth quarter and fiscal year ended September 30, 2023.

“We were pleased to report Adjusted EBITDA^(A) of \$0.6 million in Q4, ending the year with another positive quarter, notwithstanding that U.S. mortgage origination volumes in Fiscal 2023 were the lowest on record in the last 28 years” said Real Matters Chief Executive Officer Brian Lang. “We launched six new clients, and new channels in U.S. Appraisal and U.S. Title, including the second channel with our Tier 1 lender in U.S. Title, in the fourth quarter. We also maintained a strong balance sheet, with more than \$42 million in cash at year end and no outstanding debt.”

“In fiscal 2023, Real Matters focused on preparing for scale by optimizing our network, platform and our team, permanently transforming our cost base and making the business more efficient. We have a greater share of our clients’ business in more channels and across more products than ever, which will help accelerate our results when the market turns. We remain focused on our fiscal 2025 objectives.”

Q4 2023 Highlights

- Positive Adjusted EBITDA^(A) of \$0.6 million and net income of \$1.6 million
- Launched 1 new lender, 1 new channel with a Tier 1 lender in U.S. Appraisal
- Launched 2 new lenders, 1 new channel with a Tier 1 lender in U.S. Title
- Launched 3 new clients in Canada

Fiscal 2023 Highlights

- U.S. Appraisal revenues of \$120.8 million with an increase in Net Revenue^(A) margin of 530 basis points to 27.4% - in the range of our Fiscal 2025 target
- Reduced consolidated operating expenses by 41%
- Launched 5 new lenders, 4 new channels in U.S. Appraisal
- Launched 5 new lenders and 3 new channels in U.S. Title
- Launched 10 new clients in Canada, 6 new channels
- Cash and cash equivalents of \$42.3 million and no outstanding debt

Financial and Operational Summary

(millions of dollars)

	Quarter ended					% Change	Year ended		% Change	
	2023	2023	2023	2023	2022		2023	2022		
	Q4	Q3	Q2	Q1	Q4		September 30	September 30		
Consolidated										
Revenue	\$ 42.2	\$ 46.0	\$ 37.6	\$ 38.2	\$ 58.2	-8%	-28%	\$ 163.9	\$ 339.6	-52%
Net Revenue ^(A)	\$ 11.2	\$ 12.1	\$ 9.9	\$ 9.8	\$ 14.4	-8%	-22%	\$ 43.0	\$ 85.4	-50%
Adjusted EBITDA ^(A)	\$ 0.6	\$ 1.7	\$ (1.7)	\$ (2.9)	\$ (1.1)	-64%	153%	\$ (2.4)	\$ 7.4	-132%
Net income (loss)	\$ 1.6	\$ (0.6)	\$ (2.6)	\$ (4.6)	\$ (10.0)	362%	116%	\$ (6.2)	\$ (9.3)	33%
Net income (loss) per diluted share	\$ 0.02	\$ (0.01)	\$ (0.04)	\$ (0.06)	\$ (0.14)	300%	114%	\$ (0.08)	\$ (0.12)	33%
Adjusted Net income (loss) ^(A)	\$ 0.8	\$ 1.0	\$ (1.9)	\$ (2.1)	\$ -	-14%	0%	\$ (2.2)	\$ 2.5	-188%
Adjusted Net income (loss) ^(A) per diluted share	\$ 0.01	\$ 0.01	\$ (0.03)	\$ (0.03)	\$ -	0%	0%	\$ (0.03)	\$ 0.03	-200%
U.S. Appraisal segment										
Revenue	\$ 31.2	\$ 33.5	\$ 28.0	\$ 28.3	\$ 43.9	-7%	-29%	\$ 120.8	\$ 250.9	-52%
Net Revenue ^(A)	\$ 8.6	\$ 9.2	\$ 7.7	\$ 7.6	\$ 11.1	-7%	-23%	\$ 33.1	\$ 55.5	-40%
Net Revenue ^(A) margin	27.5%	27.5%	27.6%	27.0%	25.4%			27.4%	22.1%	
Adjusted EBITDA ^(A)	\$ 3.9	\$ 4.8	\$ 3.1	\$ 2.3	\$ 4.5	-18%	-14%	\$ 14.1	\$ 27.0	-48%
Adjusted EBITDA ^(A) margin	46.0%	52.0%	40.6%	30.4%	41.0%			42.8%	48.6%	
U.S. Title segment										
Revenue	\$ 2.3	\$ 2.6	\$ 2.2	\$ 2.4	\$ 4.0	-11%	-41%	\$ 9.6	\$ 36.5	-74%
Net Revenue ^(A)	\$ 1.0	\$ 1.2	\$ 0.8	\$ 0.8	\$ 1.8	-11%	-40%	\$ 3.9	\$ 23.0	-83%
Net Revenue ^(A) margin	45.0%	45.2%	36.8%	34.7%	44.1%			40.6%	63.1%	
Adjusted EBITDA ^(A)	\$ (1.6)	\$ (1.6)	\$ (2.3)	\$ (2.9)	\$ (2.9)	0%	46%	\$ (8.3)	\$ (8.1)	-3%
Adjusted EBITDA ^(A) margin	-150.4%	-133.6%	-279.3%	-353.4%	-167.5%			-215.6%	-35.1%	

(millions of dollars)

	<u>Quarter ended</u>					<u>% Change</u>		<u>Year ended</u>		<u>%</u>
	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>			<u>2023</u>	<u>2022</u>	<u>Change</u>
	<u>Q4</u>	<u>Q3</u>	<u>Q2</u>	<u>Q1</u>	<u>Q4</u>	<u>Quarter over Quarter</u>	<u>Year over Year</u>	<u>September 30</u>	<u>September 30</u>	<u>Year over Year</u>
Canadian segment										
Revenue	\$ 8.7	\$ 9.9	\$ 7.4	\$ 7.5	10.3	-12%	-16%	\$ 33.5	\$ 52.2	-36%
Net Revenue ^(A)	\$ 1.6	\$ 1.7	\$ 1.4	\$ 1.4	1.5	-11%	6%	\$ 6.0	\$ 6.9	-12%
Net Revenue ^(A) margin	17.9%	17.6%	18.7%	17.9%	14.3%			18.0%	13.2%	
Adjusted EBITDA ^(A)	\$ 1.2	\$ 1.3	\$ 1.0	\$ 0.9	1.0	-12%	18%	\$ 4.2	\$ 4.5	-5%
Adjusted EBITDA ^(A) margin	72.9%	73.7%	69.8%	64.2%	65.0%			70.5%	65.2%	
Corporate segment										
Adjusted EBITDA ^(A)	\$ (2.9)	\$ (2.8)	\$ (3.5)	\$ (3.2)	(3.7)	-2%	22%	\$ (12.4)	\$ (16.0)	22%

Conference Call and Webcast

A conference call to review the results will take place at 10:00 a.m. (ET) on Friday, November 17, 2023, hosted by Chief Executive Officer Brian Lang and Chief Financial Officer Rodrigo Pinto. An accompanying slide presentation will be posted to the Investor section of our website shortly before the call.

To access the call:

- Participant Local (Toronto): (416) 764-8658
- Participant Toll Free Dial-In Number: (888) 886-7786
- Conference ID: 03515726

To listen to the live webcast of the call:

Go to: <https://events.q4inc.com/attendee/724333131>

The webcast will be archived and a transcript of the call will be available in the Investor section of our website following the call.

(A) Non-GAAP Measures

The non-GAAP measures used in this Press Release, including Net Revenue, Adjusted EBITDA and Adjusted Net Income do not have a standardized meaning prescribed by International Financial Reporting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. These non-GAAP measures are more fully defined and discussed in the Company's MD&A for the year ended September 30, 2023 under the heading "Non-GAAP measures", which is incorporated by reference in this Press Release and available on SEDAR+ at www.sedarplus.ca.

Real Matters financial results for the year ended September 30, 2023 are included in the annual audited consolidated financial statements and the accompanying MD&A, each of which are available on SEDAR+ at www.sedarplus.ca. In addition, supplemental information is available on our website at www.realmatters.com.

Net Revenue represents the difference between revenues and transaction costs. Net Revenue margin is calculated as Net Revenue divided by Revenues. The reconciling items between net income or loss and Net Revenue were as follows:

	Quarter ended					Year ended	
	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	September 30, 2023	September 30, 2022
Net income (loss)	\$ 1.6	\$ (0.6)	\$ (2.6)	\$ (4.6)	(10.0)	\$ (6.2)	\$ (9.3)
Operating expenses	10.9	10.7	11.9	13.2	15.7	46.8	79.5
Amortization	0.9	1.0	1.0	1.0	1.1	3.9	4.5
Loss on disposal of property and equipment	-	-	-	-	0.4	-	0.6
Other non-operating costs	-	-	-	-	-	-	0.1
Restructuring expenses	-	-	0.4	1.3	1.0	1.7	1.5
Impairment of goodwill	-	-	-	-	17.3	-	17.3
Interest expense	0.1	0.1	0.1	0.1	0.1	0.3	0.3
Interest income	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)	(0.8)	(0.1)
Net foreign exchange (gain) loss	(1.8)	1.8	0.1	1.0	(5.0)	1.0	(5.7)
Gain on fair value of derivatives	(0.1)	(0.5)	(0.3)	-	-	(0.8)	-
Gain on fair value of warrants	-	-	-	-	-	-	(0.2)
Income tax recovery	(0.1)	(0.2)	(0.5)	(2.1)	(6.1)	(2.9)	(3.1)
Net Revenue	\$ 11.2	\$ 12.1	\$ 9.9	\$ 9.8	14.4	\$ 43.0	\$ 85.4

Adjusted EBITDA represents net income or loss before stock-based compensation expense, amortization, gain or loss on disposal of property and equipment, other non-operating costs, restructuring expenses, impairment of goodwill, interest expense, interest income, net foreign exchange gain or loss, gain or loss on fair value of derivatives, gain or loss on fair value of warrants and income tax expense or recovery. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Net Revenue. The reconciling items between net income or loss and Adjusted EBITDA were as follows:

	Quarter ended					Year ended	
	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	September 30, 2023	September 30, 2022
Net income (loss)	\$ 1.6	\$ (0.6)	\$ (2.6)	\$ (4.6)	\$ (10.0)	\$ (6.2)	\$ (9.3)
Stock-based compensation expense	0.3	0.3	0.3	0.5	0.2	1.4	1.5
Amortization	0.9	1.0	1.0	1.0	1.1	3.9	4.5
Loss on disposal of property and equipment	-	-	-	-	0.4	-	0.6
Other non-operating costs	-	-	-	-	-	-	0.1
Restructuring expenses	-	-	0.4	1.3	1.0	1.7	1.5
Impairment of goodwill	-	-	-	-	17.3	-	17.3
Interest expense	0.1	0.1	0.1	0.1	0.1	0.3	0.3
Interest income	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)	(0.8)	(0.1)
Net foreign exchange (gain) loss	(1.8)	1.8	0.1	1.0	(5.0)	1.0	(5.7)
Gain on fair value of derivatives	(0.1)	(0.5)	(0.3)	-	-	(0.8)	-
Gain on fair value of warrants	-	-	-	-	-	-	(0.2)
Income tax recovery	(0.1)	(0.2)	(0.5)	(2.1)	(6.1)	(2.9)	(3.1)
Adjusted EBITDA	\$ 0.6	\$ 1.7	\$ (1.7)	\$ (2.9)	\$ (1.1)	\$ (2.4)	\$ 7.4

The reconciling items between net income or loss and Adjusted Net Income or Loss were as follows:

	Quarter ended					Year ended	
	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	September 30, 2023	September 30, 2022
Net income (loss)	\$ 1.6	\$ (0.6)	\$ (2.6)	\$ (4.6)	\$ (10.0)	\$ (6.2)	\$ (9.3)
Stock-based compensation expense	0.3	0.3	0.3	0.5	0.2	1.4	1.5
Amortization of intangibles	0.4	0.4	0.4	0.4	0.4	1.6	1.4
Other non-operating costs	-	-	-	-	-	-	0.1
Restructuring expenses	-	-	0.4	1.3	1.0	1.7	1.5
Impairment of goodwill	-	-	-	-	17.3	-	17.3
Net foreign exchange (gain) loss	(1.8)	1.8	0.1	1.0	(5.0)	1.0	(5.7)
Gain on fair value of derivatives	(0.1)	(0.5)	(0.3)	-	-	(0.8)	-
Gain on fair value of warrants	-	-	-	-	-	-	(0.2)
Related tax effects	0.4	(0.4)	(0.2)	(0.7)	(3.9)	(0.9)	(4.1)
Adjusted Net Income (Loss)	\$ 0.8	\$ 1.0	\$ (1.9)	\$ (2.1)	\$ -	\$ (2.2)	\$ 2.5

Forward-Looking Information

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

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

The forward-looking information in this Press Release is subject to risks, uncertainties and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. A comprehensive discussion of the factors which could cause results or events to differ from current expectations can be found in the "Risk Factors" section of our Annual Information Form for the year ended September 30, 2022, which is available on SEDAR+ at www.sedarplus.ca.

Readers are cautioned not to place undue reliance on the forward-looking information, which reflect our expectations only as of the date of this Press Release. Except as required by law, we do not undertake to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

About Real Matters

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

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