



# Q4 2022 FINANCIAL RESULTS

November 16, 2022

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

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# Cautionary Note Regarding Forward-Looking Information

This presentation contains “forward-looking information” within the meaning of applicable Canadian securities laws. Words such as “aim”, “could”, “forecast”, “target”, “may”, “might”, “will”, “would”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “seek”, “believe”, “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 presentation 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 presentation 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, 2021, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Readers are cautioned not to place undue reliance on the forward-looking information, which reflect our expectations only as of the date of this presentation. 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.

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## Non-GAAP Measures

The non-GAAP measures used in this presentation, including Net Revenue, Net Revenue Margins, Adjusted EBITDA and Adjusted EBITDA Margins 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, 2022, under the heading “Non-GAAP measures”, which is incorporated by reference in this presentation and available on SEDAR at [www.sedar.com](http://www.sedar.com). Please refer to Appendix A for a reconciliation of these non-GAAP measures to their most directly comparable financial measure included in the annual consolidated financial statements for the year ended September 30, 2022.

Full reports for Real Matters financial results for the year ended September 30, 2022 are outlined in the annual consolidated financial statements and the related MD&A of the Company, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, supplemental information is available on our website at [ww.realmatters.com](http://ww.realmatters.com).

# Q4 2022 Highlights

**\$58.2M**

**Consolidated Revenues**

**\$14.4M**

**Consolidated Net Revenue<sup>1</sup>**

**-\$1.1M**

**Consolidated Adjusted  
EBITDA<sup>1</sup>**

## U.S. Appraisal

- Origination only revenues -58% vs. 62% decline for public company lenders, other revenue +42%
- Net Revenue<sup>1</sup> Margin of 25.4% up 470 basis points from Q4 21 due to network effect
- Adjusted EBITDA<sup>1</sup> of \$4.5 million, Adjusted EBITDA<sup>1</sup> margin of 41.0%
- Launched five new lenders, one new channel, surpassed 50% market share threshold with one Tier 1 lender

## U.S. Title

- Centralized title revenues -88%
- Net Revenue<sup>1</sup> Margin of 44.1% compared with 67.1% in Q4 21 due to higher home equity volumes and lower proportion of closed order volumes
- Adjusted EBITDA<sup>1</sup> of \$(2.9) million
- Launched three new lenders, performance at top of scorecards

## Canada

- Revenues down -20% due to lower market volumes, FX, partially offset by net market share gains for appraisal
- Net Revenue<sup>1</sup> Margin of 14.3% up 240 basis points from Q4 21 due to network effect

## NCIB

- Purchased 0.4 million shares under our normal course issuer bid at a cost of \$1.5 million

1. Net Revenue, Net Revenue Margin, Adjusted EBITDA and Adjusted EBITDA Margin are Non-GAAP measures. See page 2 and Appendix A.

# Q4 2022 and Fiscal 2022 Financial Highlights

<i>millions of U.S. dollars</i>	Q4 2022	Q4 2021	Change	FISCAL 2022	FISCAL 2021	Change
<b>Revenues</b>						
U.S. Appraisal	\$43.9	\$90.9	-51.7%	\$250.9	\$322.1	-22.1%
U.S. Title	4.0	21.8	-81.8%	36.5	129.5	-71.8%
Canada	10.3	12.9	-19.8%	52.2	52.5	-0.5%
<b>Total Revenues</b>	<b>\$58.2</b>	<b>\$125.6</b>	<b>-53.7%</b>	<b>\$339.6</b>	<b>\$504.1</b>	<b>-32.6%</b>
<b>Transaction Costs</b>						
U.S. Appraisal	\$32.8	\$72.1	-54.5%	\$195.4	\$252.8	-22.7%
U.S. Title	2.2	7.2	-69.1%	13.5	41.3	-67.3%
Canada	8.8	11.3	-21.9%	45.3	45.7	-0.8%
<b>Total Transaction Costs</b>	<b>\$43.8</b>	<b>\$90.6</b>	<b>-51.6%</b>	<b>\$254.2</b>	<b>\$339.8</b>	<b>-25.2%</b>
<b>Operating Expenses</b>						
U.S. Appraisal	\$6.6	\$7.6	-13.6%	\$28.5	\$29.5	-3.2%
U.S. Title	4.7	11.8	-60.2%	31.1	56.5	-44.9%
Canada	0.5	0.5	-0.8%	2.4	2.0	19.1%
Corporate	4.0	4.6	-12.5%	17.6	19.5	-10.3%
<b>Total Operating Expenses</b>	<b>\$15.8</b>	<b>\$24.5</b>	<b>-35.5%</b>	<b>\$79.6</b>	<b>\$107.5</b>	<b>-26.0%</b>
<b>Net (Loss) Income</b>	<b>-\$10.0</b>	<b>\$9.1</b>	<b>-209.9%</b>	<b>-\$9.3</b>	<b>\$33.1</b>	<b>-128.1%</b>

# Q4 2022 and Fiscal 2022 Non-GAAP Measures

millions of U.S. dollars	Q4 2022	Q4 2021	Change	FISCAL 2022	FISCAL 2021	Change
<b>Net Revenue<sup>1</sup></b>						
U.S. Appraisal	\$11.1	\$18.8	-40.7%	\$55.5	\$69.3	-19.9%
Net Revenue <sup>1</sup> Margin	25.4%	20.7%		22.1%	21.5%	
U.S. Title	1.8	14.7	-88.1%	23.0	88.2	-73.9%
Net Revenue <sup>1</sup> Margin	44.1%	67.1%		63.1%	68.1%	
Canada	1.5	1.5	-4.0%	6.9	6.8	1.3%
Net Revenue <sup>1</sup> Margin	14.3%	11.9%		13.2%	12.9%	
<b>Total Net Revenue<sup>1</sup></b>	<b>\$14.4</b>	<b>\$35.0</b>	<b>-58.9%</b>	<b>\$85.4</b>	<b>\$164.3</b>	<b>-48.0%</b>
Net Revenue <sup>1</sup> Margin	24.7%	27.9%		25.2%	32.6%	
<b>Adjusted EBITDA<sup>1</sup></b>						
U.S. Appraisal	\$4.5	\$11.2	-59.2%	\$27.0	\$39.8	-32.2%
Adjusted EBITDA <sup>1</sup> Margin	41.0%	59.5%		48.6%	57.5%	
U.S. Title	-2.9	2.9	-201.3%	-8.1	31.8	-125.4%
Adjusted EBITDA <sup>1</sup> Margin	-167.5%	19.7%		-35.1%	36.0%	
Canada	1.0	1.0	-5.6%	4.5	4.8	-6.2%
Adjusted EBITDA <sup>1</sup> Margin	65.0%	66.2%		65.2%	70.4%	
Corporate <sup>2</sup>	-3.7	-4.1	9.9%	-16.0	-17.2	6.6%
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>-\$1.1</b>	<b>\$11.0</b>	<b>-110.1%</b>	<b>\$7.4</b>	<b>\$59.2</b>	<b>-87.5%</b>
Adjusted EBITDA <sup>1</sup> Margin	-7.7%	31.4%		8.6%	36.0%	

1. Net Revenue, Net Revenue Margin, Adjusted EBITDA and Adjusted EBITDA Margin are Non-GAAP measures. See page 2 and Appendix A.

2. Excludes stock-based compensation.



# Appendix A – Non-GAAP Measures



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 for the three months and years ended September 30, 2022 and 2021 were as follows:

## Three months and year ended September 30 millions of U.S. dollars

	2022	2021	2022	2021
Net (loss) income	\$ (10.0)	\$ 9.1	\$ (9.3)	\$ 33.1
Operating expenses	15.7	24.5	79.5	107.6
Amortization	1.1	1.2	4.5	5.0
Loss on disposal of property and equipment	0.4	-	0.6	-
Other non-operating costs	-	-	0.1	-
Restructuring expenses	1.0	0.1	1.5	0.1
Impairment of goodwill	17.3	-	17.3	-
Interest expense	0.1	0.1	0.3	0.4
Interest income	(0.1)	-	(0.1)	(0.2)
Net foreign exchange (gain) loss	(5.0)	(2.3)	(5.7)	7.4
Gain on fair value of warrants	-	(0.9)	(0.2)	(2.1)
Income tax (recovery) expense	(6.1)	3.2	(3.1)	13.0
<b>Net Revenue</b>	<b>\$ 14.4</b>	<b>\$ 35.0</b>	<b>\$ 85.4</b>	<b>\$ 164.3</b>

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 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 for the three months and years ended September 30, 2022 and 2021 were as follows:

## Three months and year ended September 30 millions of U.S. dollars

	2022	2021	2022	2021
Net (loss) income	\$ (10.0)	\$ 9.1	\$ (9.3)	\$ 33.1
Stock-based compensation expense	0.2	0.5	1.5	2.5
Amortization	1.1	1.2	4.5	5.0
Loss on disposal of property and equipment	0.4	-	0.6	-
Other non-operating costs	-	-	0.1	-
Restructuring expenses	1.0	0.1	1.5	0.1
Impairment of goodwill	17.3	-	17.3	-
Interest expense	0.1	0.1	0.3	0.4
Interest income	(0.1)	-	(0.1)	(0.2)
Net foreign exchange (gain) loss	(5.0)	(2.3)	(5.7)	7.4
Gain on fair value of warrants	-	(0.9)	(0.2)	(2.1)
Income tax (recovery) expense	(6.1)	3.2	(3.1)	13.0
<b>Adjusted EBITDA</b>	<b>\$ (1.1)</b>	<b>\$ 11.0</b>	<b>\$ 7.4</b>	<b>\$ 59.2</b>