

Real Matters Inc.

Condensed Consolidated Statements of Financial Position

March 31, 2022 and September 30, 2021 (unaudited - stated in thousands of United States ("U.S.") dollars)

	March 31, 2022	September 30, 2021
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 78,023	\$ 60,213
Trade and other receivables	23,239	46,021
Income taxes recoverable	3,483	271
Prepaid expenses	1,750	2,585
Net investment in sublease	208	-
	106,703	109,090
NON-CURRENT		
INTANGIBLES	5,536	6,228
GOODWILL	60,477	60,477
PROPERTY AND EQUIPMENT	8,130	11,087
NET INVESTMENT IN SUBLEASE	421	-
DEFERRED TAX ASSETS	7,093	7,458
	81,657	85,250
TOTAL ASSETS	\$ 188,360	\$ 194,340
LIABILITIES		
CURRENT		
Trade payables	\$ 19,893	\$ 21,802
Accrued charges	4,200	4,293
Lease liabilities (Note 9)	1,641	1,715
	25,734	27,810
NON-CURRENT		
WARRANT LIABILITIES (Notes 4, 9, and 11)	-	651
LEASE LIABILITIES (Note 9)	4,856	6,328
	4,856	6,979
TOTAL LIABILITIES	30,590	34,789
EQUITY		
NON-CONTROLLING INTERESTS	110	108
SHAREHOLDERS' EQUITY (Note 5)		
Common shares	243,688	246,377
Restricted shares	(311)	-
Contributed surplus	13,113	12,206
Accumulated deficit	(95,616)	(94,185)
Accumulated other comprehensive loss	(3,214)	(4,955)
	157,660	159,443
TOTAL EQUITY	157,770	159,551
TOTAL LIABILITIES AND EQUITY	\$ 188,360	\$ 194,340

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

Real Matters Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income

For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars except share and net income or loss per share amounts)

	Three months ended		Six months ended	
	2022	2021	2022	2021
REVENUES (Note 12)	\$ 94,981	\$ 128,828	\$ 202,738	\$ 249,126
TRANSACTION COSTS	70,803	82,170	149,810	158,442
OPERATING EXPENSES (Note 7)	22,305	28,206	45,444	55,715
AMORTIZATION	1,150	1,264	2,332	2,502
LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	236	-	236	-
OTHER NON-OPERATING COSTS	20	-	66	-
INTEREST EXPENSE	72	128	147	253
INTEREST INCOME	(15)	(37)	(30)	(101)
NET FOREIGN EXCHANGE LOSS	1,311	1,515	1,813	7,476
GAIN ON FAIR VALUE OF WARRANTS (Notes 4 and 9)	(91)	(746)	(249)	(1,736)
(LOSS) INCOME BEFORE INCOME TAX (RECOVERY) EXPENSE	(810)	16,328	3,169	26,575
INCOME TAX (RECOVERY) EXPENSE				
Current	140	3,604	637	8,809
Deferred	(441)	1,050	405	(997)
TOTAL INCOME TAX (RECOVERY) EXPENSE	(301)	4,654	1,042	7,812
NET (LOSS) INCOME	(509)	11,674	2,127	18,763
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified to net income or loss:				
Foreign currency translation adjustment	1,288	1,557	1,741	7,223
COMPREHENSIVE INCOME	\$ 779	\$ 13,231	\$ 3,868	\$ 25,986
NET (LOSS) INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (545)	\$ 11,538	\$ 2,125	\$ 18,654
NET INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 36	\$ 136	\$ 2	\$ 109
COMPREHENSIVE INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 743	\$ 13,095	\$ 3,866	\$ 25,877
COMPREHENSIVE INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ 36	\$ 136	\$ 2	\$ 109
Net (loss) income per weighted average share, basic (Note 6)	\$ (0.01)	\$ 0.14	\$ 0.03	\$ 0.22
Net (loss) income per weighted average share, diluted (Note 6)	\$ (0.01)	\$ 0.13	\$ 0.03	\$ 0.21
Weighted average number of shares outstanding (thousands), basic (Note 6)	78,319	84,072	78,491	84,488
Weighted average number of shares outstanding (thousands), diluted (Note 6)	78,878	86,589	79,050	87,005

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

Real Matters Inc.

Condensed Consolidated Statements of Cash Flows

For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars)

	Three months ended		Six months ended	
	2022	2021	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING				
OPERATING				
Net (loss) income	\$ (509)	\$ 11,674	\$ 2,127	\$ 18,763
Items not affecting cash				
Stock-based compensation (Note 10)	635	561	941	1,462
Amortization of intangibles	346	432	692	864
Amortization of property and equipment	804	832	1,640	1,638
Loss on disposal of property and equipment	236	-	236	-
Interest expense	72	128	147	253
Gain on fair value of warrants (Notes 4 and 9)	(91)	(746)	(249)	(1,736)
Income tax (recovery) expense	(301)	4,654	1,042	7,812
Unrealized foreign exchange loss on internal financing arrangements	1,128	1,008	1,520	4,657
Changes in non-cash working capital items (Note 8)	5,177	2,203	21,718	(1,936)
Interest paid	(72)	(114)	(147)	(224)
Income taxes paid	(382)	(2,284)	(3,850)	(5,909)
Cash generated from operating activities	7,043	18,348	25,817	25,644
INVESTING				
Purchase of subsidiary shares from non-controlling interests	-	(53)	-	(53)
Purchase of property and equipment	(74)	(389)	(266)	(2,692)
Payments received from sublease	22	-	22	-
Cash utilized in investing activities	(52)	(442)	(244)	(2,745)
FINANCING				
Proceeds from lease liabilities (Note 9)	-	-	13	1,614
Repayment of lease liabilities (Note 9)	(434)	(402)	(858)	(718)
Proceeds from the exercise of stock options, net of issue costs	92	368	108	536
Restricted shares purchased and held in trust (Note 10)	(516)	-	(516)	-
Purchase of common shares and related costs (Note 5)	(1,502)	(7,970)	(6,589)	(26,919)
Dividends paid to non-controlling interests	-	-	-	(10)
Cash utilized in financing activities	(2,360)	(8,004)	(7,842)	(25,497)
Effect of foreign currency translation on cash and cash equivalents	54	629	79	2,600
NET CASH INFLOW	4,685	10,531	17,810	2
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD OR YEAR	73,338	118,627	60,213	129,156
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 78,023	\$ 129,158	\$ 78,023	\$ 129,158
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash and cash equivalents are comprised of:				
Cash	\$ 34,853	\$ 74,025	\$ 34,853	\$ 74,025
Cash equivalents	43,170	55,133	43,170	55,133
	\$ 78,023	\$ 129,158	\$ 78,023	\$ 129,158

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

Real Matters Inc.

Condensed Consolidated Statements of Equity

For the three months ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars)

	Non-controlling interests	Common shares	Restricted shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance at December 31, 2021	\$ 74	\$ 244,429	\$ -	\$ 12,507	\$ (94,396)	\$ (4,502)	\$ 158,112
Net income (loss)	36				(545)		(509)
Common shares issued on the exercise of stock options		121		(29)			92
Common shares issued on the exercise of warrants (Note 4)		170					170
Stock-based compensation (Note 10)				635			635
Restricted shares purchased and held in trust (Note 10)			(311)		(205)		(516)
Purchase of common shares and related costs (Note 5)		(1,032)			(470)		(1,502)
Foreign currency translation adjustment						1,288	1,288
Balance at March 31, 2022	\$ 110	\$ 243,688	\$ (311)	\$ 13,113	\$ (95,616)	\$ (3,214)	\$ 157,770

	Non-controlling interests	Common shares	Restricted shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance at December 31, 2020	\$ 3,177	\$ 259,439	\$ -	\$ 8,565	\$ (59,939)	\$ (4,161)	\$ 207,081
Net income	136				11,538		11,674
Common shares issued on the exercise of stock options		487		(119)			368
Stock-based compensation (Note 10)				561			561
Purchase of common shares and related costs (Note 5)		(1,823)			(6,147)		(7,970)
Purchase of subsidiary shares from non-controlling interests	(2,071)			2,018			(53)
Foreign currency translation adjustment						1,557	1,557
Balance at March 31, 2021	\$ 1,242	\$ 258,103	\$ -	\$ 11,025	\$ (54,548)	\$ (2,604)	\$ 213,218

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

Real Matters Inc.

Condensed Consolidated Statements of Equity

For the six months ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars)

	Non-controlling interests	Common shares	Restricted shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance at September 30, 2021	\$ 108	\$ 246,377	\$ -	\$ 12,206	\$ (94,185)	\$ (4,955)	\$ 159,551
Net income	2				2,125		2,127
Common shares issued on exercise of stock options		142		(34)			108
Common shares issued on exercise of warrants (Note 4)		407					407
Stock-based compensation (Note 10)				941			941
Restricted shares purchased and held in trust (Note 10)			(311)		(205)		(516)
Purchase of common shares and related costs (Note 5)		(3,238)			(3,351)		(6,589)
Foreign currency translation adjustment						1,741	1,741
Balance at March 31, 2022	\$ 110	\$ 243,688	\$ (311)	\$ 13,113	\$ (95,616)	\$ (3,214)	\$ 157,770

	Non-controlling interests	Common shares	Restricted shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance at September 30, 2020	\$ 3,214	\$ 262,653	\$ -	\$ 7,712	\$ (51,536)	\$ (9,827)	\$ 212,216
Net income	109				18,654		18,763
Dividends paid to non-controlling interests	(10)						(10)
Common shares issued on exercise of stock options		703		(167)			536
Stock-based compensation (Note 10)				1,462			1,462
Purchase of common shares and related costs (Note 5)		(5,253)			(21,666)		(26,919)
Purchase of subsidiary shares from non-controlling interests	(2,071)			2,018			(53)
Foreign currency translation adjustment						7,223	7,223
Balance at March 31, 2021	\$ 1,242	\$ 258,103	\$ -	\$ 11,025	\$ (54,548)	\$ (2,604)	\$ 213,218

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

Real Matters Inc.

Notes to the Condensed Consolidated Financial Statements

For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

1. Nature of Operations

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

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, Middletown, Rhode Island and Scottsdale, Arizona.

2. Basis of Presentation and Significant Accounting Policies

The unaudited interim condensed consolidated financial statements ("financial statements") are presented in thousands of U.S. dollars.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. These financial statements should be read in conjunction with the annual audited consolidated financial statements, and notes thereto, for the years ended September 30, 2021 and 2020 (the "annual financial statements").

These financial statements were authorized for issue by the board of directors on April 27, 2022.

Use of estimates and judgments

The preparation of these financial statements requires management to employ certain accounting estimates and judgments in the application of the Company's accounting policies. The areas involving significant estimate and judgment are set out in Note 2 to the Company's annual financial statements. There have been no notable changes in the methods applied to determine significant estimates and judgments since September 30, 2021, except as outlined in Note 3.

Summary of Significant Accounting Policies

The significant accounting policies and methodologies applied by the Company in preparing these financial statements are the same as those outlined in the most recent annual financial statements, except as outlined below and in Note 3.

Leases

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

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

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For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Restricted share units

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

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

The Company established a trust to hold common shares purchased in the open market for 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 condensed consolidated statement of equity with any resulting premium or deficit recorded to accumulated deficit until the common shares are issued to settle the RSU obligation.

3. Recent Accounting Pronouncements

Classification of Liabilities as Current or Non-Current

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

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

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

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

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

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For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Narrow-scope amendments to IAS 1 and IAS 8

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

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

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

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

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

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

4. Warrant Liabilities

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

During the six months ended March 31, 2022, 96 warrants were exercised, resulting in the issuance of 77 common shares. These warrants had a fair value of \$407 at the date of exercise, determined using the Black-Scholes-Merton option pricing model, and this amount was transferred from warrant liabilities to common shares. The Company also recorded a \$183 gain to the condensed consolidated statement of operations and comprehensive income representing the difference between the fair value of certain warrants recorded at a previous reporting date and the fair value of these warrants on the date of exercise. During the six months ended March 31, 2021, no warrants were exercised.

At March 31, 2022, there were no warrants outstanding (September 30, 2021 – 96). All warrants had an exercise price of 1.38 Canadian dollars (“C\$”) (September 30, 2021 – C\$1.38) representing a total liability of \$nil at March 31, 2022 (September 30, 2021 - \$651).

For the six months ended March 31, 2022, the gain on fair value of warrants was measured using the Black-Scholes-Merton option pricing model and included the following assumptions: volatility of 22.1% (2021 – 42.8%), a risk-free interest rate of 0.09% (2021 – 0.15%), a dividend yield of nil% (2021 - nil%) and an expected life of 2 months (2021 - 7 months).

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Notes to the Condensed Consolidated Financial Statements

For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

5. Shareholders' Equity

Effective June 11, 2021, the Company received approval from the Toronto Stock Exchange ("TSX") to renew its normal course issuer bid ("NCIB") for a one-year period expiring on June 10, 2022. Under the renewed normal course issuer bid, the Company was approved by the TSX to purchase up to 4,000 common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, are limited to a maximum of 153,956 common shares. The Company is permitted to purchase a block of common shares once a week which can exceed the daily purchase limit subject to certain restrictions, including a limitation that the block cannot be owned by an insider. All shares purchased will be cancelled. Effective November 24, 2021, the Company received approval from the TSX to amend its NCIB to increase the number of common shares available for purchase and cancellation from 4,000 to 6,000.

For the three and six months ended March 31, 2022, 336 and 1,051 common shares (2021 – 594 and 1,758) were purchased and cancelled at a total cost of \$1,502 and \$6,589 (2021 - \$7,970 and \$26,919). As of April 27, 2022, 172 additional common shares were purchased and cancelled or settled.

6. Net (Loss) Income per Weighted Average Share

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

	Three months ended March 31		Six months ended March 31	
	2022	2021	2022	2021
Net (loss) income	\$ (509)	\$ 11,674	\$ 2,127	\$ 18,763
Net (loss) income attributable to common shareholders	\$ (545)	\$ 11,538	\$ 2,125	\$ 18,654
Weighted average number of shares, basic	78,319	84,072	78,491	84,488
Dilutive effect of stock options and warrants	559	2,517	559	2,517
Weighted average number of shares, diluted	78,878	86,589	79,050	87,005
Net (loss) income per weighted average share, basic	\$ (0.01)	\$ 0.14	\$ 0.03	\$ 0.22
Net (loss) income per weighted average share, diluted	\$ (0.01)	\$ 0.13	\$ 0.03	\$ 0.21

7. Operating Expenses

	Three months ended March		Six months ended March 31	
	2022	2021	2022	2021
Operating expenses:				
Salaries and benefits	\$ 17,947	\$ 22,431	\$ 36,197	\$ 44,381
Sales and marketing	95	99	437	223
Travel and entertainment	57	32	190	57
Office and computer	2,743	3,847	5,689	7,556
Professional fees	786	701	1,552	1,524
Other	677	1,096	1,379	1,974
	\$ 22,305	\$ 28,206	\$ 45,444	\$ 55,715

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8. Changes in Non-Cash Working Capital Items

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

Inflow (outflow)	Three months ended March 31		Six months ended March 31	
	2022	2021	2022	2021
Trade and other receivables	\$ 3,379	\$ (3,521)	\$ 22,782	\$ (4,067)
Prepaid expenses	317	287	835	153
Trade payables	458	4,218	(1,909)	3,236
Accrued charges	955	1,271	(93)	(1,297)
Effect of foreign currency translation adjustments and other non-cash changes	68	(52)	103	39
	\$ 5,177	\$ 2,203	\$ 21,718	\$ (1,936)

9. Changes in Liabilities Arising From Financing Activities

	Three months ended March 31, 2022						
	Cash flows				Non-cash changes		
	Opening balance - January 1, 2022	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - March 31, 2022
Lease liabilities	\$ 7,634	-	(434)	-	3	(706)	\$ 6,497
Warrant liabilities	\$ 261	-	-	(91)	-	(170)	\$ -

	Three months ended March 31, 2021						
	Cash flows				Non-cash changes		
	Opening balance - January 1, 2021	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - March 31, 2021
Lease liabilities	\$ 9,234	-	(402)	-	8	-	\$ 8,840
Warrant liabilities	\$ 2,681	-	-	(746)	32	-	\$ 1,967

	Six months ended March 31, 2022						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2021	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - March 31, 2022
Lease liabilities	\$ 8,043	13	(858)	-	5	(706)	\$ 6,497
Warrant liabilities	\$ 651	-	-	(249)	5	(407)	\$ -

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Notes to the Condensed Consolidated Financial Statements

For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	Six months ended March 31, 2021						Ending balance - March 31, 2021
	Cash flows			Non-cash changes			
	Opening balance - October 1, 2020	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	
Lease liabilities	\$ 7,904	1,614	(718)	-	40	-	\$ 8,840
Warrant liabilities	\$ 3,527	-	-	(1,736)	176	-	\$ 1,967

10. Stock-Based Compensation

Stock options

The Company granted the following stock options during the six months ended March 31, 2022:

Grant date	Group granted to	Vesting period (from the date of grant)	Expiry date (from the date of grant)	Aggregate number of stock options granted
February 1, 2022	Certain employees	Equally on the first, second and third anniversary date	7 th anniversary date	335

The following table outlines changes to stock options:

	Six months ended March 31			
	2022		2021	
	Number of stock options	Weighted average exercise price, expressed in C\$	Number of stock options	Weighted average exercise price, expressed in C\$
Outstanding balance, beginning of year	4,578	\$ 8.91	5,112	\$ 7.50
Granted, during the period	335	\$ 6.38	443	\$ 19.30
Exercised, during the period	(36)	\$ 3.79	(137)	\$ 5.03
Forfeited, during the period	(62)	\$ 18.43	(21)	\$ 16.62
Expired, during the period	-	\$ -	(38)	\$ 2.28
Outstanding balance, end of period	4,815	\$ 8.64	5,359	\$ 8.54
Stock options exercisable, end of period	4,026	\$ 8.15	3,915	\$ 7.62

The Company recorded stock option expense of \$221 and \$527 (2021 - \$561 and \$1,462) to operating expenses in the condensed consolidated statements of operations and comprehensive income for the three and six months ended March 31, 2022.

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Notes to the Condensed Consolidated Financial Statements

For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The following table summarizes certain information for stock options outstanding as at March 31, 2022:

Exercise price range, expressed in C\$	Number of stock options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
\$ 1.84 – \$ 3.17	533	2.55	533
\$ 3.18 – \$ 4.26	597	3.67	597
\$ 4.27 – \$ 5.67	247	3.35	247
\$ 5.68 – \$ 6.14	785	3.11	785
\$ 6.15 – \$ 7.44	575	5.75	150
\$ 7.45 – \$ 11.48	323	4.53	323
\$ 11.49 – \$ 12.89	489	4.69	357
\$ 12.90 – \$ 13.50	772	5.11	772
\$ 13.51 – \$ 31.94	494	5.51	262
	4,815	4.31	4,026

RSUs
In February 2022, the Company established a new equity incentive plan ("2022 Equity Plan"). In connection with the 2022 Equity Plan, the Company established a trust to hold common shares purchased in the open market for Canadian participants until each RSU vests and the award is settled. The purpose of the 2022 Equity Plan is to retain the best available personnel for positions of substantial responsibility and to provide additional incentive to these employees.

The vesting date and other vesting terms applicable to RSUs granted under the 2022 Equity Plan are determined by the plan administrator at the time of grant.

The Company granted the following RSUs during the six months ended March 31, 2022:

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

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The following table outlines changes to RSUs:

	Six months ended March 31	
	2022	2021
	Number of RSUs	
Outstanding balance, beginning of year	-	-
Granted, during the period	196	-
Settled, during the period	-	-
Forfeited, during the period	-	-
Outstanding balance, end of period	196	-
Vested, but not settled, end of period	69	-

At March 31, 2022, 101 common shares were held in trust to settle future obligations under the 2022 Equity Plan.

The Company recorded RSU expense of \$414 and \$414 (2021 - \$nil and \$nil) to operating expenses in the condensed consolidated statements of operations and comprehensive income for the three and six months ended March 31, 2022.

11. Financial Instruments

The following table outlines the hierarchical measurement categories for the fair value of financial liabilities. At March 31, 2022 there were no financial liabilities measured at fair value on a recurring basis. At September 30, 2021, financial liabilities measured on a recurring basis had the following estimated fair values expressed on a gross basis:

	September 30, 2021			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant un-observable inputs (Level 3)	
Warrant liabilities	\$ -	\$ (651)	\$ -	(651)
	\$ -	\$ (651)	\$ -	(651)

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

For the six months ended March 31, 2022 and year ended September 30, 2021, there were no transfers between levels or changes to the valuation techniques.

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

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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-term maturities of these instruments.

12. 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 Chief Operating Decision Maker ("CODM") to make operating and resource allocation decisions and to assess performance. The CODM is the Chief Executive Officer of the Company.

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

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

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

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

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

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

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For the periods ended March 31, 2022 and 2021 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	Three months ended March		Six months ended March 31	
	2022	2021	2022	2021
Revenues				
U.S. Appraisal	\$ 70,374	\$ 76,336	\$ 149,709	\$ 145,891
U.S. Title	10,775	40,050	26,970	79,987
Canada	13,832	12,442	26,059	23,248
	\$ 94,981	\$ 128,828	\$ 202,738	\$ 249,126
Revenues net of transaction costs				
U.S. Appraisal	\$ 15,090	\$ 16,628	\$ 31,442	\$ 32,321
U.S. Title	7,230	28,278	17,983	54,958
Canada	1,858	1,752	3,503	3,405
	\$ 24,178	\$ 46,658	\$ 52,928	\$ 90,684
Amortization				
U.S. Appraisal	\$ 256	\$ 373	\$ 537	\$ 766
U.S. Title	778	736	1,546	1,428
Canada	-	-	-	-
Corporate	116	155	249	308
	\$ 1,150	\$ 1,264	\$ 2,332	\$ 2,502
Operating expenses	\$ 22,305	\$ 28,206	\$ 45,444	\$ 55,715
Loss on disposal of property and equipment	\$ 236	\$ -	\$ 236	\$ -
Other non-operating costs	\$ 20	\$ -	\$ 66	\$ -
Interest expense	\$ 72	\$ 128	\$ 147	\$ 253
Interest income	\$ (15)	\$ (37)	\$ (30)	\$ (101)
Net foreign exchange loss	\$ 1,311	\$ 1,515	\$ 1,813	\$ 7,476
Gain on fair value of warrants	\$ (91)	\$ (746)	\$ (249)	\$ (1,736)
(Loss) income before income tax (recovery) expense	\$ (810)	\$ 16,328	\$ 3,169	\$ 26,575

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

	March 31, 2022			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 5,536	\$ -	\$ -	\$ 5,536
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Property and equipment	\$ 7,707	\$ -	\$ 423	\$ 8,130
	September 30, 2021			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 6,228	\$ -	\$ -	\$ 6,228
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Property and equipment	\$ 10,472	\$ -	\$ 615	\$ 11,087

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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:

	Three months ended March		Six months ended March 31	
	2022	2021	2022	2021
Appraisal	\$ 83,429	\$ 88,122	\$ 174,072	\$ 167,637
Title - mortgage origination	10,374	38,021	26,038	75,552
Title - diversified	401	2,029	932	4,435
Insurance inspection	777	656	1,696	1,502
	\$ 94,981	\$ 128,828	\$ 202,738	\$ 249,126

13. Seasonality

Residential mortgage origination volumes in North America are a key driver of the Company's financial performance and are influenced by cyclical trends and seasonality. Cyclical trends include changes in interest rates, refinancing rates, the capacity of lenders to underwrite mortgages, house prices, housing stock, demand for housing, the availability of funds for mortgage loans, credit requirements, regulatory changes, household indebtedness, employment levels and the general health of the North American economy. The Company's transaction-based revenues for appraisal services in our U.S. Appraisal and Canadian segments are also impacted by the seasonal nature of the residential mortgage industry, which typically sees home buyers purchase more homes in the Company's third and fourth fiscal quarters, representing the three months ending June 30 and September 30, respectively. The results reported in these financial statements should not be regarded as an indication of the results expected for the entire year.