



Real Matters Reports First Quarter Financial Results

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

TORONTO (January 27, 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 first quarter ended December 31, 2022.

“We made solid progress in the first quarter as we continued to win market share, added new clients, and achieved record high Net Revenue^(A) margins in our U.S. Appraisal segment,” said Real Matters Chief Executive Officer Brian Lang. “At the same time, we continued to optimize headcount and manage our cost base to align with the current lower volume environment, which allowed us to maintain sequentially flat Adjusted EBITDA^(A) in our U.S. Title segment.”

“Real Matters has a strong balance sheet which provides us with the flexibility needed to manage the business through the current mortgage market downturn. As we look forward to a recovering mortgage market, we feel confident in our ability to scale back up in both Appraisal and Title. We remain positive about the size of the opportunity for our business and our ability to grow market share and achieve our fiscal 2025 objectives,” concluded Lang.

Q1 2023 Highlights

- Launched 3 new lenders, 1 new channel in U.S. Appraisal
- Increased U.S. Appraisal Net Revenue^(A) margins by 640 basis points year-over-year to a record 27.0%
- Launched 2 new lenders in U.S. Title
- Maintained sequentially flat Adjusted EBITDA^(A) in U.S. Title
- Launched 2 new lenders and 3 new channels in Canada
- Cash and cash equivalents of \$45.1 million at December 31, 2022

Financial and Operational Summary
(millions of dollars)

	Quarter ended					% Change	
	2023	2022	2022	2022	2022	Quarter over Quarter	Year over Year
	Q1	Q4	Q3	Q2	Q1		
Consolidated							
Revenue	\$ 38.2	\$ 58.2	\$ 78.7	\$ 95.0	\$ 107.8	-34.4%	-64.6%
Net Revenue ^(A)	\$ 9.8	\$ 14.4	\$ 18.1	\$ 24.2	\$ 28.8	-31.9%	-65.9%
Adjusted EBITDA ^(A)	\$ (2.9)	\$ (1.1)	\$ 0.1	\$ 2.5	\$ 5.9	-163.6%	-149.7%
Net (loss) income	\$ (4.6)	\$ (10.0)	\$ (1.4)	\$ (0.5)	\$ 2.6	53.7%	-275.2%
Net (loss) income per diluted share	\$ (0.06)	\$ (0.14)	\$ (0.02)	\$ (0.01)	\$ 0.03	57.1%	-300.0%
Adjusted Net (loss) income ^(A)	\$ (2.1)	\$ -	\$ (2.3)	\$ 1.3	\$ 3.5	0.0%	-160.0%
Adjusted Net (loss) income ^(A) per diluted share	\$ (0.03)	\$ -	\$ (0.03)	\$ 0.02	\$ 0.04	0.0%	-175.0%
U.S. Appraisal segment							
Revenue	\$ 28.3	\$ 43.9	\$ 57.3	\$ 70.4	\$ 79.4	-35.5%	-64.4%
Net Revenue ^(A)	\$ 7.6	\$ 11.1	\$ 12.9	\$ 15.1	\$ 16.4	-31.5%	-53.4%
Net Revenue ^(A) margin	27.0%	25.4%	22.6%	21.4%	20.6%		
Adjusted EBITDA ^(A)	\$ 2.3	\$ 4.5	\$ 6.1	\$ 7.9	\$ 8.6	-48.9%	-72.7%
Adjusted EBITDA ^(A) margin	30.4%	41.0%	47.0%	52.1%	51.9%		
U.S. Title segment							
Revenue	\$ 2.4	\$ 4.0	\$ 5.6	\$ 10.8	\$ 16.2	-40.0%	-85.4%
Net Revenue ^(A)	\$ 0.8	\$ 1.8	\$ 3.3	\$ 7.2	\$ 10.8	-55.6%	-92.4%
Net Revenue ^(A) margin	34.7%	44.1%	59.2%	67.1%	66.4%		
Adjusted EBITDA ^(A)	\$ (2.9)	\$ (2.9)	\$ (3.4)	\$ (2.2)	\$ 0.4	0.0%	-755.7%
Adjusted EBITDA ^(A) margin	-353.4%	-167.5%	-103.1%	-30.1%	4.1%		
Canadian segment							
Revenue	\$ 7.5	\$ 10.3	\$ 15.8	\$ 13.8	\$ 12.2	-27.2%	-38.3%
Net Revenue ^(A)	\$ 1.4	\$ 1.5	\$ 1.9	\$ 1.9	\$ 1.6	-6.7%	-18.1%
Net Revenue ^(A) margin	17.9%	14.3%	12.1%	13.4%	13.5%		
Adjusted EBITDA ^(A)	\$ 0.9	\$ 1.0	\$ 1.3	\$ 1.3	\$ 0.9	-10.0%	-8.9%
Adjusted EBITDA ^(A) margin	64.2%	65.0%	69.6%	67.3%	57.7%		
Corporate segment							
Adjusted EBITDA ^(A)	\$ (3.2)	\$ (3.7)	\$ (3.9)	\$ (4.5)	\$ (4.0)	13.5%	18.6%

Conference Call and Webcast

A conference call to review the results will take place at 10:00 a.m. (ET) on Friday, January 27, 2023, hosted by Chief Executive Officer Brian Lang and Chief Financial Officer Bill Herman. 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) 764-8646
- Participant Toll Free Dial-In Number: (888) 396-8049
- Conference ID: 45773112

To listen to the live webcast of the call:

- Go to: <https://events.q4inc.com/attendee/289077323>

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 three months ended December 31, 2022 under the heading "Non-GAAP measures", which is incorporated by reference in this Press Release and available on SEDAR at www.sedar.com.

Real Matters financial results for the three months ended December 31, 2022 are included in the unaudited condensed consolidated financial statements and the accompanying MD&A, each of which are available on SEDAR at www.sedar.com. 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				
	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net (loss) income	\$ (4.6)	\$ (10.0)	\$ (1.4)	\$ (0.5)	2.6
Operating expenses	13.2	15.7	18.3	22.3	23.2
Amortization	1.0	1.1	1.1	1.2	1.2
Loss on disposal of property and equipment	-	0.4	-	0.2	-
Other non-operating costs	-	-	-	-	0.1
Restructuring expenses	1.3	1.0	0.6	-	-
Impairment of goodwill	-	17.3	-	-	-
Interest expense	0.1	0.1	0.1	0.1	0.1
Interest income	(0.1)	(0.1)	-	-	-
Net foreign exchange loss (gain)	1.0	(5.0)	(2.6)	1.3	0.5
Loss on fair value of derivatives	-	-	-	-	-
Gain on fair value of warrants	-	-	-	(0.1)	(0.2)
Income tax (recovery) expense	(2.1)	(6.1)	2.0	(0.3)	1.3
Net Revenue	\$ 9.8	\$ 14.4	\$ 18.1	\$ 24.2	\$ 28.8

Adjusted EBITDA represents net income or loss before stock-based compensation expense, amortization, other non-operating costs, restructuring expenses, 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				
	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net (loss) income	\$ (4.6)	\$ (10.0)	\$ (1.4)	\$ (0.5)	2.6
Stock-based compensation expense	0.5	0.2	0.3	0.6	0.3
Amortization	1.0	1.1	1.1	1.2	1.2
Loss on disposal of property and equipment	-	0.4	-	0.2	-
Other non-operating costs	-	-	-	-	0.1
Restructuring expenses	1.3	1.0	0.6	-	-
Impairment of goodwill	-	17.3	-	-	-
Interest expense	0.1	0.1	0.1	0.1	0.1
Interest income	(0.1)	(0.1)	-	-	-
Net foreign exchange loss (gain)	1.0	(5.0)	(2.6)	1.3	0.5
Loss on fair value of derivatives	-	-	-	-	-
Gain on fair value of warrants	-	-	-	(0.1)	(0.2)
Income tax (recovery) expense	(2.1)	(6.1)	2.0	(0.3)	1.3
Adjusted EBITDA	\$ (2.9)	\$ (1.1)	\$ 0.1	\$ 2.5	5.9

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

	Quarter ended				
	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net (loss) income	\$ (4.6)	\$ (10.0)	\$ (1.4)	\$ (0.5)	2.6
Stock-based compensation expense	0.5	0.2	0.3	0.6	0.3
Amortization of intangibles	0.4	0.4	0.3	0.3	0.4
Other non-operating costs	-	-	-	-	0.1
Restructuring expenses	1.3	1.0	0.6	-	-
Impairment of goodwill	-	17.3	-	-	-
Net foreign exchange loss (gain)	1.0	(5.0)	(2.6)	1.3	0.5
Loss on fair value of derivatives	-	-	-	-	-
Gain on fair value of warrants	-	-	-	(0.1)	(0.2)
Related tax effects	(0.7)	(3.9)	0.5	(0.3)	(0.2)
Adjusted Net (Loss) Income	\$ (2.1)	\$ -	\$ (2.3)	\$ 1.3	3.5

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.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 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 insurance

companies in North America. We are a leading independent provider of residential real estate appraisals to the mortgage market and a leading independent provider of title services in the U.S. Headquartered in Markham (ON), Real Matters has principal offices in Buffalo (NY) and Middletown (RI). Real Matters is listed on the Toronto Stock Exchange under the symbol REAL. For more information, visit www.realmatters.com.

For more information:

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