

Real Matters Inc.

Condensed Consolidated Statements of Financial Position

June 30, 2023 and September 30, 2022 (unaudited - stated in thousands of United States ("U.S.") dollars)

	June 30, 2023	September 30, 2022
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 42,535	\$ 46,142
Trade and other receivables	12,621	19,831
Income taxes recoverable	2,937	1,126
Prepaid expenses	4,018	2,634
	62,111	69,733
NON-CURRENT		
INTANGIBLES	4,223	4,992
GOODWILL	43,181	43,181
PROPERTY AND EQUIPMENT	4,280	6,964
OTHER ASSETS (Note 10)	771	-
DEFERRED TAX ASSETS	15,210	12,134
	67,665	67,271
TOTAL ASSETS	\$ 129,776	\$ 137,004
LIABILITIES		
CURRENT		
Trade payables	\$ 11,024	\$ 11,869
Accrued charges	2,724	4,269
Lease liabilities (Note 8)	1,592	1,548
	15,340	17,686
NON-CURRENT		
OTHER LIABILITIES (Note 9)	305	-
LEASE LIABILITIES (Note 8)	2,890	4,312
	3,195	4,312
TOTAL LIABILITIES	18,535	21,998
EQUITY		
NON-CONTROLLING INTERESTS	-	115
SHAREHOLDERS' EQUITY (Note 4)		
Common shares	227,653	227,285
Restricted shares	(311)	(311)
Contributed surplus	14,295	13,647
Accumulated deficit	(122,574)	(114,777)
Accumulated other comprehensive loss	(7,822)	(10,953)
	111,241	114,891
TOTAL EQUITY	111,241	115,006
TOTAL LIABILITIES AND EQUITY	\$ 129,776	\$ 137,004

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 (Loss)

For the periods ended June 30, 2023 and 2022 (unaudited - stated in thousands of U.S. dollars except share and net income or loss per share amounts)

	Three months ended		Nine months ended	
	2023	2022	2023	2022
REVENUES (Note 11)	\$ 45,950	\$ 78,704	\$ 121,725	\$ 281,442
TRANSACTION COSTS	33,822	60,560	89,876	210,370
OPERATING EXPENSES (Note 6)	10,755	18,367	35,891	63,811
AMORTIZATION	963	1,110	3,004	3,442
(GAIN) LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	(24)	-	(24)	236
OTHER NON-OPERATING COSTS	-	-	-	66
RESTRUCTURING EXPENSES	15	573	1,689	573
INTEREST EXPENSE	77	61	208	208
INTEREST INCOME	(210)	(33)	(486)	(63)
NET FOREIGN EXCHANGE LOSS (GAIN)	1,872	(2,498)	2,983	(685)
GAIN ON FAIR VALUE OF DERIVATIVES (Note 10)	(487)	-	(755)	-
GAIN ON FAIR VALUE OF WARRANTS (Note 8)	-	-	-	(249)
(LOSS) INCOME BEFORE INCOME TAX (RECOVERY) EXPENSE	(833)	564	(10,661)	3,733
INCOME TAX (RECOVERY) EXPENSE				
Current	(257)	1,406	150	2,043
Deferred	43	582	(2,993)	987
TOTAL INCOME TAX (RECOVERY) EXPENSE	(214)	1,988	(2,843)	3,030
NET (LOSS) INCOME	(619)	(1,424)	(7,818)	703
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified to net income or loss:				
Foreign currency translation adjustment	2,001	(2,502)	3,131	(761)
COMPREHENSIVE INCOME (LOSS)	\$ 1,382	\$ (3,926)	\$ (4,687)	\$ (58)
NET (LOSS) INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (619)	\$ (1,437)	\$ (7,795)	\$ 688
NET INCOME (LOSS) - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ -	\$ 13	\$ (23)	\$ 15
COMPREHENSIVE INCOME (LOSS) - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 1,382	\$ (3,939)	\$ (4,664)	\$ (73)
COMPREHENSIVE INCOME (LOSS) - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ -	\$ 13	\$ (23)	\$ 15
Net (loss) income per weighted average share, basic (Note 5)	\$ (0.01)	\$ (0.02)	\$ (0.11)	\$ 0.01
Net (loss) income per weighted average share, diluted (Note 5)	\$ (0.01)	\$ (0.02)	\$ (0.11)	\$ 0.01
Weighted average number of shares outstanding (thousands), basic (Note 5)	72,758	76,326	72,719	77,769
Weighted average number of shares outstanding (thousands), diluted (Note 5)	72,758	76,822	72,719	78,265

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 June 30, 2023 and 2022 (unaudited - stated in thousands of U.S. dollars)

	Three months ended		Nine months ended	
	2023	2022	2023	2022
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING				
OPERATING				
Net (loss) income	\$ (619)	\$ (1,424)	\$ (7,818)	703
Items not affecting cash				
Stock-based compensation (Note 9)	296	289	1,089	1,230
Amortization of intangibles	378	346	1,100	1,038
Amortization of property and equipment	585	764	1,904	2,404
(Gain) loss on disposal of property and equipment	(24)	-	(24)	236
Interest expense	77	61	208	208
Gain on fair value of derivatives (Note 10)	(487)	-	(755)	-
Gain on fair value of warrants (Note 8)	-	-	-	(249)
Income tax (recovery) expense	(214)	1,988	(2,843)	3,030
Unrealized foreign exchange loss (gain) on internal financing arrangements	1,702	(2,416)	2,708	(896)
Changes in non-cash working capital items (Note 7)	(1,618)	(2,471)	4,095	19,247
Interest paid	(77)	(61)	(208)	(208)
Income taxes recovered (paid)	722	(513)	(1,991)	(4,363)
Cash generated from (utilized in) operating activities	721	(3,437)	(2,535)	22,380
INVESTING				
Intangible asset additions	(84)	(54)	(323)	(54)
Property and equipment additions	(270)	(749)	(506)	(1,015)
Payments received from sublease	69	6	204	28
Cash utilized in investing activities	(285)	(797)	(625)	(1,041)
FINANCING				
Proceeds from lease liabilities (Note 8)	246	272	392	285
Repayment of lease liabilities (Note 8)	(378)	(442)	(1,170)	(1,300)
Proceeds from the exercise of stock options	228	169	282	277
Restricted shares purchased and held in trust (Note 9)	-	-	-	(516)
Purchase of common shares and related costs (Note 4)	-	(20,626)	(11)	(27,215)
Dividends paid to non-controlling interests	-	-	(139)	-
Cash generated from (utilized in) financing activities	96	(20,627)	(646)	(28,469)
Effect of foreign currency translation on cash and cash equivalents	171	(121)	199	(42)
NET CASH INFLOW (OUTFLOW)	703	(24,982)	(3,607)	(7,172)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD OR YEAR	41,832	78,023	46,142	60,213
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 42,535	\$ 53,041	\$ 42,535	\$ 53,041
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash and cash equivalents are comprised of:				
Cash	\$ 12,099	\$ 24,431	\$ 12,099	\$ 24,431
Cash equivalents	30,436	28,610	30,436	28,610
	\$ 42,535	\$ 53,041	\$ 42,535	\$ 53,041

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 June 30, 2023 and 2022 (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 March 31, 2023	\$ -	\$ 227,343	\$ (311)	\$ 14,216	\$ (121,955)	\$ (9,823)	\$ 109,470
Net loss					(619)		(619)
Common shares issued on the exercise of stock options		310		(82)			228
Stock-based compensation				161			161
Foreign currency translation adjustment						2,001	2,001
Balance at June 30, 2023	\$ -	\$ 227,653	\$ (311)	\$ 14,295	\$ (122,574)	\$ (7,822)	\$ 111,241

	Non-controlling interests	Common shares	Restricted shares	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity
Balance at March 31, 2022	\$ 110	\$ 243,688	\$ (311)	\$ 13,113	\$ (95,616)	\$ (3,214)	\$ 157,770
Net income (loss)	13				(1,437)		(1,424)
Common shares issued on the exercise of stock options		227		(58)			169
Stock-based compensation				289			289
Purchase of common shares and related costs (Note 4)		(15,482)			(5,144)		(20,626)
Foreign currency translation adjustment						(2,502)	(2,502)
Balance at June 30, 2022	\$ 123	\$ 228,433	\$ (311)	\$ 13,344	\$ (102,197)	\$ (5,716)	\$ 133,676

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 nine months ended June 30, 2023 and 2022 (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, 2022	\$ 115	\$ 227,285	\$ (311)	\$ 13,647	\$ (114,777)	\$ (10,953)	\$ 115,006
Net loss	(23)				(7,795)		(7,818)
Dividends paid to non-controlling interests	(139)						(139)
Common shares issued on the exercise of stock options		377		(95)			282
Stock-based compensation				790			790
Purchase of common shares and related costs (Note 4)		(9)			(2)		(11)
Purchase of subsidiary shares from non-controlling interests	9			(9)			-
Dissolution of partially owned subsidiary	38			(38)			-
Foreign currency translation adjustment						3,131	3,131
Balance at June 30, 2023	\$ -	\$ 227,653	\$ (311)	\$ 14,295	\$ (122,574)	\$ (7,822)	\$ 111,241

	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	15				688		703
Common shares issued on the exercise of stock options		369		(92)			277
Common shares issued on the exercise of warrants		407					407
Stock-based compensation				1,230			1,230
Restricted shares purchased and held in trust (Note 9)			(311)		(205)		(516)
Purchase of common shares and related costs (Note 4)		(18,720)			(8,495)		(27,215)
Foreign currency translation adjustment						(761)	(761)
Balance at June 30, 2022	\$ 123	\$ 228,433	\$ (311)	\$ 13,344	\$ (102,197)	\$ (5,716)	\$ 133,676

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 June 30, 2023 and 2022 (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 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 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, 2022 and 2021 (the "annual financial statements").

These financial statements were authorized for issue by the board of directors on July 27, 2023.

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 employed by management to determine significant estimates and judgments since September 30, 2022, 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.

Cash and cash equivalents

Included in cash is \$1,825 (September 30, 2022 - \$nil) set aside by the Company to demonstrate that it has sufficient liquidity to support the settlement of its total return swap arrangement.

Restricted share units

Cash-settled restricted share units ("RSUs") issued by the Company are accounted for as liabilities in the condensed consolidated statements of financial position. The Company uses the Black-Scholes-Merton pricing model to estimate the fair value of these RSUs. Compensation expense or recovery represents the change in the estimated fair value of the 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 condensed consolidated statement of operations and comprehensive income or loss as operating expenses.

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For the periods ended June 30, 2023 and 2022 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Derivative financial instruments

The Company has entered into a total return swap to manage the Company's cash flow exposure arising from changes in its share price attributable to cash-settled RSUs. Gains or losses on these derivative financial instruments are measured at their estimated fair value at each reporting date and are recorded to the condensed consolidated statements of operations and comprehensive income or loss. The Company has elected to not apply hedge accounting to this derivative financial instrument.

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.

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 twelve 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.

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 for annual reporting periods beginning on or after 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.

Real Matters Inc.

Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2023 and 2022 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The amendment is effective for annual reporting periods beginning on or after 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. Shareholders' Equity

Effective June 13, 2022, the Company received approval from the Toronto Stock Exchange ("TSX") to renew its normal course issuer bid ("NCIB") for a one-year period which expired on June 12, 2023. Under the renewed NCIB, the Company was approved to purchase up to 6,000 common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, were limited to a maximum of 99,319 common shares. The Company was permitted to purchase a block of common shares once a week which could exceed the daily purchase limit subject to certain restrictions, including a limitation that the block could not be owned by an insider. All shares purchased were cancelled.

For the three and nine months ended June 30, 2023, nil and 3 common shares (2022 – 5,049 and 6,100) were purchased and cancelled at a total cost of \$nil and \$11, respectively (2022 - \$20,626 and \$27,215).

5. 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 June 30		Nine months ended June 30	
	2023	2022	2023	2022
Net (loss) income	\$ (619)	\$ (1,424)	\$ (7,818)	\$ 703
Net (loss) income attributable to common shareholders	\$ (619)	\$ (1,437)	\$ (7,795)	\$ 688
Weighted average number of shares, basic	72,758	76,326	72,719	77,769
Dilutive effect of stock options, equity-settled RSUs and warrants ⁽¹⁾	-	496	-	496
Weighted average number of shares, diluted	72,758	76,822	72,719	78,265
Net (loss) income per weighted average share, basic	\$ (0.01)	\$ (0.02)	\$ (0.11)	\$ 0.01
Net (loss) income per weighted average share, diluted	\$ (0.01)	\$ (0.02)	\$ (0.11)	\$ 0.01

Note

(1) Warrants had no dilutive effect on the weighted average number of shares for the three and nine months ended June 30, 2023 since all warrants were fully exercised prior to their expiry on May 11, 2022.

6. Operating Expenses

	Three months ended June 30		Nine months ended June 30	
	2023	2022	2023	2022
Operating expenses:				
Salaries and benefits	\$ 8,231	\$ 14,356	\$ 26,851	\$ 50,553
Sales and marketing	79	91	389	528
Travel and entertainment	158	146	385	336
Office and computer	1,532	2,574	5,496	8,263
Professional fees	422	632	1,648	2,184
Other	333	568	1,122	1,947
	\$ 10,755	\$ 18,367	\$ 35,891	\$ 63,811

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2023 and 2022 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

7. Changes in Non-Cash Working Capital Items

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

Inflow (outflow)	Three months ended June 30		Nine months ended June 30	
	2023	2022	2023	2022
Trade and other receivables	\$ (254)	\$ 5,028	\$ 7,720	\$ 27,810
Prepaid expenses	(1,114)	(1,615)	(1,384)	(780)
Trade payables	590	(4,676)	(845)	(6,585)
Accrued charges	(906)	(1,309)	(1,545)	(1,402)
Effect of foreign currency translation adjustments and other non-cash changes	66	101	149	204
	\$ (1,618)	\$ (2,471)	\$ 4,095	\$ 19,247

8. Changes in Liabilities Arising from Financing Activities

	Three months ended June 30, 2023						
	Cash flows				Non-cash changes		
	Opening balance - April 1, 2023	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - June 30, 2023
Lease liabilities	\$ 5,217	246	(378)	-	6	(609)	\$ 4,482

	Three months ended June 30, 2022						
	Cash flows				Non-cash changes		
	Opening balance - April 1, 2022	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - June 30, 2022
Lease liabilities	\$ 6,497	272	(442)	-	(11)	-	\$ 6,316

	Nine months ended June 30, 2023						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2022	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - June 30, 2023
Lease liabilities	\$ 5,860	392	(1,170)	-	9	(609)	\$ 4,482

	Nine months ended June 30, 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 - June 30, 2022
Lease liabilities	\$ 8,043	285	(1,300)	-	(6)	(706)	\$ 6,316
Warrant liabilities	\$ 651	-	-	(249)	5	(407)	\$ -

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2023 and 2022 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

9. Stock-Based Compensation

Stock options

The Company granted the following stock options during the nine months ended June 30, 2023:

Grant date	Recipient	Vesting period	Expiry date	Aggregate number of stock options granted
May 2, 2023	Executive officer	Equally on the first, second and third anniversary date from the date of grant	7th anniversary date from the date of grant	75

The following table outlines changes to stock options:

	2023		Nine months ended June 30 2022	
	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	4,426	\$ 8.47	4,578	\$ 8.91
Granted, during the period	75	\$ 5.47	373	\$ 6.30
Exercised, during the period	(108)	\$ 3.53	(92)	\$ 3.82
Forfeited, during the period	(494)	\$ 11.34	(309)	\$ 13.05
Expired, during the period	(2)	\$ 2.21	-	\$ -
Outstanding balance, end of period	3,897	\$ 8.19	4,550	\$ 8.51
Stock options exercisable, end of period	3,558	\$ 8.12	3,875	\$ 8.04

The Company recorded stock-based compensation expense attributable to stock options of \$77 and \$253 (2022 - \$209 and \$736) to operating expenses in the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended June 30, 2023.

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2023 and 2022 (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 June 30, 2023:

Exercise price range, expressed in C\$	Number of stock options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
\$ 2.40 – \$ 3.17	494	1.41	494
\$ 3.18 – \$ 4.26	470	2.42	470
\$ 4.27 – \$ 5.79	330	3.38	243
\$ 5.80 – \$ 6.25	607	1.86	607
\$ 6.26 – \$ 7.44	480	4.40	307
\$ 7.45 – \$ 11.48	252	3.23	252
\$ 11.49 – \$ 12.89	374	3.45	368
\$ 12.90 – \$ 13.50	566	3.86	566
\$ 13.51 – \$ 31.94	324	4.31	251
	3,897	3.05	3,558

RSUs

The Company granted the following RSUs during the nine months ended June 30, 2023:

Grant date	Plan	Group granted to	Vesting date	Number of RSUs granted	Weighted average fair value, expressed in C\$
December 19, 2022	2022 Equity Plan	Executive officers and certain employees	December 19, 2025	557	\$4.18
December 19, 2022	2017 Equity Plan	Directors	December 19, 2022	95	\$4.10

The following table outlines changes to RSUs:

	Nine months ended June 30	
	2023	2022
	Number of RSUs	Number of RSUs
Outstanding balance, beginning of year	183	-
Granted, during the period	652	196
Settled, during the period	-	-
Forfeited, during the period	(32)	(13)
Outstanding balance, end of period	803	183
Vested, but not settled, end of period	168	69

At June 30, 2023, 101 common shares were held in trust, in connection with the February 1, 2022 RSU grant, to settle future obligations under the 2022 Equity Plan.

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2023 and 2022 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

The Company recorded stock-based compensation expense attributable to RSUs of \$219 and \$836 (2022 - \$80 and \$494), including fair value changes in RSUs classified as liabilities, to operating expenses in the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended June 30, 2023.

The total carrying amount of liabilities for cash-settled RSUs at June 30, 2023 was \$305 (September 30, 2022 - \$nil) and recorded in Other Liabilities.

10. 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 condensed consolidated statements of financial position.

	June 30, 2023	September 30, 2022
Financial assets		
<i>Derivatives not designated in a hedging relationship</i>		
Non-current - other assets - total return swaps	\$ 771	\$ -

The following table outlines the hierarchical measurement categories for the fair value of financial assets or liabilities. At September 30, 2022, there were no financial assets or liabilities measured at fair value on a recurring basis. At June 30, 2023, financial assets or liabilities had the following estimated fair values expressed on a gross basis:

	June 30, 2023			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant un- observable inputs (Level 3)	Total
Other assets - total return swap	\$ -	\$ 771	\$ -	\$ 771
	\$ -	\$ 771	\$ -	\$ 771

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 three and nine months ended June 30, 2023 and 2022, 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.

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Total return swaps

The Company's total return swap is recorded at estimated fair value based on quotes received from the financial institution that is counterparty to the agreement. 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.

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

Total return swaps

Date entered	Notional amount C\$	Share price C\$	Number of units	Effective date	Expiration date
December 2022	\$2,345	\$4.21	557	December 2022	December 2025

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 condensed 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.

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.

11. 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 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.

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For the periods ended June 30, 2023 and 2022 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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 notes, 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.

	Three months ended June 30		Nine months ended June 30	
	2023	2022	2023	2022
Revenues				
U.S. Appraisal	\$ 33,430	\$ 57,299	\$ 89,686	\$ 207,008
U.S. Title	2,609	5,606	7,193	32,576
Canada	9,911	15,799	24,846	41,858
	\$ 45,950	\$ 78,704	\$ 121,725	\$ 281,442
Revenues net of transaction costs				
U.S. Appraisal	\$ 9,204	\$ 12,923	\$ 24,558	\$ 44,365
U.S. Title	1,178	3,317	2,816	21,300
Canada	1,746	1,904	4,475	5,407
	\$ 12,128	\$ 18,144	\$ 31,849	\$ 71,072
Amortization				
U.S. Appraisal	\$ 130	\$ 207	\$ 438	\$ 744
U.S. Title	748	795	2,307	2,341
Canada	-	-	-	-
Corporate	85	108	259	357
	\$ 963	\$ 1,110	\$ 3,004	\$ 3,442
Operating expenses	\$ 10,755	\$ 18,367	\$ 35,891	\$ 63,811
(Gain) loss on disposal of property and equipment	\$ (24)	\$ -	\$ (24)	\$ 236
Other non-operating costs	\$ -	\$ -	\$ -	\$ 66
Restructuring expenses	\$ 15	\$ 573	\$ 1,689	\$ 573
Interest expense	\$ 77	\$ 61	\$ 208	\$ 208
Interest income	\$ (210)	\$ (33)	\$ (486)	\$ (63)
Net foreign exchange loss (gain)	\$ 1,872	\$ (2,498)	\$ 2,983	\$ (685)
Gain on fair value of derivatives	\$ (487)	\$ -	\$ (755)	\$ -
Gain on fair value of warrants	\$ -	\$ -	\$ -	\$ (249)
(Loss) income before income tax (recovery) expense	\$ (833)	\$ 564	\$ (10,661)	\$ 3,733

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

	June 30, 2023			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 3,854	\$ -	\$ 369	\$ 4,223
Goodwill	\$ 43,181	\$ -	\$ -	\$ 43,181
Property and equipment	\$ 4,044	\$ -	\$ 236	\$ 4,280

	September 30, 2022			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 4,893	\$ -	\$ 99	\$ 4,992
Goodwill	\$ 43,181	\$ -	\$ -	\$ 43,181
Property and equipment	\$ 6,524	\$ -	\$ 440	\$ 6,964

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 June 30		Nine months ended June 30	
	2023	2022	2023	2022
Appraisal	\$ 42,513	\$ 72,265	\$ 112,076	\$ 246,337
Title - mortgage origination	2,379	5,318	6,508	31,356
Title - diversified	230	288	685	1,220
Insurance inspection	828	833	2,456	2,529
	\$ 45,950	\$ 78,704	\$ 121,725	\$ 281,442

12. 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.