



Real Matters Reports Second Quarter Financial Results

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

TORONTO (April 28, 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 second quarter ended March 31, 2023.

“We were pleased with our performance in the second quarter as we reported a 1% sequential increase in consolidated Net Revenue^(A). We posted record Net Revenue^(A) margins of 27.6% in U.S. Appraisal, landing towards the top end of our Fiscal 2025 target range, demonstrating the strength and scalability of our network management platform in a lower market volume environment. Our ability to adjust our cost structure to align with changing market conditions allowed us to scale down operating expenses by 47% year-over-year and we improved our consolidated Adjusted EBITDA^(A) to a loss of \$1.7 million from the \$2.9 million loss we recorded in the first quarter of 2023,” said Real Matters Chief Executive Officer Brian Lang. “We delivered year-over-year net market share gains in U.S. Appraisal and we were awarded an increase in market share with our Tier 1 lender in U.S. Title at the end of the second quarter.”

“As we look forward to a normalized mortgage market, we are confident that we have the balance sheet, the team, the capacity and the scale to grow,” concluded Lang.

Q2 2023 Highlights

- Launched 1 new lender and 1 new channel in U.S. Appraisal
- Increased U.S. Appraisal Net Revenue^(A) margins to a record 27.6%
- Launched 1 new lender and 1 new channel in U.S. Title
- Awarded market share increase with Tier 1 lender in U.S. Title at the end of Q2
- Launched 3 new channels in Canada
- Cash and cash equivalents of \$41.8 million at March 31, 2023

Fiscal 2023 Year-to-Date Highlights

- Launched 4 new lenders, 2 new channels in U.S. Appraisal
- Launched 3 new lenders, 1 new channel in U.S. Title
- Launched 2 new clients, 6 new channels in Canada

Financial and Operational Summary

(millions of dollars)

	Quarter ended					% Change		Six months ended		%
	2023	2023	2022	2022	2022			2023	2022	Change
	Q2	Q1	Q4	Q3	Q2	Quarter over Quarter	Year over Year	March 31	March 31	Year over Year
Consolidated										
Revenue	\$ 37.6	\$ 38.2	\$ 58.2	\$ 78.7	\$ 95.0	-1.5%	-60.4%	\$ 75.8	\$ 202.7	-62.6%
Net Revenue ^(A)	\$ 9.9	\$ 9.8	\$ 14.4	\$ 18.1	\$ 24.2	1.4%	-58.9%	\$ 19.7	\$ 52.9	-62.7%
Adjusted EBITDA ^(A)	\$ (1.7)	\$ (2.9)	\$ (1.1)	\$ 0.1	\$ 2.5	42.8%	-167.0%	\$ (4.6)	\$ 8.4	-154.9%
Net (loss) income	\$ (2.6)	\$ (4.6)	\$ (10.0)	\$ (1.4)	\$ (0.5)	44.1%	-420.0%	\$ (7.2)	\$ 2.1	-442.9%
Net (loss) income per diluted share	\$ (0.04)	\$ (0.06)	\$ (0.14)	\$ (0.02)	\$ (0.01)	33.3%	-300.0%	\$ (0.10)	\$ 0.03	-433.3%
Adjusted Net (loss) income ^(A)	\$ (1.9)	\$ (2.1)	\$ -	\$ (2.3)	\$ 1.3	12.9%	-246.2%	\$ (4.0)	\$ 4.8	-183.3%
Adjusted Net (loss) income ^(A) per diluted share	\$ (0.03)	\$ (0.03)	\$ -	\$ (0.03)	\$ 0.02	0.0%	-250.0%	\$ (0.06)	\$ 0.06	-200.0%
U.S. Appraisal segment										
Revenue	\$ 28.0	\$ 28.3	\$ 43.9	\$ 57.3	\$ 70.4	-0.9%	-60.2%	\$ 56.3	\$ 149.6	-62.4%
Net Revenue ^(A)	\$ 7.7	\$ 7.6	\$ 11.1	\$ 12.9	\$ 15.1	1.4%	-48.8%	\$ 15.4	\$ 31.4	-51.2%
Net Revenue ^(A) margin	27.6%	27.0%	25.4%	22.6%	21.4%			27.3%	21.0%	
Adjusted EBITDA ^(A)	\$ 3.1	\$ 2.3	\$ 4.5	\$ 6.1	\$ 7.9	35.6%	-60.1%	\$ 5.5	\$ 16.3	-66.6%
Adjusted EBITDA ^(A) margin	40.6%	30.4%	41.0%	47.0%	52.1%			35.5%	52.0%	
U.S. Title segment										
Revenue	\$ 2.2	\$ 2.4	\$ 4.0	\$ 5.6	\$ 10.8	-5.8%	-79.4%	\$ 4.6	\$ 27.0	-83.0%
Net Revenue ^(A)	\$ 0.8	\$ 0.8	\$ 1.8	\$ 3.3	\$ 7.2	-0.2%	-88.7%	\$ 1.6	\$ 18.0	-90.9%
Net Revenue ^(A) margin	36.8%	34.7%	44.1%	59.2%	67.1%			35.7%	66.7%	
Adjusted EBITDA ^(A)	\$ (2.3)	\$ (2.9)	\$ (2.9)	\$ (3.4)	\$ (2.2)	21.2%	5.1%	\$ (5.2)	\$ (1.7)	199.1%
Adjusted EBITDA ^(A) margin	-279.3%	-353.4%	-167.5%	-103.1%	-30.1%			-316.4%	-9.6%	

(millions of dollars)

	Quarter ended					% Change		Six months ended		%
	2023	2023	2022	2022	2022	Quarter over Quarter	Year over Year	2023	2022	Change
	Q2	Q1	Q4	Q3	Q2			March 31	March 31	Year over Year
Canadian segment										
Revenue	\$ 7.4	\$ 7.5	\$ 10.3	\$ 15.8	\$ 13.8	-2.0%	-46.6%	\$ 14.9	\$ 26.1	-42.7%
Net Revenue ^(A)	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.9	\$ 1.9	2.6%	-25.6%	\$ 2.7	\$ 3.5	-22.1%
Net Revenue ^(A) margin	18.7%	17.9%	14.3%	12.1%	13.4%			18.3%	13.4%	
Adjusted EBITDA ^(A)	\$ 1.0	\$ 0.9	\$ 1.0	\$ 1.3	\$ 1.3	11.4%	-22.9%	\$ 1.8	\$ 2.2	-16.8%
Adjusted EBITDA ^(A) margin	69.8%	64.2%	65.0%	69.6%	67.3%			67.0%	62.8%	
Corporate segment										
Adjusted EBITDA ^(A)	\$ (3.5)	\$ (3.2)	\$ (3.7)	\$ (3.9)	\$ (4.5)	-8.6%	21.0%	\$ (6.7)	\$ (8.4)	19.9%

Conference Call and Webcast

A conference call to review the results will take place at 10:00 a.m. (ET) on Friday, April 28, 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) 764-8658
- Participant Toll Free Dial-In Number: (888) 886-7786
- Conference ID: 65347380

To listen to the live webcast of the call:

- Go to: <https://events.q4inc.com/attendee/966621045>

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 and six months ended March 31, 2023 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 and six months ended March 31, 2023 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					Six months ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	March 31, 2023	March 31, 2022
Net (loss) income	\$ (2.6)	\$ (4.6)	\$ (10.0)	\$ (1.4)	(0.5)	\$ (7.2)	\$ 2.1
Operating expenses	11.9	13.2	15.7	18.3	22.3	25.1	45.5
Amortization	1.0	1.0	1.1	1.1	1.2	2.0	2.3
Loss on disposal of property and equipment	-	-	0.4	-	0.2	-	0.2
Other non-operating costs	-	-	-	-	-	-	0.1
Restructuring expenses	0.4	1.3	1.0	0.6	-	1.7	-
Impairment of goodwill	-	-	17.3	-	-	-	-
Interest expense	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Interest income	(0.2)	(0.1)	(0.1)	-	-	(0.3)	-
Net foreign exchange loss (gain)	0.1	1.0	(5.0)	(2.6)	1.3	1.1	1.8
Gain on fair value of derivatives	(0.3)	-	-	-	-	(0.3)	-
Gain on fair value of warrants	-	-	-	-	(0.1)	-	(0.2)
Income tax (recovery) expense	(0.5)	(2.1)	(6.1)	2.0	(0.3)	(2.6)	1.0
Net Revenue	\$ 9.9	\$ 9.8	\$ 14.4	\$ 18.1	24.2	\$ 19.7	\$ 52.9

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, 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					Six months ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	March 31, 2023	March 31, 2022
Net (loss) income	\$ (2.6)	\$ (4.6)	\$ (10.0)	\$ (1.4)	(0.5)	\$ (7.2)	\$ 2.1
Stock-based compensation expense	0.3	0.5	0.2	0.3	0.6	0.8	1.0
Amortization	1.0	1.0	1.1	1.1	1.2	2.0	2.3
Loss on disposal of property and equipment	-	-	0.4	-	0.2	-	0.2
Other non-operating costs	-	-	-	-	-	-	0.1
Restructuring expenses	0.4	1.3	1.0	0.6	-	1.7	-
Impairment of goodwill	-	-	17.3	-	-	-	-
Interest expense	0.1	0.1	0.1	0.1	0.1	0.2	0.1
Interest income	(0.2)	(0.1)	(0.1)	-	-	(0.3)	-
Net foreign exchange loss (gain)	0.1	1.0	(5.0)	(2.6)	1.3	1.1	1.8
Gain on fair value of derivatives	(0.3)	-	-	-	-	(0.3)	-
Gain on fair value of warrants	-	-	-	-	(0.1)	-	(0.2)
Income tax (recovery) expense	(0.5)	(2.1)	(6.1)	2.0	(0.3)	(2.6)	1.0
Adjusted EBITDA	\$ (1.7)	\$ (2.9)	\$ (1.1)	\$ 0.1	2.5	\$ (4.6)	\$ 8.4

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

	Quarter ended					Six months ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	March 31, 2023	March 31, 2022
Net (loss) income	\$ (2.6)	\$ (4.6)	\$ (10.0)	\$ (1.4)	(0.5)	\$ (7.2)	\$ 2.1
Stock-based compensation expense	0.3	0.5	0.2	0.3	0.6	0.8	1.0
Amortization of intangibles	0.4	0.4	0.4	0.3	0.3	0.8	0.7
Other non-operating costs	-	-	-	-	-	-	0.1
Restructuring expenses	0.4	1.3	1.0	0.6	-	1.7	-
Impairment of goodwill	-	-	17.3	-	-	-	-
Net foreign exchange loss (gain)	0.1	1.0	(5.0)	(2.6)	1.3	1.1	1.8
Gain on fair value of derivatives	(0.3)	-	-	-	-	(0.3)	-
Gain on fair value of warrants	-	-	-	-	(0.1)	-	(0.2)
Related tax effects	(0.2)	(0.7)	(3.9)	0.5	(0.3)	(0.9)	(0.7)
Adjusted Net (Loss) Income	\$ (1.9)	\$ (2.1)	\$ -	\$ (2.3)	1.3	\$ (4.0)	\$ 4.8

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:

Lyne Beauregard
Vice President, Investor Relations and Corporate Communications
Real Matters
lbeauregard@realmatters.com
416.994.5930