



## Real Matters Reports Third Quarter Financial Results

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

**TORONTO (July 28, 2022)** – 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 third quarter ended June 30, 2022.

“Real Matters delivered solid market share gains and strong operational performance in the third quarter as we navigated through significant mortgage market headwinds. Our U.S. Appraisal business achieved top-tier scorecard rankings which resulted in year-over-year market share gains with some of our largest clients. We estimate that the U.S. mortgage origination market was down 50.6% year-over-year in the third quarter. Increasing interest rates continued to have a significant impact on the refinance market, which we estimate was down 76.2% year-over-year. Higher rates combined with record home price appreciation also caused affordability to decline to historical lows which led to a year-over-year decline in the purchase origination market,” said Real Matters Chief Executive Officer Brian Lang.

“U.S. Appraisal purchase and refinance revenues were down 38.7% compared with an estimated addressable market decline of 39.5%. Conversely, rising homeowner equity contributed to the growth in other U.S. Appraisal revenues which increased 53.0% year-over-year to \$8.3 million owing mainly to higher home equity volumes serviced. We increased U.S. Appraisal Net Revenue margins by 130 basis points year-over-year to 22.6% and the segment generated Adjusted EBITDA<sup>(A)</sup> of \$6.1 million. In U.S. Title, we continue to perform at the top of our Tier 1 and 2 clients’ scorecards expanding our share with a key Tier 2 client,” added Lang. “In the third quarter, we purchased 5.0 million shares under our normal course issuer bid and maintained a strong balance sheet, ending the quarter with \$53.0 million in cash.”

“Looking ahead, we will be prudent in managing our cost structure to align with market volumes while delivering leading performance, and maintaining our focus on growing market share, launching new clients and expanding margins over the long run. We remain confident in our ability to achieve our Fiscal 2025 targets,” concluded Lang.

<b>Q3 2022 Key Performance Indicators (year-over-year)</b>	<b>U.S. Appraisal</b>	<b>U.S. Title</b>	<b>Consolidated</b>
Revenues	\$57.3 million	\$5.6 million	\$78.7 million
Revenue % Change	-32.9%	-79.8%	-39.2%
Net loss	-	-	-\$1.4 million
Net Revenue <sup>(A)</sup> % Change	-28.8%	-82.2%	-53.0%
Adjusted EBITDA <sup>(A)</sup> Margin	47.0%	-103.1%	0.4%

### Q3 2022 Highlights

- Launched two new lenders in U.S. Appraisal
- Launched two new lenders in U.S. Title
- Year-over-year market share gains with some of our largest U.S. Appraisal and Title clients, top-ranking performance on scorecards
- Purchased 5.0 million shares under our normal course issuer bid at a cost of \$20.6 million

### Fiscal 2022 Year to Date Highlights

- Launched nine new lenders and one new channel with one lender in U.S. Appraisal
- Launched four new lenders in U.S. Title
- Purchased 6.1 million shares under our normal course issuer bid at a cost of \$27.2 million

## Financial and Operational Summary

(millions of dollars)

Three months ended June 30

	2022	Margin	2021	Margin	\$ Change	% Change
<i>Revenues</i>						
U.S. Appraisal	\$ 57.3		\$ 85.3		\$ (28.0)	-32.9%
U.S. Title	5.6		27.7		(22.1)	-79.8%
Canada	15.8		16.4		(0.6)	-3.3%
Consolidated revenues	\$ 78.7		\$ 129.4		\$ (50.7)	-39.2%
<i>Net Revenue<sup>(A)</sup></i>						
U.S. Appraisal	\$ 12.9	22.6%	\$ 18.1	21.3%	\$ (5.2)	-28.8%
U.S. Title	3.3	59.2%	18.6	67.2%	(15.3)	-82.2%
Canada	1.9	12.1%	1.9	11.3%	-	2.9%
Consolidated Net Revenue <sup>(A)</sup>	\$ 18.1	23.1%	\$ 38.6	29.8%	\$ (20.5)	-53.0%
<i>Adjusted EBITDA<sup>(A)</sup></i>						
U.S. Appraisal	\$ 6.1	47.0%	\$ 10.5	58.2%	\$ (4.4)	-42.4%
U.S. Title	(3.4)	-103.1%	4.3	22.8%	(7.7)	-180.5%
Canada	1.3	69.6%	1.3	70.6%	-	1.5%
Corporate	(3.9)		(4.3)		0.4	9.4%
Consolidated Adjusted EBITDA <sup>(A)</sup>	\$ 0.1	0.4%	\$ 11.8	30.5%	\$ (11.7)	-99.4%
<i>Net (loss) income</i>						
Net (loss) income	\$ (1.4)		\$ 5.3		\$ (6.7)	
Net (loss) income per diluted share	\$ (0.02)		\$ 0.06		\$ (0.08)	
<i>Adjusted Net (Loss) Income<sup>(A)</sup></i>						
Adjusted Net (Loss) Income <sup>(A)</sup>	\$ (2.3)		\$ 8.0		\$ (10.3)	
Adjusted Net (Loss) Income <sup>(A)</sup> per diluted share	\$ (0.03)		\$ 0.09		\$ (0.12)	

## Financial and Operation Summary (continued)

(millions of dollars)

Nine months ended June 30

	2022	Margin	2021	Margin	\$ Change	% Change
<i>Revenues</i>						
U.S. Appraisal	\$ 206.9		\$ 231.2		\$ (24.3)	-10.5%
U.S. Title	32.6		107.7		(75.1)	-69.8%
Canada	41.9		39.6		2.3	5.7%
Consolidated revenues	\$ 281.4		\$ 378.5		\$ (97.1)	-25.6%
<i>Net Revenue<sup>(A)</sup></i>						
U.S. Appraisal	\$ 44.4	21.4%	\$ 50.5	21.8%	\$ (6.1)	-12.1%
U.S. Title	21.3	65.4%	73.6	68.3%	(52.3)	-71.1%
Canada	5.4	12.9%	5.2	13.3%	0.2	2.9%
Consolidated Net Revenue <sup>(A)</sup>	\$ 71.1	25.3%	\$ 129.3	34.2%	\$ (58.2)	-45.0%
<i>Adjusted EBITDA<sup>(A)</sup></i>						
U.S. Appraisal	\$ 22.4	50.6%	\$ 28.6	56.7%	\$ (6.2)	-21.6%
U.S. Title	(5.2)	-24.2%	28.9	39.3%	(34.1)	-117.8%
Canada	3.5	65.2%	3.7	71.6%	(0.2)	-6.3%
Corporate	(12.2)		(13.0)		0.8	5.6%
Consolidated Adjusted EBITDA <sup>(A)</sup>	\$ 8.5	11.9%	\$ 48.2	37.3%	\$ (39.7)	-82.4%
<i>Net income</i>						
Net income	\$ 0.7		\$ 24.0		\$ (23.3)	
Net income per diluted share	\$ 0.01		\$ 0.28		\$ (0.27)	
<i>Adjusted Net Income<sup>(A)</sup></i>						
Adjusted Net Income <sup>(A)</sup>	\$ 2.5		\$ 33.1		\$ (30.6)	
Adjusted Net Income <sup>(A)</sup> per diluted share	\$ 0.03		\$ 0.38		\$ (0.35)	

### Conference Call and Webcast

A conference call to review the results will take place at 10:00 a.m. (ET) on Thursday, July 28, 2022, 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) 764-8642
- Participant Toll Free Dial-In Number: (888) 884-4523
- Conference ID: 06369257

To listen to the live webcast of the call:

- Go to: <https://event.on24.com/wcc/r/3289729/987639711E9D3634B46A182AA69D31EE>

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 nine months ended June 30, 2022 under the heading "Non-GAAP measures", which is incorporated by reference in this Press Release and available on SEDAR at [www.sedar.com](http://www.sedar.com).

Real Matters financial results for the three and nine months ended June 30, 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](http://www.sedar.com). In addition, supplemental information is available on our website at [www.realmatters.com](http://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 for the three and nine months ended June 30, 2022 and 2021 were as follows:

	Three months ended June 30		Nine months ended June 30	
	2022	2021	2022	2021
Net (loss) income	\$ (1.4)	\$ 5.3	\$ 0.7	\$ 24.0
Operating expenses	18.3	27.3	63.8	83.0
Amortization	1.1	1.3	3.4	3.8
Loss on disposal of property and equipment	-	-	0.2	-
Other non-operating costs	-	-	0.1	-
Restructuring expenses	0.6	-	0.6	-
Interest expense	0.1	0.1	0.2	0.4
Interest income	-	-	-	(0.1)
Net foreign exchange (gain) loss	(2.6)	2.2	(0.7)	9.7
Loss (gain) on fair value of warrants	-	0.4	(0.2)	(1.3)
Income tax expense	2.0	2.0	3.0	9.8
Net Revenue	\$ 18.1	\$ 38.6	\$ 71.1	\$ 129.3

Adjusted EBITDA represents net income or loss before stock-based compensation expense, amortization, 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 warrants and income tax expense or recovery. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Net Revenue. The reconciling items between net income or loss and Adjusted EBITDA for the three and nine months ended June 30, 2022 and 2021 were as follows:

	Three months ended June 30		Nine months ended June 30	
	2022	2021	2022	2021
Net (loss) income	\$ (1.4)	\$ 5.3	\$ 0.7	\$ 24.0
Stock-based compensation expense	0.3	0.5	1.2	1.9
Amortization	1.1	1.3	3.4	3.8
Loss on disposal of property and equipment	-	-	0.2	-
Other non-operating costs	-	-	0.1	-
Restructuring expenses	0.6	-	0.6	-
Interest expense	0.1	0.1	0.2	0.4
Interest income	-	-	-	(0.1)
Net foreign exchange (gain) loss	(2.6)	2.2	(0.7)	9.7
Loss (gain) on fair value of warrants	-	0.4	(0.2)	(1.3)
Income tax expense	2.0	2.0	3.0	9.8
Adjusted EBITDA	\$ 0.1	\$ 11.8	\$ 8.5	\$ 48.2

The reconciling items between net income or loss and Adjusted Net Income or Loss for the three and nine months ended June 30, 2022 and 2021 were as follows:

	Three months ended June 30		Nine months ended June 30	
	2022	2021	2022	2021
Net (loss) income	\$ (1.4)	\$ 5.3	\$ 0.7	\$ 24.0
Stock-based compensation expense	0.3	0.5	1.2	1.9
Amortization of intangibles	0.3	0.4	1.0	1.3
Other non-operating costs	-	-	0.1	-
Restructuring expenses	0.6	-	0.6	-
Net foreign exchange (gain) loss	(2.6)	2.2	(0.7)	9.7
Loss (gain) on fair value of warrants	-	0.4	(0.2)	(1.3)
Related tax effects	0.5	(0.8)	(0.2)	(2.5)
Adjusted Net (Loss) Income	\$ (2.3)	\$ 8.0	\$ 2.5	\$ 33.1

### 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, 2021, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Readers are cautioned not to place undue reliance on the forward-looking information, which reflect our expectations only as of the date of this 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](http://www.realmatters.com).

### For more information:

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