



# Q1 2022 FINANCIAL RESULTS

January 28, 2022

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

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# Cautionary Note Regarding Forward-Looking Information

This presentation contains “forward-looking information” within the meaning of applicable Canadian securities laws. Words such as “aim”, “could”, “forecast”, “target”, “may”, “might”, “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 presentation 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 presentation 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 presentation. 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.

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## Non-GAAP Measures

The non-GAAP measures used in this presentation, including Net Revenue, Net Revenue Margins, Adjusted EBITDA and Adjusted EBITDA Margins 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, 2021, under the heading “Non-GAAP measures”, which is incorporated by reference in this presentation and available on SEDAR at [www.sedar.com](http://www.sedar.com). Please refer to Appendix A for a reconciliation of these non-GAAP measures to their most directly comparable financial measure included in the unaudited condensed consolidated financial statements for the three months ended December 31, 2021.

Full reports for Real Matters financial results for the three months ended December 31, 2021 are outlined in the unaudited condensed consolidated financial statements and the related MD&A of the Company, 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).

# Q1 Highlights

**\$107.8M**

**Consolidated Revenues**

**\$28.8M**

**Consolidated Net Revenue<sup>1</sup>**

**\$5.9M**

**Consolidated Adj. EBITDA<sup>1</sup>**

## Macro Trends

- Estimate addressable market for U.S. Appraisal -1.5% YoY
- Estimate addressable market for U.S. Title -31.2% YoY

## U.S. Appraisal

- Origination only revenues +13.9% relative to an estimated 1.5% addressable market decrease
- Net Revenue<sup>1</sup> Margin of 20.6% compared with 22.6% in Q1 21 due to mix of business
- Adjusted EBITDA<sup>1</sup> of \$8.6 million, Adjusted EBITDA<sup>1</sup> margin of 51.9%
- Went live with four new lenders, one new channel with a Top 100 lender

## U.S. Title

- Centralized title revenues -60.6% relative to an estimated 31.2% addressable market decrease
- Net Revenue<sup>1</sup> Margin of 66.4% compared with 66.8% in Q1 21 due to transaction flow
- Adjusted EBITDA<sup>1</sup> of \$0.4 million, Adjusted EBITDA<sup>1</sup> margin of 4.1%
- Went live with one new lender in Q1 and one new lender subsequent to quarter end

## Canada

- Revenues up 13.2% on increased market share, FX and higher insurance inspection revenues

## NCIB

- Purchased 0.7 million shares under our normal course issuer bid at a cost of \$5.1 million

1. Net Revenue, Net Revenue Margin, Adjusted EBITDA and Adjusted EBITDA Margin are Non-GAAP measures. See page 2 and Appendix A.

# Q1 2022 Financial highlights

US\$ millions	Q1 2022	Q1 2021	Change
<b>Revenues</b>			
U.S. Appraisal	\$79.4	\$69.6	14.1%
U.S. Title	16.2	39.9	-59.4%
Canada	12.2	10.8	13.2%
<b>Total Revenues</b>	<b>\$107.8</b>	<b>\$120.3</b>	<b>-10.4%</b>
<b>Transaction Costs</b>			
U.S. Appraisal	\$63.0	\$53.9	16.9%
U.S. Title	5.4	13.3	-58.9%
Canada	10.6	9.1	15.6%
<b>Total Transaction Costs</b>	<b>\$79.0</b>	<b>\$76.3</b>	<b>3.6%</b>
<b>Operating Expenses</b>			
U.S. Appraisal	\$7.8	\$6.9	14.7%
U.S. Title	10.3	15.1	-31.6%
Canada	0.7	0.4	60.0%
Corporate	4.3	5.1	-17.2%
<b>Total Operating Expenses</b>	<b>\$23.1</b>	<b>\$27.5</b>	<b>-15.9%</b>
<b>Net Income</b>	<b>\$2.6</b>	<b>\$7.1</b>	<b>-62.8%</b>

# Q1 2022 Non-GAAP Measures

US\$ millions	Q1 2022	Q1 2021	Change
<b>Net Revenue<sup>1</sup></b>			
U.S. Appraisal	\$16.4	\$15.7	4.2%
<i>Net Revenue<sup>1</sup> Margin</i>	20.6%	22.6%	
U.S. Title	10.8	26.6	-59.7%
<i>Net Revenue<sup>1</sup> Margin</i>	66.4%	66.8%	
Canada	1.6	1.7	-0.5%
<i>Net Revenue<sup>1</sup> Margin</i>	13.5%	15.3%	
<b>Total Net Revenue<sup>1</sup></b>	<b>\$28.8</b>	<b>\$44.0</b>	<b>-34.7%</b>
<i>Net Revenue<sup>1</sup> Margin</i>	26.7%	36.6%	
<b>Adjusted EBITDA<sup>1</sup></b>			
U.S. Appraisal	\$8.6	\$8.8	-3.9%
<i>Adjusted EBITDA<sup>1</sup> Margin</i>	51.9%	56.3%	
U.S. Title	0.4	11.6	-96.2%
<i>Adjusted EBITDA<sup>1</sup> Margin</i>	4.1%	43.5%	
Canada	0.9	1.2	-22.1%
<i>Adjusted EBITDA<sup>1</sup> Margin</i>	57.7%	73.7%	
Corporate <sup>2</sup>	-4.0	-4.2	6.8%
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$5.9</b>	<b>\$17.4</b>	<b>-66.0%</b>
<i>Adjusted EBITDA<sup>1</sup> Margin</i>	20.6%	39.6%	

1. Net Revenue, Net Revenue Margin, Adjusted EBITDA and Adjusted EBITDA Margin are Non-GAAP measures. See page 2 and Appendix A.

2. Excludes stock-based compensation.



# Appendix A – Non-GAAP Measures



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 months ended December 31, 2022 and 2021 were as follows:

## Three months ended December 31

	2021	2020
Net income	\$ 2.6	\$ 7.1
Operating expenses	23.2	27.5
Amortization	1.2	1.2
Other non-operating costs	0.1	-
Interest expense	0.1	0.1
Interest income	-	(0.1)
Net foreign exchange loss	0.5	6.0
Gain on fair value of warrants	(0.2)	(1.0)
Income tax expense	1.3	3.2
<b>Net Revenue</b>	<b>\$ 28.8</b>	<b>\$ 44.0</b>

Adjusted EBITDA represents net income or loss before stock-based compensation expense, amortization, other non-operating costs, 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 months ended December 31, 2022 and 2021 were as follows:

## Three months ended December 31

	2021	2020
Net income	\$ 2.6	\$ 7.1
Stock-based compensation expense	0.3	0.9
Amortization	1.2	1.2
Other non-operating costs	0.1	-
Interest expense	0.1	0.1
Interest income	-	(0.1)
Net foreign exchange loss	0.5	6.0
Gain on fair value of warrants	(0.2)	(1.0)
Income tax expense	1.3	3.2
<b>Adjusted EBITDA</b>	<b>\$ 5.9</b>	<b>\$ 17.4</b>