

Real Matters Inc.

Condensed Consolidated Statements of Financial Position

June 30, 2021 and September 30, 2020 (unaudited - stated in thousands of United States ("U.S.") dollars)

	June 30, 2021	September 30, 2020
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 79,314	\$ 129,156
Trade and other receivables	32,531	30,661
Prepaid expenses	3,046	1,791
	114,891	161,608
NON-CURRENT		
INTANGIBLES	6,631	7,927
GOODWILL	60,477	60,477
PROPERTY AND EQUIPMENT	11,906	11,352
OTHER ASSETS	-	34
DEFERRED TAX ASSETS	8,969	8,326
	87,983	88,116
TOTAL ASSETS	\$ 202,874	\$ 249,724
LIABILITIES		
CURRENT		
Trade payables	\$ 22,172	\$ 19,477
Accrued charges	4,266	5,216
Income taxes payable	2,427	1,384
Lease liabilities (Note 10)	1,714	1,303
	30,579	27,380
NON-CURRENT		
WARRANT LIABILITIES (Notes 5, 10, and 12)	2,549	3,527
LEASE LIABILITIES (Note 10)	6,758	6,601
	9,307	10,128
TOTAL LIABILITIES	39,886	37,508
EQUITY		
NON-CONTROLLING INTERESTS	122	3,214
SHAREHOLDERS' EQUITY (Note 6)		
Common shares	248,716	262,653
Contributed surplus	11,661	7,712
Accumulated deficit	(94,926)	(51,536)
Accumulated other comprehensive loss	(2,585)	(9,827)
	162,866	209,002
TOTAL EQUITY	162,988	212,216
TOTAL LIABILITIES AND EQUITY	\$ 202,874	\$ 249,724

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Real Matters Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income

For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars except share and net income or loss per share amounts)

	Three months ended		Nine months ended	
	2021	2020	2021	2020
REVENUES (Note 13)	\$ 129,398	\$ 118,090	\$ 378,524	\$ 331,514
TRANSACTION COSTS	90,781	74,175	249,223	216,389
OPERATING EXPENSES (Note 8)	27,306	23,500	83,021	67,032
AMORTIZATION	1,294	1,133	3,796	3,333
INTEREST EXPENSE	98	125	351	382
INTEREST INCOME	(32)	(80)	(133)	(540)
NET FOREIGN EXCHANGE LOSS (GAIN)	2,183	5,587	9,659	(3,699)
LOSS (GAIN) ON FAIR VALUE OF WARRANTS (Notes 5 and 10)	515	3,194	(1,221)	4,821
INCOME BEFORE INCOME TAX EXPENSE	7,253	10,456	33,828	43,796
INCOME TAX EXPENSE (RECOVERY)				
Current	1,515	2,205	10,324	3,098
Deferred	476	1,966	(521)	10,628
TOTAL INCOME TAX EXPENSE	1,991	4,171	9,803	13,726
NET INCOME	5,262	6,285	24,025	30,070
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified to net income or loss:				
Foreign currency translation adjustment	19	5,175	7,242	(3,759)
COMPREHENSIVE INCOME	\$ 5,281	\$ 11,460	\$ 31,267	\$ 26,311
NET INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 5,269	\$ 5,893	\$ 23,923	\$ 29,423
NET (LOSS) INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ (7)	\$ 392	\$ 102	\$ 647
COMPREHENSIVE INCOME - ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 5,288	\$ 11,068	\$ 31,165	\$ 25,664
COMPREHENSIVE (LOSS) INCOME - ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	\$ (7)	\$ 392	\$ 102	\$ 647
Net income per weighted average share, basic (Note 7)	\$ 0.06	\$ 0.07	\$ 0.29	\$ 0.35
Net income per weighted average share, diluted (Note 7)	\$ 0.06	\$ 0.07	\$ 0.28	\$ 0.33
Weighted average number of shares outstanding (thousands), basic (Note 7)	82,489	84,243	83,822	84,569
Weighted average number of shares outstanding (thousands), diluted (Note 7)	85,010	88,927	86,343	89,253

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Real Matters Inc.

Condensed Consolidated Statements of Cash Flows

For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars)

	Three months ended		Nine months ended	
	2021	2020	2021	2020
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING				
OPERATING				
Net income	\$ 5,262	\$ 6,285	\$ 24,025	\$ 30,070
Items not affecting cash				
Stock-based compensation (Note 11)	472	478	1,934	1,955
Amortization of intangibles	431	431	1,295	1,295
Amortization of property and equipment	863	702	2,501	2,038
Interest expense	98	125	351	382
Loss (gain) on fair value of warrants (Notes 5 and 10)	515	3,194	(1,221)	4,821
Income tax expense	1,991	4,171	9,803	13,726
Unrealized foreign exchange loss (gain) on internal financing arrangements	1,190	3,394	5,847	(2,221)
Changes in non-cash working capital items (Note 9)	(1,051)	(672)	(2,987)	4,903
Interest paid	(91)	(101)	(315)	(311)
Income taxes paid	(3,391)	(23)	(9,300)	(958)
Cash generated from operating activities	6,289	17,984	31,933	55,700
INVESTING				
Purchase of subsidiary shares from non-controlling interests (Note 4)	-	-	(53)	-
Purchase of property and equipment	(286)	(201)	(2,978)	(1,379)
Cash utilized in investing activities	(286)	(201)	(3,031)	(1,379)
FINANCING				
Proceeds from lease liabilities (Note 10)	31	-	1,645	189
Repayment of lease liabilities (Note 10)	(407)	(340)	(1,125)	(1,007)
Deferred financing costs	-	(10)	-	(10)
Proceeds from the exercise of stock options, net of issue costs	3,236	1,557	3,772	2,701
Purchase of common shares and related costs (Note 6)	(59,209)	(432)	(86,128)	(16,044)
Dividends paid to non-controlling interests	(10)	(409)	(20)	(1,058)
Cash (utilized in) generated from financing activities	(56,359)	366	(81,856)	(15,229)
Effect of foreign currency translation on cash and cash equivalents	512	2,177	3,112	(1,316)
NET CASH (OUTFLOW) INFLOW	(49,844)	20,326	(49,842)	37,776
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD OR YEAR	129,158	89,130	129,156	71,680
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 79,314	\$ 109,456	\$ 79,314	\$ 109,456
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash and cash equivalents are comprised of:				
Cash	\$ 41,284	\$ 57,045	\$ 41,284	\$ 57,045
Cash equivalents	38,030	52,411	38,030	52,411
	\$ 79,314	\$ 109,456	\$ 79,314	\$ 109,456

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Real Matters Inc.

Condensed Consolidated Statements of Equity

For the three months ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars)

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at March 31, 2021	\$ 1,242	\$ 258,103	\$ 11,025	\$ (54,548)	\$ (2,604)	\$ 213,218
Net (loss) income	(7)			5,269		5,262
Dividends paid to non-controlling interests	(10)					(10)
Common shares issued on the exercise of stock options		4,175	(939)			3,236
Stock-based compensation (Note 11)			472			472
Purchase of common shares and related costs (Note 6)		(13,562)		(45,647)		(59,209)
Dissolution of partially owned subsidiary (Note 4)	(1,103)		1,103			-
Foreign currency translation adjustment					19	19
Balance at June 30, 2021	\$ 122	\$ 248,716	\$ 11,661	\$ (94,926)	\$ (2,585)	\$ 162,988

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at March 31, 2020	\$ 3,584	\$ 253,349	\$ 7,568	\$ (68,926)	\$ (17,640)	\$ 177,935
Net income	392			5,893		6,285
Dividends paid to non-controlling interests	(409)					(409)
Common shares issued on the exercise of stock options		1,909	(352)			1,557
Common shares issued on the exercise of warrants (Note 5)		3,192				3,192
Stock-based compensation (Note 11)			478			478
Purchase of common shares and related costs (Note 6)		(118)		(314)		(432)
Foreign currency translation adjustment					5,175	5,175
Balance at June 30, 2020	\$ 3,567	\$ 258,332	\$ 7,694	\$ (63,347)	\$ (12,465)	\$ 193,781

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Real Matters Inc.

Condensed Consolidated Statements of Equity

For the nine months ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars)

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at September 30, 2020	\$ 3,214	\$ 262,653	\$ 7,712	\$ (51,536)	\$ (9,827)	\$ 212,216
Net income	102			23,923		24,025
Dividends paid to non-controlling interests	(20)					(20)
Common shares issued on exercise of stock options		4,878	(1,106)			3,772
Stock-based compensation (Note 11)			1,934			1,934
Purchase of common shares and related costs (Note 6)		(18,815)		(67,313)		(86,128)
Purchase of subsidiary shares from non-controlling interests (Note 4)	(2,071)		2,018			(53)
Dissolution of partially owned subsidiary (Note 4)	(1,103)		1,103			-
Foreign currency translation adjustment					7,242	7,242
Balance at June 30, 2021	\$ 122	\$ 248,716	\$ 11,661	\$ (94,926)	\$ (2,585)	\$ 162,988

	Non- controlling interests	Common shares	Contributed surplus	Accumulated deficit	Accumulated other comprehen- sive loss	Total equity
Balance at September 30, 2019	\$ 3,978	\$ 253,842	\$ 6,393	\$ (81,346)	\$ (8,706)	\$ 174,161
Change in accounting policy				81		81
Net income	647			29,423		30,070
Dividends paid to non-controlling interests	(1,058)					(1,058)
Common shares issued on exercise of stock options		3,355	(654)			2,701
Common shares issued on exercise of warrants (Note 5)		5,674				5,674
Stock-based compensation (Note 11)			1,955			1,955
Purchase of common shares and related costs (Note 6)		(4,539)		(11,505)		(16,044)
Foreign currency translation adjustment					(3,759)	(3,759)
Balance at June 30, 2020	\$ 3,567	\$ 258,332	\$ 7,694	\$ (63,347)	\$ (12,465)	\$ 193,781

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Real Matters Inc.

Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2021 and 2020 (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 services through its Solidifi brand to the mortgage lending industry in the U.S. and Canada, title and closing services through its Solidifi brand to the mortgage lending industry in the U.S. and insurance inspection services through its iv3 brand to the insurance industry in Canada.

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, Middletown, Rhode Island and Denver, Colorado.

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, 2020 and 2019 (the “annual financial statements”).

These financial statements were authorized for issue by the board of directors on July 27, 2021.

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 applied to determine significant estimates and judgments since September 30, 2020, 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 in Note 3.

3. Recent Accounting Pronouncements

Business Combinations

In October 2018, the IASB issued “Definition of a Business (Amendments to IFRS 3)” to address difficulties that arise when an entity determines whether it has acquired a business or group of assets. The amendment clarified that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the creation of outputs. The definition of a business and outputs have been narrowed to focus on goods and services provided to customers and removed the reference to cost reductions. The amendments were effective for annual periods beginning on or after January 1, 2020 and earlier application was permitted. The adoption of this amendment had no impact on the Company’s financial statements.

Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued “Definition of Material (Amendments to IAS 1 and IAS 8)” which clarified the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments were effective for annual reporting periods beginning on or after January 1, 2020 and earlier application was permitted. The adoption of this new definition of material had no impact on the Company’s financial statements.

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

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. The amendments are to be applied retrospectively and are effective for annual reporting periods beginning on or after January 1, 2023. The Company will apply the amendment to the classification of liabilities on October 1, 2023, and adopting this amendment is not expected to have a significant impact on the Company’s financial statements.

Narrow-scope amendments and Annual Improvements to IFRS Standards 2018-2020

In May 2020, the IASB issued a series of narrow-scope amendments that impact the following standards: IAS 16 – “Property, Plant and Equipment – Proceeds before Intended Use” (“IAS 16”), IAS 37 – “Onerous Contracts – Costs of Fulfilling a Contract” (“IAS 37”), IFRS 3 – “Reference to the Conceptual Framework” (“IFRS 3”), and annual improvements to IFRS 1, IFRS 9, IFRS 16, and IAS 41.

The amendment to IAS 37 clarified the meaning of “costs to fulfil a contract” to include incremental costs, and the allocation of other costs that directly relate to fulfilling the contract. This could result in an entity recording a provision for the expected loss attributable to the onerous contract in its financial statements earlier or that it wouldn’t have recognized if not for this amendment. IFRS 3 was updated to refer to the 2018 Conceptual Framework for Financial Reporting when determining what constitutes an asset or a liability in a business combination. Without this update, an entity may have recognized certain liabilities in a business combination that it would not recognize under IAS 37. IAS 16 and the annual improvements are not applicable to the Company.

These amendments are effective January 1, 2022 and earlier application is permitted. The Company will apply the amendments on October 1, 2022, and adopting these amendments are 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 January 1, 2023 and earlier application is permitted. The Company will 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.

The amendment is effective January 1, 2023 and earlier application is permitted. The Company will 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.

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

4. Acquisitions and Divestitures

Linear Title Holdings, LLC ("LTH")

Effective March 1, 2021, the Company purchased the remaining forty-nine percent interest in LTH, a controlled subsidiary, for \$53. The difference between consideration paid and the carrying amount of non-controlling interests, \$2,018, was recorded to contributed surplus.

Linear Title and Settlement Services, LLC ("LTSS")

In May 2021, the Company and its joint venture partner completed the dissolution of LTSS. The carrying amount of non-controlling interests, \$1,103, was transferred to contributed surplus.

5. Warrant Liabilities

Company-issued special warrants were automatically converted into common share purchase warrants ("warrants") on completion of the Company's initial public offering ("IPO") (together with other satisfied events). All warrants that remain outstanding are exercisable and expire on May 11, 2022, which is five years from the date of the IPO. Warrant liabilities convert to common shares of the Company when exercised and the associated non-cash liability is reclassified to common shares upon exercise. The non-cash liability attributable to warrants that expire unexercised are recorded to the condensed consolidated statements of operations and comprehensive income. There is no circumstance that requires the Company to pay cash upon exercise or expiry of the warrants.

During the nine months ended June 30, 2021, no warrants were exercised. During the nine months ended June 30, 2020, 583 warrants were exercised, resulting in the issuance of 527 common shares having a fair value of \$5,674 determined using the Black-Scholes-Merton option pricing model. The fair value of warrants exercised were transferred from warrant liabilities to common shares. The Company also recorded a \$858 loss to the condensed consolidated statement of operations and comprehensive income representing the difference between the fair value of the warrants recorded at the previous reporting date and their fair value on the date of exercise.

At June 30, 2021, there were 191 (September 30, 2020 – 191) warrants outstanding. All warrants have an exercise price of 1.38 Canadian dollars ("C\$") (September 30, 2020 – C\$1.38) representing a total liability of \$2,549 at June 30, 2021 (September 30, 2020 - \$3,527).

For the nine months ended June 30, 2021, the gain on the fair value of warrants was measured using the Black-Scholes-Merton option pricing model and included the following assumptions: volatility of 24.5% (2020 – 43.7%), a risk-free interest rate of 0.15% (2020 – 0.25%), a dividend yield of nil% (2020 – nil%) and an expected life of 5 months (2020 – 10 months).

6. Shareholders' Equity

Effective June 11, 2020, the Company received approval to renew its normal course issuer bid ("NCIB") for a one year period expiring on June 10, 2021. Under the renewed normal course issuer bid, the Company was approved by the Toronto Stock Exchange ("TSX") to purchase up to 4,000 common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, were limited to a maximum of 135.858 common shares. Effective May 12, 2021, the Company received approval from the TSX to amend its NCIB to increase the number of common shares that it may purchase for cancellation from 4,000 to 6,000 and to increase the aggregate purchase price for the shares purchased under the NCIB from C\$70,000 to C\$100,000. No other terms of the NCIB were changed.

Effective June 11, 2021, the Company received approval from the TSX to renew its normal course issuer bid for a one year period expiring on June 10, 2022. Under the renewed normal course issuer bid, the Company is approved to purchase up to 4,000 common shares. Daily purchases made on the TSX, or through alternative Canadian trading systems, are limited to a maximum of 153.956 common shares.

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For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Under each normal course issuer bid, the Company was/is permitted to purchase a block of common shares once a week which can exceed the daily purchase limit subject to certain restrictions, including a limitation that the block cannot be owned by an insider. All shares purchased will be cancelled.

For the three and nine months ended June 30, 2021, 4,422 and 6,180 common shares (2020 – 64 and 1,639) were purchased and cancelled at a total cost of \$59,209 and \$86,128 (2020 - \$432 and \$16,044). As of July 27, 2021, 335 additional common shares were purchased and cancelled or settled.

7. Net Income per Weighted Average Share

The following table outlines the components used to calculate basic and diluted net income per share attributable to common shareholders:

	Three months ended June 30		Nine months ended June 30	
	2021	2020	2021	2020
Net income	\$ 5,262	\$ 6,285	\$ 24,025	\$ 30,070
Net income attributable to common shareholders	\$ 5,269	\$ 5,893	\$ 23,923	\$ 29,423
Weighted average number of shares, basic	82,489	84,243	83,822	84,569
Dilutive effect of stock options and warrants	2,521	4,684	2,521	4,684
Weighted average number of shares, diluted	85,010	88,927	86,343	89,253
Net income per weighted average share, basic	\$ 0.06	\$ 0.07	\$ 0.29	\$ 0.35
Net income per weighted average share, diluted	\$ 0.06	\$ 0.07	\$ 0.28	\$ 0.33

8. Operating Expenses

	Three months ended June 30		Nine months ended June 30	
	2021	2020	2021	2020
Operating expenses:				
Salaries and benefits	\$ 21,799	\$ 18,858	\$ 66,180	\$ 52,353
Sales and marketing	91	68	314	579
Travel and entertainment	33	27	90	1,067
Office and computer	3,691	2,840	11,247	8,111
Professional fees	829	696	2,353	2,318
Other	863	1,011	2,837	2,604
	\$ 27,306	\$ 23,500	\$ 83,021	\$ 67,032

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

9. 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	
	2021	2020	2021	2020
Trade and other receivables	\$ 2,197	\$ 5,225	\$ (1,870)	\$ 6,621
Prepaid expenses	(1,408)	(779)	(1,255)	(220)
Trade payables	(541)	(7,008)	2,695	(3,608)
Accrued charges	347	2,114	(950)	2,438
Effect of foreign currency translation adjustments and other non-cash changes ⁽¹⁾	(1,646)	(224)	(1,607)	(328)
	\$ (1,051)	\$ (672)	\$ (2,987)	\$ 4,903

Note

⁽¹⁾ Unrealized foreign exchange gain or losses on internal financing arrangements are presented separately on the Condensed Consolidated Statement of Cash Flows. Comparative period amounts have been reclassified to conform to the current period presentation.

10. Changes in Liabilities Arising From Financing Activities

	Three months ended June 30, 2021						
	Cash flows				Non-cash changes		
	Opening balance - April 1, 2021	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - June 30, 2021
Lease liabilities	\$ 8,840	31	(407)	-	8	-	\$ 8,472
Warrant liabilities	\$ 1,967	-	-	515	67	-	\$ 2,549

	Three months ended June 30, 2020						
	Cash flows				Non-cash changes		
	Opening balance - April 1, 2020	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - June 30, 2020
Lease liabilities	\$ 8,544	-	(340)	-	32	-	\$ 8,236
Warrant liabilities	\$ 5,187	-	-	3,194	179	(3,192)	\$ 5,368

	Nine months ended June 30, 2021						
	Cash flows				Non-cash changes		
	Opening balance - October 1, 2020	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	Ending balance - June 30, 2021
Lease liabilities	\$ 7,904	1,645	(1,125)	-	48	-	\$ 8,472
Warrant liabilities	\$ 3,527	-	-	(1,221)	243	-	\$ 2,549

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	Nine months ended June 30, 2020						Ending balance - June 30, 2020
	Cash flows			Non-cash changes			
	Opening balance - October 1, 2019	Proceeds	Re-payments	Change in fair value	Effect of foreign currency translation	Other non-cash changes	
Lease liabilities ⁽¹⁾	\$ 10	189	(1,007)	-	(27)	9,071	\$ 8,236
Leasehold inducements ⁽¹⁾	\$ 439	-	-	-	-	(439)	\$ -
Warrant liabilities	\$ 6,394	-	-	4,821	(173)	(5,674)	\$ 5,368

Note

⁽¹⁾ Other non-cash changes reflect the initial adoption and subsequent accounting for lease liabilities under IFRS 16.

11. Stock-Based Compensation

The Company granted the following stock options during the nine months ended June 30, 2021:

Grant date	Group granted to	Vesting period (from the date of grant)	Expiry date (from the date of grant)	Aggregate number of stock options granted
November 24, 2020	Executive officers and certain employees	Equally on the first, second and third anniversary date	7 th anniversary date	361
November 24, 2020	Directors	Immediately	7 th anniversary date	82
April 30, 2021	Certain employees	Equally on the first, second and third anniversary date	7 th anniversary date	20

The following table outlines changes to stock options:

	Nine months ended June 30			
	2021		2020	
	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	5,112	\$ 7.50	6,060	\$ 6.03
Granted, during the period	463	\$ 19.16	728	\$ 13.00
Exercised, during the period	(859)	\$ 5.56	(647)	\$ 5.63
Forfeited, during the period	(96)	\$ 15.99	(215)	\$ 10.01
Expired, during the period	(38)	\$ 2.28	-	\$ -
Outstanding balance, end of period	4,582	\$ 8.92	5,926	\$ 6.78
Options exercisable, end of period	3,607	\$ 7.85	4,358	\$ 6.39

The Company recorded stock option expense of \$472 and \$1,934 (2020 - \$478 and \$1,955) to operating expenses in the condensed consolidated statements of operations and comprehensive income for the three and nine months ended June 30, 2021.

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2021 and 2020 (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, 2021:

Exercise price range, expressed in C\$	Number of stock options	Weighted average remaining contractual life, expressed in years	Number of stock options exercisable
\$ 1.84 – \$ 3.17	550	3.22	550
\$ 3.18 – \$ 4.26	602	4.42	427
\$ 4.27 – \$ 5.67	252	4.11	199
\$ 5.68 – \$ 6.14	799	3.86	799
\$ 6.15 – \$ 10.05	450	5.08	361
\$ 10.06 – \$ 12.73	605	5.41	354
\$ 12.74 – \$ 13.50	772	5.86	772
\$ 13.51 – \$ 17.31	119	5.81	58
\$ 17.32 – \$ 31.94	433	6.37	87
	4,582	5.01	3,607

12. Financial Instruments

The following tables outline the hierarchical measurement categories for the fair value of financial liabilities. At June 30, 2021 and September 30, 2020, financial liabilities measured on a recurring basis had the following estimated fair values expressed on a gross basis:

	June 30, 2021			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Warrant liabilities	\$ -	\$ (2,549)	\$ -	\$ (2,549)
	\$ -	\$ (2,549)	\$ -	\$ (2,549)

	September 30, 2020			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Warrant liabilities	\$ -	\$ (3,527)	\$ -	\$ (3,527)
	\$ -	\$ (3,527)	\$ -	\$ (3,527)

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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, 2021 and year ended September 30, 2020, there were no transfers between levels or changes to the valuation techniques.

The fair value of warrant liabilities are calculated using the Black-Scholes-Merton option pricing model which is subject to considerable judgment and estimate. Accordingly, the fair value estimate is not necessarily indicative of the amount the Company, or a counter-party to the instrument, could realize in a current market exchange. The use of differing assumptions, and or estimation methods, could affect fair value.

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-term maturities of these instruments.

13. 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 and closing 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, closing and escrow services and title policy issuance. Diversified title services include capital markets services and providing access to software platforms for other title insurance agencies and mortgage lenders for a subscription fee.

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.

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, 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 note, 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.

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

	Three months ended June 30		Nine months ended June 30	
	2021	2020	2021	2020
Revenues				
U.S. Appraisal	\$ 85,341	\$ 72,601	\$ 231,232	\$ 211,300
U.S. Title	27,720	38,931	107,707	98,462
Canada	16,337	6,558	39,585	21,752
	\$ 129,398	\$ 118,090	\$ 378,524	\$ 331,514
Revenues net of transaction costs				
U.S. Appraisal	\$ 18,138	\$ 17,727	\$ 50,459	\$ 50,589
U.S. Title	18,628	25,266	73,586	60,966
Canada	1,851	922	5,256	3,570
	\$ 38,617	\$ 43,915	\$ 129,301	\$ 115,125
Amortization				
U.S. Appraisal	\$ 375	\$ 389	\$ 1,141	\$ 1,123
U.S. Title	766	606	2,194	1,798
Canada	-	-	-	-
Corporate	153	138	461	412
	\$ 1,294	\$ 1,133	\$ 3,796	\$ 3,333
Operating expenses	\$ 27,306	\$ 23,500	\$ 83,021	\$ 67,032
Interest expense	\$ 98	\$ 125	\$ 351	\$ 382
Interest income	\$ (32)	\$ (80)	\$ (133)	\$ (540)
Net foreign exchange loss (gain)	\$ 2,183	\$ 5,587	\$ 9,659	\$ (3,699)
Loss (gain) on fair value of warrants	\$ 515	\$ 3,194	\$ (1,221)	\$ 4,821
Income before income tax expense	\$ 7,253	\$ 10,456	\$ 33,828	\$ 43,796

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

	June 30, 2021			
	U.S.	Canada	Corporate	Total
Intangibles	\$ 6,631	\$ -	\$ -	\$ 6,631
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Property and equipment	\$ 11,126	\$ -	\$ 780	\$ 11,906
September 30, 2020				
	U.S.	Canada	Corporate	Total
Intangibles	\$ 7,927	\$ -	\$ -	\$ 7,927
Goodwill	\$ 60,477	\$ -	\$ -	\$ 60,477
Property and equipment	\$ 10,230	\$ -	\$ 1,122	\$ 11,352

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Notes to the Condensed Consolidated Financial Statements

For the periods ended June 30, 2021 and 2020 (unaudited - stated in thousands of U.S. dollars and shares, except per share amounts, unless otherwise stated)

Revenues by service type

The Company's revenue is derived from contracts with customers. The disaggregated revenue by service type is reconciled to the Company's segment revenue:

	Three months ended June 30		Nine months ended June 30	
	2021	2020	2021	2020
Appraisal	\$ 100,920	\$ 79,035	\$ 268,557	\$ 231,066
Title and closing - mortgage origination	26,098	33,704	101,650	79,531
Title and closing - diversified	1,622	5,227	6,057	18,931
Insurance inspection	758	124	2,260	1,986
	\$ 129,398	\$ 118,090	\$ 378,524	\$ 331,514

14. 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 in our U.S. appraisal segment 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.